

MORGAN STANLEY ASIA PRODUCTS LIMITED
(incorporated with limited liability in the Cayman Islands)

Guaranteed by
MORGAN STANLEY
(incorporated in Delaware, U.S.A.)

Warrant Programme

*Under the terms of this Warrant Programme (the **Programme**), Morgan Stanley Asia Products Limited (the **Issuer**) may from time to time issue Warrants (as defined below). The 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**) or a specified unit or a basket of units (together **Fund Warrants**). 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 the relevant final terms (the **Regulation S Warrant Final Terms**). In addition, under the terms of this Programme, the Issuer may from time to time issue warrants (**Unitary Warrants**, together with the Regulation S Warrants, the **Warrants**, and each a **Warrant**) that are Share Warrants or Index 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, the **Conditions**) and on such additional terms as may be set out in the relevant final terms (the **Unitary Warrant Final Terms**, together with the Regulation S Warrant Final Terms, and each, the **Final Terms**).*

*The Issuer's obligations under each series of Warrants will be guaranteed by Morgan Stanley (the **Guarantor**) under the master guarantee dated 15 March 2013 (the **Guarantee**).*

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

Pro forma descriptions of the Regulation S Warrant Final Terms and the Unitary Warrant Final Terms are set out herein on pages 31 to 41 and 91 to 103 respectively. The Final Terms 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 applicable features of the Warrants, the issue price, the strike price, the underlying asset to which the Warrants relate, the exercise period or exercise date and certain other terms relating to the offering and sale of the Warrants. Each series of Warrants will be subject to the Conditions applicable to it as completed by the applicable Final Terms. The Final Terms will be attached to, or endorsed upon, the Global Warrant (as defined below) representing such Warrants.

*The Regulation S Warrants and the 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 United States Securities Act of 1933, as amended (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". 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".*

*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 Issuer may offer, sell or deliver Unitary Warrants only (a) in reliance on Rule 144A (**Rule 144A**) under the Securities Act to, or for the account of or benefit of, U.S. persons that are qualified institutional buyers (each a **QIB**) within the meaning of Rule 144A and which 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, or for the account or benefit of, a purchaser that is not a U.S. person in an offshore transaction in compliance with Regulation S. Each purchaser of 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 Unitary Warrants is being made in reliance upon an exemption from the registration requirements of the Securities Act. 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". The Terms and Conditions of the Unitary Warrants are in respect of Share Warrants or Index Warrants that are cash settled. 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 Unitary Warrant Final Terms, be sold through Morgan Stanley & Co. LLC, a broker dealer registered under the United States Securities Exchange Act of 1934, as amended (the **Securities Exchange Act**).*

The Warrants and the Guarantee have not been, and will not be, registered under the Securities Act, or the securities laws of any state in the United States.

The Warrants are not bank deposits and are not insured by the U.S. Federal Deposit Insurance Corporation or any other governmental agency, nor are they obligations of, or guaranteed by, a bank.

Furthermore, the sale of and trading in Warrants has not 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 Base Prospectus has been approved by the Central Bank of Ireland (**Central Bank**), as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Application has been made to the Irish Stock Exchange for the Warrants to be admitted to the official list (the **Official List**) and trading on its regulated market.*

References in this Base Prospectus to Warrants being listed (and all related references) shall mean that such Warrants have been admitted to trading on the Irish Stock Exchange's regulated market and have been listed on the Irish Stock Exchange. The Irish Stock Exchange's regulated market is a regulated market for the purposes of the Council Directive 2004/39/EC. The applicable Final Terms will specify whether or not the Warrants are to be listed or admitted to trading, as the case may be, on the Irish Stock Exchange and/or any other stock exchange(s). The Issuer may also issue unlisted Warrants.

Such approval relates only to the Warrants which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC.

*Each series of the Regulation S Warrants will be represented by a global warrant (the **Regulation S Global Warrant**). Each series of the Unitary Warrants will be represented by a global warrant (a **Unitary Global Warrant**, together with the Regulation S Global Warrants, the **Global Warrants** and each a **Global Warrant**).*

*The Global Warrants will be issued and deposited with a common depository for Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), or with a common depository for any additional or alternative clearing system which is specified in the applicable Final Terms, on the date of issue of the relevant Warrants. Except as specified herein and in the applicable Final Terms, definitive Warrants will not be issued.*

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. 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 PLC
(as Arranger)

Dated 15 March 2013

This base prospectus (the **Base Prospectus**) comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**).

The Issuer accepts responsibility for the information contained in this Base Prospectus. The Guarantor accepts responsibility for the information contained in this Base Prospectus in relation to itself and the Guarantee. 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 this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. To the best of the knowledge and belief of the Guarantor (who has taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus, in relation to itself and the Guarantee, is in accordance with the facts and does not omit anything likely to affect the import of such information.

The applicable Final Terms will (if applicable) contain information relating to the underlying assets to which the relevant series of Warrants relate and which is contained in such Final Terms. However, unless otherwise expressly stated in the applicable Final Terms, 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 Final Terms, the Issuer and the Guarantor, if applicable, will confirm that such extracts or summaries have been accurately reproduced and that, so far as they are aware, and are able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such underlying assets, no facts have been omitted that would render the reproduced extracts or summaries inaccurate or misleading. The applicable Final Terms, with respect to Warrants to be listed on the Official List of the Irish Stock Exchange, will be delivered to the Irish Stock Exchange.

No person is authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus, the applicable Final Terms 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 Issuer, the Guarantor, if applicable, any dealer of an issue of Warrants (as applicable to such series of Warrants, the **Dealer** and, if more than one, the **Dealers**, and each a Dealer, the first Dealers being Morgan Stanley & Co. International plc (**MSI plc**) and Morgan Stanley & Co. LLC, and any additional dealer, an **Additional Dealer**) or the Calculation Agent (if any) (as described in the applicable Final Terms). The Dealer(s), if any, in relation to an issue of Warrants will be specified in the applicable Final Terms.

This Base Prospectus does not constitute an offer of, or invitation by or on behalf of, the Issuer, the Guarantor or any Dealer to subscribe for or purchase any Warrants. The Issuer, the Guarantor, any Dealer and the Arranger do not represent that this Base Prospectus may be lawfully distributed, or that any Warrants may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Guarantor or any Dealer or the Arranger (save for the approval of this document by the Central Bank (as the competent authority in Ireland for the purposes of the Prospectus Directive and relevant implementing measures in Ireland) as a base prospectus compliant with the Prospectus Directive and the relevant implementing legislation in Ireland) which would permit a public offering of any Warrants outside the European Economic Area or distribution of this document in any jurisdiction where action for that purpose is required.

The distribution of this Base Prospectus and the offering of Warrants in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Guarantor and any Dealer 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 Base Prospectus, see “Offering and Sale” beginning on page 189.

This Base Prospectus is to be read and construed in conjunction with any documents set out herein in full and any amendment or supplement hereto, with any applicable Final Terms and with all documents which are deemed to be incorporated herein by reference from time to time (see “Documents Incorporated by Reference” on page 27).

Warrants may create options exercisable by the relevant holder. There is no obligation upon any holder to exercise such Warrants nor, in the absence of such exercise, any obligation upon the 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 Final Terms.

Upon exercise, in order to receive payment of any amount due under a Regulation S Warrant, 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 is not a U.S. person or acting on behalf of 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 is 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.

Under the master subscription agreement between the Issuer and Morgan Stanley & Co. International plc (*MSI plc*), dated 15 March 2013 (the ***Subscription Agreement***) MSI plc will act as Dealer for issues of the Warrants, pursuant to the terms of the Subscription Agreement. The Warrants may be issued without a Dealer, or to MSI plc as the sole Dealer or to MSI plc and another Dealer or Dealers on a syndicated basis. Also, in certain circumstances, another company which is a subsidiary or parent of the Issuer or any subsidiary of any such parent may be substituted as the principal obligor. See Condition 14 of the Regulation S Warrant Conditions.

The Issuer shall have complete discretion as to what type of Warrants it issues and when.

The Issuer, the Guarantor or any Dealer 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 17 of the 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 Issuer or any Dealer 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 Issuer and/or the Dealer(s), as the case may be. In addition, the Issuer, the Guarantor or any Dealer 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 17 of the 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 Dealer has separately verified the information contained herein or in any applicable Final Terms. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Dealer as to the accuracy or completeness of the information contained in this Base Prospectus or in any applicable Final Terms or any other information provided by the Issuer or the Guarantor. Except as specified by such Dealer, no Dealer accepts any liability in relation to the information contained in this Base Prospectus or in any applicable Final Terms or any other information provided by the Issuer and/or the Guarantor in connection with the Programme or any applicable Final Terms.

Neither this Base Prospectus 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 Issuer, the Guarantor or any Dealer that any recipient of this Base Prospectus (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 Issuer and/or the Guarantor, as applicable. Investors should review, *inter alia*, the most recently published Annual Report of the Issuer and/or the Guarantor, as applicable, and the other documents relating to the Issuer and/or the Guarantor, as applicable, referred to herein under “Documents Incorporated by Reference” when deciding whether or not to purchase any Warrants. Neither this Base Prospectus nor any other information supplied in connection with the Programme constitutes an offer or an invitation by or on

behalf of the Issuer, the Guarantor and/or any Dealer or any other person to subscribe for or to purchase any Warrants.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the 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 Dealer undertakes to review the financial condition or affairs of the Issuer and/or the Guarantor during the life of the Programme.

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

The Issuer 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 Base Prospectus has been prepared by the Issuer solely for use in connection with the offering of the Warrants. The Issuer and the Dealers 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 Base Prospectus is personal to each offeree who received it from a Dealer 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 Base Prospectus 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 unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer is prohibited. Each offeree, by accepting delivery of this Base Prospectus, agrees to the foregoing and to make no photocopies of this Base Prospectus, and, if the offeree does not purchase the Warrants or the placement is terminated for any reason, to return this Base Prospectus to Morgan Stanley & Co. International plc, 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 Issuer.

Neither the United States Securities and Exchange Commission (the **SEC**) nor any state securities regulators have approved or disapproved these Warrants, or determined if this Base Prospectus is truthful or complete. Any representation to the contrary is a criminal offence.

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

In this Base Prospectus, references to U.S. Dollars, U.S.\$, \$, Dollars and cents are to the lawful currency of the United States of America, references to Euro and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended and references to CNY or Renminbi refer to the lawful currency of the People's Republic of China, which for the purpose of this Base Prospectus, excludes the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan (the **PRC**).

Notice to New Hampshire Residents

Neither the fact that a registration statement or an application for a licence 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.

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OVERVIEW

Words and expressions defined in “Form of Regulation S Warrant Final Terms,” “Form of Unitary Warrant Final Terms,” “Terms and Conditions of the Regulation S Warrants” and “Terms and Conditions of the Unitary Warrants” below shall have the same meanings in this overview.

Issuer: Morgan Stanley Asia Products Limited

The Issuer is an exempted company with limited liability incorporated in the Cayman Islands and its business consists of the issuance of financial instruments, with a primary focus on the Asian markets, and the hedging of obligations relating thereto.

Guarantor: Morgan Stanley

The Guarantor will guarantee the Issuer’s payment obligations under each series of Warrants.

The Guarantor was incorporated under the laws of the State of Delaware and is a global financial services firm that, through its subsidiaries and affiliates, provides its products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals.

As of 15 March 2013, the Guarantor’s senior long term debt is rated Baa1 by Moody’s Investors Service, Inc., A- by Standard & Poor’s Ratings Services and A by Fitch Ratings Limited. As of 15 March 2013, the Guarantor’s ratings are on negative outlook with Standard & Poor’s Ratings Services and Moody’s Investors Services, Inc. and on stable outlook with Fitch Ratings Limited.

Ratings assigned to the Guarantor by certain independent rating agencies are an indicator of the Guarantor’s ability to meet its obligations in a timely manner. The lower the assigned rating is on the respective scale the higher the respective rating agency assesses the risk that obligations will not be met at all or not be met in a timely manner. Rating agencies may change their ratings at short notice. A rating’s change may affect the price of securities outstanding. A rating is not a recommendation to buy, sell or hold Warrants issued under the Programme and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Standard & Poor’s Financial Services LLC is not incorporated in the European Union but the rating it has assigned to Morgan Stanley is, with effect from 9 April 2012, endorsed by Standard & Poor’s Credit Market Services Europe Limited, a rating agency which is established in the European Economic Area and registered under the Regulation 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the “**CRA Regulation**”) by the relevant competent authority.

Moody’s Investors Service, Inc. is not incorporated in the European Economic Area but the rating it has assigned to Morgan Stanley is endorsed by Moody’s Investors Service Limited, a rating agency established in the European Economic Area and registered under the CRA Regulation by the relevant competent authority.

Fitch, Inc. is not established in the European Economic Area but the rating it has assigned to Morgan Stanley is endorsed by Fitch Ratings Limited, a rating agency established in the European Economic Area and registered under the CRA Regulation by the relevant competent authority.

Description:	Warrant Programme
Risk Factors:	<p>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. Potential investors should be prepared to sustain a total loss of the purchase price of their Warrants.</p> <p>In addition, there are certain other factors which are material for the purpose of assessing the risks associated with the Warrants issued under the Programme (See “<i>Risk Factors Relating to the Warrants</i>” in this Base Prospectus).</p>
Dealers:	Morgan Stanley & Co. International plc and any other Dealers, including Morgan Stanley & Co. LLC, appointed in accordance with the Subscription Agreement or in relation to a particular series of Warrants. The Dealers in respect of a particular series of Warrants shall be set out in the Final Terms relating to such series of Warrants.
Certain Restrictions:	Each issue of Warrants will only be made in circumstances which comply with all applicable laws, guidelines, regulations, restrictions and reporting requirements from time to time (see “ <i>Notice to Purchasers and Holders of Warrants and Selling Restrictions</i> ”).
Arranger:	Morgan Stanley & Co. International plc
Principal Agent:	Morgan Stanley Asia Limited
Calculation Agent:	Morgan Stanley & Co. International plc
Distribution:	Warrants may be distributed by way of private placement on a syndicated or non-syndicated basis. The method of distribution will be stated in the applicable Final Terms.
Currencies:	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Issue Price:	The applicable Final Terms will specify the Issue Price of the Warrants.
Form of Warrants:	The Warrants will be issued in registered form as described in “ <i>Form of the Regulation S Warrant Final Terms</i> ” and “ <i>Form of the Unitary Warrant Final Terms</i> ”, as the case may be.
Type of Warrants:	Warrants are a form of derivative financial instrument, which derive their value from an underlying asset or instrument. Warrants may be linked to shares, indices, commodities, currencies (or a combination of such underlyings) or any other underlying assets or instruments. Warrants give holders the right to buy from or to sell to the issuer the underlying assets or instruments for a particular price, and on a particular date or during a stated period, according to the terms of the issue.

The Issuer may from time to time issue Regulation S Warrants or Unitary Warrants under the Conditions of this Programme. The Regulation S Warrants will be Share Warrants, Index Warrants or Fund Warrants and the Unitary Warrants will be Share Warrants or Index Warrants as specified in the applicable Final Terms.

Negative Pledge:	The terms of the Warrants will not contain a negative pledge provision.
Cross Default:	The terms of the Warrants will not contain a cross default provision.
Minimum Purchase Amount:	The terms and conditions of the Warrants require an investor to subscribe a number of Warrants at least equal to the Minimum Purchase Amount specified in the applicable Final Terms.
Minimum Trading Amount:	The terms and conditions of the Warrants only allow an investor to trade, in any single transaction, a number of Warrants at least equal to the Minimum Trading Amount specified in the applicable Final Terms.
Status of the Warrants:	The Warrants will constitute direct, unsubordinated and unsecured obligations of the Issuer and will rank equally among themselves and <i>pari passu</i> with all other direct, unsubordinated and unsecured obligations of the Issuer (other than those preferred by law).
Substitution of the Issuer:	In respect of Regulation S Warrants, the Issuer is entitled, subject to the relevant Conditions, to substitute any subsidiary or holding company of the Issuer or any subsidiary of any such holding company, in place of the Issuer, as obligor under the Warrants provided that the Guarantor shall unconditionally guarantee the Warrants as guarantor. Upon any such substitution of the Issuer, the Conditions will be amended in all consequential respects.
Listing and Admission to Trading:	<p>The Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Application has been made to the Irish Stock Exchange for the Warrants to be admitted to the Official List and trading on its regulated market.</p> <p>Warrants may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to each series of Warrants. Warrants which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Warrants are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets.</p>
Clearing Systems:	The Warrants have been accepted for clearance through Euroclear and Clearstream, Luxembourg (each as defined in the relevant Conditions). The Common Code and ISIN for each series of Warrants allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Warrants are to clear through an additional or alternative clearing system, the requisite information will be specified in the applicable Final Terms.
Governing Law:	The Warrants and the Guarantee will be governed by, and construed in accordance with, English law.

Selling Restrictions: Set out in this Base Prospectus are restrictions on the offer, sale and transfer of the Warrants in the United States of America, the European Economic Area, United Kingdom, the People’s Republic of China, Hong Kong and the Cayman Islands and such other restrictions as may be required in connection with the offering and sale of a particular series of Warrants, see “*Offering and Sale*”. Other restrictions may be set out in the Final Terms.

Taxation: The Conditions provide that the Issuer is not obliged to gross up any payments in respect of the Warrants and 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, or enforcement of any Warrant and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

A Warrantholder must pay all taxes, duties, expenses, duties arising from the exercise of the Warrants pursuant to the Conditions.

Additional Warrants: In order to account for the occurrence of a Potential Adjustment Event, or a Corporate Action (as such terms are defined in the Regulation S Warrant Conditions) or a Spin-off Event or Stock Event (as such terms are defined in the Unitary Warrant Conditions) in relation to a series of Warrants (the ***Original Warrants***, and such series of Warrants, the ***Original Series***), the Issuer may issue additional Warrants, free of payment (***Additional Warrants***). Such Additional Warrants may either be issued as part of an additional tranche of Warrants that form part of the Original Series (such additional Warrants, ***Fungible Additional Warrants***), or may be issued as part of a new series of Warrants (such additional Warrants, ***Non-Fungible Additional Warrants***). Non-Fungible Additional Warrants issued following a Potential Adjustment Event, Corporate Action, Stock Event or Spin-off Event, as the case may be, may have terms that differ from the Original Warrants.

The applicable Final Terms relating to the Additional Warrants shall specify (a) the Original Series and (b) the number of Additional Warrants issued in respect of each Original Warrant (the ***Additional Warrants Ratio***). Following the issuance of Additional Warrants, Warrantholders shall only be able to trade Original Warrants together with the Additional Warrants in a manner such that the Additional Warrants traded with each Original Warrant equals the Additional Warrants Ratio.

Overview of the Regulation S Warrants

Styles of Warrants: The Regulation S Warrants can be American Style Warrants or European Style Warrants.

Exercise of Warrants: American Style Warrants may be exercisable on any day that is both a Business Day and an Exchange Business Day during the Exercise Period. European Style Warrants will be automatically exercisable at expiry. If specified in the applicable Final Terms, American Style

Warrants will be automatically exercisable at expiry.

Expiry and Settlement of Warrants:

The Regulation S Warrants will only be cash settled.

Market Access Warrants:

The Regulation S Warrants may be Market Access Warrants. Market Access Warrants provide Warrantholders an exposure to the performance of the underlying securities, particularly but not exclusively in jurisdictions where offshore investment is subject to certain limitations. Market Access Warrants include Chinese Market Access Warrants, which provide Warrantholders an exposure to the performance of the underlying securities traded in the PRC. The Cash Settlement Amount payable in respect of Chinese Market Access Warrants vary from other Call Warrants.

Outperformance Warrants:

The Regulation S Warrants may be Outperformance Warrants. Outperformance Warrants provide holders access to the performance of the underlying securities, and in addition thereto, a fee commensurate with the actual period that the Warrants are held and not exercised (**Outperformance Fee**). Outperformance Warrants can be Upfront Discount Outperformance Warrants, Daily Accrual Outperformance Warrants or Rerate Outperformance Warrants. Upfront Discount Outperformance Warrants allow investors to purchase the Warrants at a discount (**Upfront Discount**) to the Issue Price, though a return of this discount to the Issuer will be factored in if such Upfront Discount Outperformance Warrants are exercised before the Expiration Date. Daily Accrual Outperformance Warrants allow Warrantholders to accrue the Outperformance Fee for every day that the Warrants are held and not exercised, though if the Daily Accrual Outperformance Warrants are exercised before the Expiration Date, the Outperformance Fee shall be pro-rated commensurate with the actual period that the Warrants were held and not exercised. Rerate Outperformance Warrants operate in the same manner as Daily Accrual Outperformance Warrants, though the tenor of the Warrants is divided into two terms and a different daily accrual rate applies in respect of each term of the Warrants. Where the Rerate Outperformance Warrants are exercised before the Expiration Date, the Outperformance Fee shall be pro-rated commensurate with the actual period that the Warrants were held and not exercised using the rate specified in respect of each term. Holders of Outperformance Warrants can obtain a greater economic benefit from the Outperformance Fee, or Upfront Discount (in the case of Upfront Discount Outperformance Warrants), the closer to the Expiration Date they are exercised.

Modification, Cessation and Cancellation of Index:

If there is a material change to the formula of the underlying index or the sponsor fails to calculate or announce the index and the index is not replaced by a successor index, the Calculation Agent has wide discretion in such circumstances, including determining the level of the index and any corresponding adjustment(s), if any, to the Regulation S Warrants, and in some circumstances the Issuer may elect to terminate the Regulation S Warrants, all in accordance with the Regulation S Warrant Conditions and the applicable Final Terms.

If the sponsor or (if applicable) the successor sponsor permanently cancels the index and no successor index exists, then the Regulation S Warrants will be cancelled and the Issuer shall pay to each Warrantholder in respect of each Regulation S Warrant held by it a cancellation amount determined by the Calculation Agent which represents the fair market value of each Regulation S Warrant at the relevant time.

Potential Adjustment Events:	Upon the occurrence of a Potential Adjustment Event (as defined in the Regulation S Warrant Conditions), the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative effect on the theoretical value of the Shares and, if so, will among other things make the corresponding adjustment(s), if any, to the Regulation S Warrant Conditions.
Force Majeure Event:	If the Issuer determines that a Force Majeure Event (as defined in the Regulation S Warrant Conditions) has occurred, the Issuer may elect to suspend its obligations under the Regulation S Warrants or terminate the Warrants, as further provided in the Regulation S Warrant Conditions and the applicable Final Terms. The India Force Majeure Events will also be applicable in respect of Warrants for which the Relevant Jurisdiction is India. Warrantholders will be required to indemnify the Issuer for any losses or costs incurred by it in relation to such an event.
Exchange Settlement Failure	If Exchange Settlement Failure is specified to be applicable in the applicable Final Terms and the underlying shares or units, as the case may be, fail to be delivered to the Issuer or its Affiliates in accordance with the settlement cycles of the relevant Exchanges, the Regulation S Warrants shall be deemed to be terminated, as further provided in the Regulation S Warrant Conditions and the applicable Final Terms.
Merger Event, Extraordinary Fund Event, Tender Offer, Delisting, Nationalisation or Insolvency:	<p>Upon the occurrence of a Merger Event (in the case of Share Warrants), Extraordinary Fund Event (in the case of Fund Warrants), Tender Offer, Delisting, Nationalisation or Insolvency (each as defined in the Regulation S Warrant Conditions), the Issuer may, in accordance with the Regulation S Warrant Conditions:</p> <ul style="list-style-type: none"> (a) require the Calculation Agent to adjust the terms of the Regulation S Warrants; (b) cancel the Regulation S Warrants (as the case may be); or (c) having regard to any adjustment made by an exchange to the settlement terms of any listed options on the Shares or Units, as the case may be, require the Calculation Agent to make a corresponding adjustment to the terms of the Regulation S Warrants.
Issuer Optional Termination:	<p>Early</p> <p>In respect of Regulation S Warrants for which Issuer Optional Early Termination is specified as applicable in the applicable Final Terms, the Issuer may, upon giving no less than the number of Business Days' notice to Warrantholders specified in the Final Terms, terminate the Warrants on the date specified in the notice. The Issuer shall pay the Optional Termination Amount pursuant to the Regulation S Warrant Conditions and the applicable Final Terms on the date specified in the notice.</p>
Events of Default:	<p>If an Event of Default occurs and is continuing, Warrantholders of not less than 25 per cent. in number of the relevant series of Warrants may, by written notice addressed to the Issuer declare the Warrants to be terminated, whereupon they shall become so terminated at their Early Termination Amount.</p> <p>In some circumstances, if any or all Events of Default, other than the non-payment of the Cash Settlement Amount of the Regulation S Warrants of a series that has become due as a result of an acceleration, have been cured, waived or otherwise remedied, then the holders of a majority in number of such series of Warrants (voting as one class)</p>

may annul past declarations of acceleration of or waive past defaults of the Regulation S Warrants. However, any continuing default in payment of the Cash Settlement Amount on those Regulation S Warrants may not be waived.

Management Fee: If Management Fee is specified as applicable in the Final Terms, a fee may be deducted from Cash Settlement Amount.

Alternative Provisions: If the Alternative Provisions are specified as applicable in the applicable Final Terms, certain provisions in the Regulation S Warrants Terms and Conditions shall be amended, including the provisions relating to the consequences of rights issues relating to the underlying shares (for Share Warrants), Force Majeure, net dividends and taxes and costs.

Overview of the Unitary Warrants

Styles of Warrants: The Unitary Warrants can be American Style Warrants or European Style Warrants.

Exercise of Warrants: American Style Warrants may be exercisable on any Business Day during the Exercise Period. European Style Warrants will be automatically exercisable at expiry. If specified in the applicable Final Terms, American Style Warrants will be automatically exercisable at expiry.

Expiry and Settlement of Warrants: The Unitary Warrants will only be cash settled.

Market Access Warrants: The Unitary Warrants may be Market Access Warrants. Market Access Warrants provide Warrant holders an exposure to the performance of the underlying securities, particularly but not exclusively in jurisdictions where offshore investment is subject to certain limitations.

Outperformance Warrants: The Unitary Warrants which are Share Warrants may be Outperformance Warrants. Outperformance Warrants provide holders access to the performance of the underlying securities, and in addition thereto, a fee calculated commensurate with the actual period that the Warrants are held and not exercised (**Outperformance Fee**). Outperformance Warrants can be Upfront Discount Outperformance Warrants, Daily Accrual Outperformance Warrants or Rerate Outperformance Warrants. Upfront Discount Outperformance Warrants allow investors to purchase the Warrants at a discount to the Issue Price, though a return of this discount to the Issuer will be factored in if such Upfront Discount Outperformance Warrants are exercised before the Expiration Date. Daily Accrual Outperformance Warrants allow Warrant holders to accrue the Outperformance Fee for every day that the Warrants are held and not exercised, though if the Daily Accrual Outperformance Warrants are exercised before the Expiration Date, the Outperformance Fee shall be pro-rated commensurate with the actual period that the Warrants were held and not exercised. Rerate Outperformance Warrants operate in the same manner as Daily Accrual Outperformance Warrants, though the tenor of the Warrants is divided into two terms and a different daily accrual rate applies in respect of each term. Where the Rerate Outperformance Warrants are exercised before the Expiration Date, the Outperformance Fee shall be pro-rated commensurate with the actual period that the Warrants were held and not exercised using the rate specified in respect of each term. Holders of Outperformance Warrants can obtain a greater

economic benefit from the Outperformance Fee, or Upfront Discount (in the case of Upfront Discount Outperformance Warrants), the closer to the Expiration Date they are exercised.

- Adjustments to the Index: If there is an Index Modification, Index Cancellation or Index Disruption (each as defined in the Unitary Warrant Conditions), the Calculation Agent has discretion in such circumstances, including, in the case of an Index Modification or Index Disruption, calculating the Index Final, Index Initial and/or Strike Price (each as defined in the Unitary Warrant Conditions), and, in the case of an Index Cancellation, determining a fair market value of each Warrant, in either case, by reference to the bid quotations obtained from dealers or, if the Calculation Agent is not able to obtain at least one bid quotation from a dealer, in good faith and at the Calculation Agent's discretion.
- Early Exercise Event: Upon the occurrence of an Early Exercise Event (as defined in the Unitary Warrant Conditions), the Issuer shall have the right to accelerate the Exercise Date or the Expiration Date of the Unitary Warrants and the Calculation Agent may adjust the Cash Settlement Amount taking into account such events.
- Payment Disruption Events: Upon the occurrence of a Payment Disruption Event (as defined in the Unitary Warrant Conditions), the Calculation Agent may defer payment of any Cash Settlement Amount or Interim Payment Amount (as defined in the Unitary Warrant Conditions) as further specified in the Unitary Warrant Conditions and the applicable Final Terms.
- Management Fee: If Management Fee is specified as applicable in the Final Terms, a fee may be deducted from the relevant Cash Settlement Amount.

RISK FACTORS RELATING TO THE WARRANTS

Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under the Warrants issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, certain factors which are material for the purpose of assessing the market risks associated with Warrants issued under the Programme are also described below.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Warrants issued under the Programme, but the inability of the Issuer and/or the Guarantor, as the case may be, to pay interest, principal or other amounts on or in connection with any Warrants may occur for other reasons and neither the Issuer nor the Guarantor represents that the statements below regarding the risks of holding any Warrants are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

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 Base Prospectus, 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 Warrants

General

The purchase of the Warrants involves certain risks. This Base Prospectus 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. Prospective investors should conduct independent investigation and analysis regarding the Warrants and the other assets on which the obligations of the Issuer and 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. Therefore, prospective purchasers of Warrants should be prepared to sustain a total loss of the purchase price of such 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 its investment, a purchaser of such 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 Final Terms.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Warrants linked to such index or basket of indices. Fluctuations in the price of the relevant shares, units or value of the basket of shares or basket of units will affect the value of Warrants linked to such shares, units, basket of shares or basket of units.

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.

Purchasers of all Warrants may also risk losing their entire investment if the Issuer and the Guarantor are unable to repay any amounts due under such Warrants.

Value of Assets Underlying the Warrants

The price and/or value of the assets underlying the Warrants 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 the Warrants are denominated. The price of the assets underlying the Warrants 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.

The Issuer and any Dealer 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 Warrant so purchased may be held or resold or surrendered for cancellation. A Dealer may, but is not obliged to, be a market-maker for an issue of Warrants. Even if a Dealer 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 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 Issuer, the Guarantor and the Dealers 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 value of the assets underlying the Warrants is quoted in a foreign currency.

The Issuer will not make any changes 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 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 Issuer or any Agent from payments in respect of the Warrants.

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 Issuer, the Guarantor, any Dealer or their respective affiliates, 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 relevant Warrants, the Issuer, the Guarantor, any Dealer or their respective affiliates may purchase the Warrants at such times, in such manner and for such consideration as they may deem appropriate. Such Warrants 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, 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 Issuer, the Guarantor, any Dealer and their respective affiliates. The Issuer, the Guarantor, any Dealer 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 Issuer, the Guarantor, any Dealer 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 counterparties in hedging, currency, derivatives and other transactions and the exercise of creditor rights. The Issuer, the Guarantor, any Dealer and their respective

affiliates have no obligation to disclose such information or activities; provided that the Issuer 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 Issuer, the Guarantor, any Dealer, their respective affiliates and their respective officers and respective 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 Warrantholder irrevocably waives any claim that it may have in respect thereof.

Warrants are not insured by the Federal Deposit Insurance Corporation or any other governmental agency

The Warrants are not bank deposits and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency nor are they obligations of, or guaranteed by, a bank.

Warrants are subject to the credit risk of the Issuer and the Guarantor

The Warrants are subject to the credit risk of the Issuer and the Guarantor. The credit ratings and credit spreads of the Issuer and/or the Guarantor may adversely affect the market value of the Warrants. Warrantholders are dependent on the ability of the Issuer and, where applicable, the Guarantor to pay all amounts due on the Warrants and therefore Warrantholders are subject to the credit risk of the Issuer and, where applicable, the Guarantor and to changes in the market's view of their creditworthiness. Any decline in the credit ratings or increase in the credit spreads charged by the market for taking the credit risk of the Issuer and/or the Guarantor is likely to adversely affect the value of the Warrants.

Warrants are Unsecured Obligations

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

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), Unit (or basket of Units) or other basis of reference which may be specified in the applicable Final Terms, 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), Unit (or basket of Units) or other basis which may be specified in the applicable Final Terms. 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), Unit (or basket of Units) or other basis which may be specified in the applicable Final Terms. 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, Unit or basket of Shares, Indices or Units.

The Issuer, 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), Unit (or basket of Units) 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), Unit (or basket of Units) or other basis of reference. The Issuer, the Calculation Agent and some of their other affiliates may also trade in the Shares (or basket of Shares), Index (or basket of Indices), Unit (or basket of Units) 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), Unit (or basket of Units) 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 Issuer, 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), Unit (or basket of Units) 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), Unit (or basket of Units) or other basis of reference related to the Warrants. The Issuer, the Calculation Agent or their affiliates may modify their hedging position throughout the life of the Warrants, by purchasing and selling the Shares, Units 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) Unit (or basket of Units) or other basis of reference or positions in any other available securities or instruments that the Issuer 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 Issuer and Guarantor's creditworthiness (if any). Such perceptions are generally influenced by the ratings accorded to the Issuer and Guarantor's outstanding securities by standard statistical rating services, such as Moody's Investors Service Inc., Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and Fitch Ratings Limited. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer and Guarantor by one of these rating agencies could result in a reduction in the trading value of the Warrants.

Adjustments can Adversely Affect the Value of the Warrants

The Calculation Agent may adjust the amount payable upon exercise for certain events affecting Shares or corporate actions involving Shares. 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 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 in relevant Conditions may be materially adverse to the Warrantholders.

Calculation Agent is an Affiliate

The Calculation Agent is an affiliate of the Issuer. 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. The Calculation Agent is obligated to carry out its duties and functions as Calculation Agent in good faith.

The terms and conditions of the Warrants do not allow a Warrantholder to transfer a number of Warrants less than the Minimum Trading Amount

The terms and conditions of a Warrant only allow a Warrantholder to transfer, in any single transaction, a number of Warrants greater than or equal to the Minimum Trading Amount. If a Warrantholder holds a number of Warrants less than the Minimum Trading Amount, under the terms of the Warrants, it will not be able to transfer the Warrants it holds, and will be required to hold such Warrants until the Expiration Date.

Risk Factors Relating to Warrants linked to Shares (or Baskets of Shares)

No rights to the underlying Shares

An investment in the Warrants linked to Shares 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. Subject to the applicable Conditions of the Warrants, the Warrantholder may have no right to receive dividends or other distributions. 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 Final Terms or in establishing the terms of the Warrants and the Issuer, the Guarantor and any Dealer will not make any investigation or enquiry in connection with such offering with respect to the information concerning any Share Company contained in such Final Terms 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 Final Terms) 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 Issuer has no ability to control or predict any actions of the Share Company, including any corporate actions of the type or redemption 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.

Risk Factors Relating to Warrants linked to Funds (or Baskets of Funds)

No recourse to the Fund or any Fund Service Provider

The Warrantholder will have no rights against the Fund or any manager, custodian, administrator, sponsor, valuation agent or any other service provider in relation to the Fund (a **Fund Service Provider**). The Warrants are not sponsored, endorsed, sold or promoted by the Fund or any Fund Service Provider. Neither the Fund nor any Fund Service Provider has passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Warrants. Neither the Fund nor any Fund Service Provider makes any representation or warranty, express or implied, to the Warrantholder or any member of the public regarding the advisability of investing in securities generally or the Warrants particularly. Neither the Fund nor any Fund Service Provider is responsible for, or has participated in the determination of, the timing, prices or quantities of the Warrants to be issued or in the determination or calculation of the equation by which the Warrants are to be converted into cash. Neither the Fund nor any Fund Service Provider has any liability in connection with the administration, marketing or trading of the Warrants.

There is no guarantee as to the performance of the Fund

The investment return on the Warrants (whether positive or negative) will depend primarily on the performance of the Fund, subject to the deduction of fees and expenses relating to the Fund. The Issuer and the Guarantor make no guarantee or representation of any kind as to the performance of the Fund, the value of which may go down as well as up. The Warrantholder should have such knowledge and experience in financial and business matters and expertise in assessing market risk such that the Warrantholder is capable of evaluating the merits, risks and suitability of investing in the Warrants. The Issuer and the Guarantor do not purport to be a source of information on market risks with respect to the Fund. There is also no guarantee that the Warrantholder will receive an amount equal to or greater than the Warrantholder's initial investment at the maturity of the Warrants.

The value of units in the Fund and the income from them may fluctuate significantly so past performance of the Fund cannot be considered a guarantee of, nor necessarily a guide to, future performance. Furthermore, the Fund may also have a limited operating history, with no proven track record in achieving their stated investment objectives.

Return and Market Fluctuations

The Fund may invest in securities issued and listed in a number of different countries and denominated in a number of different currencies; the value of the Fund may, therefore, be materially affected by exchange rate fluctuations, possible restrictions on the convertibility of the currencies in question and also by political and economic developments in the relevant countries. Debt securities are subject to both actual and perceived measures of the creditworthiness of the relevant issuer of such securities and there

can be no assurance of protection against the default by an issuer of its repayment obligations.

Some of the companies in which the Fund may invest may be affected by changes in the market for their products or services. The value of shares may also fall, at times sharply, due to stock market trends, regardless of the strength of the particular issuer. This may lead to volatility in the net asset value of the Fund. Where the Fund invests in unlisted shares and certain other financial assets, additional risks associated with reduced liquidity and lack of objective valuations arise.

Units may trade at prices other than NAV and tracking error risk

The value of Warrants linked to Funds are affected by the trading price of the Units of that Fund. For any Fund traded on an Exchange, the market price of Units will be subject to a “bid/ask” spread, being the difference between the prices being bid by potential purchasers and those being asked by potential sellers. Therefore apart from changes in the net asset value (*NAV*) of the Units, the trading price of the Units will also fluctuate in accordance with market supply and demand for the Units. When the market price of Units is falling rapidly, Units are most likely to be traded at a discount to the NAV per Unit, which may be the time when the Warrant holders most want to sell their Warrants.

Furthermore, Funds traded on the Exchange track the performance of indices. However changes in the NAV of the Fund are unlikely to replicate exactly changes in the underlying index. Factors such as fees and expenses of the Fund, liquidity of the market, imperfect correlation of returns between the Units’ and those in the underlying index, changes to the underlying index and regulatory policies mean that the Fund’s returns may deviate from those of the underlying index and there is no guarantee or assurance of exact replication of the underlying index. However, a fall in the underlying index will result in a corresponding fall in the NAV of the Fund.

If a replacement Fund cannot be identified, the Warrants may have to be cancelled

If an Extraordinary Fund Event, Insolvency Event or Delisting occurs, the Calculation Agent may have to substitute the existing Fund with a replacement fund with similar investment objectives and policies and of similar performance and quality as determined by the Calculation Agent and make any corresponding adjustments that the calculation agent determines, acting in a commercially reasonable manner, to be appropriate to the terms of the Warrants to account for such replacement.

The Calculation Agent may cancel the Warrants and pay the Warrant holders an amount equal to the fair market value of the Warrants, taking into account the events mentioned above (less any related unwinding costs) as determined by the Calculation Agent in its discretion.

Investment in Emerging Markets

The Fund may invest in emerging markets. These involve special risks not associated with more established capital markets and include risks attributable to nationalisation, expropriation or taxation, currency devaluation, foreign exchange control, political, social or diplomatic instability or governmental restrictions. The capital markets in such countries have substantially less volume, and are generally less liquid and more volatile, than comparable securities in more developed markets. Disclosure and regulatory requirements could be less stringent than in other markets, with a low level of monitoring and limited and uneven enforcement of existing regulations.

Investment Strategy

The Fund may have investment strategies and guidelines that are very broad. The Fund may also be free to engage in additional or alternative strategies without reference to any other person. In addition, it is not possible to monitor individual investments made by the Fund and it may not be possible to determine whether or not the Fund is adhering to any particular investment strategy or what the principal risks associated with its current activities are.

Risk Factors Relating to Warrants linked to Indices

Investment in the Warrants is not the same as investing directly in the securities constituting the Index

Similar to an investment in Warrants linked to Shares, an investment in the Warrants is not the same as a direct investment in the securities constituting the Index. For example, Warrantholders will not have the right to receive rights to the securities constituting the Index and thus will not be able to dispose of some but not all of the securities in the Index at any point in time. In addition, investing in the Warrants is not equivalent to investing in a mutual fund or other pooled investment entity that invests in the securities constituting the Index or that is benchmarked to the Index. The return on an investment in the Warrants may differ from the return an investor might earn on a direct investment in the securities constituting the Index or such a fund or pooled investment over a similar period.

Adjustments to the Index could adversely affect the value of the Warrants

The index sponsor of the Index is usually responsible for calculating and maintaining the Index. Warrantholders should not conclude that the inclusion of a stock in the Index is an investment recommendation of that stock by the Issuer, the Guarantor or their affiliates. The index sponsor may, in its sole discretion, add, delete or substitute the securities constituting the Index or make other methodological changes required by certain corporate events relating to the securities constituting the Index, such as stock splits and dividends, spin-offs, rights issuances and mergers and acquisitions, that could change the value of the Index. The index sponsor may rebalance the Index periodically. Any of these actions could adversely affect the value of the Warrants.

The index sponsor of the Index may discontinue or suspend calculation or publication of the Index at any time. If the index sponsor does not designate a successor index, the Warrants may be cancelled, which will affect the length of Warrantholders' investment in the Warrants and may affect the return on their investment in the Warrants.

The composition of the securities constituting the Index may change over time

The composition of the securities constituting the Index may change over time. There may be additions to the Index of stocks to which Warrantholders may not want exposure, or deletions of stocks to which they would want exposure. Neither the Issuer nor the Guarantor has any control over the composition or calculation of the Index, and Warrantholders should not place undue reliance on the creditworthiness, business plans or prospects or other factors relating to any particular issuer of securities constituting the Index as of the date hereof.

Risk Factors Relating to the Exercise of Warrants

Limitations on Exercise

If a Maximum Exercise Number is specified in the applicable Final Terms, the 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 Final Terms 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 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 Issuer or in any other manner specified in the applicable Final Terms.

Time Lag after Exercise

Unless otherwise specified in the applicable Final Terms, 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 Final Terms 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 Disrupted Day (if applicable) or 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.

Risk Factors Relating to Outperformance Warrants

The Cash Settlement Amount that a Warrantholder of Outperformance Warrants receives will be affected by the number of days such Warrants are held before exercise. If a Warrantholder of either a Daily Accrual Outperformance Warrant or a Rerate Outperformance Warrant exercises such Warrant before its Expiration Date, the Outperformance Fee that such Warrantholder receives as part of the Cash Settlement Amount would be lower than the Outperformance Fee it would have received had it held the relevant Warrant until the Expiration Date.

Rerate Outperformance Warrants allow the Issuer to adjust the Daily Accrual Rate applicable to the Rerate Outperformance Warrants on the Rerate Date, following which the Adjusted Rate (or the Default Adjusted Rate) would be the rate applied in order to determine the Outperformance Fee in respect of the Warrants from the Rerate Date to the Expiration Date or Actual Exercise Date (as applicable). Such Adjusted Rate (or Default Adjusted Rate, if applicable) may be lower than the Daily Accrual Rate applicable before the adjustment, and the Outperformance Fee the Warrantholder would receive as part of the Cash Settlement Amount may be lower than the Outperformance Fee it would have received had the original Daily Accrual Rate been applicable in respect of both terms. The Adjusted Rate is a rate determined by the Calculation Agent by reference to market interest rates, and holders of Rerate Outperformance Warrants should note that the Outperformance Fee they receive as part of the Cash Settlement Amount could be affected by fluctuation of market interest rates.

Upfront Discount Outperformance Warrants are Warrants which are sold to Warrantholders at a discount to the Issue Price. If a Warrantholder exercises its Upfront Discount Outperformance Warrant prior to its Expiration Date, a return of such discount to the Issuer shall be factored in when determining the Cash Settlement Amount payable to the Warrantholder. The sooner an Upfront Discount Outperformance Warrant is exercised after its Issue Date, the greater the portion of the Upfront Discount will effectively be returned to the Issuer.

Risk Factors Relating to Regulation S Warrants

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

The Regulation S Warrants do not promise any return of their purchase price upon exercise. Instead, the Regulation S 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, are 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.

Disrupted Day

If an issue of Regulation S Warrants includes provisions dealing with the occurrence of a Disrupted Day on a Valuation Date or an Averaging Date and the Calculation Agent determines that a Disrupted Day 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.

Issuer Optional Early Termination

If Issuer Optional Early Termination is specified as applicable in the applicable Final Terms, the Issuer

shall have a right, upon giving a number of Business Days' written notice, as specified in the Final Terms, to terminate all the Warrants in the relevant series on any Business Day before the Expiration Date or the Exercise Date (as the case may be). The Warrantholders will be entitled to receive a termination payment with respect to the Warrants held. The amount received will depend on, among other things, the closing level of the Index or the Settlement Price of the underlying asset on the date specified as the Optional Early Termination Date in the notice. Warrantholders may receive less than they would have had they held the Warrants until the Expiration Date or the Exercise Date (as the case may be).

Force Majeure Event

If a Force Majeure Event occurs, the Issuer may terminate or suspend such Regulation S Warrants. If the Issuer elects to terminate such Regulation S warrants, the Issuer will, 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, including circumstances that resulted in the occurrence of the Force Majeure Event, less the cost to the Issuer and/or its affiliates 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. In respect of Warrants for which the Relevant Jurisdiction is India, certain additional Force Majeure Events will be applicable. In addition, a deemed Force Majeure Event will occur if the Issuer (or its any of its Affiliates) is unable to take delivery of Shares in accordance with the settlement cycles of the relevant Exchanges.

Right of Substitution

The Issuer is entitled, subject to the relevant Conditions, to substitute any subsidiary or holding company of the Issuer or any subsidiary of any such holding company, in place of the Issuer, as obligor under the Regulation S Warrants provided that the Guarantor shall unconditionally guarantee the Regulation S Warrants as guarantor. Upon any such substitution of the Issuer, the Conditions will be amended in all consequential respects.

Risk Factors Relating to Unitary Warrants

Market Disruption Event in relation to Unitary Warrants that are Share Warrants

If an issue of 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 Unitary Warrants) the Exercise Date or (ii) (in the case of American Style Unitary 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 Unitary Warrants may have an adverse effect on the value of such Unitary Warrants.

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 Issuer 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 Unitary Warrants, possibly their entire investment. See “*Unitary Warrant Conditions - Market Disruption*” below.

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

An investment in 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.

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 Unitary Warrants

The Unitary Warrants do not promise any return of their purchase price. Instead, the Unitary Warrants will pay (i) Interim Payment Amounts, if any, and (ii) upon exercise, an amount of cash in the Settlement Currency based on the performance of the Index (in the case of Index Warrants) as at (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, in each case, as compared to that as at the Launch Date, relative to the Strike Price and (in the case of Share Warrants) 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 Unitary Warrants) the Exercise Date or (B) (in the case of American Style 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 Unitary Warrants is less than the purchase price of the 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 Unitary Warrants) or the Actual Exercise Date or Expiration Date (in the case of American Style Unitary Warrants) may be accelerated, shortening the anticipated period of the Warrant holder's investment in the Unitary Warrants. 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 or the securities or assets constituting the Index 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 "*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 Issuer may elect in its sole discretion to pay the applicable amount(s) to the Warrant holders in Local Currency or Settlement Currency in the Relevant Jurisdiction. The payment to the Warrant holders 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 Warrant holder's acceptance of a payment in Local Currency, the Warrant holder may be unable to convert that payment into the Settlement Currency and/or to remit such Settlement Currency abroad. In addition, the Warrant holder 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 Issuer 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 Issuer elects, the 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 Unitary Warrants for U.S. Federal Income Tax Purposes is Uncertain

Investors should also consider the tax consequences of investing in Unitary Warrants. There is no statutory, judicial or administrative authority that directly addresses the characterisation of Unitary Warrants or instruments similar to Unitary Warrants for U.S. federal income tax purposes, and therefore significant aspects of the tax treatment of Unitary Warrants are uncertain. Pursuant to the terms of Unitary Warrants, the Issuer and the Warrantholders agree to treat Unitary Warrants as prepaid cash settlement forward contracts with respect to the Shares, as described in “*United States Federal Taxation of Unitary Warrants*”. If the United States Internal Revenue Service (*IRS*) were successful in asserting an alternative characterisation for Unitary Warrants, the timing and character of income on Unitary Warrants may differ. The Issuer does not plan to request a ruling from the IRS regarding the tax treatment of Unitary Warrants, and the IRS or a court may not agree with the tax treatment described in this Base Prospectus. **Please read carefully the section “*United States Taxation*” in this Base Prospectus.**

Each of the Issuer and the Guarantor’s liquidity and financial condition have in the past been, and in the future could be, adversely affected by U.S. and international markets and economic conditions.

Each of the Issuer and the Guarantor’s ability to raise funding in the long-term or short-term debt capital markets or the equity markets, or to access secured lending markets, has in the past been, and could in the future be, adversely affected by conditions in the U.S. and international markets and economy. Global market and economic conditions have been particularly disrupted and volatile in the last several years and continue to be, including as a result of the European sovereign debt crisis, and uncertainty regarding U.S. fiscal matters. In particular, each of the Issuer and the Guarantor’s cost and availability of funding have been, and may in the future be, adversely affected by illiquid credit markets and wider credit spreads. Continued turbulence in the U.S., the E.U. and other international markets and economies could adversely affect the liquidity and financial condition of the Issuer and/or the Guarantor and the willingness of certain counterparties and customers to do business with them.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in and to form part of, this Base Prospectus, to the extent that, on or before the date of this Base Prospectus, they have been published and filed with the Central Bank of Ireland under Directive 2003/71/EC:

- (a) the sections headed “Terms and Conditions of the Regulation S Warrants” and “Terms and Conditions of the Unitary Warrants” on pages 32 to 62 and pages 71 to 92 in the prospectus dated 11 November 2005 relating to the Issuer’s Warrant and Note Programme, in so far as such section relates to any Warrants (if so specified in the applicable Final Terms);
- (b) the section headed “Terms and Conditions of the Warrants” on pages 6 to 16 of the supplement dated 18 May 2006 to the prospectus dated 11 November 2005 relating to the Issuer’s Warrant and Note Programme, in so far as such section relates to any Warrants (if so specified in the applicable Final Terms);
- (c) the sections headed “Terms and Conditions of the Regulation S Warrants” and “Terms and Conditions of the Unitary Warrants” on pages 36 to 70 and pages 81 to 107 in the prospectus dated 10 November 2006 relating to the Issuer’s Warrant and Note Programme, in so far as such section relates to any Warrants (if so specified in the applicable Final Terms);
- (d) the sections headed “Terms and Conditions of the Regulation S Warrants” and “Terms and Conditions of the Unitary Warrants” on pages 36 to 70 and pages 81 to 107 in the prospectus dated 9 November 2007 relating to the Issuer’s Warrant and Note Programme, in so far as such section relates to any Warrants (if so specified in the applicable Final Terms);
- (e) the sections headed “Terms and Conditions of the Regulation S Warrants” and “Terms and Conditions of the Unitary Warrants” on pages 38 to 74 and pages 87 to 115 in the prospectus dated 7 November 2008 relating to the Issuer’s Warrant and Note Programme, in so far as such section relates to any Warrants (if so specified in the applicable Final Terms);
- (f) the sections headed “Terms and Conditions of the Regulation S Warrants” and “Terms and Conditions of the Unitary Warrants” on pages 37 to 73 and pages 86 to 113 in the prospectus dated 6 November 2009 relating to the Issuer’s Warrant and Note Programme, in so far as such section relates to any Warrants (if so specified in the applicable Final Terms);
- (g) the sections headed “Terms and Conditions of the Regulation S Warrants” and “Terms and Conditions of the Unitary Warrants” on pages 37 to 73 and pages 86 to 113 in the prospectus dated 5 November 2010 relating to the Issuer’s Warrant and Note Programme, in so far as such section relates to any Warrants (if so specified in the applicable Final Terms);
- (h) the sections headed “Terms and Conditions of the Regulation S Warrants” and “Terms and Conditions of the Unitary Warrants” on pages 44 to 83 and pages 96 to 123 in the prospectus dated 11 July 2011 relating to the Issuer’s Warrant and Note Programme, in so far as such section relates to any Warrants (if so specified in the applicable Final Terms);
- (i) the sections headed “Terms and Conditions of the Regulation S Warrants” and “Terms and Conditions of the Unitary Warrants” on pages 41 to 79 and pages 92 to 121 in the prospectus dated 15 March 2012 relating to the Issuer’s Warrant and Note Programme, in so far as such section relates to any Warrants (if so specified in the applicable Final Terms);

The documents listed in items (a) to (i) above may be downloaded free of charge from <http://www.ise.ie/app/DeptSecurityDocuments.aspx?progID=121&FIELDSORT=docId>.

- (j) the audited financial statements of the Issuer in the Issuer’s Report and Financial Statements for the fiscal year ended 31 December 2010, which may be downloaded free of charge from http://www.rns-pdf.londonstockexchange.com/rns/4822F_-2011-4-26.pdf;

- (k) the most recent audited financial statements of the Issuer in the Issuer's Report and Financial Statements for the fiscal year ended 31 December 2011, which may be downloaded free of charge from http://www.rns-pdf.londonstockexchange.com/rns/0627C_-2012-4-25.pdf ;
- (l) the interim financial report of the Issuer for the period from 1 January 2012 to 30 June 2012, which may be downloaded free of charge from http://www.rns-pdf.londonstockexchange.com/rns/9859K_-2012-8-29.pdf ;
- (m) the registration document of the Guarantor, Morgan Stanley & Co. International plc, Morgan Stanley (Jersey) Limited and Morgan Stanley B.V. (the Registration Document) dated 7 June 2012, with the exception of (A) Items 6-11 in the section entitled "Information Incorporated by Reference" set out at pages 19-22 thereof; and (B) Sections entitled "Description of Morgan Stanley & Co. International plc" at pages 64-69 thereof; "Selected Financial Information of Morgan Stanley & Co. International plc" at pages 70-72 thereof; "Description of Morgan Stanley (Jersey) Limited" at pages 73-75 thereof; and "Description of Morgan Stanley B.V." at pages 76-78 thereof, which may be downloaded free of charge from http://www.morganstanleyiq.eu/EN/binaer_view.asp?binaernr=767; and
- (n) the Guarantor's Annual Reports on Form 10-K for the year ended 31 December 2012 (the **Form 10-K**), which includes:
 - (A) the report of the auditors of the Guarantor, Deloitte & Touche LLP, dated 26 February 2013 on the consolidated financial statements of the Guarantor as of 31 December 2011 and 31 December 2012 and for the years ended 31 December 2010, 31 December 2011 and 31 December 2012 in accordance with the standards of the Public Company Accounting Oversight Board (United States); and
 - (B) the report of the auditors of the Guarantor, Deloitte & Touche LLP, dated 26 February 2013 on the internal control over financial reporting of the Guarantor as of 31 December 2012 in accordance with the standards of the Public Company Accounting Oversight Board (United States).

The Form 10-K may be downloaded free of charge from <http://www.morganstanley.com/about/ir/shareholder/10k2012/10k2012.pdf>,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein or set out in full shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any subsequent document which is deemed to be incorporated by reference or set out in full herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus. The sections of the documents incorporated by reference which have not been incorporated are either not relevant for the investor or are covered elsewhere in this Base Prospectus.

The information about the Guarantor and the Issuer, if applicable, incorporated by reference or set out in full in this Base Prospectus is considered to be part of this Base Prospectus.

Because future filings of the Guarantor with the SEC are made from time to time, those future filings may modify or supersede some of the information included or incorporated by reference or set out in full in this Base Prospectus. This means investors should look at all of the SEC filings of the Guarantor to determine if any of the statements in this Base Prospectus or in any document previously incorporated by reference or set out in full have been modified or superseded.

Copies of any information and any document incorporated herein by reference or set out in full in this Base Prospectus can be obtained from Morgan Stanley Asia Limited (the **Principal Agent**) at its office set out at the end of this Base Prospectus. In addition, such documents (relating to Warrants listed in Ireland) will be available from the principal office in Dublin of J&E Davy (the **Irish Agent**) at its office set out at the end of this Base Prospectus.

The Issuer will in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus, which is capable of affecting the assessment of any Warrants, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Warrants.

AVAILABLE INFORMATION

Morgan Stanley (as the Guarantor) files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document the Company files with the SEC at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for information on the public reference room. The SEC maintains an internet site that contains annual, quarterly and current reports, proxy statements and other information that issuers (including Morgan Stanley) file electronically with the SEC. Morgan Stanley's electronic SEC filings are available to the public at the SEC's internet site, www.sec.gov. Other than information and documents that are deemed to be incorporated by reference herein (see "*Documents Incorporated by Reference*" on page 27), the above website shall not form a part of this Base Prospectus.

FORM OF REGULATION S WARRANT FINAL TERMS

The Final Terms relating to each issue of Regulation S Warrants 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 Schedule 1 of the Agency Agreement (as defined in the Regulation S Warrant Conditions) and reproduced in the Base Prospectus and words and expressions defined in those terms and conditions shall have the same meaning in the applicable Regulation S Warrant Final Terms.

MORGAN STANLEY ASIA PRODUCTS LIMITED (incorporated with limited liability in the Cayman Islands)

Guaranteed by

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

Warrant Programme

The Warrants and the 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 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.

[Title of particular issue of Warrants]

This document constitutes the Final Terms relating to the issue of Regulation S Warrants described herein and final terms for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC).

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 15 March 2013 approved by the Central Bank of Ireland on 15 March 2013 (as supplemented from time to time, the **Base Prospectus**). These Final Terms contain the final terms of the Regulation S Warrants and must be read in conjunction with such Base Prospectus in order to obtain full information on the Issuer and the Regulation S Warrants themselves. Copies of such Base Prospectus are available free of charge to the public during normal business hours at the registered office of the Issuer and from the specified office of the Irish Agent, or may be downloaded free of charge from <http://www.ise.ie/app/DeptSecurityDocuments.aspx?progID=121&FIELDSORT=docId>.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Regulation S Warrant Conditions (the **Conditions**) set forth in the Base Prospectus dated [original date] [and the Base Prospectus Supplement[s] dated []]. These Final Terms contain the final terms of the Regulation S Warrants and must be read in conjunction with the Base Prospectus dated 15 March 2013 approved by the Central Bank of Ireland on 15 March 2013 [and the Base Prospectus Supplement[s] dated []], which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Regulation S Warrants is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [original date] [and the Base Prospectus Supplement[s] dated [] and the Base Prospectus dated 15 March 2013 [and the Base Prospectus Supplement[s] dated []]. Copies of such Base Prospectuses [and the Base Prospectus Supplement[s]] are available free of charge to the public at the registered office of the Issuer and from the specified office of the Irish Agent or may be downloaded free

of charge from <http://www.ise.ie/app/DeptSecurityDocuments.aspx?progID=121&FIELDSORT=docId>.]

References herein to numbered Conditions are to the Terms and Conditions of the Regulation S Warrants and words and expressions defined in such terms and conditions shall bear the same meaning in these Final Terms, save as where otherwise expressly provided.

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;	[Yes] [No]
2.	Whether the Warrants are Share Warrants, Index Warrants or Fund Warrants or Warrants linked to a Basket;	<p>[Share Warrants relating to the local [ordinary] shares of [<i>Name of Company</i>](the Share Company) with the Bloomberg Code [<i>Bloomberg code</i>] (the Shares)]</p> <p>[Index Warrants relating to [<i>Name of Index</i>] with the Bloomberg code [<i>Bloomberg code</i>] (the Index)]</p> <p>[Fund Warrants relating to the units of [<i>Name of Fund</i>] with the Bloomberg code [<i>Bloomberg code</i>] (the Fund)]</p> <p>[Basket of [Shares] [Indices] [Units] relating to the [Shares] [Indices] [Units] of [<i>components of Basket</i>] (each a [Share] [Index] [Fund]) with the following respective weightings [<i>Weightings of each basket component</i>] (the Basket)]</p> <p>[The complete set of rules of the [Index][Indices] and information on the performance of the [Index][Indices] are freely accessible on the [Issuer's][index provider's] website[s] at [<i>web address(es)</i>] and the governing rules (including methodology of the [Index][Indices] for the selection and the re-balancing of the components of the [Index][Indices], description of market disruption events and adjustment rules) are based on predetermined and objective criteria.][<i>This language to be used only if the Issuer, or a company in the same group as the Issuer, or a person acting on behalf of or in association with the Issuer, is an index provider</i>]</p>
3.	Launch Date;	[●]
4.	The Issue Date of the Warrants;	[●]
5.	Whether the Warrants are American Style Warrants or European Style Warrants;	[American Style Warrants] [European Style Warrants]
6.	Whether the Warrants are Call Warrants or Put Warrants;	[Call Warrants] [Put Warrants]
7.	Whether the Warrants are Global Warrants or Definitive Warrants;	[Global Warrants exchangeable into Definitive Warrants in registered form in limited circumstances as set out in the Conditions]

		[Definitive Warrants]
8.(a)	If the Warrants are Share Warrants, Fund Warrants or Warrants linked to a Basket of Units or Shares, whether the Warrants are Market Access Warrants or Outperformance Warrants;	[Market Access Warrants] [Outperformance Warrants]
8.(b)	If the Warrants are Market Access Warrants, whether they are China Market Access Warrants;	[Yes] [No] [Not applicable]
8.(c)	If the Warrants are Outperformance Warrants, whether Upfront Discount is applicable, and if so, the Upfront Discount (as a percentage);	[Applicable: [●]%] [Not applicable]
8.(d)	If the Warrants are Outperformance Warrants, whether Daily Accrual is applicable, and if so, the Daily Accrual Rate (as a percentage) (except where Rerate is also applicable, in which case, please see paragraph 8.(f));	[Applicable: [●]%] [Not applicable]
8.(e)	If the Warrants are Outperformance Warrants, and Upfront Discount or Daily Accrual is applicable, the Commission Rate (as a percentage);	[[●]%] [Not applicable]
8.(f)	If the Warrants are Outperformance Warrants, whether Daily Accrual and Rerate are applicable and if so, the Daily Accrual Rate (as a percentage) in respect of the First Period;	[Applicable, Daily Accrual Rate in respect of the First Period: [●]%] [Not applicable]
8.(f)(i)	If the Warrants are Outperformance Warrants and Daily Accrual and Rerate are applicable, the Rerate Date ;	[●] [Not applicable]
8.(f)(ii)	If Rerate is applicable, Default Adjusted Rate (as a percentage);	[[●]%] [Not applicable]
9.	The number of Warrants being issued;	[●]
10.(a)	The Issue Price per Warrant;	[Currency][●] [, being the Issuer's weighted average execution price (in the Underlying Currency) of the [Shares][Units] [converted into the Settlement Currency at the Exchange Rate.]]
10.(b)	Currency in which Warrants are denominated and to be traded;	[Currency]
11.	The Strike Price per Warrant (which may be subject to adjustment in accordance with Condition 17 or 18 in the case of Index Warrants, Share Warrants or Fund Warrants, respectively);	[Currency] [●]
12.	The Relevant Jurisdiction of the Warrants;	[●]
13.(a)	If Issuer Optional Early Termination is applicable;	[Yes] [No] [Not applicable]
13.(b)	If Issuer Optional Early Termination is applicable, the number of Business Day's written notice required to be given by the Issuer in order to terminate;	[●] [Not applicable]

13.(c)	If Issuer Optional Early Termination is applicable, whether Issuer Break Fee is applicable and if so, the Issuer Break Fee Rate (as a percentage) and if the Issuer Break Fee Rate is Flat or Amortised;	[Applicable: [●]%, [Flat]/[Amortised]] [Not applicable]
13.(d)	If Issuer Break Fee Rate is Amortised and Day Count Fraction is applicable, the start date and end date over which Day Count Fraction applies;	Start date: [Launch Date] [Issue Date] [Actual Exercise Date] End date: [Actual Exercise Date] [Expiration Date] [Actual Exercise Date or Expiration Date, as applicable] [[inclusive][exclusive] of the [start date] and [inclusive][exclusive] of the [end date]] [Not Applicable]
14.	If the Warrants are China Market Access Warrants, whether Tax Event is applicable;	[Applicable] [Not applicable]
15.(a)	If Warrantholder Break Fee is applicable, and if so, the Warrantholder Break Fee Rate (as a percentage) and if the Warrantholder Break Fee Rate is Flat or Amortised;	[Applicable: [●]%, [Flat]/[Amortised]] [Not applicable]
15.(b)	If Warrantholder Break Fee Rate is Amortised and Day Count Fraction is applicable, the start date and end date over which Day Count Fraction applies;	[Start date: [Launch Date] [Issue Date] [Actual Exercise Date] End date: [Actual Exercise Date] [Expiration Date] [Actual Exercise Date or Expiration Date, as applicable] [[inclusive][exclusive] of the [start date] and [inclusive][exclusive] of the [end date]]] [Not Applicable]
16.(a)	If the Warrants are Index Warrants, the Notional ;	[●] [Not applicable]
16.(b)	If the Warrants are Index Warrants, whether Commissions applies and if so, the Commissions (as a percentage);	[Applicable: [●]%) [Not applicable]
16.(c)	If the Warrants are Index Warrants, whether Outperformance is applicable, and if so, if Outperformance Average , Outperformance Initial or Outperformance Final is applicable and the Outperformance Rate (as a percentage);	[Applicable: [[Outperformance Average] / [Outperformance Initial] / [Outperformance Final], [●]%) [Not applicable]
16.(d)	If the Warrants are Index Warrants, the Index Initial ;	[Index Initial 1] [Index Initial 2] [Not applicable]
16.(e)	If the Warrants are Index Warrants, the Index Final ;	[Index Final 1] [Index Final 2] [Not applicable]
16.(f)	If the Warrants are Index Warrants, the Index Average ;	[Index Average 1] [Index Average 2] [Not applicable]
17.	The Settlement Price per Warrant (which may be subject to adjustment in accordance with Condition 17 or 18 in the case of Index Warrants, Share Warrants or Fund Warrants, respectively); (NB: This must be expressed as a monetary amount in respect of Index	[●] [As defined in Condition 19]

	Warrants)	
18.(a)	The Cash Settlement Amount per Warrant;	<input type="checkbox"/> [As specified in Condition 3(b)] [Not applicable]
18.(b)	Whether a Management Fee is applicable, and if so, the Management Fee Rate (as a percentage);	[Applicable: <input type="checkbox"/> %] [Not applicable]
19.	Valuation Date(s) ;	<input type="checkbox"/> [The Actual Exercise Date or the Expiration Date (as applicable)]
20.(a)	Whether Averaging is applicable;	[Yes][No]
20.(b)	If Averaging applies, Averaging Dates ;	<input type="checkbox"/> [Not applicable]
20.(c)	If Averaging applies, whether, in the event of a Disrupted Day (as defined in Condition 19) occurring on an Averaging Date, Omission, Postponement or Modified Postponement (as defined in Condition 19) applies;	[Omission/Postponement/Modified Postponement] [Not applicable]
21.	Settlement Date ;	<input type="checkbox"/> [The date falling <input type="checkbox"/> Business Days following the Actual Exercise Date or the Expiration Date (as applicable)] [As defined in Condition 19]
22.	In the case of European Style Warrants, the Exercise Date for the Warrants;	<input type="checkbox"/> [Not applicable]
23.	In the case of American Style Warrants, the Exercise Period in respect of the Warrants;	[From the <input type="checkbox"/> Business Day following the date of purchase of the Warrants up to and including 10:00 a.m. Brussels or Luxembourg time as appropriate, depending upon whether the Warrants are held through Euroclear or Clearstream, Luxembourg on the Expiration Date.] [Not applicable]
24.	In the case of American Style Warrants, the Expiration Date for the Warrants;	<input type="checkbox"/> [As defined in Condition 19] [Not applicable]
25.	In the case of American Style Warrants, whether Automatic Exercise will apply;	[Yes] [No] [Not applicable]
26.	The Ratio identifying the number of Warrants per underlying Share, Index, Unit or Basket which shall be applied to the Settlement Price in order to ascertain the Cash Settlement Amount for each Warrant (such Ratio shall be subject to adjustment in accordance with Condition 17 or 18 in respect of Index Warrants, Share Warrants and Fund Warrants, respectively);	<input type="checkbox"/> Warrants per [Share] [Index] [Fund] [Basket]
27.	The applicable Business Day Centre(s) for the purposes of the definitions of Business Day in Condition 19;	[Hong Kong] [specify any other jurisdictions or cities]
28.(a)	Whether Exchange Rate is applicable;	[Yes] [No]
28.(b)	If Exchange Rate is applicable, 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	<input type="checkbox"/> [As defined in Condition 19]

	ascertained;	
29.	The Settlement Currency for the payment of the Cash Settlement Amount;	[●] [Not applicable]
30.(a)	In the case of American Style Warrants, the Minimum Exercise Number ;	[[Insert a number of warrants with a value not to be less than EUR 100,000 based on the purchase price of the Warrants] Warrants] [Not applicable]
30.(b)	In the case of American Style Warrants, the Maximum Exercise Number ;	[[●] Warrants] [Not applicable]
31.(a)	The Minimum Purchase Amount of the Warrants;	[Insert a number of warrants with a value not to be less than EUR 100,000, based on the purchase price of the Warrants] Warrants
31.(b)	The Minimum Trading Amount of Warrants;	[In the case of Warrants to be listed, insert a number of warrants with a value not to be less than EUR 100,000, based on the purchase price of the Warrants] [One] Warrant[s]
32.	The Relevant Time ;	[●] [As defined in Condition 19]
33.	Whether Alternative Provisions are applicable;	[Yes] [No]
34.	Whether Alternative Index Cash Settlement Amount is applicable;	[Yes] [No]
35.	If Alternative Index Cash Settlement Amount is applicable, the Commission Rate ;	[●] [Not applicable]
36.(a)	For the purposes of Condition 17 (Additional Terms for Index Warrants), details of the Exchange and Related Exchange (if any);	Exchange(s): [●] [Index Components Exchange] [Not applicable] Related Exchange(s): [●] [All Exchanges] [Not applicable]
36.(b)	For the purposes of Condition 17 (Additional Terms for Index Warrants), details of the relevant Sponsor ;	[●] [Not applicable]
37.	For the purposes of Condition 18 (Additional Terms for Share Warrants and Fund Warrants), details of the relevant Exchange and Related Exchange (if any);	Exchange(s): [●] [Not applicable] Related Exchange(s): [●] [All Exchanges] [Not applicable]
38.	Whether Exchange Settlement Failure is applicable;	[Yes] [No]
39.	In respect of Fund Warrants, applicable Extraordinary Fund Event(s) ;	[Fund Insolvency Event] [Adviser Resignation Event] [Fund Modification] [Strategy Breach] [Fund Hedging Disruption] [Regulatory Action] [Reporting Disruption] [Change in Law] [Increased Cost of Hedging] [Additional Extraordinary Fund Event] [Fund Continuation Impossibility *] [Fund Taxation Event *] [Fund Delisting *] [Fund Delisting Announcement *]

		[Fund Index Termination *] [Fund Index Document Termination *] [Fund Adviser Liquidation *] [Failure to Replace Fund Adviser *] [Fund Non-Supervision *] [NAV Threshold Event *] [Fund Termination *] [Fund Document Termination *] [Fund Reclassification *] [Fund Investment Modification *] [Fund Nationalisation *] [Fund Litigation *] [Elective Extraordinary Fund Event] [Not applicable] [* <i>Already covered in Elective Extraordinary Fund Event. Delete if Extraordinary Fund Event is specified.</i>]
40.	If a Fund Insolvency Event is applicable under paragraph [39], the Fund Insolvency Entity ;	[●] [Not applicable]
41.	If an Adviser Resignation Event and/or Regulatory Action is applicable under paragraph [39], the Fund Administrator , the Fund Adviser or any other relevant key person for the purposes of Condition 18(c)(ii);	[Fund Adviser: [●]] [Fund Administrator: [●]] [Key person(s): [●]] [As defined in Condition 19] [Not applicable]
42.	If the Warrants are Fund Warrants, the Fund Interest ;	[●][As defined in Condition 18(a)] [Not applicable]
43.	If NAV Threshold Event or Elective Extraordinary Fund Event is applicable under paragraph [39], the NAV Threshold Amount ;	[●] [Not applicable]
44.	In the case where Fund Modification, Strategy Breach, Fund Investment Modification and/or Elective Extraordinary Fund Event is applicable under paragraph [39], any relevant Additional Fund Documents ;	[●] [Not applicable]
45.	If Reporting Disruption is applicable under paragraph [39], the relevant time period;	[From [and including] [but excluding] [●] to [and including] [but excluding] [●]] [As defined in Condition 19] [Not applicable]
46.(a)	Details of the applicable U.S. selling restrictions;	[Standard U.S. Selling Restriction] [●]
46.(b)	Details of any certifications required in the Exercise Notice in respect of the relevant U.S. or other selling restrictions;	[●]
47.(a)	Whether the Warrants are Additional Warrants ;	[Yes][No]
47.(b)	If the Warrants are Additional Warrants, whether they are Fungible Additional Warrants or Non-Fungible Additional Warrants;	[Fungible Additional Warrants][Non-Fungible Additional Warrants] [Not applicable]

47.(c)	If the Warrants are Non-Fungible Additional Warrants, the Original Series ;	[•][Not applicable]
47.(d)	If the Warrants are Additional Warrants, the Additional Warrants Ratio ;	[[•] Additional Warrants per Original Warrant][Not applicable]
48.	The method of distribution of the Warrants (syndicated or non-syndicated) including, if any, the names of any Dealers other than or in addition to Morgan Stanley & Co. International plc (Additional Dealers).	Private placement [Syndicated] [Non-syndicated] [Additional Dealers: [•] and [•]]

Responsibility Statement:

The Issuer accepts responsibility for the information contained in these Final Terms. The Guarantor accepts responsibility for the information contained in these Final Terms in relation to itself and the Guarantee. 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 Base Prospectus, as completed by these Final Terms in relation to the Warrants, is in accordance with the facts and does not omit anything likely to affect the import of such information. To the best of the knowledge and belief of the Guarantor (who has taken all reasonable care to ensure that such is the case), the information contained in the Base Prospectus, in relation to itself and the Guarantee, as completed by these Final Terms in relation to the Warrants, is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information included in these Final Terms with regard to the underlying [share[s]][index][indices][fund[s]] (the **Information**) consists of extracts from or summaries of information in respect of the underlying assets that is publicly available from [source(s)] and is not necessarily the latest information available. The Issuer only confirms that the Information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such underlying assets, no facts have been omitted that would render the reproduced extracts or summaries inaccurate or misleading. 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 these Final Terms 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.

[The Central Bank of Ireland has approved the Base Prospectus dated 15 March 2013 under Part 7 of the Prospectus (Directive 2003/71/EC) Regulations 2005 as amended (the **Regulation**) as having been drawn up in accordance with the Regulation and Commission Regulation (EC) No 809/2004 [and has further approved the Base Prospectus Supplements dated []].]

The Issuer does not intend to provide any post-issuance information in relation to any assets and/or underlying in relation to any issue of Warrants constituting derivative securities (as such term is used in the Commission Regulation (EC) No. 809/2004).

Signed on behalf of the Issuer:

By:.....

Duly authorised

PART B – Other Information

1	Listing and admission to trading	
(i)	Listing:	[Ireland] [Unlisted]
(ii)	Admission to trading:	[The issue of Warrants is conditional upon the Irish Stock Exchange granting listing of the Warrants. Listing of the Warrants on the Irish Stock Exchange is expected to occur on [●].] [No application for listing of the Warrants has been made.]
2	Rating	
	Ratings:	<p>[The Regulation S Warrants to be issued have not been rated.]</p> <p>[The Regulation S Warrants to be issued have been rated:</p> <p>[Standard & Poor’s: [●]]</p> <p>[Moody’s: [●]]</p> <p>[Fitch: [●]]</p> <p>[[Insert alternative rating agency]: [●]]</p> <p>[and endorsed by [●]]</p> <p>[[Name of credit rating agency] is established in the European Community and has applied for registration under Regulation (EC) No 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.][Name of credit rating agency] is established in the European Community and registered under Regulation (EC) No 1060/2009.][Name of credit rating agency] is not established in the European Community and has not applied for registration under Regulation (EC) No 1060/2009.][Name of credit rating agency] is not established in the European Community and has not applied for registration under Regulation (EC) No 1060/2009 but is endorsed by [Name of credit rating agency] which is established in the European Community and registered under Regulation (EC) No 1060/2009.][[Name of credit rating agency] is not established in the European Community and has not applied for registration under Regulation (EC) No 1060/2009 but it is certified in accordance with such Regulation.] (The above disclosure should reflect the rating allocated to Warrants of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)</p>
3	Notification	
	[The Central Bank has provided the competent authority(ies) of [insert details of relevant Host Member State(s)] with a certificate of approval attesting that the Base Prospectus dated 15 March 2013, has been drawn up in accordance with the provisions of the Prospectus Directive	

	(2003/71/EC) and Commission Regulation (EC) No 809/2004.]	
4	Interests of natural and legal persons involved in the issue	
	[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the offer. [Amend as appropriate if there are other interests]]	
5	[Reasons for the offer, estimated net proceeds and use of proceeds]	
(i)	[Reasons for the offer and use of proceeds:	[See “ <i>Use of Proceeds</i> ” in the Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.]]
(ii)	[Estimated net proceeds:	[If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.]]
(iii)	[Estimated total expenses:	[•]]
6	Details relating to the Underlying Asset(s)	
(i)	<i>Underlying Asset(s):</i>	[The Basket of [Shares] [Indices] [Units]] [The Shares][The Index][The Units]
(ii)	[Issuer][Sponsor] of Underlying Asset:	[•]
(iii)	ISIN/Security information code relating to the Underlying Asset(s):	[•] [Not applicable]
(iv)	Description of Underlying Asset(s):	[•] [Not applicable]
(v)	Details of where information about the past and the further performance on the Underlying Asset(s) and its volatility can be obtained:	[•]
7	Operational information	
(i)	ISIN Code:	[•]
(ii)	Common Code:	[•]
(iii)	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> and the relevant identification number(s):	[Not Applicable] [[Name][Address]]
8	Additional Disclosure relating to the [Index][Basket of Indices] [To be inserted where the Underlying Asset is an Index or a Basket of Indices (in which case the following information may be included in relation to each Index in the basket)]	
(i)	Index disclaimer:	[•]
(ii)	Index calculation method:	[•]
(iii)	Dividend treatment:	[•]
(iv)	Procedures of adjustment of the Index:	[•]
(v)	Index constituents and weights:	Index constituents and weights of each constituent as at [•]:

		Index Constituent	Bloomberg Code	Weighting
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
		[●]	[●]	[●]
(vi)	Closing level of the Index on the Launch Date:	[●]		
(vii)	Information relating to the index constituents accounting for a majority of the index, on a weighted basis:	<p>[The following information is to be included in relation to each major constituent]</p> <p>(a) [Company] is incorporated in [Jurisdiction].</p> <p>(b) The closing price of [Company] as at the Launch Date was [[●][●] on the NSE and [●] on the BSE]].</p>		
9	Additional Disclosure in relation to the [Share][Basket of Shares][To be inserted where the Underlying Asset is a Share or a Basket of Shares (in which case the following information may be included in relation to each Share in the basket)]			
(i)	Jurisdiction of incorporation:	[●]		
(ii)	Closing price as at the Launch Date:	The closing price of [Company] as at the Launch Date was [●] [[●] on the NSE and [●] on the BSE]].		

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 Final Terms in relation to an issue of Regulation S Warrants complete the following Regulation S Warrant Conditions.

Unless otherwise specified in the relevant Global Warrant and Final Terms (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 agency agreement dated 15 March 2013 (as the same may be modified, amended, restated, varied or supplemented from time to time) (the **Agency Agreement**) between Morgan Stanley Asia Products Limited (the **Issuer**), Morgan Stanley as guarantor, Morgan Stanley Asia Limited as principal paying agent (the **Principal Agent**), J&E Davy as a paying agent in Dublin (the **Irish Agent**) (the Principal Agent and the Irish Agent, together with any additional paying agent appointed by the Issuer, the **Paying Agents**; which expression shall include any additional or successor paying agents), and Morgan Stanley & Co. International plc as calculation agent (in such capacity, the **Calculation Agent** (which expression shall include any additional or successor calculation agents) and together with the Paying 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 United States 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 Final Terms, 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. (**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 Agent from time to time and specified in the applicable Final Terms 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 **Conditions** 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 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 Final Terms for the Warrants will be attached to the Global Warrant and shall complete these Terms and Conditions. References herein to the **applicable Final Terms** are to the Final Terms attached to the Global Warrant or, as the case may be, the Definitive Warrant Certificate.

Copies of the Agency Agreement (which contains the form of the Final Terms), the Guarantee and the Final Terms applicable to the Warrants are available at the specified office of each Paying Agent, save that, if the Warrants are unlisted, the applicable Final Terms will only be available for inspection by a holder of such Warrants and such holder must produce evidence satisfactory to the relevant Paying Agent as to identity.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have

the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated. The Warranholders (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 Agency Agreement and the applicable Final Terms.

1. Type, Title and Transfer

(a) *Type*

The Warrants are Index Warrants, Share Warrants or Fund Warrants. Certain terms which will specifically apply to Index Warrants, Share Warrants or Fund Warrants are set out in Conditions 17 and 18, respectively.

The Warrants may also be Market Access Warrants or Outperformance Warrants if specified as applicable in the applicable Final Terms.

The applicable Final Terms will also indicate whether the Warrants are American Style Warrants or European Style Warrants and whether the Warrants are Call Warrants or Put Warrants and whether Averaging will apply to the Warrants. If Averaging is specified as applicable in the applicable Final Terms, the applicable Final Terms will state the relevant Averaging Dates and, if an Averaging Date is a Disrupted Day, whether Omission, Postponement or Modified Postponement (each as defined in Condition 19) applies.

(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 Paying Agent, Euroclear and/or Clearstream, Luxembourg, and all other persons dealing with such person as the holder of such amount of Warrants.

In the case of Definitive Warrants, the Issuer shall cause to be kept at the specified office of the Principal 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 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.

The expressions **Warranholder** and **holder of Warrants** shall mean (in the case of Global Warrants) the person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of the Warrants and (in the case of Definitive Warrants) the persons shown in the Register, each as further described above, and related expressions shall be construed accordingly.

(c) *Purchase of Warrants*

Except in relation to Additional Warrants, the number of Warrants which may be purchased by a proposed investor must be equal to the Minimum Purchase Amount and any integral multiple thereof.

(d) *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.

The number of Warrants which may be transferred by a Warrantholder in a single transaction must be equal to the Minimum Trading Amount and any integral multiple thereof. If Additional Warrants are issued pursuant to Condition 3(b)(vi)(D), such Minimum Trading Amount shall not apply in respect of such Additional Warrants, but shall continue to apply in respect of the Original Warrants (as defined below). Additional Warrants shall not be traded unless traded with Original Warrants.

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 and made only to a non-U.S. person who is acquiring the Warrants in an offshore transaction in compliance with Regulation S under the Securities Act.

If at any time the Principal 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(d), 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 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).

The Principal 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.

In respect of Warrants for which the Relevant Jurisdiction is India, notwithstanding the market making activities of the Issuer, the Warrantholder shall be subject to a mandatory holding period of at least four Business Days from the date of purchase of the Warrants (the **Mandatory Holding Period**).

2. Status of the Warrants and the 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 Guarantee

The Guarantor will irrevocably guarantee the payment obligations of the Issuer under or in respect of the Warrants. The obligations of the Guarantor under the Guarantee will constitute 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 the Global Warrant, any day that is both a Business Day and an Exchange 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 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 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, which 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 4 at or prior to 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 Warrantheolders 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 Agent together with an Exercise Notice, amended as appropriate and completed to the satisfaction of the Principal Agent. Any Exercise Notice which is delivered to the Principal 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, which 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 4 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 Warrantheolders 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 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 Warrantheolders 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 Agent together with an Exercise Notice, amended as appropriate and completed to the satisfaction of the Principal Agent. 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., Hong Kong time, on the Exercise Date, shall expire immediately without value thereafter and all rights of the Warrantheolders and obligations of the Issuer with respect to such Warrants shall cease.

(b) **Cash Settlement Amount**

The holder of a 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 Warrant, a Cash Settlement Amount per Warrant calculated by the Calculation Agent (which shall not be less than zero) as set out below:

(i) **Market Access Warrants (other than China Market Access Warrants)**

in the case of Market Access Warrants other than China Market Access Warrants:

- (A) where such Warrants are Call Warrants and Issuer Optional Early Termination is specified as not applicable in the applicable Final Terms:

Max (0, Settlement Price – Strike Price), multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (B) where such Warrants are Put Warrants and Issuer Optional Early Termination is specified as not applicable in the applicable Final Terms:

Max (0, Strike Price – Settlement Price), multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (C) where such Warrants are Call Warrants, Issuer Optional Early Termination specified as applicable in the applicable Final Terms and:

- (I) a valid Issuer Optional Termination Notice has been given to the Warrantholders,

where Issuer Break Fee is specified as applicable, and the Issuer Break Fee is specified as Flat in the applicable Final Terms:

[Max (0, (Settlement Price – Strike Price) + (Issue Price x Issuer Break Fee Rate))], multiplied by the Ratio (if any) specified in the applicable Final Terms;

OR

where Issuer Break Fee is specified as applicable, and the Issuer Break Fee is specified as Amortised in the applicable Final Terms:

[Max (0, (Settlement Price – Strike Price) + (Issue Price x Issuer Break Fee Rate x Day Count Fraction))], multiplied by the Ratio (if any) specified in the applicable Final Terms;

OR

where Issuer Break Fee is specified as not applicable in the applicable Final Terms:

Max (0, Settlement Price – Strike Price), multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (II) a valid Issuer Optional Notice has not been given to the Warrantholders:

Max (0, Settlement Price – Strike Price), multiplied by the Ratio (if any) specified in the applicable Final Terms;

(ii) ***China Market Access Warrants***

in the case of Market Access Warrants which are China Market Access Warrants:

- (A) where such Warrants are Call Warrants and the Tax Event is specified as applicable but Issuer Optional Early Termination is specified as not applicable in the applicable Final Terms:

[Max (0, Settlement Price – Strike Price) – Max (0, (Settlement Price – Issue Price) x Tax Rate)], multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (B) where such Warrants are Call Warrants, Tax Event and Issuer Optional Early Termination are specified as applicable in the applicable Final Terms and an Issuer Optional Termination Notice has not been given:

$[\text{Max}(0, \text{Settlement Price} - \text{Strike Price}) - \text{Max}(0, (\text{Settlement Price} - \text{Issue Price}) \times \text{Tax Rate})]$, multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (C) where such Warrants are Call Warrants, Tax Event and Issuer Optional Early Termination are specified as applicable in the applicable Final Terms and a valid Issuer Optional Termination Notice has been given to the Warrantholders,

- (I) where Issuer Break Fee is specified as not applicable in the applicable Final Terms:

$[\text{Max}(0, \text{Settlement Price} - \text{Strike Price}) - \text{Max}(0, (\text{Settlement Price} - \text{Issue Price}) \times \text{Tax Rate})]$, multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (II) where Issuer Break Fee is specified as applicable and the Issuer Break Fee is specified as Flat in the applicable Final Terms:

$[\text{Max}(0, \text{Settlement Price} - \text{Strike Price}) - \text{Max}(0, (\text{Settlement Price} - \text{Issue Price}) \times \text{Tax Rate}) + \text{Max}(0, (\text{Settlement Price} - \text{Issue Price}) \times \text{Issuer Break Fee Rate})]$, multiplied by the Ratio (if any) specified in the applicable Final Terms;

OR

where Issuer Break Fee is specified as applicable and the Issuer Break Fee is specified as Amortised in the applicable Final Terms:

$[\text{Max}(0, \text{Settlement Price} - \text{Strike Price}) - \text{Max}(0, (\text{Settlement Price} - \text{Issue Price}) \times \text{Tax Rate}) + \text{Max}(0, (\text{Settlement Price} - \text{Issue Price}) \times \text{Issuer Break Fee Rate} \times \text{Day Count Fraction})]$, multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (D) where such Warrants are Call Warrants, Issuer Optional Early Termination and Issuer Break Fee are specified as applicable, but Tax Event is specified as not applicable, in the applicable Final Terms, and a valid Issuer Optional Termination Notice has not been given:

- (I) if the Warrantholder exercises the Warrants prior to the Expiration Date,

where Warrantholder Break Fee is specified as applicable and the Warrantholder Break Fee is specified as Flat in the applicable Final Terms:

$[\text{Max}(0, (\text{Settlement Price} - \text{Strike Price}) - (\text{Issue Price} \times \text{Warrantholder Break Fee Rate}))]$, multiplied by the Ratio (if any) specified in the applicable Final Terms;

OR

where Warrantholder Break Fee is specified as applicable and the Warrantholder Break Fee is specified as Amortised in the applicable Final Terms:

[Max (0, (Settlement Price – Strike Price) – (Issue Price x Warrantholder Break Fee Rate x Day Count Fraction))], multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (II) if (i) a Warrantholder exercises the Warrants prior to the Expiration Date and Warrantholder Break Fee is specified as not applicable in the applicable Final Terms, or (ii) a Warrantholder holds the Warrants up to and including the Expiration Date:

Max (0, Settlement Price – Strike Price), multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (E) where such Warrants are Call Warrants, Issuer Optional Early Termination, Warrantholder Break Fee and Issuer Break Fee are specified as applicable, but Tax Event is specified as not applicable, in the applicable Final Terms and a valid Issuer Optional Termination Notice has been given:

where Issuer Break Fee is specified as Flat in the applicable Final Terms:

[Max (0, (Settlement Price – Strike Price) + (Issue Price x Issuer Break Fee Rate))], multiplied by the Ratio (if any) specified in the applicable Final Terms;

OR

where Issuer Break Fee is specified as Amortised in the applicable Final Terms:

[Max (0, (Settlement Price – Strike Price) + (Issue Price x Issuer Break Fee Rate x Day Count Fraction))], multiplied by the Ratio (if any) specified in the applicable Final Terms;

(iii) ***Outperformance Warrants***

in the case of Share Warrants or Fund Warrants which are Outperformance Warrants:

- (A) where such Warrants are Call Warrants which are Upfront Discount Outperformance Warrants:

- (I) if the Warrantholder exercises the Warrants prior to the Expiration Date,

[Max (0, ((Settlement Price - Strike Price) - (Issue Price x Upfront Discount x Day Count Fraction) - (Settlement Price x Commission Rate)))]], multiplied by the Ratio (if any) specified in the applicable Final Terms;

where ***Day Count Fraction*** means the number of calendar days from and including the Actual Exercise Date to and including the Expiration Date, divided by 360;

- (II) if the Warrantholder holds the Warrants up to and including the Expiration Date,

Max (0, Settlement Price - Strike Price), multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (B) where such Warrants are Call Warrants which are Daily Accrual

Outperformance Warrants:

- (I) if the Warrantholder exercises the Warrants prior to the Expiration Date,

[Max (0, Settlement Price - Strike Price) + (Issue Price x Daily Accrual Rate x Day Count Fraction)], multiplied by the Ratio (if any) specified in the applicable Final Terms;

where **Day Count Fraction** means the number of calendar days from and including the Issue Date to and including the Actual Exercise Date, divided by 360,

- (II) if the Warrantholder holds the Warrants up to and including the Expiration Date,

[Max (0, Settlement Price - Strike Price) + (Issue Price x Commission Rate)], multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (C) where such Warrants are Call Warrants which are Rerate Outperformance Warrants,

- (I) if the Warrantholder exercises the Warrants during the First Period,

[Max (0, Settlement Price - Strike Price) + (Issue Price x Daily Accrual Rate x First Period Day Count Fraction)], multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (II) if the Warrantholder exercises the Warrants (whether by way of Automatic Exercise or otherwise) during the Second Period,

[Max (0, Settlement Price - Strike Price) + (Issue Price x Daily Accrual Rate x First Period Day Count Fraction) + (Issue Price x Adjusted Rate x Second Period Day Count Fraction)], multiplied by the Ratio (if any) specified in the applicable Final Terms;

where,

Adjusted Rate means a percentage rate as determined by the Calculation Agent, in its sole and absolute discretion, and notified to the Warrantholder at least 5 Exchange Business Days prior to the last Exchange Business Day of the First Period, in accordance with Condition 11, *provided that*, if such percentage rate is not so determined or notified, the Adjusted Rate shall be the Default Adjusted Rate;

Default Adjusted Rate means the percentage specified as such in the applicable Final Terms;

First Period means the period commencing on and including the Issue Date up to but excluding the earlier of (i) the Rerate Date and (ii) the Actual Exercise Date;

Second Period means the period commencing on and including the Rerate Date up to and including the earlier of (i) the Actual Exercise Date and (ii) the Expiration Date;

Rerate Date means the date specified as such in the applicable Final Terms;

First Period Day Count Fraction means the number of calendar days during the First Period, divided by 360;

Second Period Day Count Fraction means the number of calendar days during the Second Period, divided by 360;

(iv) **Index Warrants**

in the case of Index Warrants:

- (A) where such Warrants are Call Warrants and Warrantholder Break Fee, Outperformance and Commissions are specified as not applicable in the applicable Final Terms:

$[\text{Max}(0, (\text{Notional} \times \text{Index Performance} - \text{Strike Price}))]$, multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (B) where such Warrants are Call Warrants and Commissions are specified as applicable, but Warrantholder Break Fee and Outperformance are specified as not applicable, in the applicable Final Terms:

$[\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Commissions})))]$, multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (C) where such Warrants are Call Warrants, Commissions and Outperformance are specified as not applicable and Warrantholder Break Fee is specified as applicable, in the applicable Final Terms:

- (I) if the Warrantholder exercises the Warrants prior to the Expiration Date, and Warrantholder Break Fee Rate is specified as Flat in the applicable Final Terms:

$[\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance})))]$, multiplied by the Ratio (if any) specified in the applicable Final Terms;

OR

if the Warrantholder exercises the Warrants prior to the Expiration Date, and Warrantholder Break Fee Rate is specified as Amortised in the applicable Final Terms:

$[\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance} \times \text{Day Count Fraction})))]$, multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (II) if the Warrantholder holds the Warrants up to and including the Expiration Date,

$[\text{Max}(0, (\text{Notional} \times \text{Index Performance} - \text{Strike Price}))]$, multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (D) where such Warrants are Call Warrants which are Index Warrants and Commissions, Warrantholder Break Fee Rate, Outperformance and Outperformance Average are specified as applicable in the applicable Final Terms:

- (I) if the Warrantholder exercises the Warrants prior to the Expiration

Date and Warrantholder Break Fee Rate is specified as Flat in the applicable Final Terms:

$[\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Index Average Factor} \times \text{Day Count Fraction 2}))),]$ multiplied by the Ratio (if any) specified in the applicable Final Terms;

OR

if the Warrantholder exercises the Warrants prior to the Expiration Date, and Warrantholder Break Fee Rate is specified as Amortised in the applicable Final Terms:

$[\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance} \times \text{Day Count Fraction 1}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Index Average Factor} \times \text{Day Count Fraction 2}))),]$ multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (II) if the Warrantholder holds the Warrants up to and including the Expiration Date,

$[\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Index Average Factor} \times \text{Day Count Fraction 2}))),]$ multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (E) where such Warrants are Call Warrants which are Index Warrants and Commissions, Warrantholder Break Fee Rate, Outperformance and Outperformance Initial are specified as applicable in the applicable Final Terms:

- (I) if the Warrantholder exercises the Warrants prior to the Expiration Date and Warrantholder Break Fee Rate is specified as Flat in the applicable Final Terms:

$[\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Day Count Fraction 2}))),]$ multiplied by the Ratio (if any) specified in the applicable Final Terms;

OR

if the Warrantholder exercises the Warrants prior to the Expiration Date, and Warrantholder Break Fee Rate is specified as Amortised in the applicable Final Terms:

$[\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance} \times \text{Day Count Fraction 1}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Day Count Fraction 2}))),]$ multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (II) if the Warrantholder holds the Warrants up to and including the Expiration Date,

$[\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Day Count Fraction 2}))),]$ multiplied by the

Ratio (if any) specified in the applicable Final Terms;

(F) where such Warrants are Call Warrants which are Index Warrants and Commissions, Warrantholder Break Fee Rate, Outperformance and Outperformance Final are specified as applicable in the applicable Final Terms:

(I) if the Warrantholder exercises the Warrants prior to the Expiration Date and Warrantholder Break Fee Rate is specified as Flat in the applicable Final Terms:

$[\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Index Performance} \times \text{Day Count Fraction 2})))],$ multiplied by the Ratio (if any) specified in the applicable Final Terms;

OR

if the Warrantholder exercises the Warrants prior to the Expiration Date, and Warrantholder Break Fee Rate is specified as Amortised in the applicable Final Terms:

$[\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance} \times \text{Day Count Fraction 1}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Index Performance} \times \text{Day Count Fraction 2})))],$ multiplied by the Ratio (if any) specified in the applicable Final Terms;

(II) if the Warrantholder holds the Warrants up to and including the Expiration Date,

$[\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Index Performance} \times \text{Day Count Fraction 2})))],$ multiplied by the Ratio (if any) specified in the applicable Final Terms;

(v) ***Issuer Optional Early Termination***

If, in relation to a Warrant, Issuer Optional Early Termination is specified as applicable in the applicable Final Terms, the Issuer shall have a right to terminate all (but not some) Warrants in such series on any Business Day (the ***Issuer Optional Termination Date***) from (and including) the Issue Date to (but excluding) the Exercise Date or the Expiration Date (as the case may be), provided that (i) the Issuer shall give irrevocable notice (***Issuer Optional Termination Notice***) to the Warrantholders designating the Optional Termination Date and (ii) such Optional Termination Date shall be a date falling at least a number of Business Days as specified in the applicable Final Terms following the date the Issuer Optional Termination Notice was given. The Optional Termination Date will be deemed to be an Actual Exercise Date in respect of the Warrants, provided that any Cash Settlement Amount shall not be payable by the Issuer to the Warrantholder, and the Warrantholders shall receive an Optional Termination Amount in accordance with Condition 3(b)(i), (ii) and (iv) above.

Upon the occurrence of an Issuer Optional Early Termination Date, the relevant Warrants will be terminated.

(vi) ***General provisions***

(A) ***Conversion into Settlement Currency.***

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 Final Terms for the purposes of determining the Cash Settlement Amount.

(B) *Rounding.*

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.

(C) *Additional Cash Settlement Amount.*

In the case of Call Warrants, where a free distribution or dividend of Shares or Units, as the case may be, 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 or the Fund Warrant, as the case may be, 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 or Units, as the case may be, has been delivered by the Share Company or the Fund, as the case may be, and received by existing holders of the Shares or Units, as the case may be, 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 or Fund Warrant, as the case may be, 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 Units, as the case may be, (or the portion of one Share or Unit, as the case may be) delivered as a free distribution or dividend in respect of one Share or Unit, as the case may be, 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 or Units, as the case may be.

(D) *Additional Warrants.*

Except in the case of Outperformance Warrants, in which case this paragraph shall not apply, (a) in respect of stock dividends, stock splits (other than reverse stock splits) or other distributions of Shares or Units by the Share Company or Fund, as the case may be, (each such event, a ***Corporate Action***) in relation to a series of Warrants (such Warrants, the ***Original Warrants*** and such series, the ***Original Series***) the Issuer may arrange for an additional issue of Warrants to be delivered to the Warrantholders for nil consideration (***Additional Warrants***); (b) if Additional Warrants are issued, the Issuer will give notice to the Warrantholders in accordance with Condition 11 stating the terms and the issue date of the Additional Warrants; and (c) in respect of all other corporate actions, or in lieu of issuing Additional Warrants following a

Corporate Action, the Calculation Agent may determine the appropriate adjustment to maintain the theoretical value of the Warrants.

The Calculation Agent shall determine, in its sole discretion, whether to account for a Corporate Action by adjustment, an issue of Additional Warrants which form part of the Original Series (***Fungible Additional Warrants***) or an issue of Additional Warrants which form part of a new series of warrants (***Non-Fungible Additional Warrants***). The number of Fungible Additional Warrants or Non-Fungible Additional Warrants that each Warrantholder would receive in respect of each Warrant shall be determined in the sole discretion of the Calculation Agent.

Non-Fungible Additional Warrants issued following a Corporate Action may have terms that differ from the Original Warrants.

The applicable Final Terms in respect of an issuance of Additional Warrants shall identify (i) the Original Series and (ii) the number of Additional Warrants issued in respect of each Original Warrant (such ratio, the ***Additional Warrants Ratio***).

If it transpires that such Additional Warrants Ratio would lead to a holder of Original Warrants being entitled to a fraction of Additional Warrants (***Fractional Entitlement***), the Calculation Agent shall determine, whether (a) rounding is applicable in respect of such Fractional Entitlement, (b) a cash equivalent is payable to such holder of Original Warrants in respect of such Fractional Entitlement; or (c) any other method of adjustment the Calculation Agent deems appropriate shall be used to address such Fractional Entitlement.

Following the issuance of Additional Warrants, and without prejudice to Condition 1(d), Warrantholders of the Original Warrants shall only be permitted to trade its Original Warrants together with the Additional Warrants in a manner such that the ratio of the number of Original Warrants to Additional Warrants transferred shall equal the Additional Warrants Ratio.

(E) ***Management Fee.***

If Management Fee is specified as applicable in the applicable Final Terms, the Issuer will deduct from the Cash Settlement Amount or the Additional Cash Settlement Amount determined pursuant to this Condition 3(b), as applicable, an amount in respect of each Warrant equal to the product of (i) the Issue Price, (ii) the Management Fee Rate and (iii) the Day Count Fraction (such product, the ***Management Fee***), where ***Day Count Fraction*** means the number of calendar days from and including the Issue Date to and including (in the case of American Style Warrants) the earlier of the Actual Exercise Date and the Expiration Date and (in the case of European Style Warrants), the Exercise Date, divided by 360.

(c) ***Net Dividend***

(i) ***Outperformance Warrants and Market Access Warrants***

Following exercise of a Share Warrant or a Fund Warrant (other than a Warrant for which the Alternative Provisions are specified as applicable in the applicable Final Terms) which is also an Outperformance Warrant or a Market Access Warrant, Warrantholders shall be entitled to receive the Dividend Amount, as soon as reasonably practicable after any Dividend Amount has been received from the Share Company or Fund by the Issuer and converted into the Settlement Currency at the

Exchange Rate,

where

Dividend Amount means dividend payments on the Shares or Units (net of any applicable taxes) to which the Issuer became entitled to during the Dividend Period and which were either (a) received by the Issuer during the Dividend Period or (b) received by the Issuer in the four calendar months after the Actual Exercise Date or the Expiration Date (as applicable) (if any); and

Dividend Period means the period from and including the first ex-dividend date (or if there is no ex-dividend date, the effective date in respect of the entitlement) in respect of the Shares or Units, as the case may be, following the Launch Date up to and including the Actual Exercise Date or the Expiration Date (as applicable).

Subject to Condition 4(e), 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 4(c).

(ii) ***Warrants other than Outperformance Warrants and Market Access Warrants***

Following exercise of a Share Warrant or a Fund Warrant (other than a Market Access Warrant or an Outperformance Warrant):

- (A) an amount equal to the aggregate of all cash dividends paid on the Shares or Units, as the case may be, 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 or the Fund Warrant, as the case may be, 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
- (B) an amount equal to the aggregate of all cash dividends declared on the Shares or Units, as the case may be, for which (a) the applicable ex-dividend date arises during the period from the date following the date of issue of the Share Warrant or the Fund Warrant, as the case may be, 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 or the Fund, as the case may be, and received by holders of the Shares or Units, as the case may be, 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.

Subject to Condition 4(e), 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 4(c).

(d) ***Miscellaneous***

Neither the Calculation Agent nor the Issuer nor the Guarantor nor any Dealer nor the Paying Agents shall have any responsibility for any errors or omissions in the calculation of any Cash Settlement Amount 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.

4. Exercise Procedure

(a) *Automatic or Exercise Notice*

Warrants shall be exercisable, as specified in the applicable Final Terms:

- (i) by way of Automatic Exercise in accordance with Conditions 4(b) and 4(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 Agency 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 Paying Agents) to Euroclear and/or Clearstream, Luxembourg, with a copy to the Principal 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.

In the case of American Style Warrants, where Automatic Exercise is specified as applicable in the applicable Final Terms, 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 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 or Units (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 Paying 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 4(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 jurisdictions as indicated and set out in the applicable Final Terms 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 Agency Agreement.

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 4(a)(ii). Copies of such Exercise Notice may be obtained from Euroclear, Clearstream, Luxembourg and the Paying Agents.

- (2) In the case of Warrants for which the Relevant Jurisdiction is India, the Exercise Notice shall (i) certify that each of the owner and the beneficial owner of each Warrant being exercised is not a Prohibited Purchaser and is located outside India, and (ii) authorise the production of such certification (and the Exercise Notice itself) in any applicable administrative or legal proceedings.
- (3) In the case of Warrants for which the Relevant Jurisdiction is PRC, the Exercise Notice shall (i) certify that each of the owner and the beneficial owner of each Warrant being exercised
 - (a) is not (i) a PRC citizen resident in the PRC (excluding Hong Kong, Macau and Taiwan), (ii) a PRC citizen resident outside the PRC who is not a permanent resident of another country or permanent resident of Hong Kong, Macau or Taiwan, or (iii) a Legal Person Registered in the PRC, (each a *Domestic Investor*);
 - (b) in the case where the Warrants are purchased by the undersigned as trustee for a trust, interests in the trust are not majority-owned by, and the management decision over the trust is not controlled by, one or more Domestic Investor(s). For the avoidance of doubt, in the case only where a trust's investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to control such entity for the purposes of this representation by reason only of it being able to control the decision-making in relation to the entity's financial, investment and/or operating policies; or
 - (c) to the best of its knowledge and belief after enquiries that it reasonably deems necessary, all amounts paid or to be paid by it in respect of the Warrants did not and will not involve moneys financed by or sourced from any Domestic Investor in contravention of the laws and regulations of the PRC.
- 4) In the case of Warrants for which the Relevant Jurisdiction is Taiwan, the Exercise Notice shall

(i) certify that each of the owner and the beneficial owner of each Warrant being exercised does not (a) fall within a category of persons resident, incorporated or organized in the PRC to which Article 73 of the Act Governing Relations Between the People of the Taiwan Area and the Mainland Area (as amended from time to time) applies; and (b) all amounts paid or to be paid by it in connection with the Warrants derive or will be derived from a source outside the PRC and Taiwan.

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

- (i) 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 Agent the number of Warrants being exercised and the account details for the payment of the Cash Settlement Amount of each Warrant being exercised. Upon receipt of such confirmation, the Principal Agent will inform the Issuer thereof.
- (ii) In the event that the Warrants are held in definitive form, the Principal Agent will verify that the person exercising the Warrants is the holder thereof and will inform the Issuer of the relevant details.
- (iii) 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 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) *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.

Payments of amounts in Renminbi shall be made solely by credit to a Renminbi bank account maintained at a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.

(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 Agent and shall be conclusive and binding on the Issuer, the 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 Agent immediately after being delivered or sent to Euroclear and/or Clearstream, Luxembourg as provided 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 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 Agent or such time as the Exercise Notice is copied to the Principal 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 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 Agent, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to the Principal 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 Warranholders 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 Agent, it has determined that such Exercise Notice is incomplete or not in proper form. In the case of Definitive Warrants, the Principal Agent will use its best efforts promptly to notify any Warrantholder who has submitted an Exercise Notice if the Principal 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 Paying 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 Paying 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 the Guarantor nor any Dealer nor the Paying 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.

5. Minimum and Maximum Number of Warrants Exercisable

This Condition 5 applies only to American Style Warrants.

- (a) 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. 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.
- (b) If the Issuer determines that the number of Warrants being exercised on any Actual Exercise Date by any Warrantholder or a group of Warranholders (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 Final Terms, 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 Warrantheolders exceeds the Quota, the order of settlement in respect of such Warrants shall be at the sole discretion of the Issuer.

6. 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 Warrantheolders 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 or otherwise;
- (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, 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 (the **Local Currency**) in which the relevant Shares, Index or Units (as the case may be) or any options or futures contracts in relation to the Shares, Index or Units (as the case may be) or any other property held by the Issuer or its Affiliates for the purposes of hedging its obligations under the Warrants (the **Other Property**) are denominated, into the Settlement Currency, or to exchange or repatriate any funds in the Local Currency or the Settlement Currency outside of the country in which the relevant Shares, Index or Units (as the case may be) or any options or futures contracts in relation to the Shares, Index or Units (as the case may be) or any Other Property are traded due to the adoption of, or any change in, any applicable law, rule, regulation, judgment, order, interpretation, 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, Index or Units (as the case may be) or any options or futures contracts in relation to the Shares, Index or Units (as the case may be) or any Other 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, judgment, 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;

- (vi) the Share Company, Basket Company, Fund or Basket Fund, as the case may be, institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company, Basket Company, Fund or Basket Fund, as the case may be, shall not be deemed a Force Majeure Event under this sub-paragraph (vi);
- (vii) with respect to any Warrants for which the Relevant Jurisdiction is India, any of the India Force Majeure Events; or
- (viii) 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, it will be deemed to be a Market 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 Warrantholders of the occurrence of a Force Majeure Event pursuant to this Condition 6, it shall state in such notice whether the Warrants will be terminated pursuant to Condition 6(c) or whether the Issuer's obligations under the Warrants will be suspended pursuant to Condition 6(d). If the Issuer elects to give notice to Warrantholders of a suspension of its obligations under the Warrants pursuant to Condition 6(d), the Issuer shall nevertheless retain the right (at all times whilst the Force Majeure Event continues) to terminate the Warrants pursuant to Condition 6(c) by giving notice to Warrantholders in accordance with Condition 11.

(c) *Termination*

Upon the Issuer's election to terminate the Warrants as aforesaid (or upon expiry of the 30-day period referred to in Condition 6(d)), the Issuer will, in respect of each and every Warrant, cause to be paid to the Warrantholder 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 Units, as the case may be, or any options or futures contracts in relation to the Shares, Index or Units (as the case may be) or any Other 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 shall be suspended 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 30 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 6(c).

(e) *Conclusive Determination*

All determinations made by the Issuer and/or Calculation Agent pursuant to this Condition 6 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.

(f) *India Force Majeure Event*

If India Force Majeure Events are applicable pursuant to Condition 6(a)(vii), and one or more such events occur, the Warrantholder shall indemnify the Issuer in full for any additional expenses, losses, claims or liabilities incurred by it or its Affiliates in relation to that event.

7. Exchange Settlement Failure

In respect of any Market Access Warrants or Outperformance Warrants, if on or following the Issue Date, one or more Shares or Units, as the case may be, fail to be delivered to the Issuer (or any of its Affiliates) (an ***Exchange Settlement Failure***) in accordance with the settlement cycles of the relevant Exchanges (the ***Failed Settlement Date***) and in the event that an ensuing auction for those Shares or Units, as the case may be, on the relevant Exchange is either unsuccessful or only partially successful, then those Shares or Units, as the case may be, that still remain unsettled shall be called the ***Failed Shares*** and the Warrants relating to the Failed Shares shall be deemed to be terminated, and the Issuer will, in respect of each and every such Warrant, cause to be paid to the Warrantholder a Cash Settlement Amount as determined by the Calculation Agent calculated in accordance with the following formula (and converted into the Settlement Currency at the Exchange Rate):

$$\begin{array}{l} \text{Cash Settlement} \\ \text{Amount for each} \\ \text{Warrant relating to a} \\ \text{Failed Share} \end{array} = \begin{array}{l} \text{(The closing price of the} \\ \text{Failed Share on the} \\ \text{relevant Exchange on the} \\ \text{Failed Settlement Date} \end{array} + \begin{array}{l} \text{Any additional compensation} \\ \text{for the Failed Share received} \\ \text{by the Issuer),} \end{array}$$

multiplied by the Ratio (if any) specified in the applicable Final Terms

Payment will be made, as the case may be, in such manner as shall be notified to the Warrantholders in accordance with Condition 11.

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 they 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 Agent shall become effective until a replacement Principal Agent shall have been appointed and provided that, so long as any of the Warrants are listed on the Irish Stock Exchange, there shall be a Paying Agent having a specified office in each location to the extent required by the rules and regulations of the Irish Stock Exchange. 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 Agency 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 Paying 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 Warrantheolders or Euroclear and/or Clearstream, Luxembourg. The Calculation Agent is obligated to carry out its duties and functions as Calculation Agent in good faith.

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 Warrantheolders. 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 Warrantheolders.

10. Meetings of Warrantheolders and Modification

(a) *Meetings*

The Agency Agreement contains provisions for convening meetings of the Warrantheolders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of these Terms and Conditions or the Agency 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 Warrantheolders in accordance with Condition 11. Such a meeting may be convened by the Issuer, the Guarantor or Warrantheolders 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 Warrantheolders (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 Warrantheolders, whatever the number of Warrants so held or represented. The quorum at a meeting of Warrantheolders 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 Warrantheolders at such meeting as, being entitled to do so, vote in person or by proxy. An Extraordinary Resolution passed at any meeting of the Warrantheolders shall be binding on all the Warrantheolders, 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 Warrantheolders. Resolutions can be passed in writing if passed unanimously.

(b) *Modifications*

The Issuer may, without the consent of the Warrantheolders, modify these Terms and Conditions and/or the Agency Agreement in any manner which the Issuer may deem necessary or desirable provided that such modification (i) does not, in the reasonable opinion of the Issuer, adversely affect the interests of the Warrantheolders in any material respect or (ii) is of a formal, minor or technical nature or (iii) is to correct a manifest error or to cure, correct or supplement any defective provision contained herein and/or therein.

The Issuer may modify these Terms and Conditions and/or the Agency Agreement in any other manner with the prior consent of the requisite majority of Warrantheolders as specified in the Agency Agreement.

Notice of any such modification will be given to the Warrantheolders 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 Agent, for communication by it to the Warrantholders or publication in a leading English language newspaper with circulation in Europe. In the case of Global Warrants listed on the Irish Stock Exchange, all notices shall be valid if delivered to Euroclear and Clearstream, Luxembourg for communication by them without delay to Warrantholders and such notices are forwarded to the Companies Announcement Office of the Irish Stock Exchange, in accordance with, and subject to, the rules and regulations of the Irish 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. Expenses and 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 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.

All amounts due from the Issuer under the Warrants shall be adjusted so as to pass on any taxes or costs incurred in connection with the Issuer's hedging arrangements in relation to the Warrants.

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 shall 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 publicly available after the close of each fiscal year during the term of the Programme, the Issuer shall provide each Paying Agent with copies of the Guarantor's accounts for such fiscal year. Copies of such accounts, together with copies of the constitutional documents of the Issuer and the Guarantor and the interim and/or quarterly reports of the Guarantor, shall be made available to the Warrantholders at the specified office of each Paying Agent during the term of the Programme.

16. Governing Law

The Warrants and the 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 plc at 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom.

17. Additional Terms for Index Warrants

(a) General Definitions

Basket of Indices means a basket of Indices as specified in the applicable Final Terms;

Day Count Fraction 1 means the number of calendar days from and including the Actual Exercise Date to and including the Expiration Date, divided by 360;

Day Count Fraction 2 means the number of calendar days from and including the Launch Date to and including the Actual Exercise Date or Expiration Date (as applicable), divided by 360;

Index or Indices means the index or indices specified in the applicable Final Terms;

Index Average means Index Average 1 or Index Average 2, whichever is specified as being applicable in the applicable Final Terms, or if neither is specified, the arithmetic average of the official closing level of the Index as determined by the Calculation Agent on each date starting from and including the Launch Date to and including, in the case of European Style Warrants, the Exercise Date or in the case of American Style Warrants, the Actual Exercise Date or the Expiration Date;

Index Average 1 means the arithmetic average of the Official Closing Level of the Index in the case of European Style Warrants, on each date starting from and including the Launch Date to and including, in the case of European Style Warrants, the Exercise Date or in the case of American Style Warrants, the Actual Exercise Date or the Expiration Date;

Index Average 2 means the arithmetic average of the level of the Index as determined by the Calculation Agent in its sole discretion on each date starting from and including the Launch Date to and including, in the case of European Style Warrants, on the Exercise Date or in the case of American Style Warrants, on the Actual Exercise Date or the Expiration Date;

Index Average Factor means Index Average divided by Index Initial;

Index Components Exchange means the primary exchanges on which the components of the Index are listed;

Index Final means Index Final 1 or Index Final 2, whichever is specified as being applicable in the applicable Final Terms, or if neither is specified, the official closing level of the Index as determined by the Calculation Agent in the case of European Style Warrants, on the Exercise Date or in the case of American Style Warrants, on the Actual Exercise Date or the Expiration Date;

Index Final 1 means the Official Closing Level of the Index in the case of European Style Warrants, on the Exercise Date or in the case of American Style Warrants, on the Actual Exercise Date or the Expiration Date;

Index Final 2 means the level of the Index as determined by the Calculation Agent in its sole discretion in the case of European Style Warrants, on the Exercise Date or in the case of American Style Warrants, on the Actual Exercise Date or the Expiration Date;

Index Initial means either Index Initial 1 or Index Initial 2, whichever is specified in the applicable Final Terms as being applicable, or if neither is specified, the Official Closing Level of the Index on the Launch Date;

Index Initial 1 means the Official Closing Level of the Index on the Launch Date;

Index Initial 2 means the level of the Index as determined by the Calculation Agent in its sole discretion on the Launch Date;

Index Outperformance Warrants means Index Warrants for which Outperformance is specified as applicable in the applicable Final Terms;

Index Performance means the Index Final divided by the Index Initial;

Market Disruption Event shall mean, in relation to Warrants relating to a single Index or a Basket of Indices, in respect of an Index:

- (a) the occurrence or existence during the one-hour period that ends at the relevant Valuation Time:
 - (i) of any suspension of or limitation imposed on trading (by reason of movements in price exceeding permitted limits or otherwise) by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise:
 - (A) on any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index; or
 - (B) in futures or options contracts relating to the relevant Index on any relevant Related Exchange;
 - (ii) of any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for, on any relevant Exchange(s) securities/commodities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (b) the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities/commodities that comprise 20 per cent. or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is

announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

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.

Outperformance Average means that the outperformance is measured by reference to the Index Average;

Outperformance Final means that the outperformance is measured by reference to Index Final;

Outperformance Initial means that the outperformance is measured by reference to Index Initial;

Outperformance Rate means the percentage specified as such in the applicable Final Terms;

Sponsor means the sponsor specified in the applicable Final Terms; 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 (in each case, the **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 if such event in (A) or (B) has a material effect on the Warrants and, if so, 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) Cancellation of an Index

If on or prior to any Valuation Date the Sponsor or (if applicable) the Successor Sponsor permanently cancels a relevant Index and no Successor Index exists, then the Warrants will be cancelled on the later of the Exchange Business Day immediately prior to the effectiveness of such cancellation and the date such cancellation is announced by the Sponsor or (if applicable) the Successor Sponsor, and the Issuer will pay to each Warrantholder in respect of each Warrant held by it a cancellation amount determined by the Calculation Agent which represents the fair market value of each Warrant at the relevant time (the **Cancellation Amount**). The Calculation Agent shall determine the Cancellation Amount in its absolute discretion.

(iv) 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.

(v) 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 (iv) 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 and Fund 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;

Units and **Unit** mean, subject to adjustment in accordance with this Condition 18, shares or a share of the relevant Fund Interest or if such Fund Interest is not denominated by shares, the notional units or unit of account of ownership of such Fund Interest of the relevant Fund;

Fund Interest means an interest issued to or held by an investor in the Fund, or any other interest specified as such in the applicable Final Terms.

Fund means, with respect to a Unit, the Fund of which Units relate to a particular series of Warrants;

Basket Fund means a Fund of which Units are included in the Basket of Units and **Basket Funds** means all such funds;

Basket of Units means a basket composed of Fund Interests in such Funds specified in the applicable Final Terms in the relative proportions or number of Units of each Fund Interest specified in the applicable Final Terms; and

Market Disruption Event means, in the case of Share Warrants relating to a single Share or Basket of Shares, in respect of a Share or in case of Fund Warrants relating to a single Unit or Basket of Units, in respect of a Unit,

- (1) the occurrence or existence during the one-hour period that ends at the Valuation Time on any Scheduled Trading Day of:
 - (i) any suspension of or limitation imposed on trading (by reason of movements in price exceeding permitted limits or otherwise) by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or any Related Exchange or otherwise:
 - (A) relating to the Share or Unit, as the case may be, on the Exchange; or
 - (B) in futures or options contracts relating to the Share or Unit, as the case may be, on any relevant Related Exchange; or
 - (ii) of any event (other than as described in (2) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions, in or obtain market values for, the Share or Unit, as the case may be, on the Exchange or (B) to effect transactions in, or obtain market values for, futures or options contracts on or relating to the Share or Unit, as the case may be, on any relevant Related Exchange,

which in either case the Calculation Agent determines is material; or

- (2) the closure on any Exchange Business Day of the relevant Exchange or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange(s) on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

- (b) *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Warrantheolders 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 Units, as the case may be, or a free distribution or dividend of any such Shares or Units, as the case may be, to existing holders by way of bonus, capitalisation or similar issue;
- (B) a distribution or dividend to existing holders of the relevant Shares or Units, as the case may be, of (XX) such Shares or Units, as the case may be, or (YY) other share capital

or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company, Basket Company, Fund or Basket Funds, as the case may be, equally or proportionately with such payments to holders of such Shares or Units, as the case may be, 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) in the case of Share Warrants, 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, Basket Company, Fund or Basket Fund, as the case may be, of relevant Shares and Units whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (F) in the case of Share Warrants, in respect of a Share Company or Basket Company, as the case may be, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Share Company or Basket Company, as the case may be, pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, Warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (G) the Share Company issues to all of its shareholders equity securities of an issuer other than the Share Company (other than in the event of a Merger Events, Nationalisation, Insolvency, Delisting and Tender Offer) (a *Spin-off Event*);
- (H) 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 or Units, as the case may be.

A free distribution or dividend of Shares or Units, as the case may be, by the Share Company or the Fund, as the case may be, in respect of which Condition 3(b)(ii) applies shall be deemed not to constitute a Potential Adjustment Event.

Following the declaration by the Share Company, Basket Company, Fund or Basket Fund, 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 or Units, as the case may be, and, if so, will either (a) arrange for an issue of Fungible Additional Warrants or Non-Fungible Additional Warrants in the method described in Condition 3(b)(iv)(D) as if such Potential Adjustment Event was a Corporate Action; or (b) (i) make the corresponding adjustment(s), if any, to the Strike Price and/or the number of Warrants and/or the Shares and/or the Basket of Shares and/or Unit and/or Basket of Units and/or the Ratio and/or any other terms of these Terms and Conditions and/or the applicable Final Terms, as the Calculation Agent in its absolute and sole discretion determines appropriate to account for that dilutive or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share or Unit, as the case may be), 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 or Units, as the case may be, traded on that options exchange.

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

Any adjustment to the terms of the Warrants following a Potential Adjustment Event shall take into account the economic cost of any taxes, duties, levies, fees or registration payable by or on behalf of the Issuer or any of its Affiliates or a foreign investor charged on subscription, acquisition or receipt of any Shares or Units, as the case may be, or other securities received as a result of the Potential Adjustment Event, such calculations to be determined and carried out by the Calculation Agent in good faith.

Notwithstanding the provisions of this Condition 18(c), the Issuer may, at its option and in lieu of making any adjustment as provided above, provide to the Warrantholders additional Warrants (by way of issuance or otherwise) in such amount as the Calculation Agent shall determine in its sole and absolute discretion.

Other than in respect of Outperformance Warrants or Warrants for which the Alternative Provisions are specified as applicable in the applicable Final Terms, if a rights issue is declared by the Share Company or the Basket Company affecting the Shares (**Rights**) during the Dividend Period, (a) the Issuer will give notice to the Warrantholders in accordance with Condition 11 stating that the Issuer will offer to existing Warrantholders, either (x) a new issue of warrants at a purchase price determined by the Calculation Agent in its sole discretion by reference to the rights price (**Rights Warrants**) or (y) a right to receive an additional cash payment in the event that the Issuer determines that the Rights are tradable; (b) no Warrantholder shall be obliged to purchase the Rights Warrants, PROVIDED THAT if such Rights Warrants are not purchased in accordance with the terms of the offer and/or the Issuer determines that the Rights are not tradable, the Issuer shall have no obligations to the Warrantholders in respect of the Rights; and (c) Warrantholders have no beneficial interest in the Shares and accordingly shall not be entitled to exercise any voting rights.

- (ii) Extraordinary Fund Events, Merger Events, Nationalisation, Insolvency, Delisting and Tender Offer

If (x) in the case of Share Warrants, a Merger Event, Delisting, Nationalisation, Insolvency and/or Tender Offer occurs in relation to a Share, and/or (y) in the case of Fund Warrants, an Extraordinary Fund Event, Delisting, Nationalisation or Insolvency occurs in relation to a Unit, 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 the Strike Price and/or the Ratio and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms to account for the Extraordinary Fund Event, Merger Event, Tender Offer, Delisting, 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 Extraordinary Fund Event, Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency by reference to the adjustment made by any options exchange or quotation system to options on the Shares or Units, as the case may be, 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 Extraordinary Fund Event, Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or its Affiliates 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 or Units, as the case may be, 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 the Strike Price and/or the Ratio and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms, 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 or Units, as the case may be, are not traded on any exchange or quotation system, the Calculation Agent will make such adjustment, if any, to the Strike Price and/or the Ratio and/or any of the other terms of these Terms and Conditions and/or the applicable Final Terms 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 such options are traded for dealing with an Extraordinary Fund Event, Merger Event, Tender Offer, Delisting, 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 were so traded.

- (iii) Upon the occurrence of an Extraordinary Fund Event, Merger Event, Tender Offer, Delisting, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Warrantheolders in accordance with Condition 11 stating the occurrence of the Extraordinary Fund Event, Merger Event, Tender Offer, Delisting, 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 3(a));

Additional Cash Settlement Amount shall have the meaning assigned thereto in Condition 3(b)(vi);

Adviser Resignation Event means (A) the resignation, termination, or replacement of the Fund's Fund Adviser or (B) the resignation, termination, death or replacement of any key person specified in the applicable Final Terms;

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

Affiliate means in relation to any entity (the **First Entity**), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under the common control with the First Entity. For these purposes control means ownership of a majority of the voting rights of an entity;

Agency Agreement means the master agency agreement between, *inter alia*, the Issuer and the Agents dated 15 March 2013 (as the same may be modified, amended, restated, varied or supplemented from time to time);

American Style Warrants means Warrants designated in the applicable Final Terms as "American Style Warrants";

Automatic Exercise shall have the meaning assigned thereto in Condition 4(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 Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless, in the opinion of the Calculation Agent, any such day is a Disrupted Day. If any such day is a Disrupted Day, then:

- (a) if **Omission** is specified as applicable in the applicable Final Terms, 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 that was a Disrupted Day. If any Averaging Dates in relation to a Valuation Date occur after that Valuation Date as a result of a Disrupted Day 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 applicable in the applicable Final Terms, 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 that was a Disrupted Day 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 Disrupted Day, 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 applicable in the applicable Final Terms:
 - (i) where the Warrants are Index Warrants relating to a single Index or Share Warrants relating to a single Share or Fund Warrants relating to a single Unit, 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 eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Disrupted Day, would have been the final Averaging Date in relation to the relevant Valuation Date then (A) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in respect of an Index Warrant, a Share Warrant or Fund Warrant, as the case may be, in accordance with paragraph (a)(i) or (a)(ii), respectively 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 or Fund Warrants relating to a Basket of Units, the Averaging Date for each Index, Share or Unit not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date as specified in the applicable Final Terms in relation to the relevant Valuation Date and the Averaging Date for an Index, Share or Unit affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date in relation to such Index, Share or Unit. If the first succeeding Valid Date in relation to such Index, Share or Unit has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date in relation to the relevant Valuation Date then (A) that eighth Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether that eighth Scheduled Trading Day is already an Averaging Date) in relation to such Index, Share or Unit, 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)(i) of the definition of Valuation Date, or in the case of a Share Warrant or Fund Warrant, paragraph (b)(ii) of the definition of Valuation Date;

Base Prospectus means the base prospectus dated 15 March 2013 (as the same may be supplemented from time to time) published by the Issuer in connection with its Programme for the issue of warrants;

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

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

Basket Fund, in the case of Fund 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 Final Terms, and **Basket Shares** shall be interpreted accordingly;

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

Break Fee Rate means the percentage specified as such in the applicable Final Terms;

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 Final Terms;

Call Warrants means Warrants designated as “Call Warrants” in the applicable Final Terms;

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);

Change in Law means on or after the Launch Date of any Fund Warrant (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that (A) it has become illegal to hold, acquire or dispose of Fund Interests relating to such Fund Warrant, or (B) it will incur a materially increased cost in performing its obligations under such Fund Warrant (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position);

China shall mean the PRC;

China Market Access Warrants means Market Access Warrants for which the Relevant Jurisdiction is the PRC.

Chinese Yuan, CNY, RMB and Renminbi each refer to the lawful currency of the PRC;

Commission Rate means, in respect of Upfront Discount Outperformance Warrants or Daily Accrual Outperformance Warrants, as the case may be, the percentage specified as such in the applicable Final Terms;

Daily Accrual Outperformance Warrants means Outperformance Warrants for which “Daily Accrual” is specified as applying and “Rerate” not specified as applicable in the applicable Final Terms;

Daily Accrual Rate means the percentage specified as such in the applicable Final Terms;

Unless otherwise specified in the Conditions, **Day Count Fraction** means the number of calendar days from the start date specified in the Final Terms, to the end date specified in the applicable Final Terms, inclusive or exclusive of both days as specified in the applicable Final Terms, divided by 360;

Dealer means the dealer appointed by the Issuer in connection with the issue of a particular series of Warrants;

Definitive Warrants means Warrants issued in definitive form;

Definitive Warrant Certificate means a certificate representing a Definitive Warrant;

Delisting means, in respect of any relevant Shares or Units, as the case may be, the Exchange announces that pursuant to the rules of such Exchange, such Shares or Units, as the case may be, cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than, in the case of Share Warrants, a Merger Event or a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on a major exchange or quotation system, as determined in the reasonable judgment of the Calculation Agent, located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union);

Disrupted Day means any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred;

Distribution Ratio shall have the meaning assigned thereto in Condition 3(b)(vi);

Elective Extraordinary Fund Event means each of Fund Continuation Impossibility, Fund Taxation Event, Fund Delisting, Fund Delisting Announcement, Fund Index Termination, Fund Index Document Termination, Fund Adviser Liquidation, Failure to Replace Fund Adviser, Fund Non-Supervision, NAV Threshold Event, Fund Termination, Fund Document Termination, Fund Reclassification, Fund Investment Modification, Fund Nationalisation and Fund Litigation;

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

European Style Warrants means Warrants designated in the applicable Final Terms as “European Style Warrants”;

Exchange means:

- (a) in respect of Index Linked Warrants and in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in respect of Share Linked Warrants or Fund Linked Warrants and in relation to a Share or Unit, as the case may be, each exchange or quotation system specified as such for such Share or Unit, as the case may be, in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share or Unit, as the case may be, has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share or Unit, as the case may be, on such temporary substitute exchange or quotation system as on the original Exchange);

Exchange Business Day means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time;

Exchange Rate means, if specified as applicable in the applicable Final Terms, the rate specified in the applicable Final Terms, or if no such rate is specified, 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 determined by the Calculation Agent by reference to the rates of exchange obtained by the Issuer and its Affiliates, and such factors as the Calculation Agent may decide in its sole discretion, for the purchases of the Settlement Currency using the Local Currency or vice versa in the following situations:

- (a) subject to (c), upon the Issuer’s acquisition or disposal of the Underlying Asset(s) or any hedging transaction relating to the underlying, in relation to the Launch Date, the Actual Exercise Date or the Expiration Date;
- (b) subject to (c), when dividends relating to the Underlying Asset(s) are received by the Issuer; or

(c) where the Relevant Jurisdiction is India and there has been an Exchange Settlement Failure pursuant to Condition 7, when compensation in respect of Failed Shares is received by the Issuer;

Exercise Date means, in the case of European Style Warrants, the date upon which the Warrants are exercisable as specified in the applicable Final Terms provided that, if such date is not a Business Day, the Exercise Date shall be the immediately succeeding Business Day;

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

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 Final Terms;

Expiration Date shall have the meaning assigned thereto in Condition 3(a);

Extraordinary Fund Event means any of Fund Insolvency Event, Adviser Resignation Event, Fund Modification, Strategy Breach, Fund Hedging Disruption, Regulatory Action, Reporting Disruption, Change in Law, Increased Cost of Hedging, Fund Continuation Impossibility, Fund Taxation Event, Fund Delisting, Fund Delisting Announcement, Fund Index Termination, Fund Index Document Termination, Fund Adviser Liquidation, Failure to Replace Fund Adviser, Fund Non-Supervision, NAV Threshold Event, Fund Termination, Fund Document Termination, Fund Reclassification, Fund Investment Modification, Fund Nationalisation, Fund Litigation, Elective Extraordinary Fund Event, specified as applicable in the applicable Final Terms;

Failure to Replace Fund Adviser occurs if the Issuer or the Calculation Agent determines in its sole and absolute discretion that, on the expiration of three months after notifying the Fund Adviser that in the opinion of the Fund Administrator a change of Fund Adviser is desirable in the interests of holders of Units, no suitable replacement Fund Adviser has been found;

Force Majeure Event shall have the meaning assigned thereto in Condition 6(a);

Fund Administrator means, in respect of a Fund, any person specified as such in the applicable Final Terms or, if no person is so specified, the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for such Fund according to the Fund Documents;

Fund Adviser means, in respect of any Fund, any person specified as such in the applicable Final Terms or, if no person is so specified, any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser) for such Fund;

Fund Adviser Liquidation occurs if the Issuer or the Calculation Agent determines in its sole and absolute discretion that the Fund Adviser goes into liquidation (other than voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the Fund Administrator) or analogous proceedings where, after the expiration of a period of three months, a new Fund Adviser has not been appointed;

Fund Continuation Impossibility occurs if, with respect to the Fund, it becomes impossible, impracticable or inadvisable, as determined by the Issuer or the Calculation Agent in its sole and absolute discretion, to continue the Fund;

Fund Delisting occurs if the Issuer or the Calculation Agent determines in its sole and absolute discretion that the Units cease to be listed on the Exchange;

Fund Delisting Announcement occurs if the Issuer or the Calculation Agent determines in its sole and absolute discretion that the Exchange announces that pursuant to the rules of such Exchange, the Units cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason and are not immediately re-listed, re-traded or required on an exchange or quotation system located in the country of such Exchange;

Fund Document Termination occurs if the Issuer or the Calculation Agent determines in its sole and absolute discretion that any Fund Document terminates or is cancelled or there is a proposal for any Fund Document to be terminated or cancelled;

Fund Documents means, with respect to any Fund, the constitutive and governing documents, subscription agreements and other agreements of the Fund specifying the terms and conditions relating to such Fund and any Additional Fund Documents, in each case, as amended from time to time. **Additional Fund Documents** shall have the meaning specified in the applicable Final Terms;

Fund Hedging Disruption means, with respect to a Fund Warrant, that the Issuer or its Affiliates is unable, or it is impracticable for the Issuer or its Affiliates, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to such Fund Interest of entering into and performing its obligations with respect to such Fund Warrant, or (ii) realise, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (A) any restrictions or increase in charges or fees imposed by the relevant Fund on any warrant holder's ability to redeem such Fund Interest, in whole or in part, or any existing or new investor's ability to make new or additional investments in such Fund Interest, or (B) any mandatory redemption, in whole or in part, of such Fund Interest imposed by the relevant Fund (in each case other than any restriction in existence on the date on which such Fund Interest was first included in such Fund Warrant);

Fund Index Document Termination occurs if the Issuer or the Calculation Agent determines in its sole and absolute discretion that any licence agreement entered into by the Fund, the Fund Administrator or the Fund Advisor in connection with any index relating to the Fund is terminated and no new licence agreement relating to such index is entered into by the Fund, the Fund Administrator or the Fund Advisor;

Fund Index Termination occurs if the Issuer or the Calculation Agent determines in its sole and absolute discretion that any index relating to the Fund, as described in the Fund Documents, ceases to be compiled or published;

Fund Insolvency Event means in respect of any Fund, that the Fund or any other entity specified in the applicable Final Terms as a **Fund Insolvency Entity** (A) is dissolved or has a resolution passed for its dissolution, winding-up, official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C)(x) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (y) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (C)(x) above and either (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (E) to (F) above;

Fund Interest shall have the meaning as specified in Condition 18(a);

Fund Investment Modification occurs if the Issuer or the Calculation Agent determines in its sole and

absolute discretion that there is a material change in any Additional Fund Document, or there is a material change in any other rule, law, regulation, similar guideline, constitutional document, report or other document governing the investment by the Fund of its assets;

Fund Litigation occurs if any proposal to wind up the Fund or any substantive litigation by the investors in the Fund as determined by the Issuer or the Calculation Agent in its sole and absolute discretion;

Fund Modification means any change or modification of the related Fund Documents that could reasonably be expected to affect the value of such Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Issuer) from those prevailing on the date on which any Fund Interest issued by such Fund was first included in the relevant Fund Warrants;

Fund Nationalisation occurs if the Issuer or the Calculation Agent determines in its sole and absolute discretion that all the Units or all or substantially all of the assets of the Fund are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

Fund Non-Supervision occurs if the Issuer or the Calculation Agent determines in its sole and absolute discretion that there is no supervisory committee members in respect of the Fund for a continuous period of one month;

Fund Reclassification occurs if the Issuer or the Calculation Agent determines in its sole and absolute discretion that the Units are reclassified or any index relating to the Fund changes or is acquired by or aggregated to another fund, whose mandate, risk-profile and/or benchmarks is deemed by the Issuer or the Calculation Agent to be different from the mandate, risk-profile and/or benchmark stated at inception (or any proposal for the foregoing occurs);

Fund Taxation Event occurs if the Fund becomes liable to taxation in any place or country in respect of income or capital gains as determined by the Issuer or the Calculation Agent in its sole and absolute discretion;

Fund Termination occurs if the Issuer or the Calculation Agent determines in its sole and absolute discretion that the Fund ceases to exist;

Fund Warrants means Warrants relating to one or more specified Units as specified in the applicable Final Terms;

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;

Guarantee means the master guarantee dated as of 15 March 2013 made by the Guarantor guaranteeing in favour of Warrantholders the Issuer's payment obligations in relation to any Warrants issued by it under the Programme (and as may be modified, amended, varied or supplemented from time to time);

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

Hong Kong means the Hong Kong Special Administrative Region of the People's Republic of China;

Hong Kong Dollar or **HKD** refers to the lawful currency of Hong Kong;

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

Increased Cost of Hedging means where the Issuer or its Affiliates would incur a materially increased (as compared with circumstances existing on the Launch Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest of entering into and performing its obligations with respect to the relevant Fund Warrant, or (B)

realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging;

Index Warrants means Warrants relating to one or more specified Indices;

India means the Republic of India;

Indian Rupee or **INR** each refer to the lawful currency of India;

India Force Majeure Event means any of the following events:

- (a) the Reserve Bank of India, or other competent authority, takes, or forbears to take, any action that may adversely affect the ability of the Issuer (or any of its Affiliates) to expatriate INR from India;
- (b) it becomes impossible to obtain a firm foreign exchange quote for INR against the Settlement Currency;
- (c) the imposition of any other exchange controls adversely affecting the Issuer (or any of its Affiliates) in relation to the issuance and hedging of the Warrants;
- (d) any expropriation, confiscation, requisition, nationalisation or other action taken or threatened by any Government Authority that may deprive the Issuer (or any of its affiliates) of any of its assets in India; or
- (e) any analogous event (as determined by the Issuer in its sole discretion);

Indonesia means the Republic of Indonesia;

Indonesian Rupiah or **IDR** refers to the lawful currency of Indonesia;

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency, of or any analogous proceeding affecting the Share Company, Basket Company, Fund or Basket Fund, as the case may be: (i) all the Shares of that Share Company or Basket Company or Units of that Fund or Basket Fund, 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 or Units of that Fund or Basket Fund, as the case may be, become legally prohibited from transferring them;

Issue Price shall have the meaning specified in the applicable Final Terms;

Issuer Break Fee Rate means the percentage specified as such in the applicable Final Terms;

Issuer Optional Early Termination means the right of the Issuer to terminate, at its option, a series of Warrants in its entirety in accordance with Condition 3(b)(v);

Korea means the Republic of Korea but for the avoidance of doubt shall exclude the Democratic People's Republic of Korea;

Korean Won or **KRW** each refer to the lawful currency of Korea;

Launch Date shall have the meaning specified in the applicable Final Terms;

Local Currency shall have the meaning assigned thereto in Condition 6(a)(iii);

Malaysia means the Federation of Malaysia;

Malaysian Ringgit or **MYR** refers to the lawful currency of Malaysia;

Market Access Warrants means Share Warrants or Fund Warrants which are designated in the applicable Final Terms as "Market Access Warrants";

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

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 Final Terms;

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 the final Valuation Date or, where Averaging is specified in the applicable Final Terms, 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 Final Terms;

Minimum Trading Amount means, the minimum number of Warrants that may be traded in a single

transaction as specified in the applicable Final Terms, or if no such amount is specified a number of Warrants equal to EUR100,000 divided by the EUR equivalent of the Issue Price, such quotient to be rounded up to nearest whole number. The EUR equivalent of the Issue Price shall be determined using the market exchange rate as at the Issue Date;

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

Minimum Purchase Amount means the minimum number of Warrants that may be sold to an investor as specified in the applicable Final Terms, or if no such amount is specified a number of Warrants equal to EUR100,000 divided by the EUR equivalent of the Issue Price, such quotient to be rounded up to nearest whole number. The EUR equivalent of the Issue Price shall be determined using the market exchange rate as at the Issue Date;

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

NAV Threshold Amount means the amount as specified in the applicable Final Terms or the equivalent in any other currency;

NAV Threshold Event occurs if the average of the daily net asset value of the Fund is less than the NAV Threshold Amount over any rolling three-month period commencing on or after the third anniversary of the trust deed in respect of the Fund;

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

Official Closing Level means the official closing level of the Index as published by the Sponsor and as determined by the Calculation Agent;

New Taiwan Dollar, NTD or TWD each refer to the lawful currency of Taiwan;

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

Outperformance Warrants means Warrants designated in the applicable Final Terms as “Outperformance Warrants”;

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

Philippines means the Republic of the Philippines;

Philippine Peso or PHP refers to the lawful currency of the Philippines;

PRC means the People’s Republic of China which for the purpose herein, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

Proceedings shall have the meaning assigned thereto in Condition 16;

Programme means the Issuer’s warrant programme referred to in the Base Prospectus;

Prohibited Purchaser means either (a) a Restricted Entity; (b) a legal person whose controller is a Restricted Entity; or (c) a legal person that is not regulated by an appropriate foreign regulatory authority as set out in Regulation 15A of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (as amended from time to time).

Restricted Entity means (a) a Person Resident in India (as defined in the Foreign Exchange Management Act, 1999); (b) a non-Resident Indian (as such term is defined in the Foreign Exchange Management

(Deposit) Regulations, 2000 as amended from time to time);

Put Warrants means Warrants designated as “Put Warrants” in the applicable Final Terms;

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

Ratio shall have the meaning specified in the applicable Final Terms, and if not so specified, shall be deemed to be one;

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

Regulatory Action means, with respect to any Fund Interest, (A) cancellation, suspension or revocation of the registration or approval of such Fund Interest or the related Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Fund, (B) any change in the legal, tax, accounting, or regulatory treatments of the relevant Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of such Fund Interest or on any investor therein (as determined by the Issuer), or (C) the related Fund or any of its Fund Administrator or Fund Adviser becoming subject to any investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Fund, Fund Administrator or Fund Adviser;

Related Exchange means, in respect of Index Warrants and in relation to an Index or in respect of Share Warrants and in relation to a Share or in respect of Fund Warrants and in relation to a Unit, each exchange or quotation system specified as such for such Index, Share or Unit in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index, Share or Unit has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index, Share or Unit on such temporary substitute exchange or quotation system as on the original Related Exchange), Provided That where **All Exchanges** is specified as the Related Exchange in the applicable Final Terms, **Related Exchange** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index, Share or Unit;

Relevant Jurisdiction means the jurisdiction in which the asset(s) underlying the Warrant are listed, as specified in the applicable Final Terms;

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 Final Terms or if no such time is specified, the close of trading on the relevant Exchange;

Reporting Disruption means, in respect of any Fund Interest, (i) occurrence of any event affecting such Fund Interest that, in the determination of the Issuer, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest, and such event continues for at least the time period specified in the applicable Final Terms or, if no such time period is specified, the foreseeable future; (ii) any failure of the related Fund to deliver, or cause to be delivered, (A) information that such Fund has agreed to deliver, or cause to be delivered to the Issuer or the Calculation Agent, as applicable, or (B) information that has been previously delivered to the Issuer or the Calculation Agent, as applicable, in accordance with such Fund’s, or its authorised representative’s, normal practice and that the Issuer deems necessary for it or the Calculation Agent, as applicable, to monitor such Fund’s compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to such Fund Interests;

Rerate Outperformance Warrants means Outperformance Warrants for which “Daily Accrual” and “Rerate” are specified as applicable in the applicable Final Terms;

Scheduled Closing Time means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours;

Scheduled Trading Day means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions;

Scheduled Valuation Date means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date;

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

Settlement Date means (i) the date specified in the applicable Final Terms; (ii) the date falling on the number of Business Days specified in the applicable Final Terms following the Actual Exercise Date, Exercise Date or Expiration Date (as applicable); or (iii) if no date is so specified in accordance with (i) or the number of Business Days is not specified in accordance with (ii), three Business Days following the Actual Exercise Date, Exercise Date or Expiration Date (as applicable);

Settlement Price means the settlement price of the Warrant, as specified in the applicable Final Terms, or if a price is not so specified,

- (A) if Averaging is specified as not applicable in the applicable Final Terms, the Issuer's weighted average execution price (as denominated in the Local Currency) upon the Issuer's disposal of the Shares or Units (as applicable) in relation to the Actual Exercise Date, Exercise Date or the Expiration Date (as applicable) converted into the Settlement Currency at the Exchange Rate; or
- (B) if Averaging is specified as applicable in the applicable Final Terms, the arithmetic mean of the volume weighted average price of each Share (in respect of Share Warrants or Warrants relating to a Basket of Shares) or each Unit (in respect of Fund Warrants or Warrants relating to a Basket of Units) on the Exchange at the Valuation Time on each Averaging Date;

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

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

Share Warrants means Warrants relating to one or more Shares as specified in the applicable Final Terms;

Singapore means the Republic of Singapore;

Singapore Dollar means the lawful currency of Singapore;

Sponsor means the sponsor specified in the applicable Final Terms;

Standard U.S. Selling Restriction means the following text:

The Warrants and the 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. Accordingly, the Regulation S Warrants and the 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. Each Dealer appointed under the Programme has agreed, that:

- (A) 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;
- (B) it will not offer, sell or deliver the Warrants at any time, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons; and

- (C) 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.

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 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. Persons 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.

As used herein, **U.S. Person** has the meaning assigned to it in Regulation S under the Securities Act and **United States** or **U.S.** means the United States of America (including the states and the District of Columbia), its territories and possessions.”

Strategy Breach means any breach or violation of any strategy or investment guidelines stated in the related Fund Documents that is reasonably likely to affect the value of such Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Issuer);

Strike Price means the strike price of the Warrant as set out in the applicable Final Terms;

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

Taiwan means the Republic of China;

Tax Event means the enactment, promulgation, execution, ratification, or adoption (including clarification, confirmation and explanation) by the Government of the People’s Republic of China or any relevant government authority of a capital gains tax applicable to the Issuer’s holding, possession, purchase or sale of the Shares. The Calculation Agent will determine the applicability of such capital gains tax in its sole discretion;

Tax Rate means (i) the effective capital gains tax as determined by the Calculation Agent in its sole discretion after a Tax Event, or (ii) if no such Tax Event is determined to be effective by the Calculation Agent prior to the Exercise Date or the Expiration Date, as applicable, a rate equal to 10% of the gains in respect of the Shares or Units, as the case may be, in Renminbi and converted into the Settlement Currency, in each case, as determined by the Calculation Agent in its sole discretion;

Tender Offer means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Basket Company, Share Company, Fund or Basket Fund, as the case may be, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant;

Thailand means the Kingdom of Thailand;

Thai Baht or **THB** refers to the lawful currency of Thailand;

Underlying Asset means the asset specified as such in the applicable Final Terms;

United States Dollars or **USD** each refer to the lawful currency of the United States of America;

Upfront Discount means the amount (in percentage) as specified in the applicable Final Terms;

Upfront Discount Outperformance Warrants means Outperformance Warrants in respect of which an Upfront Discount is specified in the applicable Final Terms;

Valid Date means a Scheduled Trading Day that is not a Disrupted Day 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 Final Terms unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

- (a) where the Warrants are Index Warrants relating to a single Index or Share Warrants relating to a single Share or Fund Warrants relating to a single Fund, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine:
 - (i) in the case of Index Warrants relating to a single Index, the level of the Index as of the Valuation Time on that eighth Scheduled 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 occurrence of the first Disrupted Day 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 eighth Scheduled Trading Day of each security comprised in the Index; or
 - (ii) in the case of Share Warrants relating to a single Share or Fund Warrants relating to a single Unit, as the case may be, its good faith estimate of the exchange traded price for the Share or Unit, as the case may be, (which may be nil) as of the Valuation Time on that eighth Scheduled 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 or Fund Warrants relating to a Basket of Units, the Valuation Date for each Index or Share or Unit, as the case may be, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date and the Valuation Date for each Index or Share or Unit, as the case may be, affected (each an **Affected Item**) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case (i) the eighth Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item (notwithstanding the fact that such day is a Disrupted Day) and (ii) the Calculation Agent shall determine:
 - (i) in the case of an Index, the level of that Index as of the Valuation Time on that eighth Scheduled Trading Day determined by reference to the formula for and method of calculating that Index last in effect prior to the commencement of the occurrence of the first Disrupted Day 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 eighth Scheduled Trading Day of each security comprised in that Index; or
 - (ii) in the case of a Share or Unit, as the case may be, its good faith estimate of the exchange traded price (which may be nil) for the Affected Item as of the Valuation Time on that eighth Scheduled Trading Day, and otherwise in accordance with the above provisions;

Valuation Time means the Relevant Time specified in the applicable Final Terms or, if no Relevant Time is specified, the close of trading on the relevant Exchange; and

Vietnam means the Socialist Republic of Vietnam;

Vietnamese Dong or *VND* refers to the lawful currency of Vietnam;

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

20. Alternative Provisions

The following additions and amendments to the above Conditions shall be made in respect of Warrants for which “Alternative Provisions” are specified as applicable in the applicable Final Terms:

- (a) *Corporate Actions*: Condition 18(c)(i) shall apply, PROVIDED that, for Spin-Off Events, bonus issues, stock splits and stock dividends affecting the Shares, the Issuer will issue Additional Warrants to existing Warrantholders to reflect the Spin-off Event, bonus issue, stock split or stock dividend.

Warrantholders of such Share Warrants shall not be entitled to exercise any voting rights.

If there is a rights issue affecting the Shares (*Rights*) during the Dividend Period, the Issuer will give notice to Warrantholders in accordance with Condition 11 stating that the Issuer will offer to existing Warrantholders either (i) further Warrants at a purchase price determined by the Calculation Agent (in its sole discretion) by reference to the Rights, or (ii) a right to receive an additional cash payment in the event that the Issuer determines that the Rights are tradable. No Warrantholder shall be obligated to purchase the further Warrants, PROVIDED that if such further Warrants are not purchased in accordance with the terms of the offer, and/or the Issuer determines that the Rights are not tradable, the Issuer shall have no further obligations to the Warrantholders in respect of the Rights.

In the event that the Issuer obtains the option to acquire from any third party additional non-voting rights or economic benefits in respect of the Share Company (even where such rights do not arise by virtue of the ownership by the Issuer of any existing Shares) the Issuer shall promptly notify the Warrantholder of such option in accordance with Condition 11 and shall act in accordance with the instructions of the Warrantholder. If the Warrantholder instructs the Issuer to exercise such option, the Calculation Agent shall determine the appropriate adjustments to the Warrants, or the Issuer shall, at the Warrantholder’s option, offer an amount of further Warrants or an additional cash payment determined by the Calculation Agent (as the case may be) to ensure that that the value of such non-voting rights or economic benefits are passed to the Warrantholder and reflected in the Warrants.

- (b) *Taxes and Costs*: The following shall apply, as appropriate
- (i) in respect of Warrants for which the Relevant Jurisdiction is India, all amounts due from the Issuer under the Warrants shall be adjusted so as to pass on any taxes (excluding capital gains tax and income tax) or costs incurred in connection with the Issuer’s hedging arrangements in relation to the Warrants;
 - (ii) in respect of additional Market Access Warrants that are issued in lieu of making an adjustment following a Potential Adjustment Event with respect to the Outperformance Warrants for which the Relevant Jurisdiction is Taiwan, all amounts due from the Issuer under the Warrants shall be adjusted so as to pass on any taxes (excluding capital gains tax, alternative minimum tax and income tax) or costs incurred in connection with the Issuer’s hedging arrangements in relation to the Warrants;
 - (iii) in respect of additional Market Access Warrants that are issued in lieu of making an adjustment following a Potential Adjustment Event with respect to the Outperformance Warrants for which the Relevant Jurisdiction is Indonesia, no amounts due from the Issuer under the Warrants shall be adjusted for any taxes or costs incurred in connection with the Issuer’s hedging arrangements in relation to the Warrants; and
 - (iv) in respect of Warrants for which (i), (ii) or (iii) do not apply, all amounts due from the

Issuer under the Warrants shall be adjusted so as to pass on any taxes or costs incurred in connection with the Issuer's hedging arrangements in relation to the Warrants.

- (c) *Net Dividends:* Warrantholders shall be entitled to receive the Dividend Amount, as soon as reasonably practicable after any Dividend Amount has been received from the Company by the Issuer and converted into the Settlement Currency at the Exchange Rate.

For the purposes of this Condition 20 only, (i) the **Dividend Amount** means dividend payments on the Shares (net of any and all applicable taxes) to which the Issuer became entitled during the Dividend Period and which were either (A) received by the Issuer during the Dividend Period or (B) received by the Issuer in the four calendar months after the Actual Exercise Date or the Expiration Date (as applicable) (if any); and (ii) the **Dividend Period** means the period from and including the first ex-dividend/other entitlement date for the Shares following the Launch Date up to and including the Actual Exercise Date or the Expiration Date (as applicable).

- (d) *Notice of Force Majeure Event:* Condition 6(a) above shall be amended as follows:
- (i) Condition 6(a)(i) shall be amended by deleting "or otherwise" in the last line thereof;
 - (ii) Condition 6(a)(ii) shall be amended by inserting "reasonable" before "control" in the last line thereof;
 - (iii) Condition 6(a)(iv) shall be amended by deleting "impracticable," in the first line thereof; and
 - (iv) Condition 6(a)(viii) shall be amended by inserting "reasonable" before "control" in the first line thereof.
- (e) *India Force Majeure Events:* In respect of Warrants for which the India Force Majeure Events are applicable pursuant to Condition 6(a)(vii), Condition 6(f) shall be amended by the deletion of the words "Warrantholder shall indemnify the Issuer in full for" and insertion of the following words in the same place "Issuer shall be entitled to deduct from the Cash Settlement Amount".
- (f) *Additional Terms for Index Warrants:*
- (A) Notwithstanding Condition 3(b), if the Warrants are Call Warrants which are Index Warrants and Outperformance Warrants for which the Alternative Index Cash Settlement Amount is specified as applicable in the applicable Final Terms, then the Cash Settlement Amount shall be the Alternative Index Cash Settlement Amount.

Where:

Alternative Index Cash Settlement Amount means, subject to a minimum of zero,

- (a) if the Warrantholder exercises the Warrants prior to the Expiration Date:

(A) the product of (a) the Issue Price and (b) the Index Performance *plus* (B) the Outperformance minus (C) the Strike Price minus (D) Commissions,

multiplied the Ratio (if any) specified in the applicable Final Terms,

where

"Commissions" means an amount per Warrant equal to the product of (i) the Issue Price and (ii) the Commission Rate;

"Commission Rate" means the percentage specified as such in the applicable Final Terms;

“**Day Count Fraction**” means the number of calendar days from and including the Issue Date to and including the Actual Exercise Date or Expiration Date (as applicable), divided by 360;

“**Index Final**” means the Official Closing Level of the Index on the Actual Exercise Date or the Expiration Date (as applicable);

“**Index Initial**” means the Official Closing Level of the Index on the Launch Date;

“**Index Performance**” means Index Final divided by the Index Initial;

“**Official Closing Level**” means the official closing level of the Index as published by the Index Sponsor;

“**Outperformance**” means an amount per Warrant equal to the product of (i) the Issue Price (ii) Daily Accrual Rate (iii) the Day Count Fraction;

- (b) if the Warrantholder holds the Warrants up to and including the Expiration Date,

[Max (0, Index Performance - Strike Price) + (Issue Price x Daily Accrual Rate)], multiplied by the Ratio (if any) specified in the applicable Final Terms;

- (B) The following amendments shall be made to Condition 17(c):

- (i) Condition 17(c)(ii) shall be amended by

(A) adding in the first line of the second paragraph the words “in its commercially reasonable discretion” after the word “determines”;

(B) deleting the words “absolute and sole” and adding “commercially reasonable” in lieu thereof in the fourth line of the second paragraph; and

(C) deleting the word “absolute” and adding “commercially reasonable” in lieu thereof in the eighth line of the second paragraph.

- (ii) Condition 17(c)(iii) shall be amended by deleting the word “absolute” and adding the words “commercially reasonable” in the eighth line thereof.

- (g) *Inconsistency*: If “Alternative Provisions” is specified as applicable in the applicable Final Terms, and there is any inconsistency between the provisions of this Condition 20 and the other Conditions, this Condition 20 shall prevail.

21. Events of Default

- (a) *Events of Default*: If any of the following events (each, an **Event of Default**) occurs and is continuing:

- (i) Non-payment: the Issuer or the Guarantor fails to pay any Cash Settlement Amount in respect of the Warrants within seven days of the due date for payment thereof; or

- (ii) Breach of Other Obligations: the Issuer or Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Warrants and such default remains unremedied for sixty days after written notice thereof, addressed to the Issuer by Warrantholders of not less than 25% in number of the relevant series of Warrants, has been delivered to the Issuer and to the Specified Office of the Fiscal Agent; or
- (iii) Insolvency, etc.: (A) either the Issuer or the Guarantor becomes insolvent or is unable to pay its debts as they fall due, (B) an administrator or liquidator of the Issuer or the Guarantor or the whole or a substantial part of the undertaking, assets and revenues of the Issuer or the Guarantor is appointed (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent), (C) the Issuer or the Guarantor takes any action for a composition with or for the benefit of its creditors generally, or (D) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or the Guarantor (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent),

then Warrantholders of not less than 25 per cent. in number of the relevant series of Warrants may, by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Principal Agent, declare the Warrants to be terminated, whereupon they shall become so terminated at their Early Termination Amount without further action or formality. Notice of any such declaration shall promptly be given to the Warrantholders in accordance with Condition 11.

Early Termination Amount means, for the above purposes, the fair value of such Warrant on such day as is selected by the Calculation Agent acting in good faith and in a commercially reasonable manner, less the proportion attributable to that Warrant of the reasonable cost to the Issuer and/or any affiliate of, or the loss realised by the Issuer and/or any affiliate on, unwinding any related hedging arrangements, all as calculated by the Calculation Agent acting in good faith and in a commercially reasonable manner and disregarding any change in the creditworthiness of the Issuer and the Guarantor since the initial Issue Date of Warrants of the relevant series. The payment date will be specified in the relevant notice.

- (b) *Annulment of Acceleration and Waiver of Defaults*: In some circumstances, if any or all Events of Default, other than the non-payment of the Cash Settlement Amount of a series that has become due as a result of an acceleration, have been cured, waived or otherwise remedied, then the holders of a majority in number of such series of Warrants (voting as one class) may annul past declarations of acceleration of or waive past defaults of the Warrants. However, any continuing default in payment of the Cash Settlement Amount on those Warrants may not be waived.

22. 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 Paying Agents at the date hereof are as follows:

In the case of the Principal Agent
Morgan Stanley Asia Limited
Level 46
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong
(Attention: Equity Documentation Group)

In the case of the Irish Agent
J&E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

FORM OF UNITARY WARRANT FINAL TERMS

The Final Terms relating to each issue of Unitary Warrants 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 Schedule 3 of the Agency Agreement (as defined in the Unitary Warrant Conditions) and reproduced in the Base Prospectus and words and expressions defined in those terms and conditions shall have the same meaning in the applicable Unitary Warrant Final Terms.

MORGAN STANLEY ASIA PRODUCTS LIMITED (incorporated with limited liability in the Cayman Islands)

Guaranteed by

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

Warrant Programme

The Warrants and the 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 Issuer may offer, sell or deliver Warrants only (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 United States Investment Company Act of 1940, as amended (the *1940 Act*) or (b) outside the United States to, or for the account or benefit of, a purchaser that is not a U.S. person in an offshore transaction in compliance with Regulation S under the Securities Act. 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 Unitary Warrants” herein.

[Title of particular issue of Warrants]

This document constitutes the Final Terms relating to the issue of Unitary Warrants described herein and final terms for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC).

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 15 March 2013 approved by the Central Bank of Ireland on 15 March 2013 (as supplemented from time to time, the *Base Prospectus*). These Final Terms contain the final terms of the Unitary Warrants and must be read in conjunction with such Base Prospectus in order to obtain full information on the Issuer and the Unitary Warrants themselves. Copies of such Base Prospectus are available free of charge to the public during normal business hours at the registered office of the Issuer and from the specified office of the Irish Agent or may be downloaded free of charge from <http://www.ise.ie/app/DeptSecurityDocuments.aspx?progID=121&FIELDSORT=docId>.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Unitary Warrant Conditions (the *Conditions*) set forth in the Base Prospectus dated [original date] [and the Base Prospectus Supplement[s] dated []]. These Final Terms contain the final terms of the Unitary

Warrants and must be read in conjunction with the Base Prospectus dated 15 March 2013 approved by the Central Bank of Ireland on 15 March 2013 [and the Base Prospectus Supplement[s] dated []], which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Unitary Warrants is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [original date] [and the Base Prospectus Supplement[s] dated [] and the Base Prospectus dated 15 March 2013 [and the Base Prospectus Supplement[s] dated []]. Copies of such Base Prospectuses [and the Base Prospectus Supplement[s]] are available free of charge to the public at the registered office of the Issuer and from the specified office of the Irish Agent or may be downloaded free of charge from <http://www.ise.ie/app/DeptSecurityDocuments.aspx?progID=121&FIELDSORT=docId> .]

Save as disclosed in “Offering and Sale”, so far as the Issuer is aware, no person involved in the offer of the Unitary Warrants has an interest material to the offer.

All purchasers of the Warrants must provide certain representations to the Dealer in the form of the Master Purchaser Certificate set out as the Appendix attached to the Unitary Warrant Conditions set out in the Base Prospectus.

References herein to numbered Conditions are to the Terms and Conditions of the Unitary Warrants and words and expressions defined in such terms and conditions shall bear the same meaning in these Final Terms, save as where otherwise expressly provided.

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;	[Yes] [No]
2.	Whether the Warrants are Share Warrants or Index Warrants or a Basket;	<p>[Share Warrants relating to the local [ordinary] shares of [<i>Name of Company</i>](the Share Company) with the Bloomberg Code [<i>Bloomberg code</i>] (the Shares)]</p> <p>[Index Warrants relating to [<i>Name of Index</i>] with the Bloomberg code [<i>Bloomberg code</i>] (the Index)] [Basket of [Shares] [Indices] relating to the [Shares] [Indices] of [<i>components of Basket</i>] (each a [Share] [Index]) with the following respective weightings [<i>Weightings of each basket component</i>] (the Basket)]</p> <p>[The complete set of rules of the [Index][Indices] and information on the performance of the [Index][Indices] are freely accessible on the [Issuer’s][index provider’s] website[s] at [<i>web address(es)</i>] and the governing rules (including methodology of the [Index][Indices] for the selection and the re-balancing of the components of the [Index][Indices], description of market disruption events and adjustment rules) are based on predetermined and objective criteria.][<i>This language to be used only if the Issuer, or a company in the same group as the Issuer, or a person acting on behalf of or in association with the Issuer, is an index provider</i>]</p>

3.	Launch Date ;	[●]
4.	The Issue Date of the Warrants;	[●]
5.	Whether the Warrants are American Style Warrants or European Style Warrants;	[American Style Warrants] [European Style Warrants]
6.	Whether the Warrants are Call Warrants or Put Warrants;	[Call Warrants] [Put Warrants]
7.	Whether the Warrants are Global Warrants or Definitive Warrants;	[Global Warrants exchangeable into Definitive Warrants in registered form in limited circumstances as set out in the Conditions] [Definitive Warrants]
8.(a)	If the Warrants are Share Warrants, whether the Warrants are Outperformance Warrants or Market Access Warrants;	[Market Access Warrants] [Outperformance Warrants] [Not applicable]
8.(b)	If the Warrants are Outperformance Warrants, whether Upfront Discount is applicable, and if so, Upfront Discount (as a percentage);	[Applicable: [●]%] [Not applicable]
8.(c)	If the Warrants are Outperformance Warrants, whether Daily Accrual is applicable, and if so, the Daily Accrual Rate (as a percentage) (except where Rerate is also applicable, in which case, please see paragraph 8.(d)(i));	[Applicable: [●]% per annum] [Not applicable]
8.(d)	If the Warrants are Outperformance Warrants, and Upfront Discount or Daily Accrual is applicable, the Commission Rate (as a percentage);	[[●]%%][Not applicable]
8.(d)(i)	If the Warrants are Outperformance Warrants, whether Daily Accrual and Rerate are applicable, and if so, the Daily Accrual Rate (as a percentage) in respect of the First Period;	[Applicable, Daily Accrual Rate in respect of the First Period: [●]%%] [Not applicable]
8.(d)(ii)	If the Warrants are Outperformance Warrants, Daily Accrual and Rerate are applicable, the Rerate Date ;	[●] [Not applicable]
8.(d)(iii)	If Rerate is applicable, Default Adjusted Rate (as a percentage);	[●]%% [Not applicable]
9.	The number of Warrants being issued;	[●]
10.(a)	The Issue Price per Warrant (which may be subject to adjustment in accordance with Condition 16 or 17 in the case of Index Warrants and Share Warrants, respectively);	[Currency][●], being the Issuer's weighted average execution price (in the Underlying Currency) of the Shares converted into the Settlement Currency at the Exchange Rate.]
10.(b)	Currency in which Warrants are to be denominated and traded;	[Currency]
11.	The Strike Price per Warrant (which may be subject to adjustment in accordance with Condition 16 or 17 in the case of Index Warrants and Share Warrants, respectively);	[Currency] [●]
12.	The Relevant Jurisdiction of the Warrants;	[●]
13.(a)	If Warrantholder Break Fee is applicable, and if so, the Warrantholder Break Fee Rate and if the Warrantholder Break Fee Rate is Flat or Amortised;	[Applicable: [●]%, [Flat]/[Amortised]] [Not applicable]
13.(b)	If Warrantholder Break Fee Rate is Amortised and Day Count Fraction is applicable, the start date and end date over which Day Count	Start date: [Launch Date] [Issue Date] [Actual Exercise Date] End date: [Actual Exercise Date] [Expiration

	Fraction applies;	Date] [Actual Exercise Date or Expiration Date, as applicable] [[inclusive][exclusive] of the [start date] and [inclusive][exclusive] [end date]] [Not Applicable]
14.	The Settlement Price per Warrant (which may be subject to adjustment in accordance with Condition 16 or 17 in the case of Index Warrants and Share Warrants, respectively); (NB: This must be expressed as a monetary amount in respect of Index Warrants);	[●] [As defined in Condition 18]
15.	The Interim Payment Amount ;	[●] [As defined in Condition 18]
16.	The Applicable Cash Dividend Amount ;	[●] [As defined in Condition 18]
17.(a)	If the Warrants are Index Warrants, the Notional ;	[●] [Not applicable]
17.(b)	If the Warrants are Index Warrants, whether Commissions applies and if so, the Commissions (as a percentage);	[Applicable: [●]%] [Not applicable]
17.(c)	If the Warrants are Index Warrants, whether Outperformance is applicable, and if so, if Outperformance Average , Outperformance Initial or Outperformance Final is applicable and the Outperformance Rate (as a percentage);	[Applicable: [[Outperformance Average] / [Outperformance Initial] / [Outperformance Final], [●]%] [Not applicable]
18.(a)	The Cash Settlement Amount per Warrant;	[●] [As specified in Condition 3(b)]
18.(b)	Whether a Management Fee is applicable, and if so the Management Fee Rate (as a percentage);	[Applicable: [●]%] [Not applicable]
19.	The Settlement Date ;	[●] [The date falling [●] Business Days following the Actual Exercise Date or the Expiration Date (as applicable)] [As defined in Condition 18]
20.(a)	If the Warrants are Index Warrants, the Index Initial ;	[Index Initial 1] [Index Initial 2] [Not applicable]
20.(b)	If the Warrants are Index Warrants, the Index Final ;	[Index Final 1] [Index Final 2] [Not applicable]
20.(c)	If the Warrants are Index Warrants, the Index Average ;	[Index Average 1] [Index Average 2] [Not applicable]
21.	In the case of European Style Warrants, the Exercise Date for the Warrants;	[●] [Not applicable]
22.	In the case of American Style Warrants, the Exercise Period in respect of the Warrants;	[From the [●] Business Day following the date of purchase of the Warrants up to and including 10:00 a.m. Brussels or Luxembourg time as appropriate, depending upon whether the Warrants are held through Euroclear or Clearstream, Luxembourg on the Expiration Date.] [Not applicable]
23.	In the case of American Style Warrants, the Expiration Date for the Warrants;	[●] [As defined in Condition 18] [Not applicable]
24.	In the case of American Style Warrants, whether Automatic Exercise will apply;	[Yes] [No] [Not applicable]
25.	The Share Amount which shall be applied to ascertain the Cash Settlement Amount (as	[●] Shares per Warrant

	defined in Condition 18) for each Warrant (such Share Amount shall be subject to adjustment in accordance with Condition 17);	
26.	The applicable Business Day Centre(s) for the purposes of the definition of <i>Business Day</i> in Condition 18;	[Hong Kong] [specify any other jurisdictions or cities]
27.	The Spot 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 18]
28.	The Settlement Currency for the payment of the Cash Settlement Amount;	[•]
29.	The Local Currency in respect of the Shares or the currency equivalent thereof (if different);	[•]
30.	Qualified Investor ;	[•] [As defined in Condition 18]
31.(a)	In the case of American Style Warrants, the Minimum Exercise Number ;	[[Insert a number of warrants with a value not to be less than U.S.\$250,000, based on the purchase price of the Warrants] Warrants][Not applicable]
31.(b)	In the case of American Style Warrants, the Maximum Exercise Number ;	[•] [Not applicable]
32.(a)	The Minimum Purchase Amount of the Warrants;	[Insert a number of warrants with a value not to be less than U.S.\$250,000 or EUR 100,000, based on the purchase price of the Warrants] Warrants
32.(b)	The Minimum Trading Amount of Warrants;	[In the case of Warrants to be listed, insert a number of warrants with a value not to be less than EUR 100,000, based on the purchase price of the Warrants] [One] Warrant[s]
33.(a)	For the purposes of Condition 16 (Additional Terms for Index Warrants), details of the Exchange and Related Exchange (if any);	Exchange(s): [•] [Index Components Exchange] [Not applicable] Related Exchange(s): [•] [All Exchanges] [Not applicable]
33.(b)	For the purposes of Condition 16 (Additional Terms for Index Warrants), details of the relevant Sponsor ;	[•] [Not applicable]
34.	For the purposes of Condition 17 (Additional Terms for Share Warrants) details of the Exchange and Related Exchange (if any);	Exchange(s): [•] [Not applicable] Related Exchange(s): [•] [All Exchanges] [Not applicable]
35.	Whether Payment Disruption Event is applicable;	[Yes] [No]
36.	Details of the applicable U.S. selling restrictions;	[Standard U.S. Selling Restriction] [•]
37.(a)	Whether the Warrants are Additional Warrants;	[Yes][No]
37.(b)	If the Warrants are Additional Warrants, whether they are Fungible Additional Warrants or Non-Fungible Additional Warrants;	[Fungible Additional Warrants][Non-Fungible Additional Warrants][Not applicable]
37.(c)	If the Warrants are Non-Fungible Additional Warrants, the Original Series ;	[•][Not applicable]
37.(d)	If the Warrants are Additional Warrants, the Additional Warrants Ratio ;	[[•] Additional Warrants per Original Warrant][Not applicable]
38.	The method of distribution of the Warrants (syndicated or non-syndicated) including, if any, the names of any Dealers other than or in	Private placement [Syndicated] [Non-syndicated]

addition to Morgan Stanley & Co. International plc (<i>Additional Dealers</i>);	[Additional Dealers: [●] and [●]]
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Responsibility Statement:

The Issuer accepts responsibility for the information contained in these Final Terms. The Guarantor accepts responsibility for the information contained in these Final Terms in relation to itself and the Guarantee. 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 Base Prospectus, as completed by these Final Terms in relation to the Warrants, is in accordance with the facts and does not omit anything likely to affect the import of such information. To the best of the knowledge and belief of the Guarantor (who has taken all reasonable care to ensure that such is the case), the information contained in the Base Prospectus, in relation to itself and the Guarantee, as completed by these Final Terms in relation to the Warrants, is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information included in these Final Terms with regard to the underlying [share[s]][index][indices] (the **Information**) consists of extracts from or summaries of information in respect of the underlying assets that is publicly available from [source(s)] and is not necessarily the latest information available. The Issuer only confirms that the Information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such underlying assets, no facts have been omitted that would render the reproduced extracts or summaries inaccurate or misleading. 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 these Final Terms 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.

The Central Bank of Ireland has approved the Base Prospectus dated 15 March 2013 under Part 7 of the Prospectus (Directive 2003/71/EC) Regulations 2005 as amended (the **Regulation**) as having been drawn up in accordance with the Regulation and Commission Regulation (EC) No 809/2004 [and has further approved the Base Prospectus Supplements dated []].

The Issuer does not intend to provide any post-issuance information in relation to any assets and/or underlying in relation to any issue of Warrants constituting derivative securities (as such term is used in the Commission Regulation (EC) No. 809/2004).

Signed on behalf of the Issuer:

By:.....

Duly authorised

PART B – Other Information

1	Listing and admission to trading	
(i)	Listing:	[Ireland] / [Unlisted]
(ii)	Admission to trading:	[The issue of Warrants is conditional upon the Irish Stock Exchange granting listing of the Warrants. Listing of the Warrants on the Irish

		Stock Exchange is expected to occur on [●].] [No application for listing of the Warrants has been made.]
2	Rating	
	Ratings:	<p>[The Unitary Warrants to be issued have not been rated.]</p> <p>[The Unitary Warrants to be issued have been rated:</p> <p>[Standard & Poor's: [●]]</p> <p>[Moody's: [●]]</p> <p>[Fitch: [●]]</p> <p>[[Insert alternative rating agency]: [●]]</p> <p>[and endorsed by [●]]]</p> <p>[[Name of credit rating agency] is established in the European Community and has applied for registration under Regulation (EC) No 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.][Name of credit rating agency] is established in the European Community and registered under Regulation (EC) No 1060/2009.][Name of credit rating agency] is not established in the European Community and has not applied for registration under Regulation (EC) No 1060/2009.][Name of credit rating agency] is not established in the European Community and has not applied for registration under Regulation (EC) No 1060/2009 but is endorsed by [Name of credit rating agency] which is established in the European Community and registered under Regulation (EC) No 1060/2009.][Name of credit rating agency] is not established in the European Community and has not applied for registration under Regulation (EC) No 1060/2009 but it is certified in accordance with such Regulation.] (The above disclosure should reflect the rating allocated to Warrants of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)</p>
3	Notification	
		[The Central Bank has provided the competent authority(ies) of [insert details of relevant Host Member State(s)] with a certificate of approval attesting that the Base Prospectus dated 15 March 2013, has been drawn up in accordance with the provisions of the Prospectus Directive (2003/71/EC) and Commission Regulation (EC) No 809/2004.]
4	Interests of natural and legal persons involved in the issue	
		[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Warrants has an interest material to the offer. [Amend as appropriate if there are other interests]]
5	[Reasons for the offer, estimated net proceeds and use of proceeds]	

(i)	[Reasons for the offer and use of proceeds:	[See “ <i>Use of Proceeds</i> ” in the Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.]]																																	
(ii)	[Estimated net proceeds:	[If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.]]																																	
(iii)	[Estimated total expenses:	[●]]																																	
6	Details relating to the Underlying Asset(s)																																		
(i)	Underlying Asset(s):	[The Basket of [Shares] [Indices]] [The Shares][The Index]																																	
(ii)	[Issuer][Sponsor] of Underlying Asset:	[●]																																	
(iii)	ISIN/Security information code relating to the Underlying Asset(s):	[●] [Not applicable]																																	
(iv)	Description of Underlying Asset(s):	[●] [Not applicable]																																	
(v)	Details of where information about the past and the further performance on the Underlying Asset(s) and its volatility can be obtained:	[●]																																	
7	Operational information																																		
(i)	ISIN Code:	[●]																																	
(ii)	Common Code:	[●]																																	
(iii)	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> and the relevant identification number(s):	[Not Applicable] [[Name][Address]]																																	
8	Additional Disclosure relating to the [Index][Basket of Indices] [To be inserted where the Underlying Asset is an Index or a Basket of Indices (in which case the following information may be included in relation to each Index in the basket)]																																		
(i)	Index disclaimer:	[●]																																	
(ii)	Index calculation method:	[●]																																	
(iii)	Dividend treatment:	[●]																																	
(iv)	Procedures of adjustment of the Index:	[●]																																	
(v)	Index performance for the previous three years:	<table border="1"> <thead> <tr> <th>Relevant Period</th> <th>Highest Closing Level (USD)</th> <th>Lowest Closing Level (USD)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>[●]</td> <td>[●]</td> </tr> <tr> <td>2011</td> <td>[●]</td> <td>[●]</td> </tr> <tr> <td>2012</td> <td>[●]</td> <td>[●]</td> </tr> <tr> <td>2013, January</td> <td>[●]</td> <td>[●]</td> </tr> <tr> <td>2013, February</td> <td>[●]</td> <td>[●]</td> </tr> <tr> <td>2013, March</td> <td>[●]</td> <td>[●]</td> </tr> <tr> <td>[2013, April]</td> <td>[●]</td> <td>[●]</td> </tr> <tr> <td>[2013, May]</td> <td>[●]</td> <td>[●]</td> </tr> <tr> <td>[2013, June]</td> <td>[●]</td> <td>[●]</td> </tr> <tr> <td>[2013, July]</td> <td>[●]</td> <td>[●]</td> </tr> </tbody> </table>	Relevant Period	Highest Closing Level (USD)	Lowest Closing Level (USD)	2010	[●]	[●]	2011	[●]	[●]	2012	[●]	[●]	2013, January	[●]	[●]	2013, February	[●]	[●]	2013, March	[●]	[●]	[2013, April]	[●]	[●]	[2013, May]	[●]	[●]	[2013, June]	[●]	[●]	[2013, July]	[●]	[●]
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(vii)	Closing level of the Index on the Launch Date:	[●]																																																						
(viii)	Information relating to the index constituents accounting for a majority of the index, on a weighted basis:	<p>[The following information is to be included in relation to each such constituent.]</p> <p>(a) [Company] is incorporated in [Jurisdiction].</p> <p>(b) The registered office of [Company] is at [Registered Address].</p> <p>(c) [Brief description of business of Company].</p> <p>(d) The market capitalisation of [Company] as at the Launch Date was [●].</p> <p>(e) Historical price information for the previous 3 years:</p> <p>[Where the relevant jurisdiction is a jurisdiction other than India, the following shall apply: The table below shows the range of prices for the Shares of the Company as quoted on [Exchange] for the periods specified.</p> <table border="1"> <thead> <tr> <th>Relevant Period</th> <th>High Price</th> <th>Low Price</th> </tr> </thead> <tbody> <tr><td>2010</td><td></td><td></td></tr> <tr><td>First Quarter</td><td>[●]</td><td>[●]</td></tr> <tr><td>Second Quarter</td><td>[●]</td><td>[●]</td></tr> <tr><td>Third Quarter</td><td>[●]</td><td>[●]</td></tr> <tr><td>Fourth Quarter</td><td>[●]</td><td>[●]</td></tr> <tr><td>2011</td><td></td><td></td></tr> <tr><td>First Quarter</td><td>[●]</td><td>[●]</td></tr> <tr><td>Second Quarter</td><td>[●]</td><td>[●]</td></tr> <tr><td>Third Quarter</td><td>[●]</td><td>[●]</td></tr> <tr><td>Fourth Quarter</td><td>[●]</td><td>[●]</td></tr> </tbody> </table>	Relevant Period	High Price	Low Price	2010			First Quarter	[●]	[●]	Second Quarter	[●]	[●]	Third Quarter	[●]	[●]	Fourth Quarter	[●]	[●]	2011			First Quarter	[●]	[●]	Second Quarter	[●]	[●]	Third Quarter	[●]	[●]	Fourth Quarter	[●]	[●]																					
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Where the relevant jurisdiction is India, the following shall apply:

The table below shows the range of prices for the Shares of the Company as quoted on The National Stock Exchange of India Limited and The Stock Exchange, Mumbai for the periods specified.

Relevant Period	High Price		Low Price	
	NSE	BSE	NSE	BSE
2010				
First Quarter	[●]	[●]	[●]	[●]
Second Quarter	[●]	[●]	[●]	[●]
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9	Additional Disclosure relating to the [Share][Basket of Shares] [To be inserted where the Underlying Asset is a Share or a Basket of Shares (in which case the following information may be included in relation to each Share in the basket)]																																					
(i)	Jurisdiction of incorporation:	[●]																																				
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Where the relevant jurisdiction is India, the following shall apply:

The table below shows the range of prices for the Shares of [Company] as quoted on The National Stock Exchange of India Limited and The Stock Exchange, Mumbai for the periods specified.

Relevant Period	High Price		Low Price	
	NSE	BSE	NSE	BSE
2010				
First Quarter	[●]	[●]	[●]	[●]
Second Quarter	[●]	[●]	[●]	[●]
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(vii)	Historical dividend information for the previous 3 years:	<i>Relevant Ex-Date</i>	<i>Payable Date</i>	<i>Gross Amount</i>	<i>Type</i>
		[•]	[•]	[•]	[•]
		[•]	[•]	[•]	[•]
		[•]	[•]	[•]	[•]
		[•]	[•]	[•]	[•]
		[•]	[•]	[•]	[•]
		[•]	[•]	[•]	[•]
		[•]	[•]	[•]	[•]
		[•]	[•]	[•]	[•]
(viii)	Historical Exchange Rate information for the previous 3 years:	<i>[Local currency] / [Settlement Currency] Exchange Rate</i>	<i>High</i>	<i>Low</i>	<i>Period End</i>
		2010	[•]	[•]	[•]
		2011	[•]	[•]	[•]
		2012	[•]	[•]	[•]
		2013 (up to the Launch Date)	[•]	[•]	[•]

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 Final Terms in relation to an issue of Unitary Warrants completes the following Unitary Warrant Conditions.

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 agency agreement dated 15 March 2013 (as the same may be modified, amended, restated, varied or supplemented from time to time) (the **Agency Agreement**) between Morgan Stanley Asia Products Limited (the **Issuer**), Morgan Stanley as guarantor, Morgan Stanley Asia Limited as principal paying agent (the **Principal Agent**), J&E Davy as a paying agent in Dublin (the **Irish Agent**) (the Principal Agent and the Irish Agent, together with any additional paying agent appointed by the Issuer, the **Paying Agents**; which expression shall include any additional or successor paying agents), and Morgan Stanley & Co. International plc as calculation agent (in such capacity, the **Calculation Agent** (which expression shall include any additional or successor calculation agents) and together with the Paying Agents, the **Agents**).

The Warrants may be sold only (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 United States 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 or (b) outside the United States to, or for the account or benefit of, a non-U.S. person in an offshore transaction in compliance with Regulation S under the Securities Act.

Except as specified in the following paragraph or in the applicable Final Terms, 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. (**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 Agent from time to time and specified in the applicable Final Terms 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 **Conditions** 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 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 Final Terms for the Warrants will be attached to the Global Warrant and shall complete these Terms and Conditions. References herein to the **applicable Final Terms** are to the Final Terms attached to the Global Warrant or, as the case may be, the Definitive Warrant Certificate.

Copies of the Agency Agreement (which contains the form of the Final Terms) and the Guarantee and the Final Terms applicable to the Warrants are available at the specified office of each Paying Agent.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or

unless otherwise stated.

The Warranholders (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 Agency Agreement and the applicable Final Terms.

1. Type, Title and Transfer

(a) *Type*

The Warrants are Share Warrants, or Index Warrants. Certain terms that will specifically apply to Index Warrants and Share Warrants, are set out in Conditions 16 and 17 respectively.

The Warrants may also be Market Access Warrants or Outperformance Warrants if specified as applicable in the applicable Final Terms.

The applicable Final Terms will also indicate whether the Warrants are American Style Warrants or European Style Warrants and whether the Warrants are Call Warrants or Put Warrants.

(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 Paying Agent, Euroclear and/or Clearstream, Luxembourg, and all other persons dealing with such person as the holder of such amount of Warrants.

In the case of Definitive Warrants, the Issuer shall cause to be kept at the specified office of the Principal 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 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.

The expressions **Warranholder** and **holder of Warrants** shall mean (in the case of Global Warrants) the person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of the Warrants and (in the case of Definitive Warrants) the persons shown in the Register, each as further described above, and related expressions shall be construed accordingly.

(c) *Purchase of Warrants*

Except in relation to Additional Warrants, the number of Warrants which may be purchased by a proposed investor must be equal to the Minimum Purchase Amount and any integral multiple thereof.

(d) *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 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 in a single transaction must be equal to the Minimum Trading Amount and any integral multiple thereof. If Additional Warrants are issued pursuant to Condition 17(c)(iii)(I), such Minimum Trading Amount shall not apply in respect of such Additional Warrants, but shall continue to apply in respect of the Original Warrants (as defined below). Additional Warrants shall not be traded unless traded with Original Warrants.

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 U.S. person who is 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 exchangee 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 non exempt 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).
- (iii) in accordance with any applicable rules and regulations from time to time of the Principal Agent, Euroclear and Clearstream, Luxembourg.

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 (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 Section 3(42) of ERISA, 29 CFR 2510.3-101 or otherwise; and

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 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 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 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 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 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 Guarantee

The Guarantor will irrevocably guarantee the payment obligations of the Issuer under or in respect of the Warrants. The obligations of the Guarantor under the 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 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 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 Warrantheolders 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, the day falling on the seventh Exchange Business Day following the day of the delivery of the Exercise Notice to Euroclear or Clearstream, Luxembourg and the Principal 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 Agent together with an Exercise Notice, amended as appropriate and completed to the satisfaction of the Principal Agent. Any Exercise Notice which is delivered to the Principal 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 by 10.00 a.m., Hong Kong time on the Expiration Date, shall expire immediately without value thereafter and all rights of the Warrantheolders 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 the day falling on the seventh Exchange Business Day following the delivery of the Exercise Notice to the Principal 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 Warrantheolders 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 Agent together with an Exercise Notice, amended as appropriate and completed to the satisfaction of the Principal Agent. 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., Hong Kong time on the Exercise Date, shall expire immediately without value thereafter and all rights of the Warrantheolders and obligations of the Issuer with respect to such Warrants shall cease.

(b) **Cash Settlement Amount**

A Warrantheolder, 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) as set out below:

(i) ***Market Access Warrants***

in the case of Market Access Warrants:

(A) where the Market Access Warrants are Call Warrants and have a Relevant Jurisdiction other than India or China, an amount in the Settlement Currency, subject to a minimum of zero, equal to:

(I) the Settlement Price,

minus

(II) the Strike Price;

(B) where the Market Access Warrants are Call Warrants and the Relevant Jurisdiction is India, an amount in the Settlement Currency, subject to a minimum of zero, 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, as determined by the Calculation Agent

minus

(II) the Strike Price.

(C) where the Market Access Warrants are Call Warrants and the Relevant Jurisdiction is China, an amount in the Settlement Currency equal to:

$$\text{Max}(0, (\text{China Settlement Price} - \text{Strike Price})) - \text{Max}(0, ((\text{China Settlement Price} - \text{Issue Price}) \times \text{Tax Rate}))$$

(D) where the Market Access Warrants are Put Warrants, an amount in the Settlement Currency, subject to a minimum of zero, 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.

(ii) **Outperformance Warrants**

in the case of Outperformance Warrants:

(A) where such Warrants are Call Warrants which are Upfront Discount Outperformance Warrants,

(I) if the Warrantholder exercises the Warrants prior to the Expiration Date,

$\text{Max}(0, ((\text{Settlement Price} - \text{Strike Price}) - (\text{Issue Price} \times \text{Upfront Discount} \times \text{Day Count Fraction}) - (\text{Settlement Price} \times \text{Commission Rate})))$

where **Day Count Fraction** means the number of calendar days from and including the Actual Exercise Date to and including the Expiration Date (as applicable), divided by 360;

(II) if the Warrantholder holds the Warrants up to and including the Expiration Date,

$\text{Max}(0, \text{Settlement Price} - \text{Strike Price});$

(B) where such Warrants are Call Warrants which are Daily Accrual Outperformance Warrants,

(I) if the Warrantholder exercises the Warrants prior to the Expiration Date,

$\text{Max}(0, \text{Settlement Price} - \text{Strike Price}) + (\text{Issue Price} \times \text{Daily Accrual Rate} \times \text{Day Count Fraction});$

where **Day Count Fraction** means the number of calendar days from and including the Actual Exercise Date to and including the Expiration Date, divided by 360,

(II) if the Warrantholder holds the Warrants up to and including the Expiration Date,

$\text{Max}(0, \text{Settlement Price} - \text{Strike Price}) + (\text{Issue Price} \times \text{Commission Rate});$

(C) where such Warrants are Call Warrants which are Rerate Outperformance Warrants,

(I) if the Warrantholder exercises the Warrants during the First Period,

$\text{Max}(0, \text{Settlement Price} - \text{Strike Price}) + (\text{Issue Price} \times \text{Daily Accrual Rate} \times \text{First Period Day Count Fraction});$

(II) if the Warrantholder exercises the Warrants (whether by way of Automatic Exercise or otherwise) during the Second Period,

$\text{Max}(0, \text{Settlement Price} - \text{Strike Price}) + (\text{Issue Price} \times \text{Daily Accrual Rate} \times \text{First Period Day Count Fraction}) + (\text{Issue Price} \times \text{Adjusted Rate} \times \text{Second Period Day Count Fraction});$

where,

Adjusted Rate means a percentage rate as determined by the

Calculation Agent, in its sole and absolute discretion, and notified to the Warrantholder at least 5 Exchange Business Days prior to the last Exchange Business Day of the First Period, in accordance with Condition 11, *provided that*, if such percentage rate is not so determined or notified, the Adjusted Rate shall be the Default Adjusted Rate;

Default Adjusted Rate means the percentage specified as such in the applicable Final Terms;

First Period means the period commencing on and including the Issue Date up to but excluding the earlier of (i) the Rerate Date and (ii) the Actual Exercise Date;

Second Period means the period commencing on and including the Rerate Date up to and including the earlier of (i) the Actual Exercise Date and (ii) the Expiration Date;

Rerate Date means the date specified as such in the applicable Final Terms;

First Period Day Count Fraction means the number of calendar days during the First Period, divided by 360;

Second Period Day Count Fraction means the number of calendar days during the Second Period, divided by 360.

(iii) **Index Warrants**

in the case of Index Warrants:

- (A) where such Warrants are Call Warrants and Warrantholder Break Fee, Commissions and Outperformance are specified as not applicable in the applicable Final Terms:

Max (0, Notional x Index Performance – Strike Price);

- (B) where such Warrants are Call Warrants and Commissions are specified as applicable, but Warrantholder Break Fee and Outperformance are specified as not applicable, in the applicable Final Terms:

Max (0, (Notional x Index Performance – Strike Price) – (Notional x Commissions));

- (C) where such Warrants are Call Warrants, Commissions and Outperformance are specified as not applicable and Warrantholder Break Fee is specified as applicable, in the applicable Final Terms:

- (I) if the Warrantholder exercises the Warrants prior to the Expiration Date and Warrantholder Break Fee Rate is specified as Flat in the applicable Final Terms:

Max (0, (Notional x Index Performance – Strike Price) – (Notional x Warrantholder Break Fee Rate x Index Performance));

OR

if the Warrantholder exercises the Warrants prior to the Expiration Date, and Warrantholder Break Fee Rate is specified as Amortised

in the applicable Final Terms:

$\text{Max}(0, (\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance} \times \text{Day Count Fraction}))$;

- (II) if the Warrantholder holds the Warrants up to and including the Expiration Date,

$\text{Max}(0, \text{Notional} \times \text{Index Performance} - \text{Strike Price})$;

- (D) where such Warrants are Call Warrants which are Index Warrants and Commissions, Warrantholder Break Fee Rate, Outperformance and Outperformance Average are specified as applicable in the applicable Final Terms:

- (I) if the Warrantholder exercises the Warrants prior to the Expiration Date and Warrantholder Break Fee Rate is specified as Flat in the applicable Final Terms:

$\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Index Average Factor} \times \text{Day Count Fraction 2})))$;

OR

if the Warrantholder exercises the Warrants prior to the Expiration Date, and Warrantholder Break Fee Rate is specified as Amortised in the applicable Final Terms:

$\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance} \times \text{Day Count Fraction 1}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Index Average Factor} \times \text{Day Count Fraction 2})))$

- (II) if the Warrantholder holds the Warrants up to and including the Expiration Date,

$\text{Max}(0, (\text{Notional} \times \text{Index Performance} - \text{Strike Price})) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Index Average Factor} \times \text{Day Count Fraction 2})$

- (E) where such Warrants are Call Warrants which are Index Warrants and Commissions, Warrantholder Break Fee Rate, Outperformance and Outperformance Initial are specified as applicable in the applicable Final Terms:

- (I) if the Warrantholder exercises the Warrants prior to the Expiration Date and Warrantholder Break Fee Rate is specified as Flat in the applicable Final Terms:

$\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Day Count Fraction 2})))$

OR

if the Warrantholder exercises the Warrants prior to the Expiration Date, and Warrantholder Break Fee Rate is specified as Amortised in

the applicable Final Terms:

$\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance} \times \text{Day Count Fraction 1}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Day Count Fraction 2})))$

- (II) if the Warrantholder holds the Warrants up to and including the Expiration Date,

$\text{Max}(0, \text{Notional} \times \text{Index Performance} - \text{Strike Price}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Day Count Fraction 2})$

- (F) where such Warrants are Call Warrants which are Index Warrants and Commissions, Warrantholder Break Fee Rate, Outperformance and Outperformance Final are specified as applicable in the applicable Final Terms:

- (I) if the Warrantholder exercises the Warrants prior to the Expiration Date and Warrantholder Break Fee Rate is specified as Flat in the applicable Final Terms:

$\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Index Performance} \times \text{Day Count Fraction 2})))$

OR

if the Warrantholder exercises the Warrants prior to the Expiration Date, and Warrantholder Break Fee Rate is specified as Amortised in the applicable Final Terms:

$\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) - (\text{Notional} \times \text{Warrantholder Break Fee Rate} \times \text{Index Performance} \times \text{Day Count Fraction 1}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Index Performance} \times \text{Day Count Fraction 2})))$

- (II) if the Warrantholder holds the Warrants up to and including the Expiration Date,

$\text{Max}(0, ((\text{Notional} \times \text{Index Performance} - \text{Strike Price}) + (\text{Notional} \times \text{Outperformance Rate} \times \text{Index Performance} \times \text{Day Count Fraction 2})))$

(iv) ***Interim Payment Amount***

In respect of Share Warrants, 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(b).

The Issuer will, or will cause the Calculation Agent to (i) provide written notice to the Paying Agent, on or prior to 10.30 a.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 Paying 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 Warrant holders 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 Paying 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.

(v) **General provisions**

(A) **Conversion into Settlement Currency.**

Any amount determined pursuant to the above, if not an amount in the Settlement Currency, will be converted into the Settlement Currency at the Spot Exchange Rate specified in the applicable Final Terms for the purposes of determining the Cash Settlement Amount.

(B) **Rounding.**

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 Warrant holder will be aggregated for the purpose of determining the aggregate Cash Settlement Amount payable in respect of such Warrants.

(C) **Management Fee.**

If Management Fee is specified as applicable in the applicable Final Terms, the Issuer will deduct from the Cash Settlement Amount or Interim Payment Amount determined pursuant to this Condition 3(b), as applicable, an amount in respect of each Warrant equal to the product of (i) the Issue Price, (ii) the Management Fee Rate and (iii) the Day Count Fraction (such product, the **Management Fee**), where **Day Count Fraction** means the number of calendar days from and including the Issue Date to and including (in the case of American Style Warrants) the earlier of the Actual Exercise Date and the Expiration Date and (in the case of European Style Warrants), the Exercise Date, divided by 360.

(c) **Miscellaneous**

Neither the Calculation Agent nor the Issuer nor any Dealer nor the Paying 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.

The purchase of any Warrant does not confer on the Warrant holder any beneficial interest in the Shares or the securities or assets constituting the Index, whether in respect of voting, distributions or otherwise.

4. Exercise Procedure

(a) *Automatic or Exercise Notice*

Warrants shall be exercisable:

- (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 Agency 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 Paying Agents) to Euroclear and/or Clearstream, Luxembourg, with a copy to the Principal 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 American Style Warrants represented by a Global Warrant, where Automatic Exercise is specified as applicable in the applicable Final Terms, 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 Paying 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 Final Terms 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 Agency 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 Paying Agents.
- (3) In the case of Warrants for which the Relevant Jurisdiction is India, the Exercise Notice shall (i) certify that each of the owner and the beneficial owner of each Warrant being exercised is not a Prohibited Purchaser and is located outside India, and (ii) authorise the production of such certification (and the Exercise Notice itself) in any applicable administrative or legal proceedings.
- (4) In the case of Warrants for which the Relevant Jurisdiction is the PRC, the Exercise Notice shall
 - (i) certify that each of the owner and the beneficial owner of each Warrant being exercised
 - (a) is not (i) a PRC citizen resident in the PRC (excluding Hong Kong, Macau and Taiwan), (ii) a PRC citizen resident outside the PRC who is not a permanent resident of another country or permanent resident of Hong Kong, Macau or Taiwan, or (iii) a Legal Person Registered in the PRC, (each a “Domestic Investor”);
 - (b) in the case where the Warrants are purchased by the undersigned as trustee for a trust, interests in the trust are not majority-owned by, and the management decision over the trust is not controlled by, one or more Domestic Investor(s). For the avoidance of doubt, in the case only where a trust’s investments are being managed on a discretionary basis by an investment manager, such investment manager shall not be deemed to control such entity for the purposes of this representation by reason only of it being able to control the decision-making in relation to the entity’s financial, investment and/or operating policies; or
 - (c) to the best of its knowledge and belief after enquiries that it reasonably deems necessary, all amounts paid or to be paid by it in respect of the Warrants did not and will not involve moneys financed by or sourced from any Domestic Investor in contravention of the laws and regulations of the PRC.
- (5) In the case of Warrants for which the Relevant Jurisdiction is Taiwan, the Exercise Notice shall
 - (i) certify that each of the owner and the beneficial owner of each Warrant being exercised does

not (a) fall within a category of persons resident, incorporated or organized in the PRC to which Article 73 of the Act Governing Relations Between the People of the Taiwan Area and the Mainland Area (as amended from time to time) applies; and (b) all amounts paid or to be paid by it in connection with the Warrants derive or will be derived from a source outside the PRC and Taiwan.

(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 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 Agent will inform the Issuer that it has received such confirmation.

In the event that the Warrants are held in definitive form, the Principal 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 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 Final Terms.

(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 Agent and shall be conclusive and binding on the Issuer, the Paying Agents and the relevant Warrantholder. **Subject as set out below, if the number of Warrants specified in an Exercise Notice exceeds the number of Warrants held, or if the Exercise Notice is incomplete or not in proper form, or is not copied to the Principal 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 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 Agent or such time as the Exercise Notice is copied to the Principal 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 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 Agent, it shall be deemed to be a new Exercise Notice submitted at the

time such correction was delivered to the Principal 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 Warrantheholders 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 Warrantheholder submitting an Exercise Notice if, in consultation with the Principal Agent, it has determined that such Exercise Notice is incomplete or not in proper form. In the case of Definitive Warrants, the Principal Agent will use its best efforts promptly to notify any Warrantheholder who has submitted an Exercise Notice if the Principal 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 Paying 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 Warrantheholder.

(g) *Delivery of an Exercise Notice*

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

If any Warrantheholder does so transfer or attempt to transfer such Warrants, such Warrantheholder will be liable to the Issuer and the Paying 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 Dealer nor the Paying 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.

5. Minimum and Maximum Number of Warrants Exercisable

The number of American Style Warrants exercisable by any Warrantheholder on any Actual Exercise Date must be equal to the Minimum Exercise Number or any integral multiple thereof. Any Exercise Notice which purports to exercise Warrants in an amount less than the Minimum Exercise Number or any 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 Warrantheholder or a group of Warrantheholders (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 Final Terms, 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*

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 or the securities or assets constituting the Index that would be applicable to a Qualified Investor;
- (ii) a Qualified Investor will not be able to maintain any consent or licence required from a Government Authority for the ownership of the Shares or the securities or assets constituting the Index;
- (iii) the ability of a Qualified Investor holding Shares or the securities or assets constituting the Index to hold, sell, transfer, dispose of or otherwise realise value on such holding of Shares or the securities or assets constituting the Index 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 the securities or assets constituting the Index; or
- (iv) in the case of Share Warrants, an extraordinary corporate event has occurred including, without limitation (A) any reclassification or change of the Shares or 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 or an Insolvency Event in respect of the Share Company occurs, (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 paragraph (iv)(B), (C) or (D) above), (F) a tender or exchange offer or going-private transaction is consummated for all the outstanding shares of the Share Company, or (G) a Delisting of the Shares.

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 in the case of Index Warrants, the aggregate value or cost base of the securities or assets constituting the Index and in the case of Share Warrants, the value or cost base of each underlying Share, is equal to the market price of the Index and the market price of one Share, as the case may be, 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 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**

If Payment Disruption Event is specified as applicable in the applicable Final Terms, 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 Paying 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 they 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 Agent shall become effective until a replacement Principal Agent shall have been appointed and provided that, so long as any of the Warrants are listed on the Irish Stock Exchange, there shall be a Paying Agent having a specified office in each location to the extent required by the rules and regulations of the Irish Stock Exchange. Notice of any termination of appointment and of any changes in the specified office of any Agent will be given to Warrantheolders in accordance with Condition 11. In acting under the Agency 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 Warrantheolders or Euroclear and/or Clearstream, Luxembourg and any Paying 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 Warrantheolders.

(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 Warrantheolders or Euroclear and/or Clearstream, Luxembourg. The Calculation Agent is obligated to carry out its duties and functions as Calculation Agent in good faith.

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 Warrantheolders. 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 Warrantheolders.

10. Meetings of Warrantheolders and Modification

(a) Meetings

The Agency Agreement contains provisions for convening meetings of the Warrantheolders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of these Terms and Conditions or the Agency 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 Warrantheolders in

accordance with Condition 11. Such a meeting may be convened by the Issuer, the Guarantor or Warranholders 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 Warranholders (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 Warranholders, whatever the number of Warrants so held or represented. The quorum at a meeting of Warranholders 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 Warranholders at such meeting as, being entitled to do so, vote in person or by proxy. An Extraordinary Resolution passed at any meeting of the Warranholders shall be binding on all the Warranholders, 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 Warranholders. Resolutions can be passed in writing if passed unanimously.

(b) *Modifications*

The Issuer may, without the consent of the Warranholders, modify these Terms and Conditions and/or the Agency Agreement in any manner which the Issuer may deem necessary or desirable provided that such modification (i) does not, in the reasonable opinion of the Issuer, adversely affect the interests of the Warranholders in any material respect or (ii) is of a formal, minor or technical nature or (iii) is to correct a manifest error or to cure, correct or supplement any defective provision contained herein and/or therein. The Issuer may modify these Terms and Conditions and/or the Agency Agreement in any other manner with the prior consent of the requisite majority of Warranholders as specified in the Agency Agreement.

Notice of any such modification will be given to the Warranholders 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 Warranholder 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 Warranholder 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 Warranholders shall be valid if delivered (i) to Euroclear and Clearstream, Luxembourg for communication by them to the Warranholders 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 Warranholders shall be valid if delivered to the Principal Agent, for communication by it to the Warranholders or publication in a leading English language newspaper with circulation in Europe. In the case of Global Warrants listed on the Irish Stock Exchange, all notices shall be valid if delivered to Euroclear and Clearstream, Luxembourg for communication by them without delay to Warranholders and such notices are forwarded to the Companies Announcement Office of the Irish Stock Exchange, in accordance with, and subject to, the rules and regulations of the Irish 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 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 publicly available after the close of each fiscal year during the term of the Programme, the Issuer shall provide each Paying Agent with copies of the Guarantor's accounts for such fiscal year. Copies of such accounts, together with copies of the constitutional documents of the Issuer and the Guarantor and the interim and/or quarterly reports of the Guarantor, shall be made available to the Warrantholders at the specified office of each Paying Agent during the term of the Programme.

15. Governing Law

The Warrants and the 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 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 plc at 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom, unless otherwise specified in the applicable Final Terms.

16. Additional Terms for Index Warrants

(a) General Definitions

Market Disruption Event means the occurrence or existence of (i) a Trading Disruption, or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (iii) an Early Closure. For the purposes of determining whether a Market Disruption Event in respect of the relevant Index exists at any time, if a Market Disruption Event occurs in respect of a security included in that Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

Index or Indices means the index or indices specified in the applicable Final Terms.

Index Final means Index Final 1 or Index Final 2, whichever is specified as being applicable in the applicable Final Terms, or if neither is specified, the official closing level of the Index as determined by the Calculation Agent in the case of European Style Warrants, on the Exercise Date or in the case of American Style Warrants, on the Actual Exercise Date or the Expiration Date;

Index Final 1 means the Official Closing Level of the Index in the case of European Style Warrants, on the Exercise Date or in the case of American Style Warrants, on the Actual Exercise Date or the Expiration Date;

Index Final 2 means the level of the Index as determined by the Calculation Agent in its sole discretion in the case of European Style Warrants, on the Exercise Date or in the case of American Style Warrants, on the Actual Exercise Date or the Expiration Date;

Index Initial means either Index Initial 1 or Index Initial 2, whichever is specified in the applicable Final Terms as being applicable, or if neither is specified, the official closing level of the Index on the Launch Date;

Index Initial 1 means the Official Closing Level of the Index on the Launch Date;

Index Initial 2 means the level of the Index as determined by the Calculation Agent in its sole discretion on the Launch Date;

Index Average means Index Average 1 or Index Average 2, whichever is specified as being applicable in the applicable Final Terms, or if neither is specified, the arithmetic average of the official closing level of the Index as determined by the Calculation Agent on each date starting from and including the Launch Date to and including, in the case of European Style Warrants, the Exercise Date or in the case of American Style Warrants, the Actual Exercise Date or the Expiration Date;

Index Average 1 means the arithmetic average of the Official Closing Level of the Index in the case of European Style Warrants, on each date starting from and including the Launch Date to and including, in the case of European Style Warrants, the Exercise Date or in the case of American Style Warrants, the Actual Exercise Date or the Expiration Date;

Index Average 2 means the arithmetic average of the level of the Index as determined by the Calculation Agent in its sole discretion on each date starting from and including the Launch Date to and including, in the case of European Style Warrants, on the Exercise Date or in the case of American Style Warrants, on the Actual Exercise Date or the Expiration Date;

Index Average Factor means Index Average divided by the Index Initial;

Index Components Exchange means the primary exchanges on which the components of the Index are listed;

Index Outperformance Warrants means Index Warrants for which Outperformance is specified as applicable in the applicable Final Terms;

Index Performance means the Index Final divided by the Index Initial;

Trading Disruption means any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to securities that comprise 20 per cent or more of the level of the relevant Index, or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

Exchange Disruption means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, securities that comprise 20 per cent or more of the level of the relevant Index on any relevant Exchange(s), or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

Early Closure means the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent or more of the level of the relevant Index or any

Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

Exchange Business Day means any Scheduled Trading Day on which the Exchange and any Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its scheduled closing time.

Disrupted Day means any Scheduled Trading Day on which the Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event has occurred. The Issuer shall as soon as reasonably practicable notify, or cause the Calculation Agent to notify, the Principal Agent of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date. The failure by the Issuer or the Calculation Agent to notify the Principal Agent of the occurrence of a Disrupted Day shall not affect the validity of the occurrence and effect of such Disrupted Day on any Transaction.

Outperformance Average means that the outperformance is measured by reference to the Index Average;

Outperformance Final means that the outperformance is measured by reference to Index Final;

Outperformance Initial means that the outperformance is measured by reference to Index Initial;

Outperformance Rate means the percentage specified as such in the applicable Final Terms;

Scheduled Closing Time means, in respect of the Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

Scheduled Trading Day means any day on which each Exchange or each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

Scheduled Valuation Date means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

Valuation Date means in the case of European Style Warrants, the Exercise Date, or in the case of American Style Warrants, the Actual Exercise Date or the Expiration Date, whichever is applicable.

Valuation Time means the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to the relevant Index. If the relevant Exchange closes prior to its Scheduled Closing Time, then the Valuation Time shall be such actual closing time.

(b) *Market Disruption Provisions*

If any Valuation Date is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the following paragraph.

The Calculation Agent (i) shall attempt to obtain bid quotation(s) for the relevant Index from up to three dealers (other than dealers that are subsidiaries or Affiliates of the Issuer) who shall have

regard to the formula for and method of calculating such Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the Index and (ii) shall take the arithmetic mean of such bid quotations (or in the case of one bid quotation only, that quotation) to be the level of the Index on such Valuation Date, provided, however, that if 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 level of the Index on such Valuation Date shall be an amount determined in good faith by the Calculation Agent to be the fair market value of the Index on such date.

(c) *Adjustments to the Index*

- (i) If the Index is (x) not calculated and announced by the Sponsor but is calculated and announced by a successor to the Sponsor acceptable to the Calculation Agent (the **Successor Sponsor**); or (y) replaced by an 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 relevant Index, then in each case that index (the **Successor Index**) will be deemed to be the relevant Index.
- (ii) If (x) on or prior to any Valuation Date, the Sponsor announces that it will make a material change in the formula for or the method of calculating the relevant Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock and capitalization and other routine events) (an **Index Modification**) or permanently cancels the Index and no Successor Index exists (an **Index Cancellation**) or (y) on any Valuation Date, the Sponsor fails to calculate and announce the Index (an **Index Disruption** and together with an Index Modification and an Index Cancellation, each an **Index Adjustment Event**), then:
 - (A) in the case of Index Modification or Index Disruption, the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Warrants and, if so, shall calculate the relevant Index Final, Index Initial and/or Strike Price, as the case may be, using, in lieu of a published level for the Index, the level for the Index as at that Valuation Date. In making these calculations, the Calculation Agent (i) shall attempt to obtain bid quotation(s) for the Index from up to three dealers (other than dealers that are subsidiaries or Affiliates of the Issuer) who shall have regard to the formula for and method of calculating the Index last in effect prior to the occurrence of such Index Adjustment Event using the Exchange traded or quoted price as of the Valuation Time on such Valuation Date of each security comprised in the Index and (ii) shall take the arithmetic mean of such bid quotations (or in the case of one bid quotation only, that quotation) to be the level of the Index on such Valuation Date provided, however, that if 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 relevant Index Final shall be an amount determined in good faith by the Calculation Agent to be the fair market value of the Index on such date; and
 - (B) in the case of Index Cancellation, the Warrants will be cancelled on the later of the Exchange Business Day immediately prior to the effectiveness of the Index Cancellation and the date the Index Cancellation is announced by the Sponsor, and the Issuer will pay to the Warrantholders the Cancellation Amount in respect of each Warrant.

Cancellation Amount means an amount determined by the Calculation Agent to be the fair market value of each Warrant. In calculating the Cancellation Amount the Calculation Agent (i) shall attempt to obtain bid quotation(s) for the Warrants from up to three dealers (other than dealers that are subsidiaries or Affiliates of the Issuer) and (ii) shall take the arithmetic mean of such bid quotations (or in the case of one bid quotation only, that quotation) to be the fair market value for the Warrants on such date provided, however, that if 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 Cancellation Amount shall be an amount determined in good faith by the Calculation Agent to be the market value of each Warrant. For the avoidance of doubt, if the Cancellation Amount is a negative number, it shall be deemed to be zero;

Sponsor means the sponsor specified in the applicable Final Terms; and

Successor Sponsor shall have the meaning assigned thereto in Condition 16(c)(i).

(d) *Correction of Index Levels*

In the event that any level published by the Sponsor and which is utilized for any calculation or determination made in relation to the Warrants is subsequently corrected and the correction is published by the Sponsor within two Scheduled Trading Days of the previously published/quoted price, to the extent that the Calculation Agent is promptly aware of the same, the Calculation Agent will determine the amount that is payable or deliverable as a result of that correction, and, to the extent necessary, will adjust the terms of such Warrants to account for such correction.

17. Additional Terms for Share Warrants

(a) *General Definitions*

For the purposes of this Condition 17:

Shares and **Share** mean, subject to adjustment in accordance with this Condition 17, 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 Final Terms;

Insolvency Filing means, the Share Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Share Company shall not be deemed to be an Insolvency Filing;

Delisting means, in respect of any relevant Shares, the Exchange announces that pursuant to the rules of such Exchange, such Shares cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason and are not immediately re-listed, re-traded or re-quoted on a major exchange or quotation system, as determined in the reasonable judgment of the Calculation Agent, located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union);

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 reverse stock split (or, in the case of Outperformance Warrants, either 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 reverse stock split (or, in the case of Outperformance Warrants, 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 reverse stock split (or, in the case of Outperformance Warrants, 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 17(b), as if such payment were a payment of an Interim Payment Amount, *mutatis mutandis*; *provided, however*, that if such Stock Dividends 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 per cent. of the Settlement Price of one Share (as adjusted for any subsequent corporate event requiring an adjustment hereunder, such as a reverse stock split (or, in the case of

Outperformance Warrants, either 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 (such equity securities, the **Spin-Off Shares**) (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) to (F) above, a **Reorganisation Event**), except in the case of a Spin-Off Event for which the Calculation Agent determines that Condition 17(c)(iii)(I) shall apply, 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 Reorganisation 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) to (VI).

For the 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) to (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) to (VI) upon the occurrence of one or more of the events enumerated in paragraphs (I) to (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) In the case of Share Warrants which are not Outperformance Warrants,
- (I) If, in respect of a series of Share Warrants (such Warrants, the *Original Warrants* and such series, the *Original Series*), (a) a stock split (other than a reverse stock split), stock dividend paid in Shares or other distribution of Shares by the Share Company occurs during the Dividend Period (together *Stock Events* and each a *Stock Event*) that is ratably distributed to holders of the Shares or (b) following the occurrence of a Spin-Off Event, the Calculation Agent determines, in its sole discretion, that this provision is to apply in lieu of Condition 17(c)(i), the Calculation Agent shall determine (in its sole discretion) whether to account for such Spin-Off Event or Stock Event (as the case may be) by an issuance of additional Warrants (*Additional Warrants*) which form part of the Original Series (*Fungible Additional Warrants*) or Additional Warrants which form part of a new series of warrants (*Non-Fungible Additional Warrants*).

In the case of a Stock Event, such Additional Warrants are to be issued to each holder of the Original Warrants, as of the ex-dividend date or, if such Stock Event does not have an ex-dividend date, the effective date for such Stock Event to reflect such restatement.

The number of Additional Warrants to be issued in respect of each Original Warrant in the case of a Stock Event shall be equal to the number of Original Warrants held by such Warrantholder on the ex-dividend date or effective date (as applicable) of such Stock Event, times a fraction, the numerator of which is the number of shares of the Share Company outstanding immediately after the effectiveness of such Stock Event, and the denominator of which is the number of shares of the Share Company outstanding immediately prior to the effectiveness of such Stock Event. If it transpires that such fraction would lead to a holder of Original Warrants being entitled to a fraction of Additional Warrants (*Fractional Entitlement*), the Calculation Agent shall determine, with reference to the nature and terms of the Stock Event, whether (a) rounding is applicable in respect of such Fractional Entitlement, (b) a cash equivalent is payable to such holder of Original Warrants in respect of such Fractional Entitlement; or (c) any other method of adjustment the Calculation Agent deems appropriate shall be used to address such Fractional Entitlement.

In the case of a Spin-Off Event for which the Calculation Agent determines that Additional Warrants are to be issued, the Issuer will give notice to each holder of the Original Warrants in accordance with Condition 11 stating the terms and the issue date of such Additional Warrants (the *Additional Warrants Issue Date*). The number of Additional Warrants to be issued in respect of each Original Warrant in the case of a Spin-Off Event shall be equal to the product of (x) the number of Original Warrants held by such Warrantholder on the Additional Warrants Issue Date and (y) the number of Spin-Off Shares (or a portion thereof) that a holder of one share of the Share Company would be entitled to following such Spin-Off Event. If it transpires that such fraction would lead to a holder of Original Warrants being entitled to a Fractional Entitlement, the Calculation Agent shall determine, with reference to the terms on which the Spin-Off Shares are issued, whether (a) rounding is applicable in respect of such Fractional Entitlement, (b) a cash equivalent is payable to such holder of Original Warrants in respect of such Fractional Entitlement; or (c) any other method of adjustment the Calculation Agent deems appropriate shall be used to address such Fractional Entitlement.

The applicable Final Terms in respect of an issuance of Additional Warrants shall identify (i) the Original Series and (ii) the number of Additional Warrants issued in respect of each Original Warrant (such ratio, the *Additional Warrants Ratio*).

Following the issuance of Additional Warrants, and without prejudice to Condition 1(d), Warrantholders of the Original Warrants shall only be permitted to trade its Original Warrants together with the Additional Warrants in a manner such that the ratio of the number of Original Warrants to Additional Warrants transferred shall equal the Additional Warrants Ratio. The Issuer shall arrange for free delivery of the Additional Warrants to Warrantholders following the ex-dividend date or effective date of the Stock Event in respect of each Stock Event (as applicable) or on the Additional Warrants Issue Date in respect of each Spin-Off Event. Any calculation by the Calculation Agent in order to calculate the number of Additional Warrants to be delivered to Warrantholders shall be subject to any withholding taxes (based on the maximum statutory rates) and any costs applicable to the Stock Event that are applicable to a Qualified Investor. Except as specified in the following paragraph, no adjustment to the Share Amount shall be made in respect of any Stock Event.

- (II) If an event occurs that is both a Stock Event and an Extraordinary Non-Cash Dividend, such event shall be treated only as an Extraordinary Non-Cash Dividend and an adjustment shall be made to the Share Amount pursuant to Condition 17(c)(i)(IV) and there shall be no restatement of the number of outstanding Warrants and no Additional Warrants shall be issued.
- (III) If there is a Rights Issue, then the Issuer shall pay to Warrantholders the Rights Amount on the Rights Amount Payment Date, subject to deferrals and other adjustments in accordance with Condition 17(b), as if such payment were a payment of the Cash

Settlement Amount, mutatis mutandis; provided, however, that if such Rights Issue Exercise Date does not occur before the 120th day after the earlier of the original Exercise Date and the earliest of any original Actual Exercise Date, any accelerated Actual Exercise Date, the original Expiration Date and any accelerated Expiration Date, Warrantheolders will not receive the Rights Amount, and the Share Amount will not be adjusted in respect of such Rights Issue.

- (IV) The Issuer will, or will cause the Calculation Agent to (1) provide written notice to the Paying Agent, on or prior to 10:30 a.m. New York City time, on the Business Day two Business Days succeeding the Rights Issue Exercise Date, of the Rights Amount to be paid with respect to each Warrant in relation thereto, and (2) subject to the occurrence of a Payment Disruption Event, pay such Rights Amount to the Paying Agent in time for delivery to the Warrantheolders on the Rights Amount Payment Date.
- (V) The Calculation Agent will determine the Rights Amount, if any, of the Warrants in its sole discretion. The Rights 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 a whole unit) being rounded upwards. None of the Calculation Agent, the Issuer, any Dealer or the Paying Agents shall have any responsibility for any errors or omissions in the calculation of any Rights Amount or other amount whatsoever.
- (VI) If an event occurs that is both a Rights Issue and an Extraordinary Non-Cash Dividend, such event shall be treated only as a Rights Issue and no adjustment shall be made to the Share Amount pursuant to Condition 17(c)(i)(IV).

For the purpose of this Condition 17(c)(iii):

Costs means the costs (on a per share basis) applicable to a Qualified Investor in exercising a Rights Issue on a Rights Issue Exercise Date and selling the resulting Shares in the Local Currency converted into the Settlement Currency at the Spot Exchange Rate as determined by the Calculation Agent;

Dividend Period means the period from and including the Launch Date to and including the scheduled fifth Exchange Business Day prior to the earliest of the Exercise Date, any accelerated Exercise Date, the original Expiration Date and any accelerated Expiration Date;

Rights Amount means in respect of a Rights Issue an amount per Warrant in the Settlement Currency calculated by the Calculation Agent (in its sole discretion) in accordance with the following formula:

$$\text{Share Amount} \times (\text{Rights Entitlement} \times \text{Rights Settlement Price}) - \text{Costs}$$

PROVIDED THAT the Rights Amount shall be net of any and all withholding taxes (based on the maximum statutory rates), but PROVIDED FURTHER that if the Rights Amount is a negative number, it shall be deemed to be zero;

Rights Amount Payment Date means the scheduled twenty-first Business Day following the Rights Issue Exercise Date;

Rights Entitlement means the number of rights distributed to a Qualified Investor in respect of one Share;

Rights Issue means a distribution by the Share Company of rights to purchase Shares at a price per share that is less than 80% of the closing price on the Exchange of the Shares (or in the case of Warrants for which the Relevant Jurisdiction is India, the NSE) on the Exchange Business Day immediately preceding such ex-dividend date that is ratably distributed to holder of the

Shares (including to Qualified Investors) and having an ex-dividend date during the Dividend Period;

Rights Issue Exercise Date means the first Exchange Business Day on which a Qualified Investor entitled to exercise the Rights Issue can practicably sell the Shares resulting from such exercise on the Exchange(s); and

Rights Settlement Price means the Settlement Price of one Share on the Exchange (or in the case of Warrants for which the Relevant Jurisdiction is India, the NSE) on the Rights Issue Exercise Date.

- (iv) Any alterations to the specific adjustments set forth above may be materially adverse to the Warrantheolders.
 - (v) 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.
 - (vi) No adjustments to the Share Amount will be required unless such adjustment would require a change of at least 0.1 per cent. 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).
 - (vii) 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 Warrantheolder.
- (d) Any currency exchange transactions required in connection with Condition 17(c) shall be at the Spot Exchange Rate.

18. 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));

Agency Agreement means the master agency agreement between, *inter alia*, the Issuer and the Agents dated 15 March 2013 (as the same may be modified, amended, restated, varied or supplemented from time to time);

American Style Warrants means Warrants designated in the applicable Final Terms as “American Style Warrants”;

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 Final Terms;

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

Automatic Exercise shall have the meaning assigned thereto in Condition 4(b);

Base Prospectus means the base prospectus dated 15 March 2013 (as the same may be supplemented from time to time) published by the Issuer in connection with its Programme for the issue of warrants;

Basket of Indices means in the case of Index Warrants, the basket of Indices as specified in the applicable Final Terms;

Basket of Shares means in the case of Share Warrants, the basket of Shares as specified in the applicable Final Terms;

BSE means The Stock Exchange, Mumbai (BSE);

BSE Quantity means the number of Shares traded on the BSE on the relevant date, as published by the BSE;

BSE VWAP means the volume weighted average price for the Shares traded on the BSE (as published by Bloomberg Financial Markets Information Service), as determined by the Calculation Agent, after the BSE close on the relevant date;

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 Final Terms;

Call Warrants means Warrants designated as “Call Warrants” in the applicable Final Terms;

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);

China shall mean the PRC;

China QFII means the Qualified Foreign Institutional Investor, a program that allows licensed foreign investors to buy and sell CNY denominated “A”-shares in China’s mainland stock exchanges;

China Settlement Price means the product of (a) the average of VWAPs of one Share, expressed in the Settlement Currency, on each of the five Exchange Business Days prior to and including the Exercise Date or Expiration Date; and (b) the Share Amount applicable on the Exercise Date or Expiration Date;

Chinese Yuan, CNY, RMB and Renminbi each refer to the lawful currency of the PRC;

Commission Rate means, in respect of Upfront Discount Outperformance Warrants or Daily Accrual Outperformance Warrants, as the case may be, the percentage specified in the applicable Final Terms;

Daily Accrual Outperformance Warrants means Outperformance Warrants for which “Daily Accrual” is specified as applicable and “Rerate” is not specified as applicable in the applicable Final Terms;

Daily Accrual Rate means, in respect of Daily Accrual Outperformance Warrants, the percentage specified in the applicable Final Terms;

Unless otherwise specified in the Conditions, **Day Count Fraction** means the number of calendar days from the start date specified in the Final Terms, to the end date specified in the applicable Final Terms, inclusive or exclusive of both days as specified in the applicable Final Terms, divided by 360;

Dealer means the dealer appointed by the Issuer in connection with the issue of a particular series of Warrants;

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(d);

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 Final Terms as “European Style Warrants”;

Exchange or **Exchanges** means:

- (a) in respect of Index Linked Warrants and in relation to an Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities/commodities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities/commodities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in respect of Share Linked Warrants, as the case may be, each exchange or quotation system specified as such for such Share, in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Share, as the case may be, has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Share, as the case may be, on such temporary substitute exchange or quotation system as on the original Exchange);

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 17(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 Final Terms provided that, if such date is not a Business Day, the Exercise Date shall be the immediately succeeding Business Day;

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

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 Final Terms;

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 17(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;

Guarantee means the master guarantee dated as of 15 March 2013 made by the Guarantor guaranteeing in favour of Warrantholders the Issuer's payment obligations in relation to any Warrants issued by it under the Programme (and as may be modified, amended, varied or supplemented from time to time);

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

Hong Kong means the Hong Kong Special Administrative Region of the People's Republic of China;

Hong Kong Dollar or **HKD** refers to the lawful currency of Hong Kong;

Index Warrants means Warrants relating to one or more specified Indices;

India means the Republic of India;

Indian Rupee or **INR** each refer to the lawful currency of India;

Indian Share VWAP means the volume weighted average price calculated using the following formula:

$$\frac{(\text{NSE VWAP} \times \text{NSE Quantity}) + (\text{BSE VWAP} \times \text{BSE Quantity})}{\text{NSE Quantity} + \text{BSE Quantity}}$$

Indonesia means the Republic of Indonesia;

Indonesian Rupiah or **IDR** refers to the lawful currency of Indonesia;

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 applicable to a Qualified Investor in connection with the receipt of such dividends);

Interim Payment Date shall have the meaning assigned thereto in Condition 3(b);

Issue Date shall have the meaning specified in the applicable Final Terms;

Korea means the Republic of Korea but for the avoidance of doubt shall exclude the Democratic People's Republic of Korea;

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

Korean Won or **KRW** each refer to the lawful currency of Korea;

Launch Date shall have the meaning specified in the applicable Final Terms;

Local Currency shall have the meaning specified in the applicable Final Terms;

Malaysia means the Federation of Malaysia;

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

Malaysian Ringgit or **MYR** refers to the lawful currency of Malaysia;

Market Access Warrants means Warrants designated in the applicable Final Terms as “Market Access Warrants”;

Market Disruption Event in relation to Index Warrants, shall have the meaning assigned thereto in Condition 16, and in relation to Share Warrants, shall have the meaning assigned thereto in Condition 17;

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 Final Terms;

MDE End Date, in relation to a Market Disruption Event, shall have the meaning assigned thereto in Condition 17(b);

MDE Valuation Date shall have the meaning assigned thereto in Condition 17(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 Final Terms;

Minimum Purchase Amount means the minimum number of Warrants that may be sold to an investor as specified in the applicable Final Terms, or if no such amount is specified a number of Warrants equal to EUR100,000 divided by the EUR equivalent of the Issue Price, such quotient to be rounded up to nearest whole number. The EUR equivalent of the Issue Price shall be determined using the market exchange rate as at the Issue Date;

Minimum Trading Amount means the minimum number of Warrants that may be traded in a single transaction as specified in the applicable Final Terms, or if no such amount is specified a number of Warrants equal to EUR100,000 divided by the EUR equivalent of the Issue Price, such quotient to be rounded up to nearest whole number. The EUR equivalent of the Issue Price shall be determined using the market exchange rate as at the Issue Date;

New Taiwan Dollar, NTD or TWD each refer to the lawful currency of Taiwan;

NSE means The National Stock Exchange of India Limited;

NSE Quantity means the number of Shares traded on the NSE on the relevant date, as published by the NSE;

NSE VWAP means the volume weighted average price for the Shares traded on the NSE (as published by Bloomberg Financial Markets Information Service), as determined by the Calculation Agent, after the NSE close on the relevant date;

Notional shall have the meaning as specified in the applicable Final Terms;

Official Closing Level means the official closing level of the Index as published by the Sponsor and as determined by the Calculation Agent;

Outperformance Warrants means warrants designated in the applicable Final Terms as “Outperformance Warrants”;

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

Programme means the warrant programme referred to in the Base Prospectus;

Proceedings shall have the meaning assigned thereto in Condition 15;

Prohibited Purchaser means either (a) a Restricted Entity; (b) a legal person whose controller is a Restricted Entity; or (c) a legal person that is not regulated by an appropriate foreign regulatory authority as set out in Regulation 15A of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (as amended from time to time).

Put Warrants means Warrants designated as “Put Warrants” in the applicable Final Terms;

Qualified Investor means, unless otherwise specified in the applicable Final Terms, where the Relevant Jurisdiction is China, Korea, Taiwan, India or Malaysia, a China QFII, a Korean Investor ID Holder, a Taiwan FINI, a Singapore FII, a Malaysian Foreign Investor or any institutional investor that is considered a foreign investor in the Relevant Jurisdiction, respectively;

Quota shall have the meaning assigned thereto in Condition 5;

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

Related Exchange means in respect of Index Warrants and in relation to an Index or in respect of Share Warrants and in relation to a Share, each exchange or quotation system specified as such for such Index or Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index or Share has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index or Share on such temporary substitute exchange or quotation system as on the original Related Exchange), Provided That where **All Exchanges** is specified as the Related Exchange in the applicable Final Terms, **Related Exchange** shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index or such Share;

Relevant Jurisdiction means the jurisdiction in which the asset(s) underlying the Warrant are listed, as specified in the applicable Final Terms;

Reorganisation Event shall have the meaning assigned thereto in Condition 17(c);

Rerate Outperformance Warrants means Outperformance Warrants for which “Daily Accrual” and “Rerate” are specified as applicable in the applicable Final Terms.

Restricted Entity means (a) a Person Resident in India (as defined in the Foreign Exchange Management Act, 1999); (b) a non-Resident Indian (as such term is defined in the Foreign Exchange Management (Deposit) Regulations, 2000 as amended from time to time);

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

Settlement Date means, unless otherwise specified in the applicable Final Terms, 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,

- (a) in the case of Share Warrants for which the Relevant Jurisdiction is not India and for which either Condition 3(b)(i)(A), Condition 3(b)(i)(C) or Condition 3(b)(ii) is applicable, mean the product of (A) the average of the VWAPs of one Share, expressed in the Settlement Currency, on each of the five Exchange Business Days prior to and including (in the case of European Style Warrants) the

Exercise Date or (in the case of American Style Warrants) the earlier of (i) the Actual Exercise Date and (ii) the Expiration Date, and (B) Share Amount applicable on (in the case of European Style Warrants) the Exercise Date or (in the case of American Style Warrants) the earlier of (i) the Actual Exercise Date and (ii) the Expiration Date;

- (b) in the case of Share Warrants for which Condition 3(b)(i)(B) is applicable, mean the Indian Share VWAP for one Share;
- (c) in the case of Share Warrants for which the Cash Settlement Amount in Condition 3(b)(i)(D) is applicable, mean (i) in the case of Share Warrants for which the Relevant Jurisdiction is not India, 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; (ii) in the case of Share Warrants for which the Relevant Jurisdiction is India, the Indian Share VWAP for one Share; (iii) and in the case of Index Warrants, not applicable; and
- (d) in the case of Share Warrants for which the Relevant Jurisdiction is India and for which Condition 3(b)(ii) is applicable, mean the product of (A) the average of the Indian Share VWAPs of one Share, expressed in the Settlement Currency, on each of the five Exchange Business Days prior to and including the earlier of (i) the Actual Exercise Date and (ii) the Expiration Date, as applicable, and (B) Share Amount applicable on the earlier of (i) the Actual Exercise Date and (ii) the Expiration Date.

Share Amount shall mean, subject to adjustment in accordance with Condition 17(c), the number of underlying Shares per Warrant, as specified in the applicable Final Terms;

Share Company shall have the meaning assigned thereto in Condition 17;

Shares and **Share** shall have the meaning assigned thereto in Condition 17;

Share Warrants means Warrants relating to one or more Shares as specified in the applicable Final Terms;

Singapore means the Republic of Singapore;

Singapore Dollar means the lawful currency of Singapore;

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

Spin-off Event shall have the meaning assigned thereto in Condition 17(c);

Spot Exchange Rate means the rate specified in the applicable Final Terms, or if a rate is not so specified, the spot rate of exchange for conversion of the Local Currency into the Settlement Currency for any date as determined by the Calculation Agent;

Standard U.S. Selling Restriction means the following text:

“The Warrants and the 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 Issuer may offer, sell or deliver Unitary Warrants only (a) in reliance on Rule 144A (**Rule 144A**) under the Securities Act to, or for the account of or benefit of, U.S. persons that are qualified institutional buyers (each a **QIB**) within the meaning of Rule 144A and which 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, or for the account or benefit of, a purchaser that is not a U.S. person in an offshore transaction in compliance

with Regulation S.

Each Dealer appointed under the Programme has agreed, that:

- (A) 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;
- (B) it will not offer, sell or deliver the Warrants at any time, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons; and
- (C) 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.

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 either (i) both it and any person for whose account or benefit the Warrants are being purchased are QIBs who are also QPs or (ii) 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 that it will not offer, sell or deliver at any time, directly or indirectly, or resell or otherwise transfer any of the Warrants except 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 U.S. person who is 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 exchangee 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 non exempt 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);

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 (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 Section 3(42) of ERISA, 29 CFR 2510.3-101 or otherwise; and as used herein, **U.S. Person** has the meaning in Regulation S under the Securities Act and **United States** or **U.S.** means the United States of America (including the states and the District of Columbia), its territories and possessions.”

Stock Dividend means Stock Dividends (as defined in Condition 17(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 Final Terms;

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

Tax Rate means a rate equal to 10% of the gains in respect of the Shares or Units, as the case may be, in Renminbi and converted into the Settlement Currency, in each case, as determined by the Calculation Agent;

Thailand means the Kingdom of Thailand;

Thai Baht or **THB** refers to the lawful currency of Thailand;

Transaction Value shall have the meaning assigned thereto in Condition 17(c);

United States Dollars or **USD** each refer to the lawful currency of the United States of America;

Upfront Discount means the amount (in percentage) as specified in the applicable Final Terms;

Upfront Discount Outperformance Warrants means Outperformance Warrants in respect of which an Upfront Discount is specified in the applicable Final Terms;

VWAP means the volume weighted average price as published by Bloomberg Financial Markets Information Service, as determined by the Calculation Agent, after the market close on the relevant date; and

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

19. 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 Paying Agents at the date hereof are as follows:

In the case of the Principal Agent
Morgan Stanley Asia Limited
Level 46
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong
(Attention: Equity Documentation Group)

In the case of the Irish Agent
J&E Davy
Davy House
49 Dawson Street

Dublin 2
Ireland

Appendix
MASTER PURCHASER CERTIFICATE

The undersigned, [], of

[Name] [Title] [Name of Investment Manager]

(the **Investment Manager**), hereby certifies to Morgan Stanley Asia Products Limited, Morgan Stanley, Morgan Stanley & Co. LLC and Morgan Stanley & Co. International plc (collectively, the **Morgan Stanley Entities**) that, in connection with the sale or other transfer of any of various series of Unitary Warrants issued by Morgan Stanley Asia Products Limited from time to time in accordance with the Morgan Stanley Asia Products Limited Warrant Programme dated 15 March 2013, as defined in the relevant Final Terms for each such series of Warrants, (the **Warrants**) for the benefit of each of the beneficial owners (each a **Purchaser** and each as identified in the Schedule to this Master Purchaser Certificate, as amended or supplemented from time to time) for whom the Investment Manager is acting in respect of the relevant Warrants, on the date of this Master Purchase Certificate and is deemed to repeat these certifications on each date that the Investment Manager purchases any series of Warrants and on each date on which the Purchasers remain beneficial owners of any of the Warrants:

I. (A) each Purchaser is fully authorized by its organizational documents to purchase each relevant series of Warrants, and this Master Purchaser Certificate has been duly executed by one or more persons duly authorized pursuant to such documents, and the purchase of each relevant series of 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 each of the jurisdictions in which the asset underlying each series of Warrants (the "Underlying Assets") are located or securities the value of which is derived by reference to securities in each such jurisdiction;

(C) in respect of each relevant series of Warrants, 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 the Underlying Assets on behalf of each Purchaser independent of its decision to purchase each relevant series of Warrants and, as a result of such decision, has independently initiated with the Morgan Stanley Entities the transaction in each relevant series of 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 each relevant series of Warrants by each Purchaser to the extent it has deemed necessary in order to make its own decision to invest in each relevant series of Warrants, the value of which is derived from the value of the Underlying Assets specified in the relevant Final Terms, and to make its own determination as to the suitability of such an investment;

(E) in respect of each relevant series of Warrants, 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 the Underlying Assets or the relevant series of Warrants;

(F) each Purchaser and the Investment Manager has read the Final Terms applicable to each relevant series of Warrants (each, the relevant **Final Terms**) and the accompanying Base Prospectus dated 15 March 2013, is fully cognisant of and understands the terms of and risks associated with an investment in each relevant series of 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 relevant series of Warrants, and each Purchaser is capable of and willing to assume (financially and otherwise) those risks;

(G) the Investment Manager may seek to purchase additional Warrants of one or more series from time to time on behalf of all or some of the beneficial owners specified in the Schedule to this Master 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 of any series 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 of any series may differ from that for the initial Warrants of any 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 the Underlying Assets of any series of Warrants and that these research reports may or may not recommend that investors buy or hold securities in relation to such Underlying Assets; 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 in respect of each series of Warrants with an Underlying Asset listed on an Indian exchange, each Purchaser is not any of the following persons (each a **Restricted Entity**): (1) a Person Resident in India (as defined in the *Foreign Exchange Management Act, 1999*); (2) a Person of Indian Origin (as defined in the Foreign Exchange Management (Deposit) Regulations 2000 as notified by the Reserve Bank of India (the **Regulations**)); (3) a Non-Resident Indian (as defined in the Regulations); or (4) a legal person that is not regulated by an appropriate foreign regulatory authority as set out in Regulation 15A of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (as amended from time to time). The Investment Manager and each Purchaser represents that neither it nor any person or group of persons who is/are (a) entitled to exercise, or control the exercise of a majority of the voting power of an entity, (b) holds or is otherwise entitled to a majority of the economic interest in an entity, or (c) who in fact exercises control over an entity (“**Controller**”) is a Restricted Entity. Each Purchaser agrees not to offer, sell or deliver at any time, directly or indirectly, any of the Warrants without the prior written consent of the Issuer;

(K) the Investment Manager and each Purchaser further represents and warrants that each Purchaser is either:

- (i) (a) a Qualified Institutional Buyer (**QIB**), as defined in Rule 144A under the United States Securities Act of 1933, as amended (the **Securities Act**), and is a Qualified Purchaser (**QP**), as defined in the United States Investment Company Act of 1940, as amended (the **1940 Act**), and will advise the Issuer and the Guarantor, if for any reason it ceases to be such a QIB or QP as of the issue date of any relevant series of Warrants;
- (b) 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) 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) not formed for the purpose of investing in any relevant series of Warrants or other securities of the Issuer unless each of its beneficial owners is a QIB and QP who was not so formed;
- (e) purchasing each relevant series of 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) to (d) above; and

- (f) understands that none of the Warrants have been nor will be registered under the Securities Act, that the Issuer has not been registered under the 1940 Act and that all 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) 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 relevant series of Warrants in an offshore transaction in compliance with Regulation S;

(L) the Investment Manager and each Purchaser in respect of any 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;

(M) 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.(M) 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.(M), 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.(M) to sell such interest to the Issuer or any entity designated by the Issuer, at the option of the Issuer;

(N) the Investment Manager and each Purchaser understand that the Morgan Stanley Entities may from time to time receive a list of participants holding positions in the Warrants from one or more book-entry depositories; and

(O) Regulatory Compliance with regard to Underlying Assets listed on an Indian exchange.

The Morgan Stanley Entities may be requested to disclose to applicable regulatory authorities, including without limitation the Securities and Exchange Board of India, (a) additional information in respect of the Warrants, and (b) any other information as may be required by law or under any applicable rules or regulations of such regulatory authorities (a **Regulatory Request**), and the Investment Manager and each Purchaser hereby consent to any such disclosure.

Further, the Investment Manager and each Purchaser hereby agree that if a Morgan Stanley Entity determines that it does not have sufficient information to respond fully to a Regulatory Request, the Investment Manager and each Purchaser will, upon request by the Issuer, promptly either (i) provide the Issuer with the requested information, or (ii) having so informed the Issuer, provide the requested information directly to the applicable regulatory authority, and each Purchaser hereby agrees to provide all necessary information promptly to the Investment Manager, so that the Investment Manager is able to discharge its obligations under this certification I.(O).

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 any series of Warrants and any additional Warrants, through and including the date of its disposition of such Warrants either:

(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 non-exempt 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 Section 3(42) of ERISA, 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/Agent (as defined in the Final Terms) 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:

Date:

SCHEDULE

List of specified beneficial owners as amended from time to time to include additional Purchasers and indication of whether such beneficial owner is making the representation in Part I.(K)(i) or (K)(ii), and the representation in Part II. (1) or (2) each as applicable. Please tick as appropriate.

Name of Purchaser	Part I.(K)(i) applicable (QIB/QP)	Part I.(K)(ii) applicable (Reg S)	Part II (1) Applicable (Not a Plan)	Part II (2) Applicable (Is a Plan)

USE OF PROCEEDS

The Issuer will use the net proceeds from the sale of the Warrants for general corporate purposes or for any other purposes described in the applicable Final Terms and, in whole or in part, by the 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. The 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 Final Terms, the Issuer, including through its Affiliates or others, may hedge its anticipated exposure in connection with the Warrants by taking positions in Shares, Units or other securities to which the Warrants are linked, in futures or options contracts related to such Shares, Units 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 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, Units or other securities to which the Warrants are linked and therefore effectively increase the level to which such Shares, Units 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 Issuer has no reason to believe that its hedging activity will have a material impact on the price of Shares, Units or other securities to which the Warrants described in a particular Final Terms are linked, it cannot give any assurance that it will not affect such price as a result of its hedging activities. The Issuer, including through its Affiliates, may modify its hedge position throughout the life of such Warrants by purchasing and selling Shares, Units or other securities to which such Warrants are linked, futures or options contracts related to such Shares, Units 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.

If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

FORM OF THE GUARANTEE

Guarantee, dated on or about 15 March 2013, by Morgan Stanley, a Delaware corporation (the *Guarantor*), in favour of the Warrantheolders (as defined below).

1. Interpretation

For the purposes hereof, the terms *Warrantheolders*, *Warrants* 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 the Agency Agreement dated 15 March 2013 (the *Agency Agreement*) between Morgan Stanley Asia Products Limited (the *Company*), the Guarantor, Morgan Stanley Asia Limited, Morgan Stanley & Co. International plc and J&E Davy.

2. Guarantee

To induce the Warrantheolders to purchase the Warrants, the Guarantor absolutely, unconditionally and irrevocably guarantees to the Warrantheolders, their successors, endorsees and assigns the prompt payment when due of all present and future obligations of the Company to the Warrantheolders under the Warrants (the *Obligations*).

3. Nature of Guarantee

The Guarantor agrees that the Warrantheolders may resort to the Guarantor for payment of any of the Obligations whether or not the Warrantheolders shall have proceeded against the Company with respect to any of the Obligations. The Warrantheolders shall not be obligated to file any claim relating to the Obligations in the event that the Company becomes subject to a bankruptcy, reorganisation or similar proceeding, and the failure of the Warrantheolders 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 to the Warrantheolders in respect of any Obligations is rescinded or must otherwise be returned for any reason whatsoever, the Guarantor shall remain liable hereunder to a Warrantheolder with respect to such Obligations as if such payment, had not been made. The Guarantor reserves the right to (a) set off against any payment owing hereunder to a Warrantheolder any amounts owing by that Warrantheolder to the Company and (b) assert defences which the Company may have to payment of any Obligations other than defences expressly waived hereby.

4. Changes in Obligations and Agreements Relating thereto; Waiver of Certain Notices

The Guarantor agrees that the Warrantheolders 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 or renew any of the Obligations; and
- (b) make any agreement with the Company relating to the Obligations:
 - (i) for the extension, renewal, payment, performance, compromise, discharge or release thereof, in whole or in part; and
 - (ii) for any modification of the terms thereof or of any agreement between the Warrantheolders and the Company,

without in any way impairing or affecting this Guarantee.

The Guarantor waives notice of presentment, demand for performance, notice of dishonour and protest.

5. Expenses

The Guarantor agrees to pay on demand all reasonable out of pocket expenses (including the reasonable fees and expenses of counsel to the Warrantheolders) relating to the successful enforcement or protection of the rights of the Warrantheolders hereunder; provided, that the Guarantor shall not be liable for any

expenses of the Warrantholders if no performance under this Guarantee is due.

6. Subrogation

Upon payment 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 paid by the Company under the Warrants shall have been satisfied in full.

7. 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.

8. Representations and Warranties

The Guarantor hereby represents and warrants that:

- (a) the Guarantor is duly organised, 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 authorised 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;
- (c) all consents, licenses, clearances, authorisations 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.

9. Assignment

The Guarantor may not assign, other than as a result of a merger or the sale of substantially all of the assets of the Guarantor in which the surviving entity assumes the obligations of the Guarantor, its rights, interests and obligations hereunder to any other person (except by operation of law) without the prior written notice to 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.

10. 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 Warrantheolders in a written notice delivered to the Warrantheolders in accordance with the terms and conditions of the Warrants.

11. 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.

12. 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 Warrantheolders 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: Assistant Treasurer

INFORMATION ON THE ISSUER

1. History and Development

The Issuer was incorporated in the Cayman Islands on 15 July 2005 as an exempted company with limited liability, pursuant to the Companies Law (2004 Revision) (as amended from time to time) of the Cayman Islands. There is no limitation on the Issuer's duration. Its registration number is 151867 and its registered office is c/o Maples Corporate Services Limited, PO Box 309, Ugland House, KY1-1104 Grand Cayman, Cayman Islands, telephone number (1 345) 949 8066.

2. Investments

All material assets of the Issuer are obligations of (or securities issued by) one or more Morgan Stanley group companies.

3. Business and Principal Markets

The Issuer's business consists of the issuance of financial instruments, with a primary focus on the Asian markets, and the hedging of obligations relating thereto.

All material assets of the Issuer are obligations of (or securities issued by) one or more Morgan Stanley group companies (for the avoidance or doubt, Morgan Stanley group companies in this context means Morgan Stanley and its subsidiaries and affiliates). The Issuer does not undertake such business on a competitive basis, however as a member of the Morgan Stanley group companies it is indirectly affected by some of the competitive pressures that apply to Morgan Stanley. See section "*Information on the Guarantor*" for further details.

4. Organisational Structure and Major Shareholders

The Issuer has no subsidiaries. It is wholly owned by Morgan Stanley Asia Securities Products LLC. All decisions to issue securities are taken by the board of the Issuer.

5. Recent Developments and Trend Information

The Issuer issues securities and enters hedges in respect of such issues of securities.

6. Management

The directors of the Issuer, their respective business addresses and principal outside activities as at the date hereof are:

Name and Business Address

Principal Outside Activity

Wendy Ng
Level 46
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

*Managing Director, employed in the Tax Division,
Morgan Stanley Asia Limited*

Edward Sisterson
Level 46
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

*Managing Director, employed in the Institutional
Equities Division,
Morgan Stanley Asia Limited*

Young Lee
Level 46
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

*Executive Director, employed in the Institutional
Equities Division,
Morgan Stanley Asia Limited*

David P. Clatworthy
Level 46
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

*Managing Director, employed in the Institutional
Equities Division,
Morgan Stanley Asia Limited*

Save for the interests referred to above under the heading “*Management*”, the Issuer is not aware of any existing or potential conflicts of interest between any duties owed to the Issuer by its management (as described above) and the private interests and/or other external duties owed by these individuals.

7. Board Practice

The Issuer considers itself to be in compliance with all Cayman Islands laws relating to corporate governance that are applicable to it.

As of the date of this Base Prospectus, the Issuer does not have an audit committee.

8. Financial Information

The Issuer’s Report and Financial Statements for the fiscal year ended 31 December 2010 and the Issuer’s Report and Financial Statements for the fiscal year ended 31 December 2011 which are filed with the Central Bank of Ireland under Directive 2003/71/EC, shall be deemed to be incorporated in, and to form part of, this Base Prospectus in accordance with the Prospectus Regulations.

9. Share Capital and Memorandum and Articles of Association

The authorised share capital of the Issuer is US\$50,000 divided into 50,000 shares of a par value of US\$1 each, of which 1 share has been issued and fully paid.

Under the Memorandum and Articles of Association of the Issuer, Clause 3 in the Memorandum of Association provides that the objects for which the Issuer is established are unrestricted and the Issuer shall have full power and authority to carry out any object not prohibited by the Companies Law (2004 Revision) (as amended from time to time) or as the same may be revised from time to time, or any other law of the Cayman Islands.

INFORMATION ON THE GUARANTOR

The Guarantor is a global financial services firm that, through its subsidiaries and affiliates, provides its products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. The Guarantor was originally incorporated under the laws of the State of Delaware on 1 October 1981, and its predecessor companies date back to 1924. Morgan Stanley is a financial holding company regulated by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, as amended. 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 at The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, U.S.A., registration number 0923632.

Morgan Stanley conducts its business from its headquarters in and around 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 centers. At December 31, 2012, Morgan Stanley had 57,061 employees worldwide. Unless the context otherwise requires, the terms "Morgan Stanley," the "Company," "we", "us" and "our" mean Morgan Stanley and its consolidated subsidiaries.

Morgan Stanley (the "**Company**"), a financial holding company, is a global financial services firm that maintains significant market positions in each of its business segments – Institutional Securities, Global Wealth Management Group and Asset Management. A summary of the activities of each of the Company's business segments is as follows:

- *Institutional Securities* provides financial advisory and capital raising services, including advice on mergers and acquisitions, restructurings, real estate and project finance; corporate lending; sales, trading, financing and market-making activities in equity and fixed income securities and related products, including foreign exchange and commodities; and investment activities.
- *Global Wealth Management Group*, which includes the Company's 65% interest in Morgan Stanley Smith Barney Holdings LLC, provides brokerage and investment advisory services to individual investors and small-to-medium sized businesses and institutions covering various investment alternatives; financial and wealth planning services; annuity and other insurance products; credit and other lending products; cash management services; retirement services; and trust and fiduciary services and engages in fixed income principal trading, which primarily facilitates clients' trading or investments on such securities.
- *Asset Management* provides a broad array of investment strategies that span the risk/return spectrum across geographies, asset classes and public and private markets to a diverse group of clients across the institutional and intermediary channels as well as high net worth clients.

As of 1 March 2013, the Guarantor's Board of Directors consists of the individuals listed below.

Roy J. Bostock. Chairman of The Partnership for a Drug-Free America (since 2002 to 2010). Chairman of the Committee for Economic Development (2002 to 2005). Chairman of B|Com3 Group, Inc., an advertising and marketing services firm that is now part of the Publicis Groupe S.A. (2000 to 2001). Chairman and Chief Executive Officer of D'Arcy, Masius Benton & Bowles (1990 to 2000).

Director since: 2005

Other directorships: Delta Air Lines, Inc.

Erskine B. Bowles. Co-Chair of the National Commission on Fiscal Responsibility and Reform (2010). Senior advisor (since 2001) and Managing Director (1999 to 2001) of Carousel Capital LLC, a private investment firm. Partner at the private investment firm of Forstmann Little & Co. (1999 to 2001). White House Chief of Staff (1996 to 1998).

Director since: 2005

Other directorships: Belk Inc., Facebook, Inc. and Norfolk Southern Corporation

Sir Howard J. Davies. Professor at SciencesPo. Director of the London School of Economics and Political Science (2003 to 2011). Chairman of the UK Financial Services Authority (1997 to 2003).

Deputy Governor of the Bank of England (1995 to 1997).

Director since: 2004

Other directorships: Prudential plc and Phoenix Group Holdings (non-executive Chairman)

James P. Gorman. Chairman of the Board (since 2012). President and Chief Executive Officer (since 2010). Chairman of Morgan Stanley Wealth Management. Co-President (2007 to 2009), Co-Head of Strategic Planning (2007 to 2009) and President and Chief Operating Officer of the Global Wealth Management Group (2006 to 2008) of Morgan Stanley. Chief Marketing Officer, Head of Corporate Acquisitions Strategy and Research (2005-2008) and President of the Global Private Client business (2002 to 2005) of Merrill Lynch & Co., Inc.

Director since: 2010

Robert H. Herz. Chairman of the Financial Accounting Standards Board from 2002 to 2010. President of Robert H. Herz LLC, providing consulting services on financial reporting matters. Serves on the Accounting Standards Oversight Council of Canada. Member of the Standing Advisory Group of the Public Company Accounting Oversight Board. Partner with PricewaterhouseCoopers LLP (1985 to 2002). Member of the advisory boards of WebFilings LLC, AccountAbility and the Manchester Business School in England.

Director since: 2012

Other directorships: Federal National Mortgage Association (Fannie Mae)

C. Robert Kidder. Chairman and CEO, 3Stone Advisors LLC, a private investment firm (2006 to 2011). Chairman of Board of Chrysler Group LLC (2009 to 2011). Principal, Stonehenge Partners, Inc., a private investment firm (2004 to 2006). President (2001 to 2003) of Borden Capital, Inc., a company that provided financial and strategic advice to the Borden family of companies. Chairman of the Board (1995 to 2004) and Chief Executive Officer (1995 to 2002) of Borden Chemical, Inc. (formerly Borden, Inc.), a forest products and industrial chemicals company.

Director since: 1993

Other directorships: Merck & Co. Inc.

Klaus Kleinfeld. Chairman and CEO of Alcoa Inc since 2010. President and CEO (2008 to 2010) and President and Chief Operating Officer (2007 to 2008) of Alcoa. Siemens AG, from CEO and President (2005 to 2007), a member of the Managing Board (2004 to 2007), and as President and Chief Executive Officer (2002 to 2004) and Executive Vice President and Chief Operating Officer in 2001 of Siemens AG's principal U.S. subsidiary, Siemens Corporation.

Director since: 2012

Other directorships: Bayer AG (Supervisory Board)

Donald T. Nicolaisen. Chief Accountant, Securities and Exchange Commission (2003 to 2005). Partner (1978 to 2003) of PricewaterhouseCoopers, an accounting firm.

Director since: 2006

Other directorships: MGIC Investment Corporation, Verizon Communications Inc. and Zurich Financial Services

Hutham S. Olayan. Senior Executive and director of The Olayan Group, a private, multinational enterprise (since 1981). President and Chief Executive Officer of The Olayan Group's U.S. operations (since 1985). Principal and director of The Olayan Group.

Director since: 2006

James W. Owens. Chairman and CEO, Caterpillar Inc. (2004 to 2010). Member of President Obama's Economic Recovery Advisory Board (2009 to 2011). Director, Peterson Institute for International Economics.

Director since: 2011

Other directorships: Alcoa Inc. and International Business Machines Corporation

O. Griffith Sexton. Advisory director of Morgan Stanley (1995 to 2008). Adjunct professor at Columbia Business School (since 1995) and visiting lecturer at Princeton University (since 2000).

Director since: 2005

Other directorships: Investor AB

Ryosuke Tamakoshi. Senior advisor of the Bank of Tokyo-Mitsubishi UFJ, Ltd (since 2010). Chairman of Mitsubishi UFJ Financial Group, Inc (2005 to 2010). Deputy Chairman of the Bank of Tokyo-Mitsubishi UFJ, Ltd. (2006 to 2008).

Director since: 2011

Masaaki Tanaka. Representative Director and Deputy President of Mitsubishi UFJ Financial Group, Inc. Senior Managing Executive Officer and Chief Executive Officer for the Americas of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (2012). Resident Managing Officer for the United States for MUFG (2011 to 2012).

Director since: 2011

Dr. Laura D. Tyson. S.K. and Angela Chan Professor of Global Management, Walter A. Haas School of Business, University of California at Berkeley (since 2007). She was Dean of the London Business School (2002 to 2006). National Economic Advisor to the President and Chair of the President's National Economic Council (1995 to 1996). Served on the President's Economic Recovery Advisory Board (2009 to 2011) and was appointed in 2011 to President's Council on Jobs and Competitiveness.

Director since: 1997

Other directorships: Silver Spring Networks, Inc., CBRE Group, Inc. and AT&T Inc.

C. Robert Kidder is the Lead Director of the Guarantor's Board of Directors. The Guarantor's Audit Committee is composed of Donald T. Nicolaisen (Chair), Sir Howard J. Davies, Robert H. Herz and O. Griffith Sexton. The Guarantor's Compensation, Management Development and Succession Committee is composed of Erskine B. Bowles (Chair), C. Robert Kidder, Donald T. Nicolaisen and Hutham S. Olayan. The Guarantor's Nominating and Governance Committee is composed of James W. Owens (Chair), Roy J. Bostock, C. Robert Kidder and Klaus Kleinfeld. The Guarantor's Risk Committee is composed of Sir Howard J. Davies (Chair), Roy J. Bostock, James W. Owens, Jr., Masaaki Tanaka and Dr. Laura D. Tyson. The Guarantor's Operations and Technology Committee is comprised of Donald T. Nicolaisen (Chair), Howard J. Davies, O. Griffith Sexton and Ryosuke Tamakoshi.

Morgan Stanley's principal executive offices are 1585 Broadway, New York, New York 10036, U.S.A. The Executive Vice Chairman and Chief Legal Officer of the Company is Eric F. Grossman. The Secretary of the Company is Martin M. Cohen.

The relevant section in the Registration Document referred to in the section headed "*Documents Incorporated by Reference*" on page 27 in this Base Prospectus is deemed to be incorporated in, and to form part of, this Base Prospectus as amended by this section and as modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any subsequent document which is deemed to be incorporated by reference or set out in full herein modifies or supersedes that section (whether expressly, by implication or otherwise).

Legal Proceedings of the Guarantor

The information in this section has been excerpted from Morgan Stanley's Form 10-K. References in this section to "the Company" mean Morgan Stanley and its consolidated subsidiaries.

In addition to the matters described below, in the normal course of business, the Company has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the entities that would otherwise be the primary defendants in such cases are bankrupt or in financial distress.

The Company is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding the Company's business, and involving, among other matters, accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief.

The Company contests liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the consolidated financial statements and the Company can reasonably estimate the amount of that loss, the Company accrues the estimated loss by a charge to income.

In many proceedings, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. The Company cannot predict with certainty if, how or when such proceedings will be resolved or what the eventual settlement, fine, penalty or other relief, if any, may be, particularly for proceedings that are in their early stages of development or where plaintiffs seek substantial or indeterminate damages. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters, determination of issues related to class certification and the calculation of damages, and by addressing novel or unsettled legal questions relevant to the proceedings in question, before a loss or additional loss or range of loss or additional loss can be reasonably estimated for any proceeding. Subject to the foregoing, the Company believes, based on current knowledge and after consultation with counsel, that the outcome of such proceedings will not have a material adverse effect on the consolidated financial condition of the Company, although the outcome of such proceedings could be material to the Company's operating results and cash flows for a particular period depending on, among other things, the level of the Company's revenues or income for such period.

Over the last several years, the level of litigation and investigatory activity focused on residential mortgage and credit crisis related matters has increased materially in the financial services industry. As a result, the Company expects that it may become the subject of increased claims for damages and other relief regarding residential mortgages and related securities in the future and, while the Company has identified below certain proceedings that the Company believes to be material, individually or collectively, there can be no assurance that additional material losses will not be incurred from residential mortgage claims that have not yet been notified to the Company or are not yet determined to be material.

Residential Mortgage and Credit Crisis Related Matters.

Regulatory and Governmental Matters. The Company is responding to subpoenas and requests for information from certain regulatory and governmental entities concerning the origination, financing, purchase, securitization and servicing of subprime and non-subprime residential mortgages and related matters such as residential mortgage backed securities ("RMBS"), collateralized debt obligations ("CDOs"), structured investment vehicles ("SIVs") and credit default swaps backed by or referencing mortgage pass-through certificates. These matters include, but are not limited to, investigations related to the Company's due diligence on the loans that it purchased for securitization, the Company's communications with ratings agencies, the Company's disclosures to investors, and the Company's handling of servicing and foreclosure related issues.

Class Actions. Beginning in December 2007, several purported class action complaints were filed in the United States District Court for the Southern District of New York (the "SDNY") asserting claims on behalf of participants in the Company's 401(k) plan and employee stock ownership plan against the Company and other parties, including certain present and former directors and officers, under the Employee Retirement Income Security Act of 1974 ("ERISA"). In February 2008, these actions were consolidated in a single proceeding, styled *In re Morgan Stanley ERISA Litigation*. The consolidated complaint relates in large part to the Company's subprime and other mortgage related losses, but also includes allegations regarding the Company's disclosures, internal controls, accounting and other matters. The consolidated complaint alleges, among other things, that the Company's common stock was not a prudent investment and that risks associated with its common stock and its financial condition were not adequately disclosed. Plaintiffs are seeking, among other relief, class certification, unspecified compensatory damages, costs, interest and fees. On March 26, 2012, defendants filed a renewed motion to dismiss the complaint.

On March 16, 2011, a purported class action, styled *Coulter v. Morgan Stanley & Co. Incorporated et al.*, was filed in the SDNY asserting claims on behalf of participants in the Company's 401(k) plan and employee stock ownership plan against the Company and certain current and former officers and directors for breach of fiduciary duties under ERISA. The complaint alleges, among other things, that defendants knew or should have known that from January 2, 2008 to December 31, 2008, the plans' investment in Company stock was imprudent given the extraordinary risks faced by the Company and its

common stock during that period. Plaintiffs are seeking, among other relief, class certification, unspecified compensatory damages, costs, interest and fees. On July 20, 2011, plaintiffs filed an amended complaint and on October 28, 2011, defendants filed a motion to dismiss the amended complaint.

On February 12, 2008, a purported class action, styled *Joel Stratte-McClure, et al. v. Morgan Stanley, et al.*, was filed in the SDNY against the Company and certain present and former executives asserting claims on behalf of a purported class of persons and entities who purchased shares of the Company's common stock during the period June 20, 2007 to December 19, 2007 and who suffered damages as a result of such purchases. The allegations in the amended complaint related in large part to the Company's subprime and other mortgage related losses, but also included allegations regarding the Company's disclosures, internal controls, accounting and other matters. On August 8, 2011, defendants filed a motion to dismiss the second amended complaint, which was granted on January 18, 2013. On February 14, 2013, the plaintiffs filed a notice of appeal in the United States Court of Appeals for the Second Circuit (the "Second Circuit").

On May 7, 2009, the Company was named as a defendant in a purported class action lawsuit brought under Sections 11, 12 and 15 of the Securities Act of 1933, as amended (the "Securities Act"), which is now styled *In re Morgan Stanley Mortgage Pass-Through Certificate Litigation* and is pending in the SDNY. The third amended complaint, filed on September 30, 2011, alleges, among other things, that the registration statements and offering documents related to the offerings of certain mortgage pass-through certificates in 2006 contained false and misleading information concerning the pools of residential loans that backed these securitizations. The plaintiffs seek, among other relief, class certification, unspecified compensatory and rescissory damages, costs, interest and fees. On January 11, 2013, the court granted plaintiffs' motion for reconsideration which sought to expand the offerings at issue in the litigation based on recent precedent from the Second Circuit. On January 31, 2013, plaintiffs filed a fourth amended complaint, in which they purport to represent investors who purchased approximately \$7.82 billion in mortgage pass-through certificates issued in 2006 by 14 trusts.

Beginning in 2007, the Company was named as a defendant in several putative class action lawsuits brought under Sections 11 and 12 of the Securities Act, related to its role as a member of the syndicates that underwrote offerings of securities and mortgage pass-through certificates for certain non-Morgan Stanley related entities that have been exposed to subprime and other mortgage-related losses. The plaintiffs in these actions allege, among other things, that the registration statements and offering documents for the offerings at issue contained material misstatements or omissions related to the extent to which the issuers were exposed to subprime and other mortgage-related risks and other matters and seek various forms of relief including class certification, unspecified compensatory and rescissory damages, costs, interest and fees. The Company's exposure to potential losses in these cases may be impacted by various factors including, among other things, the financial condition of the entities that issued or sponsored the securities and mortgage pass-through certificates at issue, the principal amount of the offerings underwritten by the Company, the financial condition of co-defendants and the willingness and ability of the issuers (or their affiliates) to indemnify the underwriter defendants. Some of these cases, including *In re: Lehman Brothers Equity/Debt Securities Litigation* and *In re IndyMac Mortgage-Backed Securities Litigation*, relate to issuers or sponsors (or their affiliates) that have filed for bankruptcy or have been placed into receivership.

In re: Lehman Brothers Equity/Debt Securities Litigation is pending in the SDNY and relates to several offerings of debt and equity securities issued by Lehman Brothers Holdings Inc. during 2007 and 2008. The Company underwrote approximately \$232 million of the principal amount of the offerings at issue. A group of underwriter defendants, including the Company, settled the main litigation on December 2, 2012. The underwriter defendants, including the Company, continue to defend claims by investors who opted out of the settlement or who purchased securities not covered by the settlement.

In re IndyMac Mortgage-Backed Securities Litigation is pending in the SDNY and relates to offerings of mortgage pass-through certificates issued by seven trusts sponsored by affiliates of IndyMac Bancorp during 2006 and 2007. On June 21, 2010, the court granted in part and denied in part the underwriter defendants' motion to dismiss the amended consolidated class action complaint. The Company underwrote approximately \$46 million of the principal amount of the offerings currently at issue. In July 2011, certain putative additional plaintiffs appealed the court's June 2011 order denying the motion to add them as additional plaintiffs as to the Company. The Company is opposing the appeals. On August 17,

2012, the court granted class certification. On October 12, 2012, the plaintiffs filed a motion seeking to expand the offerings at issue in the litigation, relying on recent precedent from the Second Circuit. Defendants have opposed the motion. If the motion is granted and the offerings are included in the class that is certified, the principal amount of the offerings underwritten by the Company at issue in the litigation will be approximately \$1.68 billion.

Luther, et al. v. Countrywide Financial Corporation, et al., pending in the Superior Court of the State of California, was filed on November 14, 2007 and involves claims related to the Company's role as an underwriter of various residential mortgage backed securities offerings issued by affiliates of Countrywide Financial Corporation. The amended complaint includes allegations that the registration statements and the offering documents contained false and misleading statements about the residential mortgage loans backing the securities. The Company underwrote approximately \$6.3 billion of the principal amount of the offerings at issue. On December 19, 2011, defendants moved to dismiss the complaint. In February 2012, defendants moved to stay the case pending resolution of a securities class action brought by the same plaintiffs, styled *Maine State Retirement System v. Countrywide Financial Corporation, et al.*, in the United States District Court for the Central District of California. In June 2012, the defendants removed the case to the United States District Court for the Central District of California. The motion to remand the matter was denied in August 2012.

Other Litigation. On August 25, 2008, the Company and two ratings agencies were named as defendants in a purported class action related to securities issued by a SIV called Cheyne Finance PLC and Cheyne Finance LLC (together, the "Cheyne SIV"). The case is styled *Abu Dhabi Commercial Bank, et al. v. Morgan Stanley & Co. Inc., et al.* and is pending in the SDNY. The complaint alleges, among other things, that the ratings assigned to the securities issued by the SIV were false and misleading, including because the ratings did not accurately reflect the risks associated with the subprime RMBS held by the SIV. The plaintiffs currently assert allegations of aiding and abetting fraud and negligent misrepresentation relating to approximately \$852 million of securities issued by the Cheyne SIV. The plaintiffs' motion for class certification was denied in June 2010. The court denied the Company's motion for summary judgment on the aiding and abetting fraud claim in August 2012. The Company's motion for summary judgment on the negligent misrepresentation claim, filed on November 30, 2012, is pending. The court has set a trial date of May 6, 2013. There are currently 14 named plaintiffs in the action claiming damages of approximately \$638 million, as well as punitive damages.

On December 14, 2009, Central Mortgage Company ("CMC") filed a complaint against the Company, in a matter styled *Central Mortgage Company v. Morgan Stanley Mortgage Capital Holdings LLC*, pending in the Court of Chancery of the State of Delaware. The complaint alleged that that Morgan Stanley Mortgage Capital Holdings LLC improperly refused to repurchase certain mortgage loans that CMC, as servicer, was required to repurchase from the Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Federal National Mortgage Association ("Fannie Mae"). On November 4, 2011, CMC filed an amended complaint adding claims related to its purchase of servicing rights in connection with approximately \$4.1 billion of residential loans deposited into RMBS trusts sponsored by the Company. The amended complaint asserts claims for breach of contract, quasi-contract, equitable and tort claims and seeks compensatory damages and equitable remedies, including rescission, injunctive relief, damages, restitution and disgorgement. On August 7, 2012, the court granted in part the Company's motion to dismiss the amended complaint.

On December 23, 2009, the Federal Home Loan Bank of Seattle filed a complaint against the Company and another defendant in the Superior Court of the State of Washington, styled *Federal Home Loan Bank of Seattle v. Morgan Stanley & Co. Inc., et al.* The amended complaint, filed on September 28, 2010, alleges that defendants made untrue statements and material omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sold to plaintiff by the Company was approximately \$233 million. The complaint raises claims under the Washington State Securities Act and seeks, among other things, to rescind the plaintiff's purchase of such certificates. On October 18, 2010, defendants filed a motion to dismiss the action. By orders dated June 23, 2011 and July 18, 2011, the court denied defendants' omnibus motion to dismiss plaintiff's amended complaint and on August 15, 2011, the court denied the Company's individual motion to dismiss the amended complaint.

On March 15, 2010, the Federal Home Loan Bank of San Francisco filed two complaints against the Company and other defendants in the Superior Court of the State of California. These actions are styled

Federal Home Loan Bank of San Francisco v. Credit Suisse Securities (USA) LLC, et al., and Federal Home Loan Bank of San Francisco v. Deutsche Bank Securities Inc. et al., respectively. Amended complaints were filed on June 10, 2010. The amended complaints allege that defendants made untrue statements and material omissions in connection with the sale to plaintiff of a number of mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The amount of certificates allegedly sold to plaintiff by the Company in these cases was approximately \$704 million and \$276 million, respectively. The complaints raise claims under both the federal securities laws and California law and seek, among other things, to rescind the plaintiff's purchase of such certificates. On July 29, 2011 and September 8, 2011, the court presiding over both actions sustained defendants' demurrers with respect to claims brought under the Securities Act, and overruled defendants' demurrers with respect to all other claims.

On June 10, 2010, the Company was named as a new defendant in a pre-existing action related to securities issued by a SIV called Rhinebridge PLC and Rhinebridge LLC (together, the "Rhinebridge SIV"). The case is styled *King County, Washington, et al. v. IKB Deutsche Industriebank AG, et al.* and is pending in the SDNY before the same judge presiding over the litigation concerning the Cheyne SIV, described above. The complaint alleges, among other things, that the ratings assigned to the securities issued by the SIV were false and misleading, including because the ratings did not accurately reflect the risks associated with the subprime RMBS held by the SIV. The court dismissed plaintiffs' claims for breach of fiduciary duty and negligence on May 4, 2012. On September 7, 2012, the Company moved for summary judgment with respect to the remaining claims for fraud, negligent misrepresentation and aiding and abetting fraud. On January 3, 2013, the court granted the motion for summary judgment with respect to the fraud and negligent misrepresentation claims and denied it with respect to the aiding and abetting fraud claim. The two named plaintiffs claim approximately \$65 million in lost principal and interest, as well as punitive damages.

On July 9, 2010 and February 11, 2011, Cambridge Place Investment Management Inc. filed two separate complaints against the Company and other defendants in the Superior Court of the Commonwealth of Massachusetts, both styled *Cambridge Place Investment Management Inc. v. Morgan Stanley & Co., Inc., et al.* The complaints assert claims on behalf of certain clients of plaintiff's affiliates and allege that defendants made untrue statements and material omissions in the sale of a number of mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by the Company or sold to plaintiff's affiliates' clients by the Company in the two matters was approximately \$344 million. The complaints raise claims under the Massachusetts Uniform Securities Act and seek, among other things, to rescind the plaintiff's purchase of such certificates. On October 14, 2011, plaintiffs filed an amended complaint in each action. On November 22, 2011, defendants filed a motion to dismiss the amended complaints. On March 12, 2012, the court denied defendants' motion to dismiss with respect to plaintiff's standing to bring suit. Defendants sought interlocutory appeal from that decision on April 11, 2012. On April 26, 2012, defendants filed a second motion to dismiss for failure to state a claim upon which relief can be granted, which the court denied, in substantial part, on October 2, 2012.

On July 15, 2010, The Charles Schwab Corp. filed a complaint against the Company and other defendants in the Superior Court of the State of California, styled *The Charles Schwab Corp. v. BNP Paribas Securities Corp., et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to one of plaintiff's subsidiaries of a number of mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sold to plaintiff's subsidiary by the Company was approximately \$180 million. The complaint raises claims under both the federal securities laws and California law and seeks, among other things, to rescind the plaintiff's purchase of such certificates. Plaintiff filed an amended complaint on August 2, 2010. On September 22, 2011, defendants filed demurrers to the amended complaint. On October 13, 2011, plaintiff voluntarily dismissed its claims brought under the Securities Act. On January 27, 2012, the court, in a ruling from the bench, substantially overruled defendants' demurrers. On March 5, 2012, the plaintiff filed a second amended complaint. On April 10, 2012, the Company filed a demurrer to certain causes of action in the second amended complaint, which the court overruled on July 24, 2012.

On July 15, 2010, China Development Industrial Bank ("CDIB") filed a complaint against the Company, which is styled *China Development Industrial Bank v. Morgan Stanley & Co. Incorporated* and is pending in the Supreme Court of the State of New York, New York County ("Supreme Court of NY, NY

County”). The Complaint relates to a \$275 million credit default swap referencing the super senior portion of the STACK 2006-1 CDO. The complaint asserts claims for common law fraud, fraudulent inducement and fraudulent concealment and alleges that the Company misrepresented the risks of the STACK 2006-1 CDO to CDIB, and that the Company knew that the assets backing the CDO were of poor quality when it entered into the credit default swap with CDIB. The complaint seeks compensatory damages related to the approximately \$228 million that CDIB alleges it has already lost under the credit default swap, rescission of CDIB’s obligation to pay an additional \$12 million, punitive damages, equitable relief, fees and costs. On September 30, 2010, the Company filed a motion to dismiss the complaint. On February 28, 2011, the Court denied the Company’s motion to dismiss the complaint. On July 7, 2011, the appellate court affirmed the lower court’s decision denying the Company’s motion to dismiss.

On October 15, 2010, the Federal Home Loan Bank of Chicago filed two complaints against the Company and other defendants. One was filed in the Circuit Court of the State of Illinois styled *Federal Home Loan Bank of Chicago v. Bank of America Funding Corporation et al.* The other was filed in the Superior Court of the State of California, styled *Federal Home Loan Bank of Chicago v. Bank of America Securities LLC, et al.* The complaints allege that defendants made untrue statements and material omissions in the sale to plaintiff of a number of mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sold to plaintiff by the Company in the two actions was approximately \$203 million and \$75 million respectively. The complaint filed in Illinois raises claims under Illinois law. The complaint filed in California raises claims under the federal securities laws, Illinois law and California law. Both complaints seek, among other things, to rescind the plaintiff’s purchase of such certificates. On March 24, 2011, the court presiding over *Federal Home Loan Bank of Chicago v. Bank of America Funding Corporation et al.* granted plaintiff leave to file an amended complaint. On May 27, 2011, defendants filed a motion to dismiss the amended complaint, which motion was denied on September 19, 2012. The Company filed its answer on December 21, 2012. On September 15, 2011, plaintiff filed an amended complaint in *Federal Home Loan Bank of Chicago v. Bank of America Securities LLC, et al.* On December 1, 2011, defendants filed a demurrer to the amended complaint on statute of limitations and statute of repose grounds, which demurrer was overruled on June 28, 2012. On August 31, 2012, defendants filed demurrers on the merits of the complaint.

On April 20, 2011, the Federal Home Loan Bank of Boston filed a complaint against the Company and other defendants in the Superior Court of the Commonwealth of Massachusetts styled *Federal Home Loan Bank of Boston v. Ally Financial, Inc. F/K/A GMAC LLC et al.* An amended complaint was filed on June 19, 2012 and alleges that defendants made untrue statements and material omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by the Company or sold to plaintiff by the Company was approximately \$550 million. The amended complaint raises claims under the Massachusetts Uniform Securities Act, the Massachusetts consumer protection act and common law and seeks, among other things, to rescind the plaintiff’s purchase of such certificates. On May 26, 2011, defendants removed the case to the United States District Court for the District of Massachusetts. On October 11, 2012, defendants filed motions to dismiss the amended complaint.

On July 5, 2011, Allstate Insurance Company and certain of its affiliated entities filed a complaint against the Company in the Supreme Court of NY, NY County styled *Allstate Insurance Company, et al. v. Morgan Stanley, et al.* An amended complaint was filed on September 9, 2011 and alleges that defendants made untrue statements and material omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued and/or sold to plaintiffs by the Company was approximately \$104 million. The complaint raises common law claims of fraud, fraudulent inducement, aiding and abetting fraud and negligent misrepresentation and seeks, among other things, compensatory and/or rescissory damages associated with plaintiffs’ purchases of such certificates. On October 14, 2011, defendants filed a motion to dismiss the amended complaint.

On July 18, 2011, the Western and Southern Life Insurance Company and certain affiliated companies filed a complaint against the Company and other defendants in the Court of Common Pleas in Ohio, styled *Western and Southern Life Insurance Company, et al. v. Morgan Stanley Mortgage Capital Inc., et al.* An amended complaint was filed on April 2, 2012 and alleges that defendants made untrue statements and material omissions in the sale to plaintiffs of certain mortgage pass-through certificates backed by

securitization trusts containing residential mortgage loans. The amount of the certificates allegedly sold to plaintiffs by the Company was approximately \$153 million. The amended complaint raises claims under the Ohio Securities Act, federal securities laws, and common law and seeks, among other things, to rescind the plaintiffs' purchases of such certificates. On May 21, 2012, the Company filed a motion to dismiss the amended complaint, which motion was denied on August 3, 2012. Trial is currently scheduled to begin in November 2013.

On September 2, 2011, the Federal Housing Finance Agency ("FHFA"), as conservator for Fannie Mae and Freddie Mac, filed 17 complaints against numerous financial services companies, including the Company. A complaint against the Company and other defendants was filed in the Supreme Court of NY, NY County, styled *Federal Housing Finance Agency, as Conservator v. Morgan Stanley et al.* The complaint alleges that defendants made untrue statements and material omissions in connection with the sale to Fannie Mae and Freddie Mac of residential mortgage pass-through certificates with an original unpaid balance of approximately \$11 billion. The complaint raises claims under federal and state securities laws and common law and seeks, among other things, rescission and compensatory and punitive damages. On September 26, 2011, defendants removed the action to the SDNY and on October 26, 2011, the FHFA moved to remand the action back to the Supreme Court of NY, NY County. On May 11, 2012, plaintiff withdrew its motion to remand. On July 13, 2012, the Company filed a motion to dismiss the complaint, which motion was denied in large part on November 19, 2012. Trial is currently scheduled to begin in January 2015.

On September 2, 2011, the FHFA, as conservator for Freddie Mac, also filed a complaint against the Company and other defendants in the Supreme Court of NY, NY County, styled *Federal Housing Finance Agency, as Conservator v. General Electric Company et al.* The complaint alleged that defendants made untrue statements and material omissions in connection with the sale to Freddie Mac of residential mortgage pass-through certificates with an original unpaid balance of approximately \$549 million. The complaint raised claims under federal and state securities laws and common law and sought, among other things, rescission and compensatory and punitive damages. On October 6, 2011, defendants removed the action to the SDNY. On January 22, 2013, the plaintiff voluntarily dismissed the action with prejudice as to all defendants.

On November 4, 2011, the Federal Deposit Insurance Corporation ("FDIC"), as receiver for Franklin Bank S.S.B, filed two complaints against the Company in the District Court of the State of Texas. Each was styled *Federal Deposit Insurance Corporation, as Receiver for Franklin Bank S.S.B v. Morgan Stanley & Company LLC F/K/A Morgan Stanley & Co. Inc.* and alleged that the Company made untrue statements and material omissions in connection with the sale to plaintiff of mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The amount of certificates allegedly underwritten and sold to plaintiff by the Company in these cases was approximately \$67 million and \$35 million, respectively. The complaints each raised claims under both federal securities law and the Texas Securities Act and each seeks, among other things, compensatory damages associated with plaintiff's purchase of such certificates. On March 20, 2012, the Company filed answers to the complaints in both cases. On June 13, 2012, the Company removed the cases to the United States District Court for the Southern District of Texas. On June 21, 2012, the Company moved to transfer the action to the SDNY. On November 27, 2012, the court granted the plaintiff's motion to remand the action to Texas state court and denied the Company's motion to transfer the case to New York. On January 10, 2013, the Company filed a motion for summary judgment and special exceptions with respect to plaintiff's claims. On February 6, 2013, the FDIC filed an amended consolidated complaint.

On January 20, 2012, Sealink Funding Limited filed a complaint against the Company in the Supreme Court of NY, NY County, styled *Sealink Funding Limited v. Morgan Stanley, et al.* Plaintiff purports to be the assignee of claims of certain special purpose vehicles ("SPVs") formerly sponsored by SachsenLB Europe. An amended complaint was filed on May 21, 2012 and alleges that defendants made untrue statements and material omissions in the sale to the SPVs of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by the Company and/or sold by the Company was approximately \$507 million. The amended complaint raises common law claims of fraud, fraudulent inducement, and aiding and abetting fraud and seeks, among other things, compensatory and/or rescissionary damages as well as punitive damages associated with plaintiffs' purchases of such certificates. On September 7, 2012, the Company filed a motion to dismiss the amended complaint.

On January 25, 2012, Dexia SA/NV and certain of its affiliated entities filed a complaint against the Company in the Supreme Court of NY, NY County styled *Dexia SA/NV et al. v. Morgan Stanley, et al.* An amended complaint was filed on May 24, 2012 and alleges that defendants made untrue statements and material omissions in the sale to plaintiffs of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by the Company and/or sold to plaintiffs by the Company was approximately \$626 million. The amended complaint raises common law claims of fraud, fraudulent inducement, and aiding and abetting fraud and seeks, among other things, compensatory and/or rescissory damages as well as punitive damages associated with plaintiffs' purchases of such certificates. On August 10, 2012, the Company filed a motion to dismiss the amended complaint.

On January 25, 2012, Bayerische Landesbank, New York Branch filed a complaint against the Company in the Supreme Court of NY, NY County styled *Bayerische Landesbank, New York Branch v. Morgan Stanley, et al.* An amended complaint was filed on May 24, 2012 and alleges that defendants made untrue statements and material omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by the Company and/or sold to plaintiff by the Company was approximately \$411 million. The amended complaint raises common law claims of fraud, fraudulent inducement, and aiding and abetting fraud and seeks, among other things, compensatory and/or rescissory damages as well as punitive damages associated with plaintiffs' purchases of such certificates. On July 27, 2012, the Company filed a motion to dismiss the amended complaint.

On April 25, 2012, The Prudential Insurance Company of America and certain affiliates filed a complaint against the Company and certain affiliates in the Superior Court of the State of New Jersey styled *The Prudential Insurance Company of America, et al. v. Morgan Stanley, et al.* The complaint alleges that defendants made untrue statements and material omissions in connection with the sale to plaintiffs of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by the Company is approximately \$1 billion. The complaint raises claims under the New Jersey Uniform Securities Law, as well as common law claims of negligent misrepresentation, fraud and tortious interference with contract and seeks, among other things, compensatory damages, punitive damages, rescission and rescissory damages associated with plaintiffs' purchases of such certificates. On October 16, 2012, plaintiffs filed an amended complaint which, among other things, increases the total amount of the certificates at issue by approximately \$80 million, adds causes of action for fraudulent inducement, equitable fraud, aiding and abetting fraud, and violations of the New Jersey RICO statute, and includes a claim for treble damages. On January 23, 2013, defendants filed a motion to dismiss the amended complaint.

On April 25, 2012, Metropolitan Life Insurance Company and certain affiliates filed a complaint against the Company and certain affiliates in the Supreme Court of NY, NY County styled *Metropolitan Life Insurance Company, et al. v. Morgan Stanley, et al.* An amended complaint was filed on June 29, 2012 and alleges that defendants made untrue statements and material omissions in the sale to plaintiffs of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by the Company was approximately \$758 million. The amended complaint raises common law claims of fraud, fraudulent inducement, and aiding and abetting fraud and seeks, among other things, rescission, compensatory and/or rescissory damages, as well as punitive damages, associated with plaintiffs' purchases of such certificates. On September 21, 2012, the Company filed a motion to dismiss the amended complaint.

On August 7, 2012, U.S. Bank, in its capacity as Trustee, filed a complaint on behalf of Morgan Stanley Mortgage Loan Trust 2006-4SL and Mortgage Pass-Through Certificates, Series 2006-4SL (together, the "Trust") against the Company. The matter is styled *Morgan Stanley Mortgage Loan Trust 2006-4SL, et al. v. Morgan Stanley Mortgage Capital Inc.* and is pending in the Supreme Court of NY, NY County. The complaint asserts claims for breach of contract and alleges, among other things, that the loans in the Trust, which had an original principal balance of approximately \$303 million, breached various representations and warranties. The complaint seeks, among other relief, rescission of the mortgage loan purchase agreement underlying the transaction, specific performance and unspecified damages and interest. On October 8, 2012, the Company filed a motion to dismiss the complaint.

On August 8, 2012, U.S. Bank, in its capacity as Trustee, filed a complaint on behalf of Morgan Stanley Mortgage Loan Trust 2006-14SL, Mortgage Pass-Through Certificates, Series 2006-14SL, Morgan Stanley Mortgage Loan Trust 2007-4SL and Mortgage Pass-Through Certificates, Series 2007-4SL against the Company. The complaint is styled *Morgan Stanley Mortgage Loan Trust 2006-14SL, et al. v. Morgan Stanley Mortgage Capital Holdings LLC*, as successor in interest to Morgan Stanley Mortgage Capital Inc. and is pending in the Supreme Court of NY, NY County. The complaint asserts claims for breach of contract and alleges, among other things, that the loans in the trusts, which had original principal balances of approximately \$354 million and \$305 million respectively, breached various representations and warranties. The complaint seeks, among other relief, rescission of the mortgage loan purchase agreements underlying the transactions, specific performance and unspecified damages and interest. On October 9, 2012, the Company filed a motion to dismiss the complaint.

On August 10, 2012, the FDIC, as receiver for Colonial Bank, filed two complaints against the Company in the Circuit Court of Montgomery, Alabama. The first action is styled *Federal Deposit Insurance Corporation as Receiver for Colonial Bank v. Citigroup Mortgage Loan Trust Inc. et al.* and alleges that the Company made untrue statements and material omissions in connection with the sale to Colonial Bank of a mortgage pass-through certificate backed by a securitization trust containing residential mortgage loans. The total amount of the certificate allegedly sponsored, underwritten and/or sold by the Company to Colonial Bank was approximately \$65 million. On September 12, 2012, defendants removed the case to the United States District Court for the Middle District of Alabama, and on October 12, 2012, plaintiff moved to remand the case to state court. The second action is styled *Federal Deposit Insurance Corporation as Receiver for Colonial Bank v. Countrywide Securities Corporation et al.* and alleges that the Company made untrue statements and material omissions in connection with the sale to Colonial Bank of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by the Company to Colonial Bank was approximately \$144 million. On September 10, 2012, defendants removed the case to the United States District Court for the Middle District of Alabama, and on September 21, 2012, the United States Judicial Panel on Multidistrict Litigation transferred the action to the United States District Court for the Central District of California. On October 11, 2012, plaintiff moved to remand the case back to state court, which motion was denied on December 7, 2012. Defendants filed a motion to dismiss on January 22, 2013. The complaints each raise claims under federal securities law and the Alabama Securities Act and each seeks, among other things, compensatory damages associated with Colonial Bank's purchase of such certificates.

On September 28, 2012, U.S. Bank, in its capacity as Trustee, filed a complaint on behalf of Morgan Stanley Mortgage Loan Trust 2006-13ARX against the Company styled *Morgan Stanley Mortgage Loan Trust 2006-13ARX v. Morgan Stanley Mortgage Capital Holdings LLC*, as successor in interest to Morgan Stanley Mortgage Capital Inc., pending in the Supreme Court of NY, NY County. U.S. Bank filed an amended complaint on January 17, 2013, which asserts claims for breach of contract and alleges, among other things, that the loans in the trust, which had an original principal balance of approximately \$609 million, breached various representations and warranties. The amended complaint seeks, among other relief, declaratory judgment relief, specific performance and unspecified damages and interest.

On October 5, 2012, a complaint was filed against the Company and others in the Supreme Court of NY, NY County, styled *Phoenix Light SF Limited et al v. J.P. Morgan Securities LLC et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiffs, or their assignors, of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by the Company and/or sold to plaintiffs or their assignors by the Company was approximately \$344 million. The complaint raises common law claims of fraud, fraudulent inducement, aiding and abetting fraud, negligent misrepresentation and rescission based on mutual mistake and seeks, among other things, compensatory damages, punitive damages or alternatively rescission or rescissionary damages associated with the purchase of such certificates. The Company filed a motion to dismiss the complaint on December 14, 2012.

On May 1, 2012, Asset Management Fund d/b/a AMF Funds and certain of its affiliated funds filed a summons with notice against the Company in the Supreme Court of NY, NY County, styled *Asset Management Fund d/b/a AMF Funds et al v. Morgan Stanley et al.* The notice alleges that defendants made material misrepresentations and omissions in the sale to plaintiffs of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of

certificates allegedly sponsored, underwritten and/or sold by the Company to plaintiffs was approximately \$122 million. The notice identifies causes of action against the Company for, among other things, common-law fraud, fraudulent inducement, aiding and abetting fraud, and negligent misrepresentation. The notice identifies the relief sought to include, among other things, monetary damages, punitive damages and rescission. Plaintiffs filed their complaint on October 22, 2012. On December 3, 2012, the Company filed a motion to dismiss the complaint.

On November 16, 2012, IKB International S.A. and an affiliate filed a summons with notice against the Company and certain affiliates in the Supreme Court of NY, NY County, styled *IKB International S.A. In Liquidation v. Morgan Stanley et al.* The notice alleges that defendants made material misrepresentations and omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by the Company to plaintiff was approximately \$147 million. The notice identifies causes of action against the Company for, among other things, common law fraud, fraudulent inducement, aiding and abetting fraud, and negligent misrepresentation as well as contract claims. The notice identifies the relief sought to include, among other things, monetary damages, punitive damages, and rescission.

On November 21, 2012, Deutsche Zentral Genossenschaftsbank AG and an affiliate filed a summons with notice against the Company and certain affiliates in the Supreme Court of NY, NY County, styled *Deutsche Zentral Genossenschaftsbank AG, New York Branch, d/b/a DZ Bank AG New York Branch v. Morgan Stanley et al.* The notice alleges that defendants made material misrepresentations and omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by the Company to plaintiff was approximately \$694 million. The notice identifies causes of action against the Company for, among other things, common law fraud, fraudulent inducement, aiding and abetting fraud, and negligent misrepresentation as well as contract claims. The notice identifies the relief sought to include, among other things, monetary damages, punitive damages, and rescission.

On November 28, 2012, Stichting Pensioenfonds ABP filed a complaint against the Company in the Supreme Court of NY, NY County styled *Stichting Pensioenfonds ABP. v. Morgan Stanley, et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiff of an unspecified amount of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The complaint raises common law claims of fraud, fraudulent inducement, aiding and abetting fraud and seeks, among other things, compensatory and/or rescissory damages associated with plaintiff's purchases of such certificates. On February 8, 2013, the Company filed a motion to dismiss the complaint.

On December 14, 2012, Royal Park Investments SA/NV filed a complaint against the Company, certain affiliates, and other defendants in the Supreme Court of NY, NY County, styled *Royal Park Investments SA/NV v. Merrill Lynch et al.* The complaint alleges that defendants made material misrepresentations and omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by the Company to plaintiff was approximately \$628 million. The complaint raises common law claims of fraud, fraudulent inducement, negligent misrepresentation, aiding and abetting fraud, and rescission and seeks, among other things, compensatory and punitive damages.

On January 10, 2013, U.S. Bank, in its capacity as Trustee, filed a complaint on behalf of Morgan Stanley Mortgage Loan Trust 2006-10SL and Mortgage Pass-Through Certificates, Series 2006-10SL against the Company. The complaint is styled *Morgan Stanley Mortgage Loan Trust 2006-10SL, et al. v. Morgan Stanley Mortgage Capital Holdings LLC, as successor in interest to Morgan Stanley Mortgage Capital Inc.* and is pending in the Supreme Court of NY, NY County. The complaint asserts claims for breach of contract and alleges, among other things, that the loans in the trust, which had an original principal balance of approximately \$300 million, breached various representations and warranties. The complaint seeks, among other relief, an order requiring the Company to comply with the loan breach remedy procedures in the transaction documents, unspecified damages, and interest.

On January 25, 2013, the FHFA filed a summons with notice on behalf of the Trustee of the Morgan Stanley ABS Capital I Inc. Trust, Series 2007-NC1, against the Company. The matter is styled *Federal*

Housing Finance Agency, as Conservator for the Federal Home Loan Mortgage Corporation, on behalf of the Trustee of the Morgan Stanley ABS Capital I Inc. Trust, Series 007-NC1 v. Morgan Stanley ABS Capital I Inc. and is pending in the Supreme Court of NY, NY County. The notice asserts claims for breach of contract and alleges, among other things, that the loans in the Trust, which had an original principal balance of approximately \$1.25 billion, breached various representations and warranties. The notice seeks, among other relief, specific performance of the loan breach remedy procedures in the transaction documents, unspecified damages, and interest.

On January 30, 2013, U.S. Bank, in its capacity as Trustee, filed a summons with notice on behalf of Morgan Stanley Mortgage Loan Trust 2007-2AX against the Company. The matter is styled *Morgan Stanley Mortgage Loan Trust 2007-2AX, by U.S. Bank National Association, solely in its capacity as Trustee v. Morgan Stanley Mortgage Capital Holdings LLC, as successor-by-merger to Morgan Stanley Mortgage Capital Inc., and Greenpoint Mortgage Funding, Inc.* and is pending in the Supreme Court of NY, NY County. The notice asserts claims for breach of contract and alleges, among other things, that the loans in the Trust, which had an original principal balance of approximately \$650 million, breached various representations and warranties. The complaint seeks, among other relief, specific performance of the loan breach remedy procedures in the transaction documents, unspecified damages, and interest.

On August 24, 2012, HSH Nordbank AG and certain affiliates filed a summons with notice against the Company, certain affiliates, and other defendants in the Supreme Court of NY, NY County, styled *HSH Nordbank AG et al. v. Morgan Stanley et al.* The notice alleges that defendants made material misrepresentations and omissions in the sale to plaintiffs of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by the Company to plaintiff was approximately \$524 million. The notice identifies causes of action against the Company for, among other things, common law fraud, fraudulent inducement, aiding and abetting fraud, and negligent misrepresentation. The notice identifies the relief sought to include, among other things, monetary damages, punitive damages, and rescission. An amended summons with notice was filed on November 28, 2012.

On August 29, 2012, Bank Hapoalim B.M. filed a summons with notice against the Company and certain affiliates in the Supreme Court of NY, NY County, styled *Bank Hapoalim B.M. v. Morgan Stanley et al.* The notice alleges that defendants made material misrepresentations and omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by the Company to plaintiff was approximately \$141 million. The notice identifies causes of action against the Company for, among other things, common law fraud, fraudulent inducement, aiding and abetting fraud, and negligent misrepresentation. The notice identifies the relief sought to include, among other things, monetary damages, punitive damages, and rescission. An amended summons with notice was filed on December 4, 2012.

Other Matters. On a case-by-case basis the Company has entered into agreements to toll the statute of limitations applicable to potential civil claims related to RMBS, CDOs and other mortgage-related products and services when the Company has concluded that it is in its interest to do so.

On October 18, 2011, the Company received a letter from Gibbs & Bruns LLP (the “Law Firm”), which is purportedly representing a group of investment advisers and holders of mortgage pass-through certificates issued by RMBS trusts that were sponsored or underwritten by the Company. The letter asserted that the Law Firm’s clients collectively hold 25% or more of the voting rights in 17 RMBS trusts sponsored or underwritten by the Company and that these trusts have an aggregate outstanding balance exceeding \$6 billion. The letter alleged generally that large numbers of mortgages in these trusts were sold or deposited into the trusts based on false and/or fraudulent representations and warranties by the mortgage originators, sellers and/or depositors. The letter also alleged generally that there is evidence suggesting that the Company has failed prudently to service mortgage loans in these trusts. On January 31, 2012, the Law Firm announced that its clients hold over 25% of the voting rights in 69 RMBS trusts securing over \$25 billion of RMBS sponsored or underwritten by the Company, and that its clients had issued instructions to the trustees of these trusts to open investigations into allegedly ineligible mortgages held by these trusts. The Law Firm’s press release also indicated that the Law Firm’s clients anticipate that they may provide additional instructions to the trustees, as needed, to further the investigations. On September 19, 2012, the Company received two purported Notices of Non-Performance from the Law Firm purportedly on behalf of the holders of significant voting rights in various trusts securing over \$28

billion of residential mortgage backed securities sponsored or underwritten by the Company. The Notice purports to identify certain covenants in Pooling and Servicing Agreements (“PSAs”) that the holders allege that the Servicer and Master Servicer failed to perform, and alleges that each of these failures has materially affected the rights of certificate holders and constitutes an ongoing event of default under the relevant PSAs. On November 2, 2012, the Company responded to the letters, denying the allegations therein.

On April 2, 2012, the Company entered into a Consent Order (the “Order”) with the Board of Governors of the Federal Reserve System (the “Federal Reserve”) relating to the servicing of residential mortgage loans. The terms of the Order are substantially similar and, in many respects, identical to the orders entered into with the Federal Reserve by other large U.S. financial institutions. The Order, which is available on the Federal Reserve’s website, sets forth various allegations of improper conduct in servicing by Saxon, requires that the Company and its affiliates cease and desist such conduct, and requires that the Company, and its Board of Directors and affiliates, take various affirmative steps. The Order requires (i) the Company to engage an independent third-party consultant to conduct a review of certain foreclosure actions or proceedings that occurred or were pending between January 1, 2009 and December 31, 2010; (ii) the adoption of policies and procedures related to management of third parties used to outsource residential mortgage servicing, loss mitigation or foreclosure; (iii) a “validation report” from an independent third-party consultant regarding compliance with the Order for the first year; and (iv) submission of quarterly progress reports as to compliance with the Order by the Company’s the Board of Directors. The Order also provides that the Company will be responsible for the payment of any civil money penalties or compensatory payments assessed by the Federal Reserve related to such alleged conduct, which penalties or payments have not yet been determined. On January 15, 2013, the Company entered into a settlement with the Federal Reserve which resulted in the early termination of the foreclosure review process required by the Order and, in its place, the Company agreed to pay into a settlement fund and to pay additional funds for borrower relief efforts. The Federal Reserve has reserved the ability to impose civil monetary penalties on Saxon.

Commercial Mortgage Related Matter.

On January 25, 2011, the Company was named as a defendant in *The Bank of New York Mellon Trust, National Association v. Morgan Stanley Mortgage Capital, Inc.*, a litigation pending in the SDNY. The suit, brought by the trustee of a series of commercial mortgage pass-through certificates, alleges that the Company breached certain representations and warranties with respect to an \$81 million commercial mortgage loan that was originated and transferred to the trust by the Company. The complaint seeks, among other things, to have the Company repurchase the loan and pay additional monetary damages. On June 27, 2011, the court denied the Company’s motion to dismiss, but directed the filing of an amended complaint. On July 29, 2011, the Company filed its answer to the first amended complaint. On September 21, 2012, the Company and plaintiff filed motions for summary judgment.

The information in this section has been excerpted from Morgan Stanley’s Form 10-K. References in this section to the “Company” mean Morgan Stanley and its consolidated subsidiaries.

Contingencies.

Legal. In the normal course of business, the Company has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the entities that would otherwise be the primary defendants in such cases are bankrupt or are in financial distress. These actions have included, but are not limited to, residential mortgage and credit crisis related matters. Over the last several years, the level of litigation and investigatory activity focused on residential mortgage and credit crisis related matters has increased materially in the financial services industry. As a result, the Company expects that it may become the subject of increased claims for damages and other relief regarding residential mortgages and related securities in the future and, while the Company has identified below any individual proceedings where the Company believes a material loss to be reasonably possible and reasonably estimable, there can be no assurance that material losses will not be incurred from claims that have not yet been notified to the Company or are not yet determined to be probable or possible and reasonably estimable losses.

The Company is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and self-regulatory agencies regarding the Company's business and involving, among other matters, accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief.

The Company contests liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the consolidated financial statements and the Company can reasonably estimate the amount of that loss, the Company accrues the estimated loss by a charge to income. In many proceedings, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. In addition, even where loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, it is not always possible to reasonably estimate the size of the possible loss or range of loss.

For certain legal proceedings, the Company cannot reasonably estimate such losses, particularly for proceedings that are in their early stages of development or where plaintiffs seek substantial or indeterminate damages. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual matters, determination of issues related to class certification and the calculation of damages, and by addressing novel or unsettled legal questions relevant to the proceedings in question, before a loss or additional loss or range of loss or additional loss can be reasonably estimated for any proceeding.

For certain other legal proceedings, the Company can estimate reasonably possible losses, additional losses, ranges of loss or ranges of additional loss in excess of amounts accrued, but does not believe, based on current knowledge and after consultation with counsel, that such losses will have a material adverse effect on the Company's consolidated financial statements as a whole, other than the matters referred to in the following paragraphs.

On August 25, 2008, the Company and two ratings agencies were named as defendants in a purported class action related to securities issued by a structured investment vehicle called Cheyne Finance PLC and Cheyne Finance LLC (together, the "Cheyne SIV"). The case is styled *Abu Dhabi Commercial Bank, et al. v. Morgan Stanley & Co. Inc., et al.* and is pending in the United States District Court for the Southern District of New York ("SDNY"). The complaint alleges, among other things, that the ratings assigned to the securities issued by the Cheyne SIV were false and misleading, including because the ratings did not accurately reflect the risks associated with the subprime residential mortgage backed securities held by the Cheyne SIV. The plaintiffs currently assert allegations of aiding and abetting fraud and negligent misrepresentation relating to approximately \$852 million of securities issued by the Cheyne SIV. The plaintiffs' motion for class certification was denied in June 2010. The court denied the Company's motion for summary judgment on the aiding and abetting fraud claim in August 2012. The Company's motion for summary judgment on the negligent misrepresentation claim, filed November 30, 2012, is pending. The court has set a trial date of May 6, 2013. There are currently 14 named plaintiffs in the action claiming damages of approximately \$638 million. Plaintiffs are also seeking punitive damages. Based on currently available information, the Company believes that the defendants could incur a loss up to approximately \$638 million, plus pre- and post-judgment interest, fees and costs.

On March 15, 2010, the Federal Home Loan Bank of San Francisco filed two complaints against the Company and other defendants in the Superior Court of the State of California. These actions are styled *Federal Home Loan Bank of San Francisco v. Credit Suisse Securities (USA) LLC, et al.*, and *Federal Home Loan Bank of San Francisco v. Deutsche Bank Securities Inc. et al.*, respectively. Amended complaints filed on June 10, 2010 allege that defendants made untrue statements and material omissions in connection with the sale to plaintiff of a number of mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The amount of certificates allegedly sold to plaintiff by the Company in these cases was approximately \$704 million and \$276 million, respectively. The complaints raise claims under both the federal securities laws and California law and seek, among other things, to rescind the plaintiffs purchase of such certificates. On July 29, 2011 and September 8, 2011, the court presiding over both actions sustained defendants' demurrers with respect to claims brought under the Securities Act, and overruled defendants' demurrers with respect to all other claims. At January 25, 2013, the current unpaid balance of the mortgage pass through certificates at issue in these cases was approximately \$365 million, and the certificates had not yet incurred losses. Based on currently available information, the Company believes it could incur a loss up to the difference between

the \$365 million unpaid balance of these certificates and their fair market value at the time of a judgment against the Company, plus pre- and post-judgment interest, fees and costs. The Company may be entitled to be indemnified for some of these losses and to an offset for interest received by the plaintiff prior to a judgment.

On July 9, 2010 and February 11, 2011, Cambridge Place Investment Management Inc. filed two separate complaints against the Company and other defendants in the Superior Court of the Commonwealth of Massachusetts, both styled *Cambridge Place Investment Management Inc. v. Morgan Stanley & Co., Inc.*, et al. The complaints assert claims on behalf of certain clients of plaintiffs affiliates and alleges that defendants made untrue statements and material omissions in the sale of a number of mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly issued by the Company or sold to plaintiffs affiliates' clients by the Company in the two matters was approximately \$344 million. The complaints raise claims under the Massachusetts Uniform Securities Act and seek, among other things, to rescind the plaintiffs purchase of such certificates. On October 14, 2011, plaintiffs filed an amended complaint in each action. On November 22, 2011, defendants filed a motion to dismiss the amended complaints. On March 12, 2012, the court denied defendants' motion to dismiss with respect to plaintiffs standing to bring suit. Defendants sought interlocutory appeal from that decision on April 11, 2012. On April 26, 2012, defendants filed a second motion to dismiss for failure to state a claim upon which relief can be granted, which the court denied, in substantial part, on October 2, 2012. Based on currently available information, the Company believes it could incur a loss for these actions of up to the difference between the as yet undetermined unpaid balance of these certificates and their fair market value at the time of a judgment against the Company, plus pre- and post-judgment interest, fees and costs. The Company may be entitled to be indemnified for some of these losses and to an offset for interest received by the plaintiff prior to a judgment.

On July 15, 2010, China Development Industrial Bank ("CDIB") filed a complaint against the Company, which is styled *China Development Industrial Bank v. Morgan Stanley & Co. Incorporated et al.* and is pending in the Supreme Court of the State of New York, New York County ("Supreme Court of NY, NY County"). The complaint relates to a \$275 million credit default swap referencing the super senior portion of the STACK 2006-1 CDO. The complaint asserts claims for common law fraud, fraudulent inducement and fraudulent concealment and alleges that the Company misrepresented the risks of the STACK 2006-1 CDO to CDIB, and that the Company knew that the assets backing the CDO were of poor quality when it entered into the credit default swap with CDIB. The complaint seeks compensatory damages related to the approximately \$228 million that CDIB alleges it has already lost under the credit default swap, rescission of CDIB's obligation to pay an additional \$12 million, punitive damages, equitable relief, fees and costs. On February 28, 2011, the court presiding over this action denied the Company's motion to dismiss the complaint and on March 21, 2011, the Company appealed that order. On July 7, 2011, the appellate court affirmed the lower court's decision denying the motion to dismiss. Based on currently available information, the Company believes it could incur a loss of up to approximately \$240 million plus pre- and post-judgment interest, fees and costs.

On October 15, 2010, the Federal Home Loan Bank of Chicago filed a complaint against the Company and other defendants in the Circuit Court of the State of Illinois styled *Federal Home Loan Bank of Chicago v. Bank of America Funding Corporation et al.* The complaint alleges that defendants made untrue statements and material omissions in the sale to plaintiff of a number of mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sold to plaintiff by the Company in this action was approximately \$203 million. The complaint raises claims under Illinois law and seeks, among other things, to rescind the plaintiffs purchase of such certificates. On March 24, 2011, the court granted plaintiff leave to file an amended complaint. On May 27, 2011, defendants filed a motion to dismiss the amended complaint, which motion was denied on September 19, 2012. The Company filed its answer on December 21, 2012. At January 25, 2013, the current unpaid balance of the mortgage pass through certificates at issue in this case was approximately \$105 million and certain certificates had begun to incur losses. Based on currently available information, the Company believes it could incur a loss up to the difference between the \$105 million unpaid balance of these certificates (plus any losses incurred) and their fair market value at the time of a judgment against the Company, plus pre- and post-judgment interest, fees and costs. The Company may be entitled to be indemnified for some of these losses and to an offset for interest received by the plaintiff prior to a judgment.

On July 18, 2011, the Western and Southern Life Insurance Company and certain affiliated companies filed a complaint against the Company and other defendants in the Court of Common Pleas in Ohio, styled *Western and Southern Life Insurance Company, et al. v. Morgan Stanley Mortgage Capital Inc., et al.* An amended complaint was filed on April 2, 2012 and alleges that defendants made untrue statements and material omissions in the sale to plaintiffs of certain mortgage pass through certificates backed by securitization trusts containing residential mortgage loans. The amount of the certificates allegedly sold to plaintiffs by the Company was approximately \$153 million. The amended complaint raises claims under the Ohio Securities Act, federal securities laws, and common law and seeks, among other things, to rescind the plaintiffs' purchases of such certificates. On May 21, 2012, the Company filed a motion to dismiss the amended complaint, which motion was denied on August 3, 2012. The court has set a trial date of November 2013. At January 25, 2013, the current unpaid balance of the mortgage pass through certificates at issue in this case was approximately \$123 million, and certain certificates had begun to incur losses. Based on currently available information, the Company believes it could incur a loss up to the difference between the \$123 million unpaid balance of these certificates (plus any losses incurred) and their fair market value at the time of a judgment against the Company, plus post-judgment interest, fees and costs. The Company may be entitled to an offset for interest received by the plaintiff prior to a judgment.

On September 2, 2011, the Federal Housing Finance Agency ("FHFA"), as conservator for Fannie Mae and Freddie Mac, filed 17 complaints against numerous financial services companies, including the Company. A complaint against the Company and other defendants was filed in the Supreme Court of NY, NY County, styled *Federal Housing Finance Agency, as Conservator v. Morgan Stanley et al.* The complaint alleges that defendants made untrue statements and material omissions in connection with the sale to Fannie Mae and Freddie Mac of residential mortgage pass through certificates with an original unpaid balance of approximately \$11 billion. The complaint raises claims under federal and state securities laws and common law and seeks, among other things, rescission and compensatory and punitive damages. On September 26, 2011, defendants removed the action to the SDNY and on October 26, 2011, the FHFA moved to remand the action back to the Supreme Court of the State of New York. On May 11, 2012, plaintiff withdrew its motion to remand. On July 13, 2012, the Company filed a motion to dismiss the complaint, which motion was denied in large part on November 19, 2012. Trial is currently scheduled to begin in January 2015. At January 25, 2013, the current unpaid balance of the mortgage pass through certificates at issue in these cases was approximately \$2.9 billion, and the certificates had incurred losses in excess of \$40 million. Based on currently available information, the Company believes it could incur a loss up to the difference between the \$2.9 billion unpaid balance of these certificates (plus any losses incurred) and their fair market value at the time of a judgment against the Company, plus pre- and post-judgment interest, fees and costs. The Company may be entitled to be indemnified for some of these losses and to an offset for interest received by the plaintiff prior to a judgment.

UNITED STATES TAXATION

The following information provided below does not purport to be a complete summary of the tax law and practice currently available. The tax discussions contained in this Base Prospectus were written for use in connection with the promotion or marketing of the transactions or matters addressed in this Base Prospectus. These discussions were not intended or written to be used, and cannot be used, for the purpose of avoiding United States tax penalties. Potential purchasers of Warrants should consult their own tax advisors in determining the tax consequences to them of transactions involving the Warrants, including the application to their particular situation of United States tax issues discussed, as well as the application of state, local, foreign or other tax laws.

United States Taxation For 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 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.

This summary is based on U.S. federal income tax laws, regulations, rulings and decisions in effect as of the date of this Base Prospectus, all of which are subject to change 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 (the **Code**). 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 (in the case of a Share Warrant) or of a company included in the relevant Index (in the case of an Index Warrant) and also acquired a Warrant relating to such shares or Index, respectively, 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 advisors as to the federal, state, local and foreign tax law consequences of acquiring, holding and disposing of the Warrants

Prospective purchasers of an Index Warrant should consult publicly available sources of information and their own tax advisors as to the possibility that the relevant Share Company or a company included in the relevant Index may be treated as a passive foreign investment company (**PFIC**) for U.S. federal income tax purposes. This summary assumes that the relevant Share Company is not, and that the relevant Index does not include an interest in, a PFIC. Prospective purchasers should note that if that assumption is not accurate, then it is possible that the U.S. federal income tax consequences of owning the Index Warrants would differ from the consequences described below.

This summary addresses only Warrants that are call Warrants on the Shares of a single non-U.S. issuer on a basket of Shares of non-U.S. issuers or on an Index or a basket of Indices comprised of non-U.S. companies, 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 (in the case of the

Share Warrants) or based on an Index Performance (in the case of the Index Warrants); and that, in the case of the Share Warrants, 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 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 (in the case of the Share Warrants) or the Index (in the case of the Index Warrants), which entitle Warrantholders to receive upon exercise the Cash Settlement Amount based on the average of the Settlement Price of the Shares (in the case of the Share Warrants) or based on the Index Performance (in the case of the Index Warrants). 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 LLP, 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 adjusted as discussed under *Additional Warrants* below. 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 (in the case of the Share Warrants) or on the shares of companies included in the Index (in the case of the Index Warrants) 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. It is possible, however, that such amounts will in certain circumstances, including the payment of such amounts after the Settlement Date, be treated instead as ordinary income, which could reduce the purchaser's capital gain or increase the purchaser's capital loss on disposition of the Warrant. It is also possible that a purchaser of a Warrant may be required instead to treat such amounts as income as they become fixed. Prospective purchasers of the Warrants are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of receiving amounts attributable to stock distributions on Shares or on shares of the companies included in the Index.

Interim Payment Amounts; Rights Amounts. Under the characterization of the Warrants discussed above, the Interim Payment Amounts and any Rights Amounts paid with respect to the Share Warrants 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 dividends-received deduction generally allowed to corporations with respect to certain dividends received or the reduced tax rate applicable to dividends received by individuals and certain other investors.

Additional Warrants. Under the characterization of the Warrants described above, a restatement of the number of Warrants and the resulting receipt of Additional Warrants by a Warrantholder generally should not constitute a taxable event to the Warrantholder. Under such treatment, a Warrantholder's adjusted tax basis in the Warrants held prior to the restatement will be allocated on a pro rata basis among Warrants and the Additional Warrants based on the total number of Warrants held after the restatement. Due to the

absence of authorities that directly address the proper characterization of the restatement of the number of Warrants that results in an issuance of Additional Warrants, no assurance can be given that the IRS will accept, or that a court will uphold, the tax treatment described above. It is possible, for example, that a Warrantholder may be required to recognize ordinary income in the amount equal to the fair market value of the Additional Warrants at the time Additional Warrants are received. In that case, the Warrantholder's basis in the Additional Warrants will equal the fair market value of such Additional Warrants at the time of their receipt.

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, in which case an interest charge would be imposed on any deemed underpayment of tax with respect to the deferral of such ordinary income. Section 1260 in its current form would not apply to the Warrants unless a Share Company (in the case of the Share Warrants) or a company included in the Index (in the case of the Index Warrants) is treated as a "passive foreign investment company". Prospective purchasers of the Warrants should consult their own tax advisors to determine whether a Share Company, in the case of Share Warrants, or a company included in the Index (in the case of Index Warrants) 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 (in the case of the Share Warrants) or shares of the companies included in the Index (in the case of the Index Warrants) on the Issue Date of the Warrants and disposed of the Shares (in the case of the Share Warrants) or shares of the companies included in the Index (in the case of the Index Warrants) upon disposition of the Warrants. In addition, Section 1260 would impose an interest charge on the deemed underpayment of tax resulting from the deferral of recognition of 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 believes 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 (in the case of the Share Warrants) or the performance of the Index (in the case of the Index Warrants) 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 (in the case of the Share Warrants) or shares of the companies included in the Index (in the case of the Index Warrants) 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 the case of the Share Warrants) or shares of the companies included in the Index (in the case of the Index Warrants) in an amount equal to the gross dividends paid by the Share Company (in the case of the Share Warrants) or the relevant companies included in the Index (in the case of the Index Warrants) 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.

It is also possible that future legislation would cause the Warrants to be taxed on a mark-to-market basis, or that future legislation or future regulations or other guidance would require a Warrantholder to accrue income on the Warrants on a current basis at ordinary income rates (as opposed to capital gains rates) over the term of the Warrants or to treat the Warrants in another manner that significantly differs from the treatment discussed above.

The Foreign Account Tax Compliance Act (“*FATCA*”) will impose a withholding tax of 30 per cent on certain U.S. source payments, including dividends paid after December 31, 2013 and the gross proceeds from the retirement, redemption or other disposition of any property of a type that can produce U.S. source income paid after December 31, 2016 (“Withholdable Payments”), if paid to a foreign financial institution, unless such institution enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities information about its direct and indirect U.S. accountholders and investors. The legislation also generally imposes a withholding tax of 30 per cent on U.S. source payments of interest and dividends paid after December 31, 2013 and the gross proceeds from the retirement, redemption or other disposition of any property of a type that can produce U.S. source income paid after December 31, 2016, if paid to a non-financial foreign entity, unless such entity provides the withholding agent with a certification identifying the direct and indirect U.S. owners of the entity. The application of this legislation to Warrants is not clear. However, payments on, or proceeds in respect of, Warrants issued on or prior to December 31, 2013 should be exempt from the withholding tax imposed by this legislation. Investors are encouraged to consult with their own tax advisors regarding the possible implications of this legislation on their investment in the Warrants.

Backup Withholding and Information Reporting

U.S. Holders 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 U.S. Holder’s U.S. federal income tax liability, provided the required information is furnished to the IRS.

CAYMAN ISLANDS TAXATION

The following information provided below does not purport to be a complete summary of the tax law and practice currently available. Potential purchasers of Warrants are advised to consult their own tax advisers as to the tax consequences of transactions involving Warrants.

Under existing Cayman Islands laws:

- (i) payments in respect of the Warrants will not be subject to taxation in the Cayman Islands and no withholding will be required on such payments to any holder of a Warrant and gains derived from the disposal of the Warrants will not be subject to income or corporation tax in the Cayman Islands. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax; and
- (ii) Warrants will not attract Cayman Islands stamp duties. However, an instrument transferring title to a Warrant, if brought into or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty at C.I.\$100 (approximately U.S.\$122).

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company and, as such, has obtained an undertaking from the Governor In Cabinet of the Cayman Islands substantially in the following form:

“The Tax Concessions Law (1999 Revision) Undertaking as to Tax Concessions

In accordance with the provisions of Section 6 of The Tax Concession Law (1999 Revision), the Governor In Cabinet undertakes with Morgan Stanley Asia Products Limited (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 appreciations shall apply to the 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:
 - (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 (1999 Revision).

These concessions shall be for a period of 20 years from 9 August 2005.

Governor In Cabinet”

IRISH TAXATION

The following summary outlines certain aspects of Irish tax law and practice regarding the ownership and disposition of Warrants. This summary deals only with Warrants held beneficially as capital assets and does not address special classes of Warrantholders such as dealers in securities. This summary is not exhaustive and Warrantholders are advised to consult their own tax advisors with respect of the taxation consequences of their purchase, ownership or disposition of the Warrants. The comments are made on the assumption that the Issuer is not resident nor has any branch in Ireland for Irish tax purposes. The summary is based on current Irish taxation legislation and practice of the Irish Revenue Commissioners.

Irish Withholding Tax

Irish withholding tax applies to certain types of payments which have an Irish source, such as interest payments and annual payments. However, no Irish withholding tax should apply to payments by the Issuer in respect of the Warrants, provided the payments do not have an Irish source. The mere listing of the Warrants on the Irish Stock Exchange should not cause payments on the Warrants to have an Irish source.

Taxation of income

To the extent that any income is deemed for Irish tax purposes to be paid by the Issuer in respect of the Warrants, an Irish resident Warrantholder will generally be liable to Irish tax on the amount of such income. Individuals would suffer income tax at rates of up to 41 per cent. plus potentially, Pay Related Social Insurance and Universal Social Charge. Irish corporate investors are likely to be liable to corporation tax at the rate of 25 per cent on any such income.

Taxation of capital gains

Irish resident Warrantholders may be liable to Irish tax on capital gains on any gains arising on a disposal of Warrants at a rate of 33 per cent.

Stamp Duty

Transfers of Warrants should not be subject to Irish stamp duty, provided the transfers do not relate to Irish land or buildings or securities of an Irish registered company.

Capital Acquisitions Tax

A gift or inheritance comprising of Warrants will be within the charge to capital acquisitions tax if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponent is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Warrants are regarded as property situated in Ireland. This tax is charged at a rate of 33 per cent. on gifts and inheritance above a certain threshold determined both by the relationship between the disponent and the donee/successor and previous gifts or inheritances received.

EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

The EC Council Directive 2003/48/EC requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The European Commission has proposed certain amendments to the EC Council Directive 2003/48/EC, which may, if implemented, amend or broaden the scope of the requirements described above.

ERISA CONSIDERATIONS FOR 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 Issuer and its 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 Issuer or any of its 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 Section 3(42) of ERISA, 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 non exempt 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 Issuer 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 Issuer, the Agents 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 non exempt 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 Final Terms 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) 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)(i);

(G) such Purchaser and any fiduciary of such Purchaser causing it to acquire the Warrants 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 Warrants 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 non-exempt 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 Section 3(42) of ERISA, 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 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 Issuer and any of its 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 Issuer or any Affiliate of the Issuer to disclose to the holder any such relationship or information (whether or not confidential) and neither of the Issuer nor any other affiliate of the Issuer 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 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 Issuer, or any affiliate thereof, or (b) 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 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;

(11) that it agrees that in the event that at any time the Principal 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 Condition 1(d) of the Unitary Warrant Conditions, (ii) it is in breach at the given time 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(d) of the Unitary Warrant Conditions, 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;

(12) (i) that it was afforded an opportunity to request from the Issuer and/or Dealer and/or the Guarantor 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 Base Prospectus, the applicable Final Terms 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 Issuer, the Guarantor, any Dealer of an issue of Warrants or the Calculation Agent (if any) (as described in the applicable Final Terms);

(13) that the Issuer and/or Dealer and/or the 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 Issuer; 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; and

(14) 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:

Unitary Global Warrants

“THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES 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 AGENCY 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 REGULATION S UNDER THE SECURITIES ACT) AND THAT IS ACQUIRING THE WARRANTS IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S 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 UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (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 ASIA LIMITED (THE **AGENT**) OF A DULY COMPLETED TRANSFEREE LETTER, IN THE FORM AVAILABLE FROM THE AGENT OR THE ISSUER WITH RESPECT TO ANY INTEREST IN THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT. IF AT ANY TIME THE 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 THE APPENDIX TO THE UNITARY WARRANT CONDITIONS) 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 NON EXEMPT 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 AGENT OR ANY INTERMEDIARY.

IF REQUESTED BY THE ISSUER OR BY AN 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.”; and

(15) each purchaser of Regulation S Warrants and any further transferee of such Warrants acknowledges or is deemed to acknowledge that each Global Warrant will contain a legend substantially to the following effect:

Regulation S Global Warrants

“THE WARRANTS REPRESENTED BY THIS GLOBAL WARRANT HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES 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.”.

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 Final Terms. 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 Issuer nor any agent party to the Agency Agreements 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 Issuer, the Guarantor, the Principal Agent, the Irish Agent, and MSI plc 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 Issuer has in a master subscription agreement (the **Subscription Agreement**) dated 15 March 2013 agreed with Morgan Stanley & Co. International plc a basis upon which Morgan Stanley & Co. International plc may from time to time agree to purchase the Warrants. The Subscription Agreement extends to those matters stated under “*Terms and Conditions of the Regulation S Warrants*” and “*Form of Regulation S Warrant Final Terms*” or “*Terms and Conditions of the Unitary Warrants*” and “*Form of Unitary Warrant Final Terms*”, as applicable.

Distribution of the Warrants

No action has been or will be taken by the Issuer or any Dealer 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 the Issuer, the Guarantor and/or any Dealer. Each Dealer will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Warrants or has in its possession or distributes in relation to any Warrants, in all cases at its own expense. The Issuer will have no responsibility for, and each Dealer will obtain any consent, approval or permission required by it for, the acquisition, offer, sale, resale or delivery by it of the Warrants under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it may make any acquisition offer, sale, resale or delivery.

United States of America

The Warrants and the 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) (**Regulation S**). The Regulation S Warrants may only be offered and sold to non-U.S. persons in offshore transactions in reliance on Regulation S. 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 or to a non-U.S. person outside the United States in an offshore transaction in reliance on Regulation S.

The Issuer acknowledges, and each Dealer and each Additional Dealer acknowledges, 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 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 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 or to a non-U.S. person outside the United States in an offshore transaction in reliance on Regulation S and (4) at or prior to confirmation of the sale of any Warrants, the Dealer, Additional Dealers and any other 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 in an offshore transaction in reliance on Regulation S. 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 in an offshore transaction in

reliance on Regulation S. 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 Final Terms), 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.

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 Final Terms.

European Economic Area

Unless otherwise provided in this “Offering and Sale” in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a ***Relevant Member State***), the Dealer and each Additional Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the ***Relevant Implementation Date***) it has not made and will not make an offer of Warrants which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Warrants to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Warrants referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “***offer of Warrants to the public***” in relation to any Warrants in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Warrants to be offered so as to enable an investor to decide to purchase or subscribe the Warrants, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression ***Prospectus Directive*** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression ***2010 PD Amending Directive*** means Directive 2010/73/EU.

United Kingdom

The Dealer and each Additional Dealer has represented and agreed that:

- (a) in relation to any Warrant which has a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Warrants other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Warrants would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Warrants in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Warrants in, from or otherwise involving the United Kingdom.

The People's Republic of China

The Dealer and each Additional Dealer has represented and agreed that the Warrants are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, except as permitted by the securities laws of the PRC.

Hong Kong

The Dealer and each Additional Dealer has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Warrants (except for Warrants which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (i) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) 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, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Warrants, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to 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 and any rules made under that Ordinance.

Australia

The Dealer and each Additional Dealer has represented and agreed that:

- (a) it must not make any offer or invitation in Australia or which is received in Australia in relation to the issue, sale or purchase of any Warrants unless the offeree or invitee is required to pay at least A\$500,000 for the Warrants or its foreign currency equivalent (in either case disregarding amounts, if any, lent by the Issuer or other person offering the Warrants or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act 2001 (Cth) of Australia (the *Corporations Act*))), or it is otherwise an offer or invitation in respect of which by virtue of section 708 of the Corporations Act no disclosure is required to be made under Part 6D.2 of the Corporations Act and provided that in any case the offeree or invitee is not a retail client within the meaning of section

761G and section 761 GA of the Corporations Act; and

- (b) has not circulated or issued and must not circulate or issue a disclosure document relating to the Warrants in Australia or which is received in Australia which requires lodging under Division 5 of Part 6D.2 or under Part 7 of the Corporations Act.

Cayman Islands

Each Dealer has represented and agreed that no invitation has or may be made either directly or indirectly by or on behalf of the Issuer to the public in the Cayman Islands to subscribe for any Warrants.

Japan

The Warrants have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the *FIEL*) and, accordingly, the Dealer and each has undertaken, and each Additional Dealer will be required to undertake, that it will not offer or sell any Warrants directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person except pursuant to an exemption from the registration requirements under, and otherwise in compliance with the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan. For the purposes of this paragraph, *Japanese Person* shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Singapore

The Dealer and each Additional Dealer has represented and agreed that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the *SFA*). Accordingly, the Dealer and each Additional Dealer has represented, warranted and agreed that it has not offered or sold any Warrants or caused such Warrants to be the subject of an invitation for subscription or purchase, and will not offer or sell any Warrants or cause such Warrants to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed, nor will it circulate or distribute, the Base Prospectus or any document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Warrants, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA,
- (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Warrants are acquired by persons who are relevant persons specified in Section 276 of the SFA, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Warrants pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defined in Section 275(2) of the SFA, or any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets and further for corporations, in accordance with the conditions specified in Section 275(1A) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law; or
- (d) as specified in Section 276(7) of the SFA.

Taiwan

The Warrants may not be sold, offered or issued to Taiwan resident investors or in Taiwan unless they are made available, (i) outside Taiwan for purchase outside Taiwan by such investors and/or (ii) in Taiwan through bank trust departments, licensed securities brokers and/or insurance company investment linked insurance policies pursuant to the Taiwan Rules Governing Offshore Structured Products or otherwise as permitted by Taiwan law.

Thailand

The Dealer and each Additional Dealer has represented and agreed that it has not offered or sold and will not offer or sell any Warrants and it has not distributed and will not distribute any other documents or material in connection with the Warrants, either directly or indirectly, in Thailand or to any resident of Thailand.

Indonesia

The Warrants offered under this Base Prospectus are not and will not be registered with the Capital Market and Financial Institution Supervisory Agency (the *Bapepam-LK*) and the Commodity Futures Trading Supervisory Agency (*Bappebti*) nor have they been approved by the Indonesian Central Bank (Bank Indonesia) for sale in Indonesia. As such, the Warrants (including the distribution and dissemination of this Base Prospectus, other written materials either through advertisements or other media) are not authorised by the Bapepam-LK, Bank Indonesia (and each of their respective successors in the future namely Otoritas Jasa Keuangan (Financial Services Authority, OJK)) and Bappebti for their sale by public offering in the Indonesian territory and/or to Indonesian citizens wherever they are domiciled or to Indonesian entities or residents in the Indonesian territory in circumstances which constitute a public offering of securities under the Indonesian Law No. 8/1995 regarding Capital Markets. Likewise, the Warrants and the Base Prospectus have not been reviewed, registered or authorised by the Central Bank (Bank Indonesia) for their distribution through banking institutions in Indonesia and the Warrants distributed for sale under the Base Prospectus are not guaranteed by the Indonesian Deposit Insurance Corporation.

The Warrants offered under this Base Prospectus are complex financial instruments and may not be suitable for certain investors. Investors intending to purchase the Securities should consult with their tax and financial advisors to ensure that the intended purchase meets the investment objective before making such purchase.

Korea, Republic of

The Warrants have not been registered with the Financial Services Commission of Korea for public offering in Korea. None of the Warrants may be offered, sold and delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the Financial Investment Services and Capital Markets Act and the decrees and regulations thereunder (the *Securities and Exchange Laws*) and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the *Foreign Exchange Transaction Laws*). Without prejudice to the foregoing,

the number of Warrants offered in Korea or to a resident in Korea shall be less than 50 and for a period of one year from the issue date of the Warrants, none of the Warrants may be divided resulting in an increased number of Warrants. Furthermore, the purchaser of the Warrants shall comply with all applicable regulatory requirements (including but not limited to requirements under the Foreign Exchange Transaction Laws) in connection with the purchase of the Warrants.

The Dealer and each Additional Dealer has represented and agreed that it has not offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, any Warrants in Korea or to any resident of Korea and will not offer, sell or deliver directly or indirectly or offer or sell to any person for re-offering or resale, directly or indirectly, any Warrants in Korea or to any resident of Korea, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Laws, Foreign Exchange Transaction Laws and other relevant laws and regulations of Korea.

Kingdom of Bahrain

NOTICE TO BAHRAIN RESIDENTS

The Central Bank of Bahrain and the Bahrain Stock Exchange assume no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaim any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the contents of this Base Prospectus. Each potential investor resident in Bahrain intending to subscribe Warrants (each, a "potential investor") may be required to provide satisfactory evidence of identity and, if so required, the source of funds to purchase Warrants within a reasonable time period determined by the Issuer and the relevant Dealer or Additional Dealer. Pending the provision of such evidence, an application to subscribe for Warrants will be postponed. If a potential investor fails to provide satisfactory evidence within the time specified, or if a potential investor provides evidence but none of the Issuer or the relevant Dealer or Additional Dealer are satisfied therewith, its application to subscribe for Warrants may be rejected in which event any money received by way of application will be returned to the potential investor (without any additional amount added thereto and at the risk and expense of such potential investor). In respect of any potential investors, the Issuer will comply with Bahrain's Legislative Decree No. (4) of 2001 with respect to Prohibition and Combating of Money Laundering and various Ministerial Orders issued thereunder including, but not limited to, Ministerial Order No. (7) of 2001 with respect to Institutions' Obligations Concerning the Prohibition and Combating of Money Laundering.

Kingdom of Bahrain

The Dealer has represented and agreed, and each Additional Dealer will be required to represent and agree, that it has not offered and will not offer any Warrants to the Public (as defined in Articles 142-146 of the Commercial Companies Law (decree Law No. 21/2001 of Bahrain)) in the Kingdom of Bahrain.

Malaysia

The Warrants may not be offered or sold in Malaysia unless such offer, sale or invitation falls within (i) Schedule 5 to the Capital Markets and Services Act 2007 (*CMSA*), (ii) Schedule 6 or 7 to the *CMSA* as an "excluded offer" or "excluded invitation" or "excluded issue" within the meaning of sections 229 and 230 of the *CMSA* and, where such Warrants are debentures (as defined in the *CMSA*), (iii) Schedule 8 such that the trust deed requirements in the *CMSA* are not applicable. The Dealer and each Additional Dealer has represented and undertaken to the Issuer that it has not offered or sold and will not offer or sell any of the Warrants directly or indirectly, in Malaysia unless such offer, sale or invitation falls within (i) Schedule 5 to the *CMSA*, (ii) Schedule 6 or 7 to the *CMSA* as an "excluded offer" or "excluded invitation" or "excluded issue" within the meaning of sections 229 and 230 of the *CMSA* and where such Warrants are debentures (as defined in the *CMSA*), (iii) Schedule 8 such that the trust deed requirements in the *CMSA* are not applicable. No proposal has been submitted to the Securities Commission for its approval under the *CMSA* in respect of the Warrants, and no prospectus, trust deed or deed which complies with the requirements of the *CMSA* and the guidelines of the Securities Commission has been or will be registered with the Securities Commission under the *CMSA*.

In addition to the above, the Warrants may not be offered or sold in or from within the Federal Territory of Labuan without the prior written approval of the Labuan Financial Services Authority (**LFSA**) unless such offer, sale or invitation falls within section 8(5) of the Labuan Financial Services and Securities Act 2010 (**LFSSA**). The Dealer has represented and undertaken and each Additional Dealer will represent and undertake, to the Issuer that it has not offered or sold, and will not offer or sell any of the Warrants directly or indirectly, in or from within the Federal Territory of Labuan except in compliance with the LFSSA. No proposal has been submitted to LFSA for its approval under the LFSSA in respect of the Warrants, and no prospectus which complies with the requirements of the LFSSA has been or will be registered with the LFSA under the LFSSA.

Pakistan

The Dealer and each Additional Dealer has represented and agreed that the Warrants or interests therein will not be offered or sold directly or indirectly in Pakistan, to residents of Pakistan, or to, or for the account or benefit of, such persons in contravention of any applicable laws.

The Philippines

The Warrants being offered or sold have not been registered with the Securities and Exchange Commission under the Securities Regulation Code of the Philippines. Any offer or sale thereof within the Philippines is subject to the registration requirement under the Securities Regulation Code, unless such offer or sale qualifies as an exempt transaction thereunder.

Sri Lanka

The Warrants or an interest therein may not at any time be made the subject of an invitation or offer to the public or any section of the public in the Republic of Sri Lanka and any document or material relating to the Warrants may not be circulated or distributed to the public or any section of the public in the Republic of Sri Lanka. Investors intending to purchase or otherwise acquire the Warrants or any interest in the Warrants must consult with their legal, tax and financial advisers and obtain all necessary approvals before subscribing for or purchasing or acquiring any of the Warrants.

United Arab Emirates

United Arab Emirates (excluding the Dubai International Finance Centre)

The Dealer has represented and agreed, and each Additional Dealer appointed under the Programme will be required to acknowledge and agree that:

- (a) the Warrants to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities;
- (b) the information contained in this Base Prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and the information contained in this Base Prospectus is not intended to lead to the conclusion of any contract of whatsoever nature within the territory of the United Arab Emirates; and
- (c) the Warrants to be issued under the Programme and this Base Prospectus have not been and will not be filed, reviewed or approved by the United Arab Emirates Central Bank, the Emirates Securities and Commodities Authority, or any other governmental regulatory body or securities exchange.

Dubai International Financial Centre

The Dealer has represented and agreed, and each Additional Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Warrants to be issued

under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “Exempt Offer” in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the **DFSA**); and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.2 of the DFSA Conduct of Business Module.

Vietnam

The Warrants shall not be settled or redeemed in Vietnam. The purchaser shall be responsible for complying with all applicable regulations as it may be subject to in connection with the purchase and holding of the Warrants or marketing, offering or on-selling of the Warrants to a third party in Vietnam, including but not limited to regulations on remittance of funds out of, receipt of funds outside of, or remittance of funds into Vietnam. The Issuer shall not be liable in any manner for the purchaser’s purchasing, holding, marketing, offering, or on-selling the Warrants in a manner not in compliance with such regulations, nor shall the Issuer be obligated to redeem any Warrants so purchased by the purchaser.

Additional Selling Restrictions

Unitary Warrants and Regulation S Warrants for which Alternative Provisions are not applicable

In respect of (i) all Unitary Warrants and (ii) Regulation S Warrants for which the Alternative Provisions are specified as not applicable in the applicable Final Terms, the Dealer, each Additional Dealer and each Warrantholder will be required to comply with the following additional selling restrictions:

- 1) In respect of Regulation S Warrants only, the Warrants may not be offered or sold at any time within the United States or to, or for the account or benefit of, U.S. Persons, in accordance with Regulation S;
- 2) in respect of Warrants for which the Relevant Jurisdiction is a jurisdiction other than India,
 - a) the Warrants may not be offered, sold or delivered, or offered or sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly, in the Relevant Jurisdiction or to any resident of the Relevant Jurisdiction in contravention of any applicable laws; and
 - b) in respect of Regulation S Warrants only for which the Relevant Jurisdiction is Hong Kong, the Warrants will be offered only to persons who are not U.S. Persons, of the following types:
 - i) “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong, and/or
 - ii) not more than 50 prospective sophisticated investors; and any acceptance of any offer may not be transferred to any other person.

Following a purchase of the Warrants, Warrantholders may transfer the Warrants only to a non U.S. Person who is either a professional investor, or the Issuer or one of its affiliates; and

- 3) in respect of Warrants for which the Relevant Jurisdiction is India, Warrants may not be offered, sold or delivered, or offered or sold or delivered to any person for reoffering or resale or redelivery, in any such case directly or indirectly, in India or to any of the following persons (each a **Restricted Entity**):
 - a) a Person Resident in India (as defined in the Foreign Exchange Management Act, 1999);
 - b) a Person of Indian Origin (as defined in the Foreign Exchange Management (Deposit) Regulations 2000 as notified by the Reserve Bank of India (the **Regulations**));
 - c) a Non-Resident Indian (as defined in the Regulations); or

- d) a legal person that is not regulated by an appropriate foreign regulatory authority as set out in Regulation 15A of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (as amended from time to time)

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 neither it nor any person or group of persons who is/are (a) entitled to exercise, or control the exercise of a majority of the voting power of an entity, (b) holds or is otherwise entitled to a majority of the economic interest in an entity, or (c) who in fact exercises control over an entity (**Controller**) is a Restricted Entity. Each Warrantholder agrees not to offer, sell or deliver at any time, directly or indirectly, any of the Warrants in India or to, or for the account or benefit of any Restricted Entity.

The Issuer and its Affiliates may be requested to disclose to applicable regulatory authorities, including without limitation the Securities and Exchange Board of India (a) additional information in respect of the Warrants, and (b) any other information as may be required by law or under any applicable rules or regulations of such regulatory authorities, including but not limited to information concerning the identity of investors, shareholders and/or directors of Warrantholders (a **Regulatory Request**), and Warrantholders consent to any such disclosure.

Further, Warrantholders represent that if the Issuer determines that it does not have sufficient information to respond fully to a Regulatory Request, Warrantholders will, upon request by the Issuer, promptly either (i) provide the Issuer with the requested information, or (ii) having so informed the Issuer, provide the requested information directly to the applicable regulatory authority.

Regulation S Warrants for which Alternative Provisions are applicable

In respect of Regulation S Warrants for which the Alternative Provisions are specified as applicable in the applicable Final Terms, the Dealer, each Additional Dealer and each Warrantholder will be required to comply with the following additional selling restrictions:

- 1) in respect of Warrants for which the Relevant Jurisdiction is a Specified Jurisdiction,
 - a) the Warrants may not be offered, sold or delivered, or offered or sold or delivered to any person for reoffering or resale or redelivery, in any such case directly, in the Relevant Jurisdiction or to any resident of the Relevant Jurisdiction in contravention of any applicable laws; and
 - b) in respect of Warrants for which the Relevant Jurisdiction is Hong Kong, the Warrants will be offered only to persons who are not U.S. Persons, of the following types:
 - i) “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong, and/or
 - ii) not more than 50 prospective sophisticated investors; and any acceptance of any offer may not be transferred to any other person.

Following a purchase of the Warrants, Warrantholders may transfer the Warrants only to a non U.S. Person who is either a professional investor, or the Issuer or one of its affiliates.

- 2) in respect of Warrants for which the Relevant Jurisdiction is India, subject to such further documentation as may be agreed between the parties, the Warrants may not be offered, sold or delivered, or offered or sold or delivered to any person for reoffering or resale or redelivery, in any such case directly, in India or to any of the following persons (each a **Prohibited Purchaser**):
 - a) a Person Resident in India (as defined in the Foreign Exchange Management Act, 1999);
 - b) a Person of Indian Origin (as defined in the Foreign Exchange Management (Deposit) Regulations 2000 as notified by the Reserve Bank of India (the **Regulations**));

- c) a Non-Resident Indian (as defined in the Regulations);
- d) an Overseas Corporate Body (as defined in the Regulations); or
- e) a legal person that is not a regulated entity in accordance with the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (as amended from time to time).

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 neither it nor any person for whose account or benefit the Warrants are being purchased is a Prohibited Purchaser or is located in India. Each Warrantholder agrees not to offer, sell or deliver at any time, directly, any of the Warrants in India or to, or for the account or benefit of any Prohibited Purchaser.

The Issuer and its Affiliates may be requested to disclose to applicable regulatory authorities, including without limitation the Securities and Exchange Board of India (a) additional information in respect of the Warrants, and (b) any other information as may be required by law or under any applicable rules or regulations of such regulatory authorities, including but not limited to information concerning the identity of investors, shareholders and/or directors of Warrantholders (a **Regulatory Request**), and Warrantholders consent to any such disclosure.

Further, Warrantholders represent that if the Issuer determines that it does not have sufficient information to respond fully to a Regulatory Request, Warrantholders will, upon request by the Issuer, promptly either (i) provide the Issuer with the requested information, or (ii) having so informed the Issuer, provide the requested information directly to the applicable regulatory authority.

For the purposes of the above, **Specified Jurisdiction** means any one of the following jurisdictions: Australia, Hong Kong, Indonesia, Japan, Korea, Malaysia, Pakistan, Philippines, Singapore, Taiwan and Vietnam.

GENERAL INFORMATION

1. Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in the Cayman Islands in connection with the establishment and the updates of the Programme and the issue of the Warrants. The establishment of the Programme and the issue of the Warrants pursuant to this Base Prospectus dated 15 March 2013 was authorised by resolutions of the board of directors of the Issuer passed on 15 March 2013.

The Guarantor has obtained all necessary consents, approvals, and authorisation in connection with the Guarantee.

2. Litigation

Except as disclosed in this Base Prospectus (including all information and documents incorporated herein by reference or set out in full), neither the Issuer, the Guarantor nor any of their respective subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Base Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer and the Guarantor (on a consolidated basis).

3. Significant or Material Change

Save as disclosed in this Base Prospectus (including all information and documents incorporated herein by reference or set out in full), (i) since 31 December 2012, being the date of the last audited financial statements, there has been no material adverse change in the prospects of the Guarantor; and (ii) there has been no significant change in the financial or trading position of the Guarantor (on a consolidated basis) since 31 December 2012, the date of the most recently published accounts.

Save as disclosed in this Base Prospectus (including all information and documents incorporated herein by reference or set out in full), (i) there is no information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year; (ii) since 31 December 2011, being the date of the last audited financial statements, there has been no material adverse change in the prospects of the Issuer; and (iii) there has been no significant change in the financial or trading position of the Issuer since 30 June 2012, the date of the Issuer's last interim financial report.

4. Clearing Systems

The Warrants have been accepted for clearance through Euroclear and/or Clearstream, Luxembourg (which are the entities in charge of keeping the records). 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 Final Terms. 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 Final Terms.

The address of Euroclear is 3 Boulevard du Roi Albert II, B.1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F.Kennedy, L-1855 Luxembourg.

5. Documents Available

For so long as this Base Prospectus remains in effect, copies of the following documents (each as modified, amended, restated, supplemented or varied from time to time) will be physically available for inspection, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the principal office from time to time of the Principal Agent and the Irish Agent:

- (a) the Certificate of Incorporation and the Memorandum and Articles of Association of the Issuer;
- (b) the Certificate of Incorporation and Amended and Restated By-laws of the Guarantor;

- (c) this Base Prospectus and all information and documents incorporated herein by reference or set out in full;
- (d) the Agency Agreement;
- (e) the Subscription Agreement;
- (f) the Guarantee;
- (g) the Issuer's Report and Financial Statements for the fiscal year ended 31 December 2010;
- (h) the Issuer's Report and Financial Statements for the fiscal year ended 31 December 2011;
- (i) the Issuer's interim financial report for the period from 1 January 2012 to 30 June 2012;
- (j) the Guarantor's Annual Report on Form 10-K for the year ended 31 December 2012, including any amendments to such reports;
- (k) any future prospectuses, offering circulars, information memoranda and other supplements to this Base Prospectus or the Final Terms (save that a Final Terms relating to an unlisted Warrant will only be available to a holder of such Warrant and such Warrantholder must produce evidence satisfactory to the Principal Agent as to the identity of such holder) and any other information and documents incorporated herein or therein by reference or set out in full;
- (l) in the case of a syndicated issue of listed Warrants, the syndication agreement (or equivalent document); and
- (m) all reports, letters and other documents, historical financial information, valuations and statements by any expert any part of which is included or referred herein.

Any statement contained in this Base Prospectus or in a document incorporated or deemed to be incorporated by reference or set out in full in this Base Prospectus will be deemed to be modified or superseded for purposes of this Base Prospectus, to the extent that a statement contained in this Base Prospectus or in any subsequently filed document that also is or is deemed to be incorporated by reference or set out in full in this Base Prospectus and in respect of which a supplement to this Base Prospectus has been prepared modifies or supersedes the statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

This Base Prospectus will be available in electronic format on the website of the competent authority, for the purposes of the Prospectus Directive, in the Republic of Ireland. This website and any information contained on this website shall not form part of this Base Prospectus.

6. Listing of Warrants

This Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Application has been made to the Irish Stock Exchange for the Warrants to be admitted to the Official List and trading on its regulated market.

7. Auditors

The auditors of the Issuer are Deloitte Touche Tohmatsu in Hong Kong, a certified public accountants firm registered with the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu has audited the Issuer's accounts in accordance with International Standards on Auditing for each of the financial periods ended on 31 December 2010 and 31 December 2011 as stated by their reports

incorporated by reference in this Base Prospectus. The financial statements of the Issuer as of and for the years ended 31 December 2010 and 31 December 2011 have been prepared in accordance with International Financial Reporting Standards.

The auditors of the Guarantor are Deloitte & Touche LLP, an independent registered public accounting firm registered with the Public Company Accounting Oversight Board (United States). Deloitte & Touche LLP has audited the Guarantor's consolidated financial statements as of 31 December 2011 and 31 December 2012 and for the years ended 31 December 2010, 31 December 2011 and 31 December 2012 in accordance with the standards of the Public Company Accounting Oversight Board (United States).

8. Post-issuance Information

The Issuer does not intend to provide any post-issuance information in relation to any assets and/or underlying in relation to any issue of Warrants constituting derivative securities (as such term is used in the Commission Regulation (EC) No. 809/2004).

ISSUER

Morgan Stanley Asia Products Limited
c/o Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

GUARANTOR

Morgan Stanley
1585 Broadway
New York, 10036
U.S.A.

PRINCIPAL AGENT

Morgan Stanley Asia Limited
Level 46
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

IRISH AGENT & LISTING AGENT

J&E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

LEGAL ADVISERS TO THE ISSUER

As to Cayman Islands law:

Maples and Calder
53rd Floor, The Center
99 Queen's Road Central
Hong Kong

As to English law:

Linklaters
10th Floor, Alexandra House
Chater Road
Central
Hong Kong

As to United States law:

Cleary Gottlieb Steen & Hamilton (Hong Kong)
Bank of China Tower
One Garden Road
Central
Hong Kong

As to Irish law:

Matheson
16th Floor, Heron Tower
110 Bishopgate
London EC2N 4AY
England

AUDITORS TO THE ISSUER

Deloitte Touche Tohmatsu
A certified public accountants firm registered with
the Hong Kong Institute of Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

AUDITORS TO THE GUARANTOR

Deloitte & Touche LLP
Independent Registered Public Accounting Firm
2 World Financial Center
New York
New York 10281
U.S.A.

CALCULATION AGENT

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

DEALER

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

DEALER IN THE UNITED STATES

Morgan Stanley & Co. LLC
1585 Broadway
New York
New York 10036-8293
U.S.A.