

## SECURITIES NOTE

21 April 2011

**E.L.A.N. LIMITED**  
**(Incorporated with limited liability in Jersey)**

issued under

**USD5,000,000,000 Structured Note Programme**

of

**Series 2011-01 USD30,000,000 Limited Recourse Secured Floating Rate Credit-Linked Notes due 2016**  
**(the "Notes")**

**The Notes are secured primarily by Underlying Assets and a Swap Agreement linked to a portfolio of Reference Entities**

**Issue Price: 100 per cent.**

*The "Securities Note" prepared pursuant to the Prospectus (Directive 2003/71/EC) Regulations 2005 (the "**Prospectus Regulations**") will be available from the website of the Central Bank. This Securities Note is prepared in connection with the USD5,000,000,000 Structured Note Programme of E.L.A.N. Limited and should be read in conjunction with the Registration Document dated 26 April 2010 (the "**Registration Document**") issued by E.L.A.N. Limited (the "**Issuer**"). Terms defined in the Registration Document have the same meanings when used in this Securities Note.*

*This Securities Note has been prepared for the purpose of giving information about the issue of the Notes.*

*The Securities Note has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Directive 2003/71/EC (the "**Prospectus Directive**"). The Central Bank only approves this Securities Note as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. This document constitutes a Securities Note for the purposes of the Prospectus Directive and this Securities Note and the Registration Document together constitute a prospectus for the purposes of the Prospectus Directive as implemented in Ireland by the Prospectus Regulations.*

*Application has been made to the Irish Stock Exchange (the "**Irish Stock Exchange**") for the Notes to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Market**"). The Market is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**").*

**Investors should take into account, when making a decision as to whether or not to invest in the Notes, amongst other things, the matters set out in "Risk Factors" below.**

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Notes may not be offered, sold or delivered within the United States or to U.S. Persons.*

This Securities Note has been prepared by the Issuer for use in connection with the offering of the Notes described herein (the "**Offering**"). Each of the Issuer and the Dealer reserves the right to reject any offer to

purchase Notes in whole or in part for any reason, or to sell less than the stated initial principal amount of the Notes offered hereby. This Securities Note is personal to each offeree to whom it has been delivered by the Issuer, the Dealer or any affiliate thereof and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of this Securities Note to any persons other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Any reproduction or distribution of this Securities Note in whole or in part and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the securities offered herein is prohibited.

The Dealer expects to privately place the Notes and may do so in individually negotiated transactions at prices other than the Issue Price set out herein.

*Morgan Stanley & Co. International plc (the "Dealer") expects to deliver the Notes to purchasers on or about 21 April 2011.*

**MORGAN STANLEY**

*Subject as set out below, the Issuer accepts responsibility for all the information contained in this Securities Note (except for the information contained under the heading "Overview of Parties to the Transaction" and the information relating to the Initial Underlying Assets and the issuer thereof or for the information relating to the Reference Entities as to which the Issuer accepts no responsibility) and, to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Securities Note is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*The information set out under the heading "Overview of the Parties to the Transaction" has been provided to the Issuer by those parties and the Issuer makes no representation in relation to such information. Each of the parties named in the section headed "Overview of the Parties to the Transaction" takes responsibility for the information relating to themselves under the heading "Overview of the Parties to the Transaction" and, to the best of the knowledge and belief of each of them, the information set out under the relevant heading in respect of them is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*The information relating to the Initial Underlying Assets and the issuer thereof and the information relating to the Reference Entities have been accurately reproduced from publicly available information. So far as the Issuer is aware and is able to ascertain from publicly available information, no facts have been omitted which would render the reproduced information inaccurate or misleading. Any website referred to herein does not form part of this Securities Note.*

*No representation is made that this Securities Note may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, and no assumption is made of any responsibility for facilitating any such distribution or offering. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Securities Note nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.*

*No person has been authorised to give any information or to make representations other than those contained in this Securities Note in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or any of the parties mentioned herein.*

*Neither the delivery of this Securities Note nor any sale made in connection herewith shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date of this Securities Note.*

*Before making an investment decision, prospective purchasers should inform themselves about, and make a detailed evaluation of, the nature and financial position of the Swap Counterparty, the Credit Support Provider and of the issuer of the Initial Underlying Assets, the economic and social condition of the jurisdiction in which any such obligor is located and of the terms and conditions of the Charged Assets (including the Underlying Assets), the Reference Entities and the Related Agreements (each as defined below). None of the Issuer, the Trustee or the Dealer has had any access to any such obligor for the purposes of rendering any such investigation nor makes any representations as to the financial condition or creditworthiness of any such obligor. In addition, prospective purchasers should consider the nature*

*and financial position of the Issuer of the Notes as well as the terms and conditions of the Notes and any other related transaction documents described below.*

*This Securities Note contains summaries of and reference to certain provisions of other documents executed in relation to the Notes, such as the Supplemental Trust Deed (as defined below). Such summaries and references are subject to the actual provisions of each such document, copies of which are available for inspection at the specified office of the Principal Paying Agent. Holders of the Notes to which this Securities Note relates, and any other person into whose possession this Securities Note comes, will be deemed to have notice of all provisions of the documents executed in relation to the Notes which may be relevant to a decision to acquire, hold or dispose of any of the Notes.*

*Whilst legal opinions relating to the issue of the Notes are being obtained with respect to certain laws of England and Jersey, no such opinions have been obtained with respect to any other laws, including the laws of the country of incorporation of any of the obligors (other than the Issuer) in respect of the Charged Assets, the Reference Entities and/or the Underlying Assets (as the case may be), the laws of the country in which the Charged Assets, the Reference Entities and/or the Underlying Assets are situated or the laws which are expressed to govern the Charged Assets, the Reference Entities and/or the Underlying Assets, any of which, depending upon the circumstances, may affect, inter alia, the validity and legal and binding effect of the Charged Assets, the Reference Entities and/or the Underlying Assets and the effectiveness and ranking of the security for the Notes.*

*This Securities Note does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Securities Note in any jurisdiction where such action is required. This Securities Note which is dated 21 April 2011 may not be used for any purpose other than the provision of information in relation to the issue of the Notes and related transactions described herein.*

*This communication is directed only at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to the investments or (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc") of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "relevant persons"). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.*

*There can be no assurance that the amount payable on any redemption of the Notes or any early redemption or enforcement of the security therefor will be equal to or greater than the Issue Price or the then current principal amount of the Notes.*

The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control Borrowing (Jersey) Order 1958 to the issue of the Notes by the Issuer.

It must be distinctly understood that, in giving this consent, the Jersey Financial Services Commission does not take any responsibility for the financial soundness of the Issuer or of any schemes or for the correctness of any statements made, or opinions expressed, with regard to it.

**If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.**

**It should be remembered that the price of securities and the income from them can go down as well as up.**

**An investment in the Notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such an investment.**

**EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS THE NOTES OR POSSESSES OR DISTRIBUTES THIS SECURITIES NOTE AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF THE NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, THE DEALER (OR ANY OF THEIR AFFILIATES), THE TRUSTEE SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR.**

**THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER APPLICABLE LAWS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.**

## CONTENTS

	<b>Page</b>
Risk Factors .....	7
<b>Applicable Supplement</b> .....	<b>17</b>
Annex 1 to the Applicable Supplement .....	26
Use of Proceeds.....	38
Form of Swap Confirmation .....	39
Form of the Notes.....	45
Book-Entry Clearance Procedures .....	47
Tax Considerations.....	49
Subscription and Sale .....	51
Transfer Restrictions .....	54
Overview of Parties to the Transaction.....	56
General Information .....	58

## **RISK FACTORS**

*The following is a description of certain additional aspects of the issue of the Notes of which any prospective Noteholder should be aware. It is not intended to be exhaustive and any prospective Noteholder should also read the detailed information set out elsewhere in this document and take its own tax, legal and other relevant advice as to the structure and viability of an investment in the Notes.*

### **1. Risks relating to the Issuer**

#### *The Issuer is a Special Purpose Vehicle*

The Issuer's sole business is the raising of money by issuing Series of Notes or other obligations for the purposes of purchasing assets and entering into related derivatives and other contracts. The Issuer has covenanted not to have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or issue any shares (other than such shares as were in issue on the date of its incorporation). As such, the Issuer has, and will have, no assets other than its issued and paid-up share capital, such fees (as agreed) payable to it in connection with the issue of each Series of Notes or entry into other obligations from time to time (and any related profits and the proceeds of any deposits and investments made from such fees) and any assets on which Series of Notes or other obligations are secured. There is no day to day management of the business of the Issuer.

#### *No Regulation of the Issuer by any Regulatory Authority*

The Issuer is not required to be licensed, registered or authorised under any current securities, commodities or banking laws of its jurisdiction of incorporation and will operate without supervision by any authority in any jurisdiction. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. The taking of a contrary view by such regulatory authority could have an adverse impact on the Issuer or the holders of a Series of Notes.

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of any deposit protection scheme.

#### *Obligations of the Issuer*

The Notes are solely the obligations of the Issuer. In particular, the Notes are not the obligations or responsibility of, or guaranteed by, the Trustee, the Custodian, the Arranger, the shareholders of the Issuer, the Dealer, the Principal Paying Agent, the Determination Agent, the Calculation Agent, the issuer of the Initial Underlying Assets, the Swap Counterparty or the Credit Support Provider. Apart from the Issuer, none of these persons will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

Each Noteholder will be deemed to have represented that it has made its own independent assessment as to whether purchasing the Notes is appropriate for it based upon its own judgment and upon advice from such advisers as it considers necessary. None of the Issuer, the Trustee, the Swap Counterparty, the Dealer, the Credit Support Provider or the Determination Agent is acting as a financial adviser or in a fiduciary capacity

in relation to the Notes in respect of any investor or potential investor. Each Noteholder will also be deemed to have represented that it is not relying on any communication (written or oral) made by the Issuer as constituting either investment advice or a recommendation to purchase the Notes. No communication (written or oral) received by the Noteholders from the Issuer constitutes an assurance or guarantee as to the expected results or likely return under the Notes.

#### *Issuer's Ability to Pay Interest under the Notes*

The ability of the Issuer to meet its obligations to pay interest on the Notes (after payment in full has been made by the Issuer of all amounts due and owing which rank senior in priority thereto) will be dependent on the performance by the Swap Counterparty of its obligations under the Swap Agreement and of the Credit Support Provider under the Swap Guarantee and receipt by the Issuer of the sums of interest receivable in respect of the Underlying Assets (in that the Issuer must pay such sums under the Swap Agreement).

#### *Limited Recourse*

Each Series of Notes represents separate limited recourse obligations of the Issuer. The payment of principal, interest and other amounts in respect of each Series of Notes will be made solely from amounts received in respect of the Charged Assets relating to such Series of Notes. In respect of each Series of Notes, the fees and claims of, amongst others, the Trustee and any agent or receiver shall have priority over the claims of the relevant Noteholders in respect of the Charged Assets relating to such Series of Notes and the net proceeds (if any) of any realisation of the security for such Series of Notes may be insufficient to pay amounts due to the holders of such Notes. In such event, the Issuer will not be obliged to pay, and the other assets of the Issuer will not be available for payment of, any such shortfall and the rights of the Noteholders, the Trustee and other creditors to receive any further amount in respect of such obligations shall be extinguished and none of the Noteholders, the Trustee or other creditors may take any further action to recover such amounts. None of Morgan Stanley & Co. International plc or any of its affiliates will have any obligation to make payments of principal or interest on any of the securities issued by the Issuer.

#### *Non-Petition*

None of the Noteholders, the Trustee or other creditors (nor any other person acting on behalf of any of them) shall be entitled to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, examinership, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations relating to the Notes, the Supplemental Trust Deed or the other documents relating to the issue of the Notes, so long as the Notes are outstanding or for two years plus one day after the latest date on which any Note of any series is due to mature save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgement as to the obligations of the Issuer.

## **2. Risks relating to the Notes**

#### *Suitability*

Prospective purchasers of the Notes should ensure that they understand the nature of the Notes in which they are investing and the extent of their exposure to risk and that they consider the suitability of the Notes as an investment in the light of their own circumstances and financial condition. Each Noteholder should have sufficient knowledge, experience and professional advice to make its own legal, tax, accounting and financial evaluation of the merits and risks of investment in the Notes and in purchasing the Notes is not

relying on either the views or advice of, or any information with respect to, the Issuer, the Underlying Assets or the Reference Entities provided by the Arranger, the Dealer or any of their respective Affiliates.

#### *Subordination of the Notes*

Payments of interest and principal in respect of the Notes are subordinated to the payment of certain amounts payable by the Issuer as set out in the relevant Order of Priority specified in Special Condition 6.2 (*Pre and Post Enforcement Waterfalls*) as set out in Annex 1 to the Applicable Supplement.

There can be no assurance that the Noteholders will receive the full amounts payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. In particular, if Credit Events occur, returns to Noteholders could be greatly reduced or be zero.

#### *Interest*

Interest will cease to accrue on the earlier of (a) the Early Redemption Event Notice Date and (b) the Scheduled Maturity Date.

No interest will accrue for the period from and including the Scheduled Maturity Date to the Maturity Date (if applicable). In addition, where a Reference Entity becomes a Defaulted Reference Entity, the Outstanding Principal Amount will be reduced by the Notional Amount in respect of such Defaulted Reference Entity and the interest amount thereon will be reduced accordingly.

#### *Early Redemption following an Early Redemption Event*

The Notes are subject to acceleration and early redemption upon the occurrence of an Early Redemption Event, as determined by the Determination Agent. If an Early Redemption Event occurs, the Underlying Assets will be liquidated by the Determination Agent and the Swap Agreement will be terminated. Upon termination of the Swap Agreement, a termination payment may be payable to or by the Issuer on the Early Redemption Date. Upon such liquidation and termination of the Swap Agreement, the proceeds will be applied in accordance with the Order of Priority set out in Special Condition 6.2 (*Pre and Post Enforcement Waterfalls*) as set out in Annex 1 to the Applicable Supplement. The early redemption amount may be less than 100 per cent. of the Outstanding Principal Amount of the Notes. Noteholders should ensure that they have reviewed and fully understand all events that would result in an early redemption of the Notes prior to making an investment decision and how the early redemption amount will be determined. On an early redemption, any payments owing to the Swap Counterparty will be paid before the proceeds from the sale of the Underlying Assets are distributed to the Noteholders in accordance with the Order of Priority. The net proceeds (if any) of the liquidation of the Underlying Assets and any termination payment under the Swap Agreement may be insufficient to pay amounts due to the holders of the Notes and potential investors should be aware that the redemption amount of the notes may be less than the original investment by such holders. However, none of the Issuer, the Swap Counterparty, the Arranger or the Dealer makes any representation as to the existence of a market for the Underlying Assets. The Initial Underlying Assets are subject to certain transfer restrictions which may further limit their liquidity.

#### *Mark to Market Volatility*

The mark to market value of the Notes may be affected by a number of factors including, without limitation, the spread observed in the market for each underlying Reference Entity, the spread observed in the market for tranches referenced to similar underlying assets, implied rating, and change in any other pricing

parameters (including correlation and recovery rate assumptions). Mark to market values may be extremely volatile and unpredictable.

#### *Liquidity Risk*

The Notes should be viewed as a longer term investment, not as a trading investment. None of the Issuer, the Swap Counterparty, the Arranger or the Dealer makes any representation as to the existence of a market for the Notes. The Arranger has no obligation to provide a bid on the Notes at any time. If it chooses to indicate prices in the Notes on request, the price given, if any, will be affected by many factors including, but not limited to, the Arranger's view of the creditworthiness of the Reference Entity in respect of which Credit Events have not occurred, the remaining term of the Notes, the general level of interest rates and the current market value of the Underlying Assets.

In addition, no sale, assignment, participation, pledge or transfer of the Notes may be effected if, among other things, it would require the Issuer to register under the Investment Company Act or any other similar legislation or regulatory action. Furthermore, the Notes have not been and will not be registered under the Securities Act, any state securities laws in the United States or the securities laws of any other jurisdiction. The Notes are subject to certain transfer restrictions and each purchaser of Notes will be deemed to have made certain acknowledgements, representations and agreements. See "*Subscription and Sale*" and "*Transfer Restrictions*". Such restrictions on the transfer of the Notes may further limit their liquidity.

#### *Deferral of Redemption of the Notes*

The Maturity Date of the Notes is (i) the day that is five Business Days after the Termination Date of the Swap Agreement or (ii) if the Determination Agent determines in good faith on or prior to the Business Day prior to the Scheduled Termination Date of the Swap Agreement that one or more Event Determination Dates are likely to occur with respect to any Reference Entity under the Swap Agreement, either (a) the day that is five Business Days after the day that the last related Auction Final Price or the Cash Settlement Amount, as the case may be, has been determined if an Event Determination Date with respect to any Reference Entity has occurred under the Swap Agreement; or (b) the day that is 5 Business Days after the Determination Agent notifies the Issuer of its determination in good faith that an Event Determination Date will not occur with respect to any Reference Entity under the Swap Agreement. Interest will not accrue on the Notes for the period from and including the Scheduled Maturity Date to the Maturity Date (if applicable).

#### *Underlying Assets*

Other than as expressly stated herein in relation to the Issuer, none of the Issuer, the Swap Counterparty, the Arranger, the Dealer nor the Trustee has verified, or accepts any liability whatsoever for the accuracy of the information relating to the Underlying Assets contained in this document.

None of the Issuer, the Swap Counterparty, the Arranger or the Dealer has made any investigation into the issuers of the Underlying Assets and prospective purchasers should make their own investigations and determinations with regard to the financial condition and creditworthiness of such issuers and the full terms of the Underlying Assets. The value of the Underlying Assets may fluctuate from time to time and none of the Issuer, the Trustee, the Dealer, the Custodian, the Determination Agent, the Calculation Agent or the Swap Counterparty have any obligation to maintain the value of the Underlying Assets at any particular level. None of the Issuer, the Trustee, the Dealer, the Calculation Agent, the Custodian or any of their

affiliates has any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Underlying Assets from time to time.

#### *Issuer of Initial Underlying Assets*

The Initial Underlying Assets are issued by the U.S. Treasury Department and backed by the full faith and credit of the U.S. Because a Collateral Event will result in early redemption of the Notes, and the amount payable on early redemption may be less than the Outstanding Principal Amount, an investor is exposed to the credit risk of the issuer of the Initial Underlying Assets.

### **3. Credit considerations and risks relating to the Reference Entities**

#### *Credit Risk on Swap Counterparty and Swap Guarantor*

The ability of the Issuer to meet its obligations under the Notes will depend on the receipt by it of payments owed to the Issuer by the Swap Counterparty and the Swap Guarantor. Consequently, an investor is exposed not only to the occurrence of Credit Events in relation to the Reference Entities, but also to the ability of the Swap Counterparty and the Swap Guarantor to perform their respective obligations to make payments to the Issuer.

The Notes are linked to the creditworthiness of the Reference Entities and the obligor in respect of the Underlying Assets.

#### *Exposure to the Reference Entities*

Prospective investors who consider purchasing the Notes should understand the credit-linked nature of the Notes, in particular the risks associated with the Reference Entities, which shall include any Successor(s). Payments under the Notes are dependent upon, among other things, the credit performance of the Reference Entities and the occurrence of Credit Event(s) in relation to the Reference Entities. Noteholders should be aware that in the case of a Credit Event occurring in respect of any Reference Entity, the Noteholders are exposed to loss of principal and interest. The terms of the Notes provide that investors will be exposed to the credit risk in respect of the Reference Entities from a date prior to the issue of the Notes.

In addition, the creditworthiness and/or performance of any of the Reference Entities may be dependent upon economic, political, financial and social events locally and globally. The likelihood of a Credit Event occurring with respect to a Reference Entity and the amount of the Loss Amount in respect thereof will generally fluctuate with, among other things, the financial condition of the Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. There can be no assurance that such factors will not adversely affect any of the Reference Entities' creditworthiness and/or performance and, in turn, the performance of the Notes. The Notes do not represent a claim against any of the Reference Entities and, in the event of any loss, Noteholders will not have recourse under the Notes to any of the Reference Entities.

Upon the occurrence and settlement of a Credit Event under the Swap Agreement, the relevant Loss Amount will be determined as an amount payable to the Swap Counterparty. The Loss Amount takes into account the Auction Settlement Amount or, as the case may be, Cash Settlement Amount determined in respect of the relevant Reference Entity.

The maximum loss for the investor is 100 per cent. of the initial investment in addition to all interest amounts.

*Risks relating to Credit Derivatives Definitions, Determinations Committees and Auction Settlement.*

The terms and conditions of the Swap Agreement incorporate the definitions and provisions of the 2003 Credit Derivatives Definitions, as amended by, *inter alia*, the July 2009 Supplement and as further amended by the Swap Agreement. Accordingly, only investors who are familiar with, and fully understand the definitions and provisions of the Credit Derivatives Definitions and have access to the relevant Credit Derivatives Definitions should consider purchasing the Notes issued hereunder. Prospective investors should be aware that investing in the Notes may not be equivalent to selling credit protection in respect of the Reference Entities by way of a market standard credit default swap transaction that incorporates the Credit Derivatives Definitions.

Not all of the Credit Events require an actual default with respect to a Reference Entity's obligations. Thus Noteholders could bear losses based on deterioration in the credit of any Reference Entity short of a default. Also, not all credit events are triggered by events which are easily ascertainable and disputes can and have arisen as to whether a specific event with respect to an entity or its corresponding obligation did or did not constitute a credit event.

Prospective investors should be aware that, as provided for in the Credit Derivatives Definitions, many of the decisions relating to the terms of the Notes may be determined by the Credit Derivatives Determinations Committee whose purposes is, in certain circumstances, to make fundamental determinations on a mixture of commercial and legal questions which include, amongst other things, the occurrence of a Credit Event and the occurrence of a Succession Event (and the identity of the Successor(s)). Prospective investors should be familiar with the rules and the manner in which the Credit Derivatives Determinations Committee is constituted and resolves matters. By purchasing the Notes, investors shall be deemed to agree (a) that no DC Party and no legal counsel or other third-party professional hired by a DC Party in connection with such DC Party's performance of its respective duties under the relevant rules and the Credit Derivatives Auction Settlement Terms, shall be liable, whether for negligence or otherwise, except in the case of fraud or wilful misconduct and (b) to waive any such claim, whether for negligence or otherwise, except as aforesaid. Prospective investors should also note that Morgan Stanley is a global dealer on the Credit Derivatives Determinations Committee. Prospective investors should also be aware that the July 2009 Supplement gives the Determinations Committee wide discretion to make determinations on a case-by-case basis notwithstanding any provision to the contrary in the July 2009 Supplement. Under the terms of the Notes, the Credit Derivatives Determinations Committee, the Issuer's or Determination Agent's determination that a Credit Event has or has not occurred will be binding on the Issuer and the Noteholders, and may be different from the view of the Noteholders or other financial institutions, rating agencies or commentators. The determination by the Credit Derivatives Determinations Committee shall prevail.

The July 2009 Supplement also introduces a dynamic effective date such that a Credit Event must occur not more than 60 days prior to, and a Succession Event must occur not more than 90 days prior to, the date on which a request is submitted to ISDA to convene the relevant Determination Committee to consider whether a Credit Event or Succession Event has occurred (or, if applicable, the date that the Conditions to Settlement are satisfied or a Succession Notice is effective, as the case may be). This "rolling backstop" differs from a credit derivatives transaction that only incorporates the 2003 ISDA Credit Derivatives Definitions and does not incorporate the July 2009 Supplement. Potential investors should be aware that because the Notes are

exposed to a Credit Event that may occur on or following the Credit Event Backstop Date, such Credit Event may occur prior to the Trade Date of the Swap Agreement. Accordingly, investors should be aware that a Loss Amount could be determined on or shortly following the Issue Date due to the occurrence of a Credit Event prior to the issue of the Notes.

Under the terms of the Notes, the losses associated with a Credit Event will be settled in accordance with an Auction if held. Prospective investors should be familiar with, and understand, the Auction settlement mechanics, in particular, the manner in which the Auction Final Price is determined, as set out in the Credit Derivatives Auction Settlement Terms.

#### *Risks relating to CDX Untranching Standard Terms*

The terms and conditions of the Swap Agreement incorporate the definitions and provisions of the CDX Untranching Transactions Standard Terms Supplement published on 31 January 2011. Accordingly, only investors who are familiar with, and fully understand the definitions and provisions of the CDX Standard Terms and have access to the relevant CDX Standard Terms should consider purchasing the Notes issued hereunder. Prospective investors should be aware that investing in the Notes may not be equivalent to selling credit protection in respect of the Reference Entities by way of a market standard credit default swap transaction that incorporates the CDX Standard Terms.

#### *Successors*

Where a Succession Event has occurred under the Swap Agreement and more than one Successor has been identified in respect of the Reference Entity, the relevant Component Transaction under the Swap Agreement will be divided into the same number of new Component Transactions as there are Successors and each Successor will be the Reference Entity for the purpose of one such new Component Transaction. In such circumstances, the Determination Agent will make any amendments to the Swap Agreement, the Conditions of the Notes and any other document that the Determination Agent determines are necessary to preserve the economic effect of the Swap Agreement and the Conditions of the Notes prior to such Succession Event. Any such amendments to the Conditions of the Notes will be made without the consent of the Noteholders.

#### *Historical Performance may not predict Future Performance*

The Reference Entity may not perform as indicated by the historical performance of similarly rated Reference Entities. Even if future performance is similar to that of historic performance for the entire market, each prospective investor must make its own determination as to whether the Reference Entity will reflect the experience of the universe of rated entities. Hence, Credit Event rates experienced by this transaction may be higher than they have been historically and may in future be higher than the rates for the entire market.

#### *No legal or beneficial interest in any Reference Entity*

Under the Swap Agreement, the Issuer will have a contractual relationship only with the Swap Counterparty and not with any Reference Entity and will have no recourse against any Reference Entity. Consequently the Swap Agreement does not constitute the acquisition of any interest in any Reference Entity or in any obligation of any Reference Entity. None of the Trustee, the Issuer, the Noteholders or any other entity will have any rights to acquire from the Swap Counterparty (or to require the Swap Counterparty to transfer, assign or otherwise dispose of) any interest in any Reference Entity or in any obligation of any Reference Entity.

*Limited provision of information about the Reference Entity*

None of the Issuer, the Trustee and the Noteholders will have any right, except as specifically required under the terms of the Swap Agreement and the Notes, to receive any information regarding any Reference Entity.

*No need for loss*

The Issuer is obliged to make payments to the Swap Counterparty under the Swap Agreement in respect of a Reference Entity if it is affected by a Credit Event irrespective of whether the Swap Counterparty has suffered an actual loss in respect of such Reference Entity or of the size of such loss.

**4. Risks relating to Morgan Stanley**

*Capacity of Morgan Stanley and its affiliates*

Morgan Stanley and its affiliates are acting in a number of capacities including, without limitation, as Swap Counterparty, Credit Support Provider, Determination Agent, Arranger and Dealer. Morgan Stanley, acting in such capacities in connection with such transactions shall have only the duties and responsibilities expressly agreed to by such entities in the relevant capacity and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. Morgan Stanley and its affiliates, in their various capacities in connection with the contemplated transactions may enter into business dealings, including the acquisition of investment securities as contemplated by the Related Agreements, from which they may derive revenues and profits in addition to the fees stated in the various Related Agreements, without any duty to account therefor.

In the event that Morgan Stanley and its affiliates owns any Notes, it has no fiduciary obligation whatsoever to the Issuer or the Noteholders in relation to the exercise (or non exercise) of its rights as a holder of such Notes.

*Morgan Stanley Noteholder Option*

Morgan Stanley & Co. International plc and each of its affiliates (each such person, a "**Morgan Stanley Noteholder**") have the option, exercisable at any time and from time to time by written notice, to require the Issuer to redeem all or some only of the Notes held by it (or beneficially owned by it) (the "**Morgan Stanley Noteholder Option**").

No interest will be payable in respect of a Note to be redeemed pursuant to an exercise of the Morgan Stanley Noteholder Option in respect of the period since the last date on which interest was payable (or, if there is no such date, the Issue Date).

Upon an exercise of the Morgan Stanley Noteholder Option, the Relevant Portion of each Related Agreement will terminate and the Determination Agent will:

- (A) arrange for the delivery of the Relevant Portion of the Underlying Assets (rounded down, if appropriate, to the nearest denomination) to the Morgan Stanley Noteholder and that amount of the Underlying Assets shall be released from the security constituted by the Security Documents; and
- (B) identify any changes to the terms and conditions of the Notes and the Transaction Documents which the Determination Agent considers are required in order to reflect and account for the redemption

pursuant to the exercise of the Morgan Stanley Noteholder Option and to ensure that the amounts payable on those Notes which are not redeemed are the same (in all material respects) as the amounts which would have been payable on those Notes but for that redemption. Upon identification by the Determination Agent of any such changes, the terms and conditions of the Notes and the Transaction Documents will be deemed to be amended without any further action required by or consent from any other party.

For this purpose, "**Relevant Portion**" means, in relation to a Related Agreement or the Underlying Assets, a share thereof corresponding to the proportion which the Outstanding Principal Amount of the Notes to be redeemed bears to all of the Notes (including the Notes to be redeemed).

Payment of the redemption amount in respect of all the Notes to be redeemed in the event of an exercise of the Morgan Stanley Noteholder Option will be deemed to be satisfied by delivery to the Morgan Stanley Noteholder of the Relevant Portion of the Underlying Assets (rounded down, if appropriate, to the nearest denomination).

#### *Dealings related to the Reference Entities and Underlying Assets*

Morgan Stanley will not be (nor be deemed to be acting as) the agent, fiduciary or trustee of the Issuer or the Noteholders in connection with the exercise of, or the failure to exercise, any of the rights or powers of Morgan Stanley arising under or in connection with its holding (if any) of any obligation of or interest in any Reference Entity or any Underlying Asset. Morgan Stanley & Co. International plc in its capacity as Determination Agent does not have any fiduciary duty to the Noteholders.

Morgan Stanley and any of its affiliates (i) may deal with any Reference Entity or the issuer of any Underlying Asset, (ii) may accept information from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business transactions with, any Reference Entity or the issuer of any Underlying Asset and any investment manager or trustee relating to any obligation of any Reference Entity or any Underlying Asset, (iii) may have placed, underwritten, arranged or structured any obligation of any Reference Entity or any Underlying Asset when such obligations or Underlying Assets were originally issued and (iv) may act, with respect to transactions described in the preceding paragraphs (i), (ii) and (iii), in the same manner as if the Swap Agreement and the Notes did not exist and without regard as to whether such action might have an adverse effect on that Reference Entity, the Underlying Assets, any investment manager or trustee related to any Underlying Asset or obligation of any Reference Entity, the Issuer or the Noteholders.

#### *Conflicts of interest*

Under the Supplemental Trust Deed, the Trustee will hold a security interest in the property charged and assigned thereunder for the benefit of, among others, the Noteholders, whose rights in an enforcement of the security interest will be subordinate to the prior rights of certain other Secured Creditors. The Trustee will not be bound to exercise any rights in respect of the security in respect of the Notes unless requested by the Instructing Creditor, which is the Swap Counterparty. Where the interests of the Instructing Creditor conflict with those of other Secured Creditors, the Trustee will prefer the interests of the Instructing Creditor over the other Secured Creditors.

## **5. Tax Considerations**

The Issuer is not obliged to pay any additional amounts for, or on account of, any payments under the Notes or the Swap Agreement that are the subject of a deduction or a withholding for or on account of any tax. The imposition of such withholding or deductions may lead to an early termination of the Swap Agreement (and if so, an early redemption of the Notes).

Pursuant to the terms of the Swap Agreement, the Swap Counterparty is not obliged to pay any additional amount for, or on account of, any payments under the Swap Agreement that are the subject of a deduction or withholding for or on account of any tax. The imposition of such withholding or deductions may lead to an early termination of the Swap Agreement (and if so, an early redemption of the Notes).

#### **6. EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

#### **7. Expenses**

The payment of anticipated up-front fees, costs and expenses of the Issuer in connection with the issue of the Notes and the entry into the Swap Agreement will be met by Morgan Stanley & Co. International plc.

## **APPLICABLE SUPPLEMENT**

**E.L.A.N. LIMITED**  
**(Incorporated with limited liability in Jersey)**

**issue of**

**Series 2011-01 USD30,000,000 Limited Recourse Secured Floating Rate Credit-Linked Notes due 2016**

under the

**USD5,000,000,000**  
**Structured Note Programme**

The Notes shall have the terms and conditions set out in the Second Schedule of the Principal Trust Deed as amended and restated on 26 April 2010 (the "**Conditions**") as completed, modified and supplemented by this Applicable Supplement (including the Annexes hereto).

This Applicable Supplement constitutes the "Applicable Supplement" as referred to in the Conditions.

### **Special Conditions**

The Special Conditions set out in Annex 1 to this Applicable Supplement shall complete, modify and supplement the Conditions of the Notes. In the event of any inconsistency between the Conditions and the Special Conditions, the Special Conditions shall prevail and the Conditions shall be deemed to be amended accordingly.

- |    |                                     |   |
|----|-------------------------------------|---|
| 1. | Issuer:                             | E.L.A.N. Limited  |
| 2. | Series Number:                      | 2011-01   |
| 3. | Specified Currency or Currencies:   | United States Dollars (" <b>USD</b> ")  |
| 4. | Aggregate Nominal/Principal Amount: | USD30,000,000   |
| 5. | (i) Issue Date:                     | 21 April 2011   |
|    | (ii) Interest Commencement Date:    | 21 April 2011   |
| 6. | Maturity Date:                      | Subject to the occurrence of an Early Redemption Event or any early redemption of the notes relating to an Event of Default, (i) the day that is 5 Business Days after the Credit Default Swap Termination Date; or (ii) if the Determination Agent determines in good faith on or prior to the Business Day prior to the Scheduled Termination Date of the Swap Agreement that one or more Event Determination Dates are likely to occur with respect to any Reference Entity under the Swap |

Agreement, either (A) the day that is 5 Business Days after the day that the last related Auction Final Price or the Cash Settlement Amount, as the case may be, has been determined if an Event Determination Date with respect to any Reference Entity has occurred under the Swap Agreement; or (B) the day that is 5 Business Days after the Determination Agent notifies the Issuer of its determination in good faith that an Event Determination Date will not occur with respect to any Reference Entity under the Swap Agreement.

References to "**Events Determination Date**" in this section are to an Event Determination Date that has not previously resulted in an Auction Settlement Date or Cash Settlement Date.

"**Scheduled Maturity Date**" means 30 June 2016, subject to adjustment in accordance with the Business Day Convention. For the avoidance of doubt, subject to the occurrence of an Early Redemption Event or any early redemption of the Notes relating to an Event of Default, the Notes shall redeem on the Maturity Date.

7. Interest Basis: Floating.
8. Redemption/Payment Basis: Subject to the provisions of paragraph 3 (*Early Redemption Events*) and paragraph 4 (*Events of Default*) of Annex 1 hereto, Outstanding Principal Amount divided by the number of Notes outstanding.
9. Change of Interest or Redemption Basis: Not applicable.
10. Put/Call Options: None.
11. Issue Price: 100 per cent. of the Initial Principal Amount.
12. Status of the Notes: See paragraph 6 (*Status of Notes*) of Annex 1 hereto.
13. Instructing Creditor:  
(See Conditions 3(d), 7(b)(v), 10 and 11) The Swap Counterparty.
14. Listing: Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market (the "**Market**"). The Market is a regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**").

15. Method of Distribution: Non-syndicated.

## RATINGS

16. Rating(s): The Notes will not be rated.

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17. Fixed Rate Note Provisions: Not applicable.

18. Floating Rate Note Provisions: Applicable, subject to the provisions of paragraph 2 (*Interest Amount and Maturity Date*) of Annex 1 hereto.

19. Interest Period End Dates: 20 March, 20 June, 20 September and 20 December each year (subject to adjustment in accordance with the Business Day Convention) from and including 20 June 2011, provided that (a) 20 June 2016 shall not be an Interest Period End Date and (b) the last Interest Period shall end on but exclude the Scheduled Maturity Date.

(i) Interest Payment Dates: One Business Day after each Interest Period End Date, provided that (a) the last Interest Payment Date shall be the Scheduled Maturity Date and (b) interest shall cease to accrue from the earlier of (x) the Early Redemption Event Notice Date and (y) the Scheduled Maturity Date.

(ii) Business Day Convention: Following Business Day Convention.

(iii) Additional Cities for the Definition of Business Day in Condition 6(k): New York. See also paragraph 36.

(iv) Determination Agent: Morgan Stanley & Co. International plc.

(v) Calculation Agent: The Bank of New York Mellon acting through its London Branch.

(vi) Manner in which the Interest Rate is to be determined: ISDA Determination.

(vii) If Screen Rate Determination: Not applicable.

(viii) If ISDA Determination:

(a) Floating Rate Option:	USD-LIBOR-BBA
(b) Designated Maturity:	3 months, provided that for any Interest Period of less than or more than three months, the relevant rate shall be determined by reference to a straight-line interpolation between the next shorter and next longer period closest to the relevant Interest Period for which a USD-LIBOR-BBA value is available.
(c) Reset Date:	The first day of each Interest Period.
(ix) If other, specify basis for determination of the Rate of Interest, any relevant Margin and any fall-back provisions:	Not applicable.
(x) Margin:	In respect of any Interest Amount payable on any Interest Payment Date, plus 3.80 per cent. per annum.
(xi) Rate Multiplier:	Not applicable.
(xii) Minimum Rate of Interest:	Not applicable.
(xiii) Maximum Rate of Interest:	Not applicable.
(xiv) Day Count Fraction:	Actual/360.
(xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	Not applicable.
20. Zero Coupon Note Provisions	Not applicable.
21. Index/Formula-Linked Note Provisions	Not applicable.
22. Dual Currency Note Provisions	Not applicable.
23. Variable Coupon Amount Provisions	Not applicable.

**PROVISIONS RELATING TO REDEMPTION, PURCHASE AND EXCHANGE**

24. Mandatory Redemption Events:	Applicable.
	See paragraph 3 ( <i>Early Redemption Events</i> ) of Annex 1 hereto which provides that an Early Redemption Event (the definition of which includes a Mandatory

- Redemption Event) will result in early redemption of the Notes.
25. Underlying Disposal Event and Event of Default: Underlying Disposal Event: not applicable.  
Event of Default: applicable.  
See paragraph 4 (*Events of Default*) of Annex 1 hereto.
26. Purchase at Issuer's Option (Condition 7(c)): Not applicable.
27. Redemption at the Option of the Issuer: Not applicable.
28. Redemption at the Option/Request of the Noteholders: The Morgan Stanley Noteholder Option described in Condition 7(g)(B) is applicable as amended in paragraph 7 (*Morgan Stanley Noteholder Option*) in Annex 1 hereto.
29. Termination of Swap Agreement at the Option of the Swap Counterparty: Not applicable. But see paragraph 7 (*Morgan Stanley Noteholder Option*) in Annex 1 hereto.
30. Exchange of Notes for Underlying Assets: Not applicable.
31. Exchange of Series: Not applicable.
32. Final Redemption Amount: Subject to the provisions of paragraph 3 (*Early Redemption Events*) of Annex 1 hereto, the Outstanding Principal Amount divided by the number of Notes outstanding.
33. Early Redemption Amount pursuant to Mandatory Redemption Event or Event of Default: The occurrence of an Early Redemption Event will, or an Event of Default (subject to the Condition 10(a)) may, result in an early redemption of the Notes.  
  
On the Early Redemption Date, the Issuer shall apply the Liquidation Amount, together with any Swap Termination Amount paid to the Issuer, in accordance with the Order of Priority, to redeem the Notes in whole on a *pro rata* basis. The provisions of Clause 17 of the Principal Trust Deed shall apply in respect of such redemption of Notes. The redemption amount of each Note (the "**Early Redemption Amount**") shall be equal to the pro rata amount available for distribution to Noteholders after paying amounts in priority to the Noteholders in accordance with the Order of Priority.  
  
See paragraph 3 (*Early Redemption Events*) and paragraph 4 (*Events of Default*) in Annex 1 hereto.

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

34. Form of Notes: Registered.
- The Notes will on issue be represented by a registered Global Note (the "**Global Note**") in fully registered form, without coupons attached, deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg. The Global Note will be exchangeable for definitive notes in registered form, in limited circumstances.
35. Authorised Denominations: The Notes will be issued in minimum denominations of USD250,000.
- For the purpose of the Provisions for Meetings of the Noteholders as set out in Schedule 1 to the Principal Trust Deed, a "**Unit**" shall mean USD1,000.
36. Additional Business Days or other special provisions relating to Payment Dates: TARGET Settlement Day. See also paragraph 19(iii).
37. Paying Agent/Registrar/Alternative Registrar (if other than as specified in the Agency Agreement): Not applicable.
38. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): Not applicable.
39. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not applicable.
40. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: Not applicable.
41. Variation to provisions of Condition 10 (Events of Default): Paragraph (vii) of Condition 10(a) (*Events of Default*) shall not apply to the Notes.
- See also paragraph 4 (*Events of Default*) in Annex 1 hereto.

42. Other terms or special conditions: As set out in Annex 1 hereto.

## **DISTRIBUTION**

43. If syndicated, names of Managers: Not applicable.  
Stabilising Manager (if any): Not applicable.

44. If non-syndicated, name of Dealer: Morgan Stanley & Co. International plc.

45. Additional selling restrictions: See "Subscription and Sale".

46. Commission payable: Not applicable.

47. Selling Concession: Not applicable.

48. Expenses: Not applicable.

## **OPERATIONAL INFORMATION**

49. ISIN Code: XS0616588744.

50. Common Code: 061658874.

51. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Not applicable.

52. Delivery: Delivery versus payment.

## **RELATED AGREEMENTS AND SECURITY**

53. Security: The Issuer's obligations under the Notes will be secured pursuant to the Supplemental Trust Deed.

54. Swap Counterparty: Morgan Stanley & Co. International plc.

55. Contingent Forward Counterparty (if applicable): Not applicable.

56. Swap Calculation Agent: Morgan Stanley & Co. International plc.

57. Swap Agreement: The credit default swap confirmation (the "**CDS Confirmation**") dated 21 April 2011 between the Issuer and the Swap Counterparty that supplements, forms a part of and is subject to the provisions of the ISDA Master Agreement (Multicurrency-Cross Border) and schedule thereto, each dated as of 19 January 2001 (the "**ISDA Master Agreement**" and together with the CDS Confirmation, the "**Swap**

**Agreement")**.

58. Swap Guarantee: The guarantee dated 19 January 2001 between the Issuer and the Credit Support Provider (the "**Swap Guarantee**"). The Swap Guarantee together with the Swap Agreement are the "**Related Agreements**".
59. Contingent Forward Agreement (if applicable): Not applicable.
60. Contingent Forward Guarantee (if applicable): Not applicable.
61. Credit Support Provider: Morgan Stanley.
62. Scheduled Termination Date of Swap Agreement: 20 June 2016.
63. Application of proceeds upon a Mandatory Redemption Event: See Paragraph 6.2 (*Pre and Post Enforcement Waterfalls*) in Annex 1 hereto.
64. Substitution of Underlying Assets: Not applicable.
65. Gross-up: Not applicable.

#### **ADDITIONAL INFORMATION**

66. Custodian: The Bank of New York Mellon acting through its London Branch
67. Description of the Initial Underlying Assets and Initial Underlying Assets Issuer: The Initial Underlying Assets will comprise USD30,000,000 in principal amount of the USD27,784,000,000 Fixed Rate Notes due 2016 issued by the U.S. Treasury Department and back by the full faith and credit of the U.S. (ISIN: US912828KZ29; CUSIP: 912828KZ2).
- The Initial Underlying Assets Issuer is the United States Department of the Treasury. The Initial Underlying Assets Issuer has debt securities listed on the New York Stock Exchange.
- The Initial Underlying Assets are governed by United States federal law and the maturity date is 30 June 2016.
68. Description of the Reference Entities: The portfolio of Reference Entities is as set out in the Markit CDX IG.HY.S16.V1 Index effective 21 March 2011 and sponsored by Markit North America, Inc. The Index consists of a portfolio of 100 Reference Entities.
- Further information on the past and future performance

of the portfolio may be found at the link below:

<http://www.markit.com/en/products/data/indices/credit-and-loan-indices/cdx/cdx.page?>

69. Redenomination: Not applicable.

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Applicable Supplement.

Signed on behalf of the Issuer:

By: .....

Date: .....

## ANNEX 1 TO THE APPLICABLE SUPPLEMENT SPECIAL CONDITIONS

In respect of each Series of Notes, the Conditions shall be supplemented and modified by the following Special Conditions:

### 1. DEFINITIONS AND INTERPRETATION

Capitalised terms used but not otherwise defined will have the meanings given to them in the Swap Agreement.

"**Affiliate**" means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For these purposes "**control**" means ownership of a majority of the voting power of the entity or person.

"**Average Outstanding Principal Amount**" means, in respect of any Interest Period, an amount equal to the sum of the Outstanding Principal Amount on each day in such Interest Period divided by the number of days in such Interest Period.

"**Business Day**" means London, New York and TARGET Settlement Days.

"**Credit Default Swap Termination Date**" means the termination date of the credit default swap transaction evidenced by the CDS Confirmation, which, for the avoidance of doubt, may be later than the Scheduled Maturity Date, provided that such termination is not as a result of a termination of the Swap Agreement in whole pursuant to Section 6 thereof.

"**Custody Account**" means the custody account established on the books of the Custodian in connection with the Notes in accordance with the provisions of the Custody Agreement.

"**Early Redemption Date**" in respect of the Notes shall be a day no later than the fifth Business Day following the later of (i) receipt of the liquidation, redemption or realisation proceeds of the Underlying Assets and (ii) receipt of any Swap Termination Amount payable to the Issuer by the Swap Counterparty.

"**Early Redemption Event**" means either a Mandatory Redemption Event or a Collateral Event.

"**Defaulted Reference Entity**" means a Reference Entity in respect of which an Event Determination Date has occurred.

"**Initial Principal Amount**" means USD30,000,000.

"**Interest Amount**" means an amount equal to the product of (a) the Average Outstanding Principal Amount, (b) the Day Count Fraction, and (c) the Interest Rate with respect to each Interest Period.

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date, subject to the Following Business Day Convention and provided that the final Interest Period will start on and include 20 March 2016 and end on but exclude 30 June 2016.

**"Liquidation Amount"** means the equivalent in the currency in which the Notes are denominated of (i) (in the case of an enforcement of the security constituted by the Security Documents) the net proceeds of the realisation of the Charged Assets or the Underlying Assets, as the case may be, received by the Trustee or the Issuer, as the case may be, or (ii) (in any other case) the redemption proceeds (if applicable) or liquidation proceeds of the Underlying Assets, after, in each case, payment to any parties ranking in priority to the holders of the Notes in accordance with the Order of Priority.

**"Loss Amount"** means, with respect to a Defaulted Reference Entity, the Auction Settlement Amount as calculated under the terms of the Swap Agreement with respect to such Reference Entity (if Auction Settlement applies under the Swap Agreement) or the Cash Settlement Amount calculated under the Swap Agreement with respect to such Reference Entity (if the Fallback Settlement Method of Cash Settlement applies under the Swap Agreement).

**"Notional Amount"** means, in relation to a Reference Entity, the product of the Original Notional Amount and the Reference Entity Weighting pertaining to such Reference Entity pursuant to the Swap Agreement.

**"Order of Priority"** means the order of priority of payments specified in paragraph 6.2 (*Pre and Post Enforcement Waterfalls*) below.

**"Outstanding Principal Amount"** means, on any date, an amount equal to (a) the Initial Principal Amount less (b) the aggregate Notional Amount of all Defaulted Reference Entities determined on or prior to such date in accordance with the terms of the Swap Agreement less (c) any repayments of principal in respect of the Notes pursuant to exercise of the Morgan Stanley Noteholder Option.

**"Swap Termination Amount"** means the net termination payment payable in respect of the Swap Agreement.

**"Trade Date"** means 4 April 2011.

**"Trade Documents"** means the Applicable Supplement, the Supplemental Trust Deed, the Related Agreement, any Sub-Custodian Agreement or custody agreement entered into in respect of the Notes, the Notes of such Series, any supplementary security document, if any, entered into in respect of such Series and the final form of any other documents entered into by a party or produced in connection with the Notes.

**"Underlying Assets"** means the Initial Underlying Assets.

Any reference to **"Notes"** in this Applicable Supplement, any Transaction Document or any Trade Document shall be deemed to refer to the Notes constituted and secured by the Supplemental Trust Deed together with any Further Tranche of Notes issued pursuant to Condition 1(c) (*Fungible Tranches of Notes comprising a Series*), unless the context otherwise requires.

## 2. INTEREST AMOUNT AND MATURITY DATE

### 2.1 Interest Amount

Each Note bears interest on the Average Outstanding Principal Amount divided by the number of Notes outstanding as specified in Condition 6(c), provided that interest will cease to accrue on the earlier of (a) the Early Redemption Event Notice Date and (b) the Scheduled Maturity Date.

### 2.2 Maturity Date

The Determination Agent shall notify the Issuer and the Principal Paying Agent at least one Business Day prior to the Scheduled Termination Date of the Swap Agreement if it determines in good faith on or prior to the Business Day prior to the Scheduled Termination Date of the Swap Agreement that an Event Determination Date is likely to occur under the Swap Agreement.

References to "**Event Determination Date**" in this paragraph 2.2 are to an Event Determination Date that has not previously resulted in an Auction Settlement Date or Cash Settlement Date.

For the avoidance of doubt, the Notes will redeem early upon the occurrence of (i) an Early Redemption Event or (ii) an Event of Default (subject to the delivery of an Enforcement Notice as set out in Condition 10(a)).

### 3. **EARLY REDEMPTION EVENTS**

Condition 7(b) shall be deleted and replaced by the following:

"(b) Early Redemption Events

(i) If either:

(A) any of the following events (each an "**Mandatory Redemption Event**") occurs:

(I) the Swap Agreement is terminated in whole (but not in part), other than in connection with a Collateral Event; or

(II) (x) the Issuer on the occasion of the next payment due in respect of the Notes would be required by law to withhold or account for tax, or

(y) the Issuer would suffer tax in respect of its income in respect of the Underlying Assets, or payments made by it under the Swap Agreement or payments made to it under a Related Agreement, or would receive net of any tax or withholding any payments in respect of the Underlying Assets or payments made to it under a Related Agreement, so that it would be unable to make payment of any amount due on the Notes or under any Related Agreement, or

(z) any exchange controls or other currency exchange or transfer restrictions or tax are imposed on the Issuer or any payments to be made to or by the Issuer (save for any such exchange controls or other currency exchange or transfer restrictions or tax imposed upon payments made by the Issuer solely by reason of the jurisdiction of any Noteholder or by the failure of any Noteholder to comply with any applicable procedures required by the relevant authority to establish an exemption from such) or for any reason the cost to the Issuer of complying with its obligations under the Swap Agreement or in connection with the Trust Deed or meeting its operating or administrative

expenses would (in the sole opinion of the directors of the Issuer) be materially increased, the Trustee having required the Issuer to use its best endeavours to procure the substitution of a company incorporated in another jurisdiction (in which jurisdiction the relevant tax, exchange control, or currency exchange or transfer restrictions does not apply) approved in writing by the Trustee as the principal obligor in respect of the Notes, or the establishment of a branch office in another jurisdiction (in which jurisdiction the relevant tax, exchange control, or currency exchange or transfer restrictions does not apply) approved in writing by the Trustee (in each case subject to the satisfaction of certain conditions as more fully specified in the Trust Deed) from which it may continue to carry out its functions under the Notes and the Related Agreement(s), and the Issuer, having used its best endeavours is unable to arrange such substitution before the next payment is due in respect of the Notes of the relevant Series; or

(B) any of the following events (each a "**Collateral Event**") occurs:

- (I) there has been a payment default by the obligor in respect of the Underlying Assets or the guarantor thereof in making one or more payments on the due date thereof (after giving effect to any grace period) or an acceleration has taken place in respect of the Underlying Assets in accordance with their terms and conditions; or
- (II) there is an unscheduled redemption of the Underlying Assets at a value of less than their par value plus accrued interest; or
- (III) the Underlying Assets are declared due and payable before they would otherwise have become due and payable in accordance with their terms and conditions; or
- (IV) an event of default (howsoever described in the terms and conditions of the Underlying Asset) has occurred in respect of the Underlying Assets or the guarantor thereof

(each, an "**Early Redemption Event**"),

on first becoming aware of the occurrence of any Early Redemption Event, the Determination Agent (on behalf of the Issuer) shall give notice thereof to the Issuer, the Custodian and the Trustee (the date on which such notice is given, the "**Early Redemption Event Notice Date**").

(ii) Termination of Swap Agreement

Provided that the Swap Termination Amount has not already been determined in connection with an Event of Default, then upon giving, or, as the case may be,

receiving such notice, the Swap Agreement will be terminated and the Swap Counterparty will calculate the Swap Termination Amount.

If a Swap Termination Amount is payable by the Issuer in respect of the Swap Agreement, such amount will be paid from the Liquidation Amount on the Early Redemption Date in accordance with the Order of Priority.

(iii) **Redemption of Notes on Early Redemption Date**

The Issuer or, as the case may be, the Determination Agent, acting on behalf of the Issuer, shall subject to the relevant provisions of the Trust Deed and the Custody Agreement, proceed to arrange for and administer the liquidation, redemption or realisation of the Underlying Assets on behalf of the Issuer in accordance with the Conditions.

On the Early Redemption Date, the Issuer shall apply the Liquidation Amount, together with any Swap Termination Amount paid to the Issuer, in accordance with the Order of Priority, to redeem the Notes in whole on a *pro rata* basis. The provisions of Clause 17 of the Principal Trust Deed shall apply in respect of such redemption of Notes. The redemption amount of each Note shall be equal to the pro rata amount available for distribution to Noteholders after paying amounts in priority to the Noteholders in accordance with the Order of Priority.

The Issuer shall give not less than 5 days' notice (or such other number of days as may be agreed by the Trustee) to the Secured Creditors (which notice shall be irrevocable) of the Early Redemption Date.

**4. EVENTS OF DEFAULT**

Notwithstanding any provisions in the Terms and Conditions of the Notes, if the Notes are redeemed as a result of an Event of Default pursuant to Condition 10, the Notes will be redeemed on the Early Redemption Date at the Early Redemption Amount in accordance with Condition 7(b)(iii) as amended in paragraph 3 above.

**5. REDUCTION OF THE OUTSTANDING PRINCIPAL AMOUNT OF NOTES FOLLOWING THE OCCURRENCE OF A CREDIT EVENT**

**5.1 Adjustment of Outstanding Principal Amount**

- (a) In respect of each Reference Entity which has become a Defaulted Reference Entity, on the Business Day prior to the relevant Auction Settlement Date (or Cash Settlement Date, as the case may be) (falling on or prior to the Scheduled Maturity Date or, if later, the Maturity Date), the Issuer (or the Determination Agent acting on behalf of the Issuer) shall realise or liquidate a notional amount of such Underlying Asset equal to the relevant Notional Amount of such Defaulted Reference Entity.
- (b) With effect from and including the related Event Determination Date, the then aggregate Outstanding Principal Amount of the Notes shall be reduced by an amount equal to the Notional Amount in respect of the Defaulted Reference Entity provided that any such

reduction will be applied on a *pro rata* basis as between the holders of the Notes and shall not exceed the aggregate Outstanding Principal Amount of the Notes immediately prior to such reduction.

(c) On the relevant Auction Settlement Date (or Cash Settlement Date, as the case may be), the Issuer shall pay, or procure the payment of, the proceeds of such realised or liquidated Underlying Asset to the relevant parties in accordance with the Order of Priority. The Noteholders shall be entitled to receive the relevant liquidation proceeds, plus any Additional Payment 3 Amount (as defined in the Swap Agreement) payable on such date if owed to the Issuer under the Swap Agreement, less any amounts payable first to other parties in accordance with the Order of Priority.

(d)

## 5.2 Notices

As soon as reasonably practicable following receipt by the Issuer from the Swap Counterparty of a Credit Event Notice and Notice of Publicly Available Information under the Swap Agreement or of its being made aware of any general notification relating to determinations by the Determinations Committee, the Issuer may (but is not obliged to) notify the Trustee, the Determination Agent and the Paying Agent (if not previously notified) and may (but is not obliged to) procure that the Noteholders are notified in accordance with Condition 15 (*Notices*).

## 5.3 Determination of Amounts

Unless otherwise specified, the Determination Agent shall be responsible for determining each amount required to be determined pursuant to the provisions of this Annex 1 from time to time and shall notify the Issuer, the Trustee, the Calculation Agent and the Principal Paying Agent of such amounts whereupon the Principal Paying Agent shall cause the aggregate Outstanding Principal Amount of any relevant Global Note to be written down accordingly and to the extent applicable.

## 6. STATUS OF NOTES

### 6.1 Status

The Notes are secured limited recourse obligations of the Issuer, secured in the manner described in Condition 4 (*Related Agreements and Security*) as amended by the Supplemental Trust Deed and recourse in respect of which is limited in the manner described in Condition 11 (*Limited Recourse Enforcement*).

### 6.2 Pre and Post Enforcement Waterfalls

Notwithstanding any other provision of the Conditions or this Applicable Supplement, all amounts received or receivable by the Issuer or the Trustee in respect of the Underlying Assets and the Related Agreements and, in the event of redemption in full of the Notes, any proceeds of liquidation or enforcement of the security over the Charged Assets relating to the Notes, shall be applied in accordance with the following order (the "**Order of Priority**"):

(i) *first*, in meeting the claims, fees and properly incurred expenses of the Trustee (other than any "up-front" fees agreed by the Issuer on or before the Issue Date);

- (ii) *secondly*, in meeting the claims, fees and properly incurred expenses of the Agents in respect of the Notes (other than any "up-front" fees agreed by the Issuer on or before the Issue Date);
- (iii) *thirdly*, in meeting the claims (if any) of the Swap Counterparty in respect of any amounts due under the Swap Agreement (including without limitation, in respect of any Loss Amount and any Swap Termination Amount);
- (iv) *fourthly*, rateably in meeting the claims of the holders of the Notes; and
- (v) *finally*, in payment of the balance (if any) to the Issuer.

## 7. MORGAN STANLEY NOTEHOLDER OPTION

Condition 7(h) shall be deleted and replaced by the following:

- (A) "Morgan Stanley & Co. International plc and each of its Affiliates (each such person a "**Morgan Stanley Noteholder**") shall have the option exercisable at any time and from time to time to require the Issuer to redeem all or some only of the Notes held by it (or beneficially owned by it) (the "**Morgan Stanley Noteholder Option**"). The Morgan Stanley Noteholder Option shall be exercised by the relevant Morgan Stanley Noteholder giving at least 3 Business Days notice to the Issuer specifying the Notes to be redeemed and the Issuer shall be obliged to redeem such Notes as set out below on the date specified in such notice.

No interest will be payable in respect of a Note to be redeemed pursuant to an exercise of the Morgan Stanley Noteholder Option in respect of the period since the last date on which interest was payable (or, if there is no such date, the Issue Date).

Upon an exercise of the Morgan Stanley Noteholder Option the Relevant Portion of each Related Agreement will terminate and the Determination Agent will:

- (vi) arrange for the delivery of the Relevant Portion of the Underlying Assets to the Morgan Stanley Noteholder (rounded down, if appropriate, to the nearest denomination) and that amount of the Underlying Assets shall be released from the security constituted by the Security Documents; and
- (vii) identify any changes to the terms and conditions of the Notes and the Trade Documents which the Determination Agent considers are required in order to reflect and account for the redemption pursuant to the exercise of the Morgan Stanley Noteholder Option and to ensure that the amounts payable on those Notes which are not redeemed are the same (in all material respects) as the amounts which would have been payable on those Notes but for that redemption. Upon identification by the Determination Agent of any such changes the terms and conditions of the Notes and the Trade Documents shall be deemed to be amended without any further action required by or consent from any other party.

For this purpose, "**Relevant Portion**" means, in relation to a Related Agreement or the Underlying Assets, a share thereof corresponding to the proportion which the Outstanding Principal Amount of the Notes to be redeemed bears to all of the Notes (including the Notes to be redeemed).

Payment in respect of redemption of all the Notes to be redeemed in the event of an exercise of the Morgan Stanley Noteholder Option will be deemed to be satisfied by delivery to the Morgan Stanley

Noteholder of the Relevant Portion of the Underlying Assets (rounded down, if appropriate, to the nearest denomination). In relation to such exercise, a pro rata portion of the credit default swap transaction relating to the Notes and evidenced by the CDS Confirmation will be deemed to be reduced without any termination payment payable by the Issuer or the Swap Counterparty in relation to such reduction."

## 8. TAXATION

Payments in respect of the Notes will be made free of withholding taxes unless otherwise required by law. Should the Issuer be required to withhold in respect of payment made on the Notes, payments on the Notes will be made net of withholding taxes paid or required to be deducted or withheld and the Issuer will not be required to gross up. However, such event would constitute an Early Redemption Event. Should the Swap Counterparty or the Issuer be required to withhold in respect of payment on the Swap Agreement, neither the Issuer nor the Swap Counterparty will be required to gross up and the Swap Agreement may (in certain circumstances) be terminated.

## 9. DETERMINATIONS

The determination by the Determination Agent and/or the Swap Counterparty and/or the Swap Calculation Agent, as the case may be, of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Determination Agent and/or the Swap Counterparty and/or the Swap Calculation Agent, as the case may be, under or pursuant to this Applicable Supplement and/or the Swap Agreement, as the case may be, shall (in the absence of manifest error) be final and binding on the Issuer, the Trustee and the Noteholders and each such party shall be entitled to rely on such determination without incurring any liability for so doing. In performing its duties in respect of the Notes, the Determination Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Determination Agent and/or the Swap Counterparty and/or the Swap Calculation Agent, as the case may be, in the performance or exercise of any of its obligations or its discretion under or pursuant to the Conditions of the Notes and/or the Swap Agreement, as the case may be, including, without limitation, the giving of any notice by it to any party, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Determination Agent, the Swap Counterparty, the Swap Calculation Agent, the Trustee or the Issuer shall bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

The Determination Agent may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any Reference Entity or any guarantor of any Reference Entity (an "**Entity Guarantor**"), and may act with respect to such business in the same manner as each of them would if the Notes and its appointment as Determination Agent did not exist, regardless of whether any such action might have an adverse effect on a Reference Entity, any Entity Guarantor or the position of Noteholders in respect of the Notes or otherwise (including, without limitation, any action which might constitute or give rise to a Credit Event).

The Determination Agent and/or the Swap Counterparty and/or the Swap Calculation Agent, as the case may be, may, whether by virtue of the types of relationships described herein or otherwise, on the Trade Date or at any time thereafter, be in possession of information in relation to a Reference Entity or any Entity Guarantor that is or may be material in the context of the Notes and that may or

may not be publicly available or known to any other party, and the issue of the Notes does not create any obligation on the part of the Determination Agent and/or the Swap Counterparty and/or the Swap Calculation Agent, as the case may be, to disclose to any other party any such relationship or information (whether or not confidential).

#### 10. **SUCCESSORS**

Where a Succession Event has occurred under the Swap Agreement and more than one Successor has been identified in respect of a Reference Entity, the Determination Agent in its sole and absolute discretion shall make the following amendments to the Swap Agreement, the Conditions of Notes and this Securities Note (and any other relevant Trade Document) such that the relevant Component Transaction (as defined in the Swap Agreement) under the Swap Agreement will be divided into the same number of new Component Transactions as there are Successors in accordance with the Credit Derivatives Definitions (as amended pursuant to the terms of the Swap Agreement) and each Successor will be a Reference Entity for the purposes of one of the new Component Transactions.

In addition, the Determination Agent may make all other amendments to the Securities Note, Conditions of the Notes and the Swap Agreement as it determines to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one Successor and to preserve the economic effects of the Securities Note, Conditions of the Notes and the Swap Agreement prior to such Succession Event.

Any determinations (including (without limitation) as to the division of Component Transactions) and calculations and adjustment to the Securities Note, Conditions of the Notes and the Swap Agreement relating to, connected with or as a result of a Succession Event shall be made by the Determination Agent in its sole discretion and in good faith and, in the absence of manifest error, shall be conclusive and binding on all parties.

The Securities Note, Conditions of the Notes and the Swap Agreement may be amended and restated at such time to reflect the effect of a Succession Event without the consent of the Noteholders and the Noteholders are deemed to agree to this provision by the purchase of the Notes.

Upon the Determination Agent making such adjustment, the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 15 (*Notices*), stating the adjustment to the Swap Agreement and the Notes and giving brief details of the relevant Succession Event.

#### 11. **ISSUE OF FURTHER TRANCHES**

In the event of an issue by the Issuer of a Further Tranche of Notes pursuant to Condition 1 (*Form, Denomination and Title*), the Determination Agent shall, without the consent of the Secured Creditors or any other parties, adjust the Conditions, the Swap Agreement and any other Trade Documents as it deems necessary in order to reflect such further issue by the Issuer and to preserve the economic equivalence of the Notes, the Swap Agreement and other relevant Trade Documents prior to such further issue.

#### 12. **APPLICATION TO LISTING**

The Trustee and the Issuer may agree, without the consent of the Noteholders, to any modification of the Notes and the Securities Note that is made after the Issue Date in order to comply with the requirements of any stock exchange or competent authority in connection with an application to list the Notes or admit the Notes to trading.

## DESCRIPTION OF THE RELATED AGREEMENTS

The following is a summary of the principal terms of the Related Agreements which should not be relied upon as an exhaustive description of, and is qualified in its entirety by, the detailed provisions of the agreements (copies of which are available from the specified office of the Principal Paying Agent. The form of the Swap Confirmation is set out in the section "Form of Swap Confirmation").

### 1. **Swap Agreement**

The Issuer and the Swap Counterparty will enter into a credit default swap confirmation dated 21 April 2011 incorporating the provisions of the ISDA Master Agreement (Multicurrency-Cross Border) and schedule thereto dated as of 19 January 2001 (the "**Swap Agreement**"). Subject to the satisfaction of the conditions precedent under the ISDA Master Agreement, the Issuer and Swap Counterparty will be obliged to make the payments to each other as set out in the "Form of Swap Confirmation" below.

### 2. **The Swap Guarantee**

The payment obligations of the Swap Counterparty under the Swap Agreement are guaranteed by Morgan Stanley (formerly known as Morgan Stanley Dean Witter & Co and in such capacity the "**Credit Support Provider**") pursuant to a guarantee dated 19 January 2001 (the "**Swap Guarantee**"). The Swap Guarantee is governed by New York law. Morgan Stanley is a holding company incorporated in the State of Delaware which, through its subsidiaries, is a leading United States investment banking, securities trading and brokerage firm.

### 3. **No Obligation to Gross Up**

In the event of certain withholding taxes being payable on an amount due by one party to the other party under the Swap Agreement, such party will be obliged (prior to termination of the transaction under the Swap Agreement) to pay such withholding taxes to the relevant authorities. Neither the Issuer nor the Swap Counterparty is obliged to pay additional amounts under the Swap Agreement that is the subject of a deduction or withholding for or on account of any tax. Where withholding taxes are payable by either the Issuer or the Swap Counterparty, the Issuer and the Swap Counterparty shall seek to effect such transfer as shall result in no such withholding being required. Where no transfer can be effected to avoid such withholding (as further described in the Swap Agreement) then an Event of Default under such Swap Agreement shall be regarded as having occurred in respect of which the Issuer is the "Defaulting Party" if the Issuer is making such withholding (as further described in the Swap Agreement) or, in the event that the Swap Counterparty is making such withholding, an Additional Termination Event will be deemed to have occurred in respect of which the Issuer is the sole "Affected Party" but in respect of which both parties may designate a Termination Event. The Terms and Conditions of the Notes also provide that the Notes will be redeemed in the event that there is any withholding on payments by the Swap Counterparty to the Issuer under the Swap Agreement.

If the Issuer, on the occasion of the next payment due under the Swap Agreement, would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due, the Issuer shall so inform the Trustee, and shall use

its best endeavours to arrange as principal obligor under the Swap Agreement the substitution of a company incorporated in another jurisdiction where no requirement to withhold or account for tax is required, approved by the Swap Counterparty and the Trustee.

Where the Swap Counterparty terminates the Swap Agreement in the circumstances where withholding taxes are payable under the Swap Agreement, the Swap Counterparty is under no obligation to pay to the Issuer the amount required by the Issuer to make payment in full to the Noteholders of the Outstanding Principal Amount of the Notes and accrued interest relating thereto.

#### 4. **Limited Recourse**

The obligations of the Issuer under the Swap Agreement relating to Notes will be limited to the proceeds of enforcement of the Charged Assets as applied in accordance with the Order of Priority specified in paragraph 6.2 (*Pre and Post Enforcement Waterfalls*) of Annex 1 to the Applicable Supplement.

#### 5. **Termination Provisions**

The scheduled termination date under the Swap Agreement is 20 June 2016 (provided that the Termination Date in relation to Additional Payments under the Swap Agreement is 30 June 2016), subject to adjustment for non-Business Days and to earlier termination in accordance with the terms of the Swap Agreement; provided that the Swap Agreement may terminate after 20 June 2016 in certain circumstances. The Issuer may terminate the Swap Agreement if there is an Event of Default or a Termination Event (each as defined in the Swap Agreement and described below) with respect to the Swap Counterparty and the Swap Counterparty may terminate the Swap Agreement if there is an Event of Default or a Termination Event with respect to the Issuer. The Swap Agreement contains termination events commonly found in standard ISDA documentation save for (i) the disapplication of the Events of Default relating to "Breach of Agreement", "Misrepresentation", "Default under Specified Transaction", "Cross Default", "Credit Support Default" (insofar as it applies to the Issuer) and certain provisions relating to "Bankruptcy" (also insofar as it applies to the Issuer) and (ii) the disapplication as regards both the Issuer and the Swap Counterparty of the Termination Events relating to "Tax Event", "Tax Event Upon Merger" and "Credit Event upon Merger". In addition, the Related Agreements include Additional Termination Events in the event that:

- (a) the Issuer redeems or is required to redeem (or would be required to redeem, with the giving of notice or lapse of time) all of the Notes pursuant to their terms;
- (b) an Event of Default (as defined in the Conditions of the Notes) in respect of the Notes occurs and the Trustee gives notice to the Issuer in accordance with Condition 10 of the Notes that the Notes are due and repayable; and
- (c) the occurrence of one of the events specified in Condition 7(b), or any other Condition of the Notes relating to mandatory redemption of the Notes, howsoever described (otherwise than as a result of an Event of Default thereunder).

For the purposes of the Additional Termination Events set out in paragraphs (a), (b) and (c) above, the Issuer will be the sole Affected Party and all Transactions shall be Affected Transactions.

Other than as set out above, upon the occurrence of any Event of Default or Termination Event, the Swap Agreement may be terminated in accordance with the detailed provisions thereof and, other than as provided above, a net amount (the "**Swap Termination Amount**") may become payable by the Issuer to the Swap Counterparty or vice versa. If the Issuer is required to make a termination payment to the Swap Counterparty, such payment will rank in accordance with the Order of Priority specified in paragraph 6.2 (*Pre and Post Enforcement Waterfalls*) of Annex 1 to the Applicable Supplement. Notwithstanding the time of calculation of any Swap Termination Amount, such amount will be payable on the Early Redemption Date as specified in the Conditions of the Notes.

If the Swap Counterparty is (or would otherwise be) obliged at any time to make a Swap Termination Amount pursuant to the Swap Agreement, the amount of such payment shall not exceed the amount, if any, by which the sum of the amount payable in respect of the Notes to the holders of the Notes (which for this purpose shall be assumed to be the aggregate Outstanding Principal Amount of the Notes and accrued but unpaid interest thereon) and the amounts required to be paid in priority to Noteholders in accordance with the Order of Priority exceeds the amounts which would be available (in the absence of such Section 6(e) payment) to pay those amounts. A Swap Termination Amount will generally be based on the sum of (a) payments under the Swap Agreement that became due prior to the date on which the Swap Agreement (or a portion thereof) is terminated, but remain unpaid and (b) an amount determined by obtaining quotations from four leading swap dealers of the amount that each such dealer would pay to, or be required to be paid by, the party obtaining such quotation in consideration for having that dealer enter into a swap transaction with such party on the same terms as the Swap Agreement (or if such market quotations are unavailable or do not produce a commercially reasonable result, the losses suffered by the determining party as a result of termination of the Swap Agreement). The party making such determination will be the Non-defaulting Party (as defined in the Swap Agreement) in the case of the occurrence of an Event of Default, or upon the occurrence of a Termination Event where there is one Affected Party, the party which is not the Affected Party. Where there are two Affected Parties a mid way point between the amounts calculated by each such party will be taken.

For the avoidance of doubt: (i) any outstanding Potential Failure to Pay Notices and/or Repudiation/Moratorium Extension Notices; and/or (ii) any Credit Event in respect of which the Auction Settlement Date (or Cash Settlement Date, as applicable) has not occurred; and/or (iii) any Credit Event in respect of which an Event Determination Date has not occurred, shall be taken into account in calculating any Swap Termination Amount.

Following an exercise of the Morgan Stanley Noteholder Option, the Relevant Portion of the Swap Agreement will terminate without any Swap Termination Amount being payable by the Issuer or the Swap Counterparty.

## 6. **Governing Law**

The Swap Agreement is governed by English law.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes will be used by the Issuer to purchase the Initial Underlying Assets on the Issue Date.

## FORM OF SWAP CONFIRMATION

### SWAP AGREEMENT

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#### Morgan Stanley & Co. International Plc Transaction

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Attention: Corporate Team B  
Fax: + 44 1534 504444  
Date: 21 April 2011  
To: E.L.A.N. Limited  
From: Morgan Stanley & Co. International Plc

Re: Markit CDX.NA.HY.S16.V1 Untranchd Transaction

MSIP Reference Transaction Ref. No.: 5922c

Dear Sirs

The purpose of this communication (this “**Confirmation**”) is to set forth the terms and conditions of the Master Transaction (as defined in the CDX Untranchd Terms defined below) entered into on the Trade Date specified below between MORGAN STANLEY & CO. INTERNATIONAL PLC (“**Party A**”) and E.L.A.N. Limited (“**Party B**”). This Confirmation constitutes a “Confirmation” as referred to in the ISDA Master Agreement specified below. This Master Transaction relates to the E.L.A.N. Limited Series 2011-01 USD30,000,000 Limited Recourse Secured Floating Rate Credit Linked Notes due 2016 (the “**Notes**”).

The definitions and provisions contained in the 2003 ISDA Credit Derivatives Definitions as supplemented by the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009) (the “**July 2009 Supplement**”), each as published by the International Swaps and Derivatives Association, Inc. (together, the “**Credit Derivatives Definitions**”) and the CDX Untranchd Transactions Standard Terms Supplement, as published by Markit North America, Inc. on January 31, 2011 (the “**CDX Untranchd Terms**”) are incorporated into this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions or the CDX Untranchd Terms and this Confirmation, this Confirmation will govern. In the event of any inconsistency between the CDX Untranchd Terms and the Credit Derivatives Definitions, the CDX Untranchd Terms will govern. This Transaction shall be deemed to be an Auction Covered Transaction for the purposes of application of the July 2009 Supplement.

This Confirmation supplements, forms a part of and is subject to the ISDA Master Agreement dated as of 19 January 2001, as amended and supplemented from time to time (the “**Agreement**”) between Party A and Party B. All provisions contained in, or incorporated by reference in, the Agreement shall govern this Confirmation except as expressly modified below.

The terms of the Master Transaction to which this Confirmation relates are as follows:

#### 1. General Terms

Index: Markit CDX.NA.HY.S16.V1

Source of Relevant Annex: Publisher

Annex Date: 21 March 2011

Trade Date: 4 April 2011

Effective Date: 21 April 2011

Scheduled Termination Date: 20 June 2016

Termination Date: As determined under the Credit Derivatives Definitions, provided that for the purposes of the Additional Payments set out below, the Termination Date shall be 30 June 2016.

Calculation Agent: Party A

Original Notional Amount: USD30,000,000

Floating Rate Payer: Party B (the “**Seller**”)

Fixed Rate Payer: Party A (the “**Buyer**”)

Initial Payment Payer: Not Applicable

Initial Payment Amount: Not Applicable

Fixed Rate: 4.00 per cent per annum

## 2. Additional Payments

Additional Payment 1: Additional Payment 1 shall apply on the level of each Component Transaction as follows:

On each Additional Payment 1 Payment Date, Buyer shall pay to Seller the relevant Additional Payment 1 Amount.

Additional Payment 1 Amount: A Floating Amount payable by Buyer on each Additional Payment 1 Payment Date, determined by reference to the Additional Payment 1 Floating Rate Option pursuant to the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. (the “**2006 Definitions**”).

For the purposes of determining the Additional Payment 1 only, the definitions and provisions of the 2006 Definitions are hereby incorporated by reference, and in the event of any consistency between this Confirmation and the 2006 Definitions, this Confirmation will govern.

Additional Payment 1 Calculation Amount: Floating Rate Payer Calculation Amount.

Additional Payment 1 Payment Dates: Each 20 March, 20 June, 20 September and 20 December from and including 20 June 2011, subject to adjustment in accordance with the Business Day Convention, provided that (a) 20 June 2016 will not be an Additional Payment 1 Payment Date and (b) the final Additional Payment 1 Payment Date will be the day falling one Business Day preceding the Scheduled Maturity Date of the Notes in respect

of a final Calculation Period from and including 20 March 2016 to but excluding 30 June 2016.

Additional Payment 1 Floating Rate Option: USD-LIBOR-BBA.

Additional Payment 1 Designated Maturity: Three months. Linear Interpolation will apply to the first and the last Calculation Periods.

Additional Payment 1 Spread: Minus 0.20 per cent. per annum.

Additional Payment 1 Floating Rate Day Count Fraction: Actual/360.

Additional Payment 1 Reset Dates: Each Payment 1 Payment Date.

Additional Payment 2: Additional Payment 2 shall apply at the level of the Master Transaction as follows:

One Business Day following each payment date in respect of the Initial Underlying Assets (as defined in the Notes Conditions) up to and including the Maturity Date (as defined in the Notes Conditions), the Seller will pay to the Buyer an amount equal to the aggregate of any amount of interest, dividend or other distribution the Seller was due to receive in respect of the Initial Underlying Assets on such payment date (not including any amounts representing the principal of all or part of such Initial Underlying Assets that is due to be received in connection with the redemption or liquidation of such Initial Underlying Assets).

"Notes Conditions" means the terms and conditions of the Notes.

Additional Payment 3: Additional Payment 3 shall apply at the level of the Master Transaction as follows:

On each Auction Settlement Date (or Cash Settlement Date, as the case may be), Seller shall pay to Buyer the Additional Payment 3 Amount if such amount is positive and Buyer shall pay to Seller the absolute value of the Additional Payment 3 Amount if such amount is negative.

If the Seller is required to pay Buyer the Additional Payment 3 Amount, such amount shall be paid from the proceeds of liquidation of the Underlying Asset in accordance with paragraph 5 (*Reduction of the Outstanding Principal Amount of Notes Following the Occurrence of a Credit Event*) of Annex 1 to the Applicable Supplement in relation to the Notes.

Additional Payment 3 Amount: An amount, determined by the Calculation Agent in good faith and using commercially reasonable procedures, equal to the amount of losses or costs that would be incurred under the prevailing circumstances by Buyer (expressed as a positive number) or gains of Buyer that would be realised under the prevailing circumstances (expressed as a negative number) in

replacing, or in providing for Buyer the economic equivalent of (i) paying the Additional Payment 1 Amount and (ii) receiving any Additional Payment 2 Amount, in each case (a) with respect to a notional amount equal to the Notional Amount of the related Defaulted Reference Entity, (b) up to and including 30 June 2016 and (c) assuming the related Event Determination Date had not occurred.

Additional Payment 4:

Additional Payment 4 shall apply on the level of the Master Transaction as follows:

On the day falling one Business Day preceding the Scheduled Maturity Date of the Notes, subject to adjustment in accordance with the Business Day Convention, Buyer shall pay to Seller a Fixed Amount determined on the basis of the following:

- (a) Fixed Rate Calculation Amount: Average Outstanding Principal Amount (as defined in the Notes Conditions) determined as if the relevant Interest Period were the Fixed Rate Payer Calculation Period;
- (b) Fixed Rate: 4.00 per cent. per annum;
- (c) Fixed Rate Day Count Fraction: Actual/360; and
- (d) Fixed Rate Payer Calculation Period: from and including 20 June 2016 to but excluding 30 June 2016.

### 3. Other Terms

Business Days:

London, New York and TARGET.

Fallback Settlement Method:

Notwithstanding anything to the contrary in the Untranch Standard Terms, the Fallback Settlement Method will be Cash Settlement.

Section 7.7(b) of the Credit Derivatives Definitions will not apply. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, a quotation will be deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained by the Calculation Agent.

Settlement following Restructuring Credit Event:

If the Credit Derivatives Determinations Committee holds auctions with respect to a Reference Entity and an Event Determination Date arising from a Restructuring Credit Event has occurred, the Calculation Agent will determine the relevant Auction Final Price based on the remaining time to the Scheduled Termination Date of the Transaction in accordance with the July 2009 Supplement. Where a Movement Option arises pursuant to a Restructuring Credit Event, Buyer may, in its sole and absolute discretion elect whether or not to exercise such Movement Option on or prior to the Movement Option Cut-off Date.

The Exercise Amount in respect of any Restructuring Credit

Event under this Transaction shall be the relevant Floating Rate Payer Calculation Amount.

Morgan Stanley Noteholder Option:

With effect from the date in respect of which a Morgan Stanley Noteholder Option (as defined in the Notes Conditions) is exercised, the pro rata portion of each Component Transaction shall terminate and the terms of each Component Transaction shall be deemed amended and adjusted as necessary to reflect and account for the redemption of the relevant Notes pursuant to the Morgan Stanley Noteholder Option.

For the avoidance of doubt, no termination amount under Section 6(e) of the Agreement will be due from either party to the other in connection with the termination of the pro rata portion of each Component Transaction following the exercise of a Morgan Stanley Noteholder Option or any amendment or adjustment of the terms of each Component Transaction pursuant thereto.

Payments on Early Termination:

Notwithstanding any other provisions of this Confirmation and the Agreement, if the Buyer is (or would otherwise be) obliged at any time to make a payment pursuant to Section 6(e) of the Agreement, the amount of such payment shall not exceed the amount, if any, by which

(a) the sum of (i) the amount payable in respect of the Notes to the holders of the Notes at such time (which for this purpose shall be assumed to be the aggregate Outstanding Principal Amount of the Notes and accrued but unpaid interest thereon) and (ii) the amounts required to be paid in priority to Noteholders in accordance with the Order of Priority;

exceeds

(b) the amounts which would be available (in the absence of such Section 6(e) payment) to pay those amounts.

Terms used but not defined in this section shall have the meanings given to them in the Notes Conditions.

#### 4. Notice and Account Details

Telephone, Telex and/or Facsimile Number and Contact Details for Notice:

Party A: To be provided

Party B: To be provided

Account Details:

Account details of Party A: To be provided

Account details of Party B: To be provided

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us, or by sending to us a facsimile or telex substantially similar to this facsimile which sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

We are delighted to have executed this Transaction with you and look forward to working with you again.

Yours faithfully

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Duly authorised on behalf of Morgan Stanley & Co. International Plc by:

Name:  
Title:

Agreed and accepted

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Duly authorised on behalf of E.L.A.N. Limited by:

Name:	Name:
Title:	Title:

## FORM OF THE NOTES

### Initial Issue of Notes

The Notes will be represented on issue by a Global Note deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described below, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of certificated Notes.

### Amendments to Terms and Conditions

The Global Note contains provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions of the Notes in definitive form. The following is a summary of those provisions:

- **Payments** Payments of principal in respect of Notes represented by the Global Note will be made against presentation and surrender of the Global Note at the specified office of any Paying Agent and shall be effective to satisfy and discharge *pro tanto* the corresponding liabilities of the Issuer in respect of the Notes. Payments of interest in respect of the Global Note will be made to the holder of the Global Note in accordance with the Conditions of the Notes. On each occasion on which a payment of interest or principal is made in respect of the Global Note, the Issuer will procure that the same is noted on the Register and, in the case of payment of principal, that the aggregate principal amount of the Notes represented by the Global Note is decreased accordingly.
- **Notices** So long as the Notes are represented by the Global Note and the Global Note is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for delivery thereof as required by the Conditions of the Notes.
- **Prescription** Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by the Global Note will become void unless presented for payment within a period of ten years (in the case of principal) or five years (in the case of interest) from the Relevant Date (as described in Condition 7(d) of the Notes).
- **Meetings** The holder of the Global Note will be treated as being one person for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having a *pro rata* vote in respect of each relevant principal amount of Notes for which the Global Note may be exchanged.
- **Trustee's Powers** In considering the interests of Noteholders while the Global Note is held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its account holders with entitlements to the Global Note and may consider such interests as if such account holders were the holders of the Global Note.
- **Cancellation** Cancellation of any Note required by the Terms and Conditions of the Notes to be cancelled will be effected by reduction in the principal amount of the Notes by a corresponding notation made on the Global Note.

## **Exchange for Definitive Notes**

### ***Exchange***

The Global Note will be exchangeable in accordance with the Terms and Conditions, in whole but not in part, for Definitive Notes if (a) the Notes becomes immediately redeemable following the occurrence of an Event of Default in relation thereto; or (b) the Global Note is held (directly or indirectly) on behalf of Euroclear, Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday) or announces its intention to permanently cease business or does in fact do so.

### ***Delivery***

In such circumstances, the Global Note shall be exchanged in full for Definitive Notes and the Issuer will, at the cost of the Issuer (but against such indemnity as the Registrar may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Notes to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in the Global Note must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such definitive Notes.

## **BOOK-ENTRY CLEARANCE PROCEDURES**

The information set out below has been obtained from sources that the Issuer believes to be reliable, but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the "**Clearing Systems**") currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Dealer or any Agent party to the Agency Agreement (or any Affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

### ***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Notes directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

### **Book Entry Ownership**

#### ***Euroclear and Clearstream, Luxembourg***

The Global Note will have an ISIN and a Common Code and will be deposited with a common depository on behalf of, Euroclear and Clearstream, Luxembourg.

#### ***Relationship of Participants with Clearing Systems***

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by the Global Note must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Note and in relation to all other rights arising under the Global Note, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Notes represented by the Global Note, the common depository by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders'

accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Note as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in the Global Note held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

### ***Settlement and Transfer of Notes***

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for the Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, unless and until interests in the Global Note held within a Clearing System is exchanged for Definitive Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts the Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

### ***Trading between Euroclear and/or Clearstream, Luxembourg Participants***

Secondary market sales of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

## TAX CONSIDERATIONS

### 1. **General**

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Note.

Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer or exercise of any Note should consult their own tax advisers. In particular, no representation is made as to the manner in which payments under the Notes would be characterised by any relevant taxing authority. Potential investors should be aware that the relevant fiscal rules or their interpretation may change, possibly with retrospective effect, and that this summary is not exhaustive. This summary does not constitute legal or tax advice or a guarantee to any potential investor of the tax consequences of investing in the Notes.

### 2. **EU Directive on the Taxation of Savings Income**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

### 3. **Jersey**

The Income Tax (Jersey) Law 1961 (the “**Law**”) provides that the general basic rate of income tax on the profits of companies regarded as resident in Jersey or having a permanent establishment in Jersey, is zero percent (“zero tax rating”) and that only a limited number of financial services companies which are regulated by the Jersey Financial Services Commission under the Financial Services (Jersey) Law 1998, are subject to income tax at a rate of 10 percent. For so long as the Issuer holds a “zero tax rating”, no withholding in respect of Jersey taxation will be required on payments to any holder of the Notes.

Under current Jersey law, there are no capital gains, capital transfer, gift, wealth or inheritance taxes or any death or estate duties. No stamp duty is levied in Jersey on the issue or transfer of Notes. On the death of an individual holder of Notes (whether or not such individual was resident in Jersey), duty at rates of up to 0.75 per cent of the value of the relevant Notes may be payable on the registration of Jersey probate or letters of administration.

### **European Union Directive on the Taxation of Savings Income**

Jersey is not part of the EU and is not subject to the EU directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) or other EU fiscal legislation. However, in keeping with Jersey’s policy of constructive international engagement (and in line with steps taken by other relevant countries), Jersey has now entered into various agreements regarding the Savings Directive.

Jersey has introduced a system which permits, either:

1. the disclosure of information concerning details of payments of interest (or other similar payments), and the identity of an individual beneficial owner of the interest to the tax authority of the EU jurisdiction where the owner of the interest payment is resident; or
2. the imposition of a retention or withholding tax in respect of payments of interest (or other similar income) made to an individual beneficial owner resident in an EU member state by a paying agent situated in Jersey or an EU member state.

(The terms “beneficial owner” and “paying agent” are defined in the bilateral agreements, entered into between Jersey and each of the EU member states relating to the treatment of savings income.)

Where the Issuer has appointed a paying agent located outside Jersey, the Issuer is not required to make any disclosures or levy retention tax. However, the rules applicable in the jurisdiction where the paying agent is located will apply.

The retention tax system will apply for an initial transitional period during which tax would be retained from such payments, instead of communicating the details of such payments to the tax authorities of the EU member state in which the individual beneficial owner is resident (the transitional period is prior to the implementation of a system of automatic communication among all EU member states of information regarding interest payments).

The requirements in respect of information disclosure or retention tax will not apply to payments made to companies, partnerships or to most types of trusts, nor will they apply to individuals who are resident outside the EU.

### **Goods and Services Tax (“GST”)**

Pursuant to the Goods and Services Tax (Jersey) Law 2007 (the “**2007 Law**”), tax at a rate which is currently 3% applies to the supply of retail goods and services. Unless the relevant supplier or recipient of such goods and services is registered as an “international services entity”.

The Issuer is an “international services entity” within the meaning of the 2007 Law, having satisfied the requirements of the Goods and Services Tax (International Services Entities) (Jersey) Regulations 2008, as amended (the “**ISE Regulations**”) and, as long as it continues to be such an entity, a supply of goods or of a service made by or to the Issuer shall not be a taxable supply for the purposes of the 2007 Law.

## SUBSCRIPTION AND SALE

The Dealer has, under a dealer agreement as amended and restated on 26 April 2010 (the "**Dealer Agreement**") between the Dealer and the Issuer, agreed with the Issuer to subscribe, or to procure subscriptions, for the Notes at the issue price of 100 per cent. of their initial principal amount, subject to certain Conditions contained therein.

The Issuer has agreed to indemnify the Dealer against certain liabilities incurred in connection with the offer and sale of the Notes.

Attention is also drawn to the information set out on the inside cover of this Securities Note.

### ***Public Offer Selling Restriction under the Prospectus Directive***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto 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 Notes to the public in that Relevant Member State:

(a) if the Applicable Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Applicable Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Applicable Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) 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

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) 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 Notes to the public**" in relation to any Notes 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, 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 the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

### ***United Kingdom***

The Dealer has represented and agreed that:

- (a) in relation to any Notes having 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 Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or 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 Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (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 Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; 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 such Notes in, from or otherwise involving the United Kingdom.

### ***The United States of America***

The Notes have not been, and will not be, registered under the Securities Act or the state securities laws of any state of the United States or the securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, "**U.S. Persons**" (as defined in Regulation S under the Securities Act ("**Regulation S**")).

The Dealer has acknowledged and agrees that it will offer and sell the Notes, only in accordance with Rule 903 of Regulation S or another exemption from the registration requirements under the Securities Act.

The Dealer has acknowledged and agreed that it will not offer, sell or deliver any Notes to, or for the account or benefit of, any U.S. Person as part of their distribution at any time and that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells Notes a confirmation or other notice setting forth the prohibition on offers and sales of the Notes within the United States or to, or for the account or benefit of, any U.S. Person.

This Securities Note has been prepared by the Issuer for use in connection with the offer and sale of the Notes and for the listing of the Notes on the Irish Stock Exchange. The Issuer and the Dealer reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than the principal amount of Notes which may be offered. This Securities Note does not constitute an offer to any person in the United States or to any U.S. Person. Distribution of this Securities Note to any such U.S. Person or to any

person within the United States, other than in accordance with the procedures described above, is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

### ***General***

Except for listing the Notes on the Official List of the Irish Stock Exchange, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Securities Note or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Securities Note does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Securities Note nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Notes must not be offered or sold in any jurisdiction except to persons whose investment activities involve them in acquiring, holding, managing or disposing (as principal or agent) of investments of a nature similar to the Notes and who are particularly knowledgeable in investment matters.

The Dealer has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

## TRANSFER RESTRICTIONS

Each prospective purchaser of Notes, by accepting delivery of this Securities Note, will be deemed to have represented, acknowledged and agreed that this Securities Note is personal to it and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes other than by non-U.S. Persons in offshore transactions in accordance with Regulation S. Distribution of this Securities Note, or disclosure of any of its contents to any person other than a permitted offeree and those persons, if any, retained to advise it with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

1. In connection with the purchase of the Notes: (a) none of the Issuer, the Dealer or the Trustee is acting as a fiduciary or financial manager for the purchaser; (b) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Dealer or the Trustee or any of their agents other than any statements in this Securities Note for the Notes and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Dealer or the Trustee has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Notes; (d) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Trust Deed) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, the Dealer or the Trustee; and (e) the purchaser is a sophisticated investor and has evaluated the rates, prices or amounts and other terms, conditions and restrictions applicable to the purchase and sale of the Notes with a full understanding of all of the terms, conditions and risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks.
2. It, and each person for which it is acting, understands that pursuant to the terms of the Trust Deed, the Issuer has agreed that the Notes will bear the legend set forth below.
3. It, and each account for which it is acting, is not a U.S. Person and is acquiring a beneficial interest in Regulation S Notes in an offshore transaction meeting the requirements of Regulation S.
4. It, and each account for which it is acting, agrees, for the benefit of the Issuer, the Dealer and any of its Affiliates, that, any offer, resale, pledge or other transfer of any Regulation S Notes (or any beneficial interest therein) will be made in compliance with the Securities Act and only to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 (as applicable) under Regulation S.
5. The purchaser understands that the Regulation S Notes may not, at any time, be held by, or for the account of, a U.S. Person.

6. The purchaser acknowledges that the Issuer, the Dealer and the Trustee and their Affiliates and counsel will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and it hereby consents to such reliance.

### **Legend**

Unless determined otherwise by the Issuer in accordance with applicable law and so long as the Notes are outstanding, the Notes will bear a legend substantially in the form set forth below:

THIS NOTE HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THIS NOTE AND ANY BENEFICIAL INTERESTS HEREIN MAY NOT BE REOFFERED, RESOLD, PLEDGED, EXCHANGED OR OTHERWISE TRANSFERRED EXCEPT TO PERSONS WHO ARE NOT "U.S. PERSONS" AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S.

ANY PURPORTED TRANSFER OF THE NOTES THAT DOES NOT COMPLY WITH THIS REQUIREMENT SHALL BE NULL AND VOID AB INITIO.

## OVERVIEW OF PARTIES TO THE TRANSACTION

### **The Credit Support Provider**

The Credit Support Provider is Morgan Stanley. Morgan Stanley, through its subsidiaries, provides a wide range of financial and securities services on a global basis. Its securities businesses include securities underwriting, distribution and trading; merger, acquisition, restructuring, real estate, project finance, and other corporate finance advisory activities; full-service brokerage; research services; the trading of foreign exchange and commodities as well as derivatives on a broad range of asset categories, rates and indices; and securities lending. Morgan Stanley's asset management businesses include providing global asset management advice and services to individual and institutional investors through well-recognised brand names, including Dean Witter InterCapital, Van Kampen American Capital, Morgan Stanley Asset Management and Miller Anderson & Sherrerd; global custody and securities clearance; and principal investment activities. The Credit Support Provider's credit and transaction services businesses include the operation of the NOVUS® Network, a proprietary network of merchant and cash access locations, and the issuance of proprietary general purpose credit cards. Morgan Stanley's services are provided to a large and diversified group of clients and customers including corporations, governments, financial institutions and individuals.

Morgan Stanley's common stock is listed on the New York Stock Exchange, Inc. and its principal executive offices are at 1585 Broadway, New York, New York 10036, U.S.A.

### **The Custodian, the Issue Agent, the Principal Paying Agent, the Account Bank and the Calculation Agent**

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The Bank of New York Mellon's corporate trust business services \$12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralized debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$23 trillion in assets under custody and administration and more than \$1.1 trillion in assets under management. Additional information is available at [bnymellon.com](http://bnymellon.com).

Following the court order on 3 April 2007 sanctioning the transfer of a part of the banking and corporate trust and agency business carried on by JPMorgan Chase Bank N.A., London Branch to The Bank of New

York Mellon acting through its London Branch (formerly known as The Bank of New York) and pursuant to the terms of the Custody Agreement and the Agency Agreement, The Bank of New York Mellon acting through its London Branch (formerly known as The Bank of New York) has agreed to act as custodian, as principal paying agent and as calculation agent in respect of the Notes.

### **The Registrar**

In connection with the court order on 3 April 2007 sanctioning the transfer of a part of the banking and corporate trust and agency business carried on by JPMorgan Chase Bank N.A. to The Bank of New York Mellon acting through its London Branch (formerly known as The Bank of New York) and pursuant to the terms of the Agency Agreement, The Bank of New York Mellon (Luxembourg) S.A. has agreed to act as registrar in respect of the Notes. The Bank of New York Mellon (Luxembourg) S.A. is a société anonyme incorporated under the laws of the Grand Duchy of Luxembourg whose registered office is at Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg.

### **The Swap Counterparty, Arranger and Dealer**

The Swap Counterparty is Morgan Stanley & Co. International plc.

Morgan Stanley & Co. International plc is a public company incorporated with limited liability under the laws of England and Wales whose registered office is at 25 Cabot Square, Canary Wharf, London, E14 4QA.

Morgan Stanley & Co. International plc is an indirect wholly owned subsidiary of Morgan Stanley. Morgan Stanley & Co. International plc is a U.K. registered broker dealer. The principal activity of Morgan Stanley & Co. International plc is the provision of financial services to corporations, governments, financial institutions and individual investors. It is authorised and regulated by the U.K. Financial Services Authority.

## GENERAL INFORMATION

1. The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this Securities Note a significant effect on the financial position of the Issuer nor so far as the Issuer is aware is any such litigation or arbitration pending or threatened.
2. Save for the issuance or redemption of a number of Series of Notes under its Programme or as set out in the documents incorporated herein, there has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since 30 June 2009, being the date of the Issuer's latest audited financial statements.
3. Save as disclosed herein, there has been no significant change and no significant new matter has arisen since publication of the Registration Document.
4. Physical and electronic copies of the following documents will be available from the date hereof, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection by Noteholders at the London office of the Principal Paying Agent and at the registered office of the Issuer for so long as the Notes are outstanding:
  - (i) this Securities Note;
  - (ii) the Supplemental Trust Deed;
  - (iii) the documents specified in paragraph 5 of "General Information" in the Registration Document dated 26 April 2010; and
  - (iv) the Swap Agreement.
5. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code of the Notes and the International Securities Identification Number ("ISIN") for the Notes are 061658874 and XS0616588744, respectively.
6. The Issuer has obtained all necessary consents, approvals and authorisations in Jersey (if any) in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the Board of Directors of the Issuer passed on or about 20 April 2011.
7. Pursuant to the terms of the Principal Trust Deed, a Trustee may retire upon the giving of three months' notice to the Issuer and each Secured Creditor or may be removed by an Extraordinary Resolution of the Holders of the relevant Series of Notes. In circumstances of notice of retirement or removal the Issuer shall procure the appointment of a new trustee as soon as reasonably practicable and such retirement or removal shall not become effective until a successor trustee has been appointed.
8. The Notes and any contractual obligations arising out of and in connection with the Notes are governed by and shall be construed in accordance with English law.

9. The Issuer has irrevocably agreed for the benefit of the Noteholders that the Courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes, and, for such purposes has irrevocably submitted to the jurisdiction of such courts.
10. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Market. The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive but the Notes may not be listed on the issue date thereof.
11. The Issuer does not intend to provide post issuance transaction information regarding the Notes and/or the performance of any Underlying Assets, other than information which it is required to provide to Noteholders in accordance with the Conditions.
12. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Market for the purposes of the Prospectus Directive.
13. For purposes of this Securities Note, capitalised terms not otherwise defined will have the meanings set out in the Conditions.

**REGISTERED OFFICE OF THE ISSUER**

**E.L.A.N. Limited**

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London E14 4QA

**TRUSTEE**

**The Bank of New York Mellon  
acting through its London Branch**

One Canada Square  
London E14 5AL

**ISSUE AGENT, CUSTODIAN, PRINCIPAL  
PAYING AGENT, CALCULATION AGENT**

**The Bank of New York Mellon  
acting through its London Branch**

One Canada Square  
London E14 5AL

**SWAP COUNTERPARTY**

**Morgan Stanley & Co. International plc.**

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**DETERMINATION AGENT**

**Morgan Stanley & Co. International plc**

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**REGISTRAR**

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*to the Issuer as to Jersey Law*

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**IRISH LISTING AGENT**

**Arthur Cox Listing Services**

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