

Base Prospectus Supplement dated 4 June 2013 to the Base Prospectus dated 15 March 2013

MORGAN STANLEY ASIA PRODUCTS LIMITED

(incorporated with limited liability in the Cayman Islands)

Guaranteed by

MORGAN STANLEY

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

Warrant Programme

This base prospectus supplement (the *Base Prospectus Supplement*) is supplemental to and should be read in conjunction with the Base Prospectus dated 15 March 2013 (the *Base Prospectus*), which comprises a base prospectus in relation to the Warrant Programme (the *Programme*) of Morgan Stanley Asia Products Limited (the *Issuer*) and guaranteed by Morgan Stanley (the *Guarantor*). This Base Prospectus Supplement comprises a base prospectus supplement for the purposes of Article 16 of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the *Regulation*) and is prepared in connection with the Programme. The Base Prospectus Supplement has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive (Directive 2003/71/EC). The Central Bank of Ireland only approves this Base Prospectus Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Regulation. Terms defined in the Base Prospectus have the same meaning when used in this Base Prospectus Supplement.

The Issuer accepts responsibility for the information contained in the Base Prospectus and in this Base Prospectus Supplement. The Guarantor accepts responsibility for the information contained in the Base Prospectus and in this Base Prospectus Supplement in relation to itself and the guarantee (which, from and including 15 March 2013 to but excluding the date of this Base Prospectus Supplement, is in the form set out in the section "Form of the Guarantee" on pages 150 to 152 of the Base Prospectus, and from and including the date of this Base Prospectus Supplement, is in the form set out in Schedule 1 to this Base Prospectus Supplement) (the *Guarantee*). To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in the Base Prospectus and in this Base Prospectus Supplement, is in accordance with the facts and does not omit anything likely to affect the import of such information. To the best of the knowledge and belief of the Guarantor (who has taken all reasonable care to ensure that such is the case), the information contained in the Base Prospectus and in this Base Prospectus Supplement, in relation to itself and the Guarantee, is in accordance with the facts and does not omit anything likely to affect the import of such information.

The date of this Base Prospectus Supplement is 4 June 2013.

AMENDMENTS TO THE BASE PROSPECTUS

- 1** The section of the Base Prospectus headed “Form of the Guarantee” on pages 150 to 152 of the Base Prospectus shall be amended from the date of this Base Prospectus Supplement by the deletion of such section in its entirety and by replacing it with the section headed “Form of the Guarantee” as set out in Schedule 1 of this Base Prospectus Supplement.
- 2** The section of the Base Prospectus headed “United States Taxation” on pages 173 to 176 of the Base Prospectus shall be amended from the date of this Base Prospectus Supplement by the deletion of such section in its entirety and by replacing it with the section headed “United States Taxation” section as set out in Schedule 2 of this Base Prospectus Supplement.

SCHEDULE 1

FORM OF THE GUARANTEE

Guarantee, dated on or about 3 June 2013, by Morgan Stanley, a Delaware corporation (the **Guarantor**), in favour of the Warranholders (as defined below).

1. Interpretation

For the purposes hereof, the terms **Warranholders**, **Warrants** and **Cash Settlement Amount** each have the meaning given to it in the Terms and Conditions of the Regulation S Warrants and the Terms and Conditions of the Unitary Warrants as set out in the Agency Agreement dated 15 March 2013 (the **Agency Agreement**) between Morgan Stanley Asia Products Limited (the **Company**), the Guarantor, Morgan Stanley Asia Limited, Morgan Stanley & Co. International plc and J&E Davy.

2. Guarantee

To induce the Warranholders to purchase the Warrants, the Guarantor absolutely, unconditionally and irrevocably guarantees to the Warranholders, their successors, endorsees and assigns the prompt performance when due of all present and future obligations of the Company to the Warranholders under the Warrants (the **Obligations**).

3. Nature of Guarantee

The Guarantor agrees that the Warranholders may resort to the Guarantor for performance of any of the Obligations whether or not the Warranholders shall have proceeded against the Company with respect to any of the Obligations. The Warranholders shall not be obligated to file any claim relating to the Obligations in the event that the Company becomes subject to a bankruptcy, reorganisation or similar proceeding, and the failure of the Warranholders to so file shall not affect the Guarantor's obligations hereunder. This Guarantee shall remain in full force and effect and shall be binding on the Guarantor, its successors and assigns until all of the Obligations have been satisfied in full. In the event that any payment to the Warranholders in respect of any Obligations is rescinded or must otherwise be returned for any reason whatsoever, the Guarantor shall remain liable hereunder to a Warranholder with respect to such Obligations as if such payment, had not been made. The Guarantor reserves the right to (a) set off against any payment owing hereunder to a Warranholder any amounts owing by that Warranholder to the Company and (b) assert defences which the Company may have to payment of any Obligations other than defences expressly waived hereby.

4. Changes in Obligations and Agreements Relating thereto; Waiver of Certain Notices

The Guarantor agrees that the Warranholders may at any time and from time to time, either before or after the maturity thereof, without notice to or further consent of the Guarantor:

- (a) extend the time of performance of or renew any of the Obligations; and
- (b) make any agreement with the Company relating to the Obligations:
 - (i) for the extension, renewal, payment, performance, compromise, discharge or release thereof, in whole or in part; and
 - (ii) for any modification of the terms thereof or of any agreement between the Warranholders and the Company,

without in any way impairing or affecting this Guarantee.

The Guarantor waives notice of presentment, demand for performance, notice of dishonour and protest.

5. Expenses

The Guarantor agrees to pay on demand all reasonable out of pocket expenses (including the reasonable fees and expenses of counsel to the Warranholders) relating to the successful enforcement or protection of the rights of the Warranholders hereunder; provided, that the Guarantor shall not be liable for any expenses of the Warranholders if no performance under this Guarantee is due.

6. Subrogation

Upon performance of any of the Obligations, the Guarantor shall be subrogated to the rights of the Warranholders against the Company with respect to such Obligations, and the Warranholders agree to take at the Guarantor's expense such steps as the Guarantor may reasonably request to implement such subrogation; provided, however, that the Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until all obligations then due to be performed by the Company under the Warrants shall have been satisfied in full.

7. No Waiver; Cumulative Rights

The liabilities and obligations of the Guarantor under this Guarantee shall remain in force notwithstanding any failure or delay on the part of the Warranholders in exercising any right, remedy or power hereunder. Any single or partial exercise by the Warranholders of any right, remedy or power hereunder shall not preclude any other or future exercise of any right, remedy or power. Each and every right, remedy and power hereby granted to the Warranholders or allowed them by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by the Warranholders (acting together or individually) at any time or from time to time.

8. Representations and Warranties

The Guarantor hereby represents and warrants that:

- (a) the Guarantor is duly organised, validly existing and in good standing under the laws of the State of Delaware and has full corporate power to execute, deliver and perform this Guarantee;
- (b) the execution, delivery and performance of this Guarantee have been and remain duly authorised by all necessary corporate action and do not contravene any provision of the Guarantor's certificate of incorporation or by-laws, as amended to date;
- (c) all consents, licenses, clearances, authorisations and approvals of, and registrations and declarations with, any governmental authority or regulatory body necessary for the due execution, delivery and performance of this Guarantee have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with, any governmental authority or regulatory body is required in connection with the execution, delivery or performance of this Guarantee; and
- (d) this Guarantee constitutes a legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

9. Assignment

The Guarantor may not assign or transfer any of its rights or obligations under this Guarantee without the prior written consent of the Warranholders, except that the Guarantor may make such an assignment or transfer pursuant to a consolidation or amalgamation with, or merger into, or transfer of all or substantially all of its assets to, another entity so long as that other entity assumes all of the obligations of the Guarantor under this Guarantee by operation of law or otherwise.

A Warranholder may not assign its rights, interests and obligations hereunder other than to an assignee or transferee to which it has transferred its interests and obligations under the Warrant held by the Warranholder in accordance with the Terms and Conditions of the Warrants.

10. Notices

All notices or demands on the Guarantor shall be deemed effective when received, shall be in writing and shall be delivered by hand or by registered mail, or by facsimile transmission promptly confirmed by registered mail, addressed to the Guarantor at:

Morgan Stanley
1585 Broadway
New York 10020
U.S.A.
Attention: Treasurer
Fax: (212) 762 0337

or to such other address or fax number as the Guarantor shall have notified the Warrantheolders in a written notice delivered to the Warrantheolders in accordance with the terms and conditions of the Warrants.

11. Contracts (Rights of Third Parties) Act 1999

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

12. Governing Law

This Guarantee shall be governed by and construed in accordance with the laws of England.

IN WITNESS WHEREOF, this Guarantee has been duly executed and delivered as a deed poll by the Guarantor to the Warrantheolders as of the date first above written.

EXECUTED AS A DEED POLL)
by MORGAN STANLEY)
and signed and delivered as)
a deed poll on its behalf)

By:

Name:

Title: Assistant Treasurer

SCHEDULE 2

UNITED STATES TAXATION

The following information provided below does not purport to be a complete summary of the tax law and practice currently available. The tax discussions contained in this Base Prospectus were written for use in connection with the promotion or marketing of the transactions or matters addressed in this Base Prospectus. These discussions were not intended or written to be used, and cannot be used, for the purpose of avoiding United States tax penalties. Potential purchasers of Warrants should consult their own tax advisors in determining the tax consequences to them of transactions involving the Warrants, including the application to their particular situation of United States tax issues discussed, as well as the application of state, local, foreign or other tax laws.

United States Taxation For Unitary Warrants

The following summary is a general discussion of the principal U.S. federal income tax consequences that may be relevant to a Warrantholder if it is a beneficial owner of the Unitary Warrants (the **Warrants**) who is:

- an individual who is a citizen or resident of the United States, or
- a U.S. domestic corporation, or
- any other person that is subject to U.S. federal income tax on a net income basis in respect of its investment in the Warrants.

This summary is based on U.S. federal income tax laws, regulations, rulings and decisions in effect as of the date of this Base Prospectus, all of which are subject to change at any time (possibly with retroactive effect) that may affect the tax consequences described herein. This summary addresses the U.S. federal income tax consequences to a Warrantholder if the Warrantholder is an initial holder of the Warrants, purchases the Warrants at the applicable issue price, will hold the Warrants as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the **Code**) and is an accrual method taxpayer. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the Warrants by any particular investor, including tax considerations that arise from rules of general application to all taxpayers or to certain classes of taxpayers. Thus, for example, this summary does not address all aspects of U.S. federal income taxation that may be relevant to a Warrantholder in light of the Warrantholder's individual circumstances or if the Warrantholder is a taxpayer subject to special treatment under the U.S. federal income tax laws, such as dealers in securities or foreign currency, certain financial institutions, insurance companies, tax-exempt organizations, or persons who hold a Warrant as a part of a hedging transaction, straddle, conversion or other integrated transaction. Except as specifically described below, this summary does not address a person who sells or otherwise disposes of shares of a relevant Share Company (in the case of a Share Warrant) or of a company included in the relevant Index (in the case of an Index Warrant) and contemporaneously acquired a Warrant relating to such shares or Index, respectively, or who disposes of a Share or Index Warrant and contemporaneously acquires such shares. Moreover, the effect of any applicable state, local or foreign tax laws is not discussed. Prospective purchasers of the Warrants should consult their own tax advisors as to the federal, state, local and foreign tax law consequences of acquiring, holding and disposing of the Warrants.

Prospective purchasers of an Index Warrant should consult publicly available sources of information and their own tax advisors as to the possibility that the relevant Share Company or a company included in the relevant Index may be treated as a passive foreign investment company (**PFIC**) for U.S. federal income tax purposes. This summary assumes that the relevant Share Company is not, and that the relevant Index does not include an interest in, a PFIC. Prospective purchasers should note that if that assumption is not accurate, then it is possible that the U.S. federal income tax consequences of owning the Index Warrants would differ from the consequences described below.

This summary addresses only Warrants that are call Warrants on the Shares of a single non-U.S. issuer, on a basket of Shares of non-U.S. issuers, or on an Index or a basket of Indices comprised of non-U.S. companies, with a zero or near-zero strike price, that provide solely, except as described below, for a cash settlement payment based on a Settlement Price equal to the volume weighted average price for the relevant Shares (in the case of the Share Warrants) or based on an Index Performance (in the case of the Index Warrants) and, in the case of the Share Warrants, for Interim Payment Amounts payable three business days after the date that a Qualified Investor would be entitled to receive the relevant dividend from the issuer (absent an Applicable Cash Dividend Failure Date) in an amount equal to such dividend (or its equivalent in another currency) less withholding tax at the maximum statutory rate that would be imposed by the jurisdiction of the Shares issuer on dividends paid to a Qualified Investor; and as to which all determinations by the Calculation Agent are made in a commercially reasonable manner based on objective prices, valuations and rates to the extent possible. In addition, this summary addresses Warrants that meet the description in the preceding sentence that also provide for an Upfront Discount or Outperformance Fee that is calculated by reference to the number of days the Warrants are outstanding and, in the case of Variable Accrual Outperformance Warrants, the daily closing price of the underlying Shares or Index for every day that the Warrants are held and not exercised.

General

Pursuant to the terms of the Warrants, the Issuer and Warranholders agree (in the absence of an administrative determination or judicial ruling to the contrary) to characterize the Warrants for all tax purposes as prepaid cash settlement forward contracts with respect to the Shares (in the case of the Share Warrants) or the Index (in the case of the Index Warrants), which entitle Warranholders to receive upon exercise the Cash Settlement Amount based on the average of the Settlement Price of the Shares (in the case of the Share Warrants) or based on the Index Performance (in the case of the Index Warrants). The description below of the treatment of the Warrants for U.S. federal income tax purposes under that characterization and under possible alternative characterizations is based on the advice of Cleary Gottlieb Steen & Hamilton LLP, our special tax counsel. The treatment of the Warrants described above is not, however, binding on the Internal Revenue Service (*IRS*) or the courts. No statutory, judicial or administrative authority directly addresses the characterization of the Warrants or instruments similar to the Warrants for U.S. federal income tax purposes, and no ruling is being requested from the IRS with respect to the Warrants. As a result, significant aspects of the U.S. federal income tax consequences of an investment in the Warrants are uncertain. See “—*Possible Alternative Tax Treatment*” for a discussion of possible alternative treatment of the Warrants for U.S. federal income tax purposes in the case of Warranholders that transfer underlying securities to or from the Issuer.

Tax Treatment of the Warrants

Settlement of the Warrants. Under the characterization of the Warrants described above, upon the receipt of cash upon exercise of the Warrants, Warranholders will recognize gain or loss. Except as described below, the amount of such gain or loss will be equal to the difference between the U.S. dollar value of the amount of the cash received and a Warranholder’s basis in the Warrants. A Warranholder’s tax basis in the Warrants will equal the U.S. dollar value of the amount that such Warranholder paid to acquire the Warrants, adjusted as discussed under “—*Additional Warrants*” below. The U.S. dollar value of the amount a Warranholder pays to acquire Warrants purchased with currency other than the U.S. dollar (*Foreign Currency*) will generally be the U.S. dollar value of the purchase price on the date of purchase. Any such gain or loss will be long-term capital gain or loss if a Warranholder held the Warrants for more than one year at the time of exercise.

Amounts attributable to stock distributions on the Shares (in the case of the Share Warrants) or on the shares of companies included in the Index (in the case of the Index Warrants) generally should be treated as paid as part of the amounts realized on disposition of an investment in the Warrants, as described in the prior paragraph. It is possible, however, that the U.S. dollar value of such amounts will in certain circumstances, including the payment of such amounts after the Settlement Date, be treated instead as ordinary income, which could reduce the purchaser’s capital gain or increase the purchaser’s capital loss on disposition of the Warrant. It is also possible that a purchaser of a Warrant may be required instead to treat the U.S. dollar value of such amounts as income as they become fixed. Prospective purchasers of the Warrants are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of receiving amounts attributable to stock distributions on Shares or on shares of the companies included in the Index.

Interim Payment Amounts; Rights Amounts. Under the characterization of the Warrants discussed above, the U.S. dollar value of Interim Payment Amounts and any Rights Amounts paid with respect to the Share Warrants generally will be treated as ordinary income, and that will not qualify for the dividends-received deduction generally allowed to corporations with respect to certain dividends received or the reduced tax rate applicable to dividends received by individuals and certain other investors. In addition, if these payments are made in or determined by reference to a Foreign Currency, a Warrantholder may recognize foreign currency gain or loss as described in detail below under “—Foreign Currency Payments.”

Additional Warrants. Under the characterization of the Warrants described above, a restatement of the number of Warrants and the resulting receipt of Additional Warrants by a Warrantholder generally should not constitute a taxable event to the Warrantholder. Under such treatment, a Warrantholder’s adjusted tax basis in the Warrants held prior to the restatement will be allocated on a pro rata basis among Warrants and the Additional Warrants based on the total number of Warrants held after the restatement. Due to the absence of authorities that directly address the proper characterization of the restatement of the number of Warrants that results in an issuance of Additional Warrants, no assurance can be given that the IRS will accept, or that a court will uphold, the tax treatment described above. It is possible, for example, that a Warrantholder may be required to recognize ordinary income in the amount equal to the fair market value of the Additional Warrants at the time Additional Warrants are received. In that case, the Warrantholder’s basis in the Additional Warrants will equal the fair market value of such Additional Warrants at the time of their receipt.

Sale or Exchange of the Warrants. Under the characterization of the Warrants described above, upon sale or exchange of a Warrant, a Warrantholder will generally recognize capital gain or loss equal to the difference between the U.S. dollar value of the amount realized on such sale or exchange and the Warrantholder’s tax basis in the Warrants, as the case may be, so sold or exchanged. Capital gain or loss will generally be long-term capital gain or loss if a Warrantholder held the Warrants for more than one year as of the time of sale or exchange.

Upfront Discount and Outperformance Fee. Because there is no guidance specifically addressing the U.S. federal income tax treatment of amounts that accrue daily on instruments that are not treated as indebtedness for U.S. federal income tax purposes, the U.S. federal income tax treatment of amounts attributable to any Upfront Discount or Outperformance Fee on the Outperformance Warrants under the characterization of the Warrants described above is uncertain. It is possible that the U.S. dollar value of the amount attributable to an Upfront Discount or Outperformance Fee will be treated as part of the amount realized in the settlement, sale or exchange of a Warrant, in which case it would increase the capital gain or decrease the capital loss that a Warrantholder would otherwise recognize under the rules described above. It is also possible that the U.S. dollar value of the amount of any Upfront Discount or Outperformance Fee will be treated as ordinary income, and that such Discount or Fee would be required to be accrued daily by the Warrantholder. If an Upfront Discount or Outperformance Fee is required to be accrued and the payment is made in or determined by reference to a Foreign Currency, a Warrantholder may recognize foreign currency gain or loss as described in detail below under “—Foreign Currency Payments.” If the Issuer is required to report amounts attributable to an Upfront Discount or Outperformance Fee, it will report such amounts as ordinary income on a current accrual basis.

While there is no guidance specifically addressing the U.S. federal income tax treatment of amounts comparable to an Upfront Discount or Outperformance Fee in the case of a Warrantholder that transfers underlying securities to or from the Issuer in connection with the issuance, settlement or other disposition of a Warrant, it is more likely than not that a Warrantholder would be required to accrue the U.S. dollar value of the Discount or Fee as ordinary income on a daily basis.

Warrantholders should consult their own tax advisors regarding the treatment of an Upfront Discount or Outperformance Fee.

Foreign Currency Payments. A Warrantholder will recognize foreign currency gain or loss (taxable as U.S. source ordinary income or loss), as the case may be, on the receipt of an Interim Payment Amount or a Rights Amount denominated in Foreign Currency, or an Outperformance Fee or Upfront Discount denominated in Foreign Currency if the Fee or Discount is required to be accrued, if the exchange rate in effect on the date the amount is received differs from the rate applicable to the previous accrual of the

amount, equal to the difference between (a) the Foreign Currency amount accrued multiplied by the exchange rate on the date the amount is converted into U.S. dollars and (b) the U.S. dollar value of the income so accrued translated into U.S. dollars using the spot rate on the day the income is accrued. The U.S. dollar value of the amount attributable to any Upfront Discount or Outperformance Fee denominated in a Foreign Currency accrued by such a Warrantholder will generally be based on the exchange rate in effect on each day during which the Warrantholder accrued that amount. A Warrantholder must apply a consistent method of translating foreign currency into U.S. dollars to all financial instruments similar to the Warrants from year to year and cannot change its method without the consent of the IRS.

Constructive Ownership

Section 1260 of the Code treats a taxpayer owning certain types of derivative positions in property as having “constructive ownership” in that property, with the result that all or a portion of the long-term capital gain recognized by such taxpayer with respect to the derivative position may be recharacterized as ordinary income, in which case an interest charge would be imposed on any deemed underpayment of tax with respect to the deferral of such ordinary income. Section 1260 in its current form would not apply to the Warrants unless a Share Company (in the case of the Share Warrants) or a company included in the Index (in the case of the Index Warrants) is treated as a PFIC. Prospective purchasers of the Warrants should consult their own tax advisors to determine whether a Share Company, in the case of Share Warrants, or a company included in the Index (in the case of Index Warrants) would be treated as such a company. Moreover, Section 1260 authorizes the Treasury Department to promulgate regulations (possibly with retroactive effect) to expand the application of the “constructive ownership” regime. There is no assurance that the Treasury Department will not promulgate regulations to apply the regime to the Warrants. If Section 1260 were to apply to the Warrants, a Warrantholder would be required to treat all or a portion of the long-term capital gain (if any) that a Warrantholder recognizes on sale, exchange, maturity, redemption or other taxable disposition of the Warrants as ordinary income, but only to the extent such long-term capital gain exceeds the long-term capital gain that a Warrantholder would have recognized if it had acquired the Shares (in the case of the Share Warrants) or shares of the companies included in the Index (in the case of the Index Warrants) on the Issue Date of the Warrants and disposed of the Shares (in the case of the Share Warrants) or shares of the companies included in the Index (in the case of the Index Warrants) upon disposition of the Warrants. In addition, Section 1260 would impose an interest charge on the deemed underpayment of tax resulting from the deferral of recognition of gain that was recharacterized on the sale, exchange, exercise or other taxable disposition of the Warrants.

Possible Alternative Tax Treatment

Due to the absence of authorities that directly address the proper characterization of the Warrants, no assurance can be given that the IRS will accept, or that a court will uphold, the characterization and tax treatment of the Warrants described above. Accordingly, it is possible that the IRS could seek to characterize the Warrants in a manner that results in tax consequences different from those described above under “—*Tax Treatment of the Warrants*”. In particular, the timing and character of income or loss from the Warrants could be significantly affected.

Under an alternative characterization of the Warrants, it is possible, for example, that the Warrants could be characterized for U.S. federal income tax purposes as debt instruments that are subject to the Treasury regulations governing contingent payment debt instruments (the ***Contingent Payment Regulations***). The Issuer believes that the Warrants should not be characterized as debt instruments because the Warrants provide economic returns that are based on the performance of the Shares (in the case of the Share Warrants) or the performance of the Index (in the case of the Index Warrants) and offer no assurance that an investment in the Warrants will be returned to a Warrantholder on exercise. However, if the IRS were successful in asserting that the Contingent Payment Regulations applied to the Warrants, among other matters, a Warrantholder would be required to accrue income, as original issue discount, at a “comparable yield” for the Issuer, as the case may be, on the purchase price. Furthermore, any gain realized with respect to the Warrants would generally be treated as ordinary income.

Under another alternative characterization, it is also possible that a Warrant could be treated as a unit consisting of a loan and a forward contract, in which case a Warrantholder would be required to accrue a significant amount of original issue discount on a current basis during the period in which a Warrantholder holds the Warrants. Alternatively, it is possible that a Warrantholder could be treated as

the owner of Shares (in the case of the Share Warrants) or shares of the companies included in the Index (in the case of the Index Warrants) for U.S. federal income tax purposes, in which case, among other matters, such Warrantholder would be subject to tax on dividends on the Shares (in the case of the Share Warrants) or shares of the companies included in the Index (in the case of the Index Warrants) in an amount equal to the gross dividends paid by the Share Company (in the case of the Share Warrants) or the relevant companies included in the Index (in the case of the Index Warrants) without reduction for any withholding taxes. Accordingly, prospective purchasers of the Warrants are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the Warrants.

It is possible that if a Warrantholder transfers underlying securities to or from the Issuer in the same transaction or series of transactions in which such Warrantholder acquired, settled or disposed of the Warrant, the IRS would take the position that the transaction should be treated as a securities loan. In that case, the Warrantholder may or may not recognize gain or loss on the disposition of the underlying securities or of the Warrant, depending on the terms of the Warrant, and the amount of such gain or loss may differ from the amount of gain or loss described in “—*Tax Treatment of the Warrants*”. In addition, an Upfront Discount or Outperformance Fee may be treated as, or as analogous to, a fee for lending the securities, in which case it would be treated as ordinary income required to be accrued on a daily basis. Prospective purchasers of Warrants that intend to engage in related transactions of this kind are urged to consult their tax advisors regarding the U.S. federal income tax consequences of such transactions.

It is also possible that future legislation would cause the Warrants to be taxed on a mark-to-market basis, or that future legislation or future regulations or other guidance would require a Warrantholder to accrue income on the Warrants on a current basis at ordinary income rates (as opposed to capital gains rates) over the term of the Warrants or to treat the Warrants in another manner that significantly differs from the treatment discussed above.

Foreign Account Tax Compliance Act

Under currently issued guidance, should the Warrants be issued (a) after the later of 31 December 2013 and the date that is six months after the date on which final U.S. Treasury regulations define the term “foreign passthru payment” (the *Grandfathering Date*) or (b) before the Grandfathering Date if the Warrants are materially modified for U.S. federal income tax purposes after the Grandfathering Date, then, pursuant to Sections 1471 through 1474 of the Code or similar law implementing an intergovernmental approach thereto (*FATCA*), the Issuer and other financial institutions through which payments on the Warrants are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made after 31 December 2016 in respect of the Warrants. Alternatively, it is possible U.S. tax withholding will be imposed pursuant to FATCA on payments on Warrants issued after 31 December 2013 (or on Warrants issued before such date if the Warrants are materially modified for U.S. federal income tax purposes after such date) and the gross proceeds from the retirement, redemption or other disposition of such Warrants after 31 December 2016.

The FATCA withholding tax may be triggered if: (a) the Issuer is a foreign financial institution (as defined in FATCA) (*FFI*) that must provide the IRS or other applicable authority with certain information on its account holders (making the Issuer a participating FFI) and (b)(i) an investor does not provide information sufficient for the relevant participating FFI that is making payment to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States Account” of such FFI, or (ii) any FFI through or to which payment on the Warrants is made is not a participating FFI or a deemed-compliant FFI. Alternatively, FATCA withholding tax may be triggered if a payment is made (a) to or through an FFI that is not a participating FFI or a deemed-compliant FFI or (b) to a passive non-financial foreign entity that has one or more substantial U.S. owners and does not provide certain identifying information about each such substantial U.S. owner.

Backup Withholding and Information Reporting

U.S. Holders may be subject to information reporting and to backup withholding on the amounts paid to them, unless they are a corporation or come within certain other exempt categories or they provide proof of a correct taxpayer identification number, and otherwise comply with applicable requirements of the backup withholding rules. The amounts withheld under the backup withholding rules are not an additional tax and may be refunded, or credited against the U.S. Holder’s U.S. federal income tax liability, provided the required information is furnished to the IRS.