

Gilliat Financial Solutions is the designer, arranger and promoter of this product. This Term Sheet must be read in conjunction with the Growth Builder Series Investment Guide (January 2010) which details how the product works, outlines the risks, the parties involved and provides definitions of technical terms. Together they describe the product offer in full and should be kept in a safe place for future review after investment. Applications from retail investors will only be accepted via Independent Financial Advisers. A full prospectus is available upon request.

### Product profile

Please refer to “Product profile definitions” on page 6 of the Investment Guide for more details.

Product type:	Structured capital at risk growth plan
Market outlook:	Range bound
Volatility:	N/A
Max risk:	Capped, maximum loss is 100% of Investment Capital
Max reward:	Capped, return of Investment Capital plus Growth Payment (max 51%) – subject to Counterparty risk
Strategy type:	Range accrual

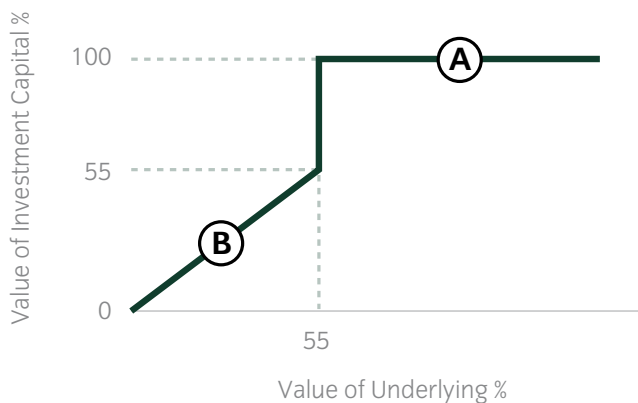
**Full risk disclosure can be found in the Investment Guide.**

### Aims

The issue is a six year and 20 day structured product that aims to provide capital growth and return initial Investment Capital at the end of the Investment Term. If the value of the Underlying is within the Barrier Range on any Weekly Observation Date then the Growth will accrue.

### Capital payoff profile

The Capital payoff profile plots the value of the initial Investment Capital returned to investors at the End Date against movements in the Underlying. This chart does not illustrate any potential Growth from this product.



- A This shows how the Capital Protection barrier would protect capital for reductions in the value of the Underlying to 55% of its Start Value.
- B This shows the potential loss of Investment Capital for reductions in the value of the Underlying once the barrier has been breached.

### Investment details

Underlyings	Potential maximum return at End Date
EPRA-FTSE E/N Developed Europe Index	51%

## Investment Terms

Please refer to Investment Guide for definitions.

Investment Term:	6 years, 20 days
Minimum investment:	£3,000
Upper Barrier Level:	Start Value +45%
Lower Barrier Level:	Start Value -45%
Growth accrual frequency:	Weekly if the value of the Underlying is within Barrier Range (weekly observations)
Maximum Growth Payment:	51%
Capital protection: (subject to Counterparty risk)	55% Soft Protection - observations on Start and End Date (please refer to page 14 of the Investment Guide for details)
Capital protection barrier type:	European - observations on Start and End Date only
Capital loss calculation if barrier breached:	Capital will reduce 1% for every 1% the Underlying closes below the Start Value at the End Date
Taxation:	Capital Gains Tax (CGT) - Growth payment paid gross
Securities:	Notes
Listing:	London Stock Exchange
Currency:	GBP
Counterparty risk:	Morgan Stanley. See "Counterparty disclosure" on page 5
Credit rating*: (at 8 January 2010)	'A' (Neg Outlook) Standard & Poor's 'A2' (Neg Outlook) Moody's 'A' (Stable Outlook) Fitch Ratings
Availability:	Direct investment New Stocks & Shares ISA – Subject to HMRC limits Cash / Stocks & Shares ISA transfer SIPP /SSAS Pension plans Trustees

\* Credit / Counterparty risk is one of the risks associated with this product. Full details of the risks associated with this product are provided in the section "Risks" on page 14 of the Investment Guide.

Credit ratings can be a useful tool to help compare the credit risk associated with different Counterparties or companies providing financial guarantees to the Counterparty. Credit ratings are assigned to companies by independent Credit Rating Agencies after detailed analysis of their financials. Gilliat uses credit ratings as part of its Counterparty assessment when choosing the Counterparty for their Structured Investment Products. Information about Credit Ratings and what they mean are provided in our factsheet "Credit Ratings" which is available from your financial adviser.

## Important Dates

<b>Investment deadline:</b>	19 February 2010
Investment Start Date:	26 February 2010
Investment End Date:	26 February 2016
Maturity payment date:	18 March 2016
Observation dates:	Weekly from 5 March 2010 - 26 February 2016

The value of the Underlying used to measure performance of this product will be the Closing Price on each Weekly Observation Date.

Where dates fall on a non banking day (e.g. a weekend or a bank holiday) the observation will occur on the next business day.

Maturity payments will be made by direct transfer to your nominated bank account.

## Information about Tax

### Investing via an ISA

ISAs allow UK residents to invest without incurring tax.

### Investing directly into the product

Under current UK legislation any investment gain an investor receives which exceeds their CGT allowance would be subject to tax at a flat rate of 18%. The current CGT allowance (2009/10) for individual investors is £10,100 per annum, but this is likely to change by the time the plan matures.

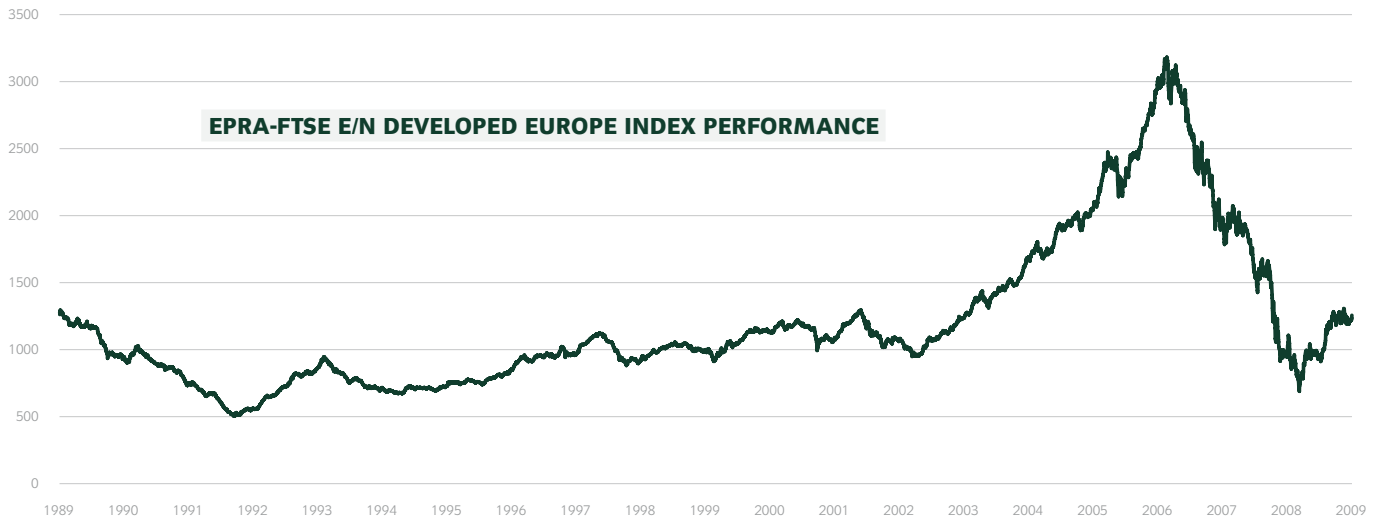
Tax assumptions are based on Gilliat's and Meteor's understanding of current legislation and practice at the date of this Term Sheet. The levels and basis of taxation and reliefs from taxation can change at any time and could be applied retrospectively. The value of any tax relief depends on individual circumstances. Neither Gilliat nor Meteor provide investment advice. You should always seek investment advice from an Independent Financial Adviser.

## Charges

The terms on which the Securities are purchased for you will reflect all charges, fees and expenses. The total charges will not exceed 5.62% if held until the End Date. This will not affect the stated Growth Payment.

Additional charges apply in the event that the structured product is not held for the full Investment Term. Further information on charges is contained in the Investment Guide.

## FTSE EPRA/NAREIT Developed Europe Index (29/12/1989 to 31/12/2009)



These results are based on back testing of the Underlying for every 6 year period since start of index. The 6 year period was chosen for analysis to coincide with the term of this product issue:

### EPRA 29/12/1989 to 31/12/2009. Assuming 52 weeks per annum

Number of 6 year cycle	3660
Number of times product returned full 51%	858 (23.44%)
Number of times product returned greater than 40%	1898 (51.86%)
Number of times product returned greater than 30%	2842 (77.65%)
Number of times product returned greater than 20%	3389 (92.59%)
Number of times product returned greater than 10%	3660 (100%)
Number of times barrier breached in EPRA history	0

Source: Bloomberg 31 December 2009. Daily closing values, capital movements only (dividends not included) 29/12/1989 to 30/11/2009 (assuming 1556 trading days in each 6 year period). Past performance is not an indication of future performance and should not be used to assess the future returns or risk associated with this product. Source analysed by Gilliat Research & Product Development team.

## Credit risk / Counterparty assessment

The Counterparty for this investment will be Morgan Stanley. Morgan Stanley is a global financial services firm that, through its subsidiaries and affiliates, provides its products and services to a large and diversified group of clients and customers. Morgan Stanley has “bank holding company” and “financial holding company” status.

Credit / Counterparty risk is one of the risks associated with this product. Full details of the risks associated with this product are provided in the section “Risks” on page 14 of the Investment Guide.

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Agency	Rating	Outlook
Fitch	A	Stable
Moody's	A2	Negative
Standard & Poor's	A	Negative

Source: Bloomberg, 8 January 2010

Morgan Stanley's senior unsecured debt is rated A2 by Moody's and A by Fitch. The long term Standard and Poor's rating is A. (Moody's and S&P negative outlook, Fitch Stable). The credit rating of Morgan Stanley could change at any time.

Credit Default Swap Rates (CDS) are quoted in basis points per annum and give an indication of the cost of 'insuring' against the default of the issuer of a debt. Lower CDS rates indicate a lower perceived risk of default by a company as the cost of insurance is less. As at 9 December 2009 Morgan Stanley's 5-year CDS was at 127.2 against a twelve month range of 112.3 and 476.2. This compares to a present average rate of 115.7 for 23 investment grade American banks at the same date.

Two common measures of a bank's ability to weather difficult periods are their Tier 1 capital ratio and their capital adequacy ratio (CAR). Morgan Stanley had a Tier 1 capital ratio of 15.8% and a CAR of 17.1% as at the end of the 2nd Quarter 2009. The Basel II Accord requires banks to maintain a minimum tier 1 of 4% and CAR of 8%.

Source: Bloomberg, 11 December 2009

## Counterparty disclosure

The Plan Manager intends to purchase Securities issued by Morgan Stanley to be listed on the London Stock Exchange. The terms of the Securities are designed to provide the return contemplated under the Plan.

If Morgan Stanley fails (e.g. becomes bankrupt or goes into administration) investors' capital is at risk and investors could lose some or all of their investment.

Further information about Morgan Stanley, including additional information relating to Morgan Stanley credit ratings is available by accessing the following website: [www.morganstanley.com](http://www.morganstanley.com)

Neither Morgan Stanley nor any of its affiliates in any way endorses this product, its suitability for investors or the promotional material associated with the product and does not make any representation or warranty regarding the accuracy, completeness or adequacy of such information and no liability to any party is accepted by Morgan Stanley in connection with such information.

## Plan Manager disclosure

Meteor Asset Management Limited (Meteor) is responsible for the management of the Growth Builder Series and is approved by HM Revenue and Customs as an ISA Manager. In regards to this type of investment the management consists of the administration of investments into the Growth Builder Series, including dealing with queries and claims and production of information on investments throughout their term. Please note that the terms of the Underlyings are fixed at outset so there is no ongoing investment management.

The Company is authorised and regulated by the Financial Services Authority, FRN 459325

Approved by the Plan Manager, Meteor Asset Management Limited, which is authorised and regulated by the Financial Services Authority no. 459325. Issued by Gilliat Financial Solutions. Gilliat Financial Solutions (Gilliat) is a trading name of Arbuthnot Latham & Co., Limited who are authorised and regulated by the Financial Services Authority, number 143336.