Morgan Stanley

Preferred Savings Promotion Disclosure Statement

FEBRUARY 2019

Introduction

In the following disclosure, the words "we," "us," "our," "Morgan Stanley" and "Morgan Stanley Wealth Management" refer to Morgan Stanley Smith Barney LLC. The words "you," "your," "yours" and "client" refer to the account owner(s) and/or authorized person(s).

Under the Preferred Savings Promotion (the "Program"), Morgan Stanley Smith Barney LLC is making available to its customers certain U.S. dollar deposit accounts (the "Accounts") at Morgan Stanley Private Bank, National Association (MSPBNA), or Morgan Stanley Bank, N.A. (MSBNA), as selected by each customer ("you"). Each bank selected by a customer is referred to as the "Bank." MSPBNA and MSBNA each is an affiliate of Morgan Stanley whose deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable limits.

Each Account is a demand deposit account at the respective Bank, but the Program is not intended for clients who need to have frequent access to the funds in their Account.

As described in the "Fees and Compensation" section below, fees apply if you withdraw funds from an Account more than ten (10) times in a calendar month.

Each Account constitutes a direct obligation of the Bank and is neither directly nor indirectly an obligation of Morgan Stanley. The Accounts are not certificated and are nonnegotiable, and may not be transferred from us to another broker or financial intermediary.

As discussed below under "FDIC Insurance," the Accounts are eligible for deposit insurance by the FDIC up to the Maximum Applicable Insurance Limit (principal and accrued interest) per depositor in each insurable capacity (e.g., individual or joint). For purposes of the Maximum Applicable Insurance Limit, you must aggregate all Accounts that you maintain with the Bank in the same insurable capacity, including deposits at the Bank held through the Bank Deposit Program, Savings Program, Preferred Savings, GlobalCurrency, certificates of deposit (CDs) and other Accounts at the Bank you hold directly or through us or other intermediaries.

The Maximum Applicable Insurance Limit for all insurable capacities is currently $250,000. Any deposits (including certificates of deposit that you maintain in the same capacity directly with a Bank, or through an intermediary (such as Morgan Stanley or another broker-dealer), will be aggregated with deposits in your deposit accounts at that Bank for purposes of the Maximum Applicable Insurance Limit. You are responsible for monitoring the total amount of deposits that you have with each Bank in order to determine the extent of FDIC deposit insurance coverage available to you. You should review carefully the section of this document, titled "FDIC Insurance," which describes the amount of coverage available to you.

Please see the section of this document titled "FDIC Insurance" for the definition of the term "Maximum Applicable Insurance Limit."

You are responsible for monitoring the total amount of deposits that you have with the Bank in order to determine the extent of FDIC deposit insurance coverage available to you. We are not responsible for any insured or uninsured portion of a deposit at the Bank. You should carefully review the section of this document titled "FDIC Insurance," which describes the extent of, and limitations on, FDIC insurance.

You may deposit funds in excess of the Maximum Applicable Insurance Limit. However, in doing so, you acknowledge that your funds in excess of the Maximum Applicable Insurance Limit are not FDIC insured and are subject to the investment risk based on the financial condition of the Bank. In making an investment decision, you must rely on your own examination of the Bank and the terms of the offering, including the merits and risks involved. Upon request, you will be provided with publicly available information about the Bank. We are not responsible for, and have not verified, the accuracy of that information.

The Securities Investor Protection Corporation (SIPC) takes the position that deposits are not covered by SIPC insurance. Therefore, you should not rely on the availability of SIPC insurance coverage or excess SIPC insurance coverage obtained by Morgan Stanley in making your investment decision.

CONDITIONS TO ESTABLISH AN ACCOUNT

The Preferred Savings Promotion is only available to eligible entities with Brokerage Accounts at Morgan Stanley. Each account is either a brokerage account or managed account. "Managed Accounts" are accounts which are enrolled in a Morgan Stanley-sponsored wrap fee investment advisory program. All other accounts are "Brokerage Accounts."

The following business types will be ineligible for the Preferred Savings Promotion: Registered Investment Advisers, Investment Companies, Asset Managers, Pension Funds, Non-Regulated Funds, Banks and Financial companies including Foreign Banks, Credit Unions, Loan Companies, National Banks and State Banks, Insurance Companies, Broker-Dealers and Securities Holding Companies

ELIGIBLE CASH, MINIMUM AND MAXIMUM DEPOSIT REQUIREMENTS

Only deposits made during the promotional ticketing window will be eligible for the program. Eligible cash may be subject to specific requirements based on the promotional offering.

An initial minimum deposit amount of $1,000 will be required to establish an Account. A maximum deposit amount of $10,000,000 will be permitted across the Banks ($5,000,000 per bank).

Your Relationship with Morgan Stanley and the Bank

You will not receive a passbook, certificate or other evidence of ownership of the Account from the Bank. The Accounts are recorded at the Bank in the name of Morgan Stanley as your agent and custodian and are reflected in records maintained by Morgan Stanley.

We will provide you with a written acknowledgement of your deposits to and withdrawals from an Account and your Account will be reflected on your Brokerage Account statement. You should retain the written acknowledgement(s) and the Brokerage Account statement(s) for your records. You may contact your Financial Advisor or Private Wealth Advisor at any time for information about your Account balances at the Bank.

Your Brokerage Account statement will provide the outstanding principal amount of each Account as of the date stated on your Brokerage Account statement. The Brokerage Account statement will also show interest earned in the Account for the period beginning on the first calendar day of the current month up to, but not including, the last calendar day of the month.

No Preferred Savings Promotion deposit relationship shall be deemed to exist prior to the receipt and acceptance of funds by the Bank. You can obtain publicly available financial information concerning the Bank at https://www.ffiec.gov/nicpubweb/nicweb/nichome.aspx or by contacting the FDIC Public Information Center by mail at 3501 North Fairfax Drive, Room E-1005, Arlington, VA 22226 or by phone at 1-877-275-3342. We do not guarantee in any way the financial condition of the Bank or the accuracy of any publicly available financial information concerning the Bank.

We may, in our sole discretion, terminate your participation in the Program at any time upon written notice to you. Notwithstanding the foregoing, we may terminate and/or impose aggregate order limits on certain promotional campaigns at any time without notice to you. You also may terminate your participation in the Program at any time (without closing your Brokerage Account) by notifying your Financial Advisor or Private Wealth Advisor and instructing them to withdraw all funds from your Account. Similarly, you may close your Brokerage Account or choose to remove Morgan Stanley as your agent and custodian with respect to your Account.

Under these circumstances, you may not transfer your Account to another financial intermediary. (Please refer to the Nontransferable Deposits section below for more information.) You may, however, request that your ownership of the Account be evidenced directly on the books of the Bank, subject to the Bank's rules and requirements for establishing and maintaining accounts. If you establish your Account on the books of the Bank, you will have the ability to enforce your rights in the Account directly against the Bank and we will have no further responsibility with respect to your Account. The direct Account you establish on the books of the Bank may pay interest at a rate that is different than what you would have otherwise earned in the Program, including a zero percent rate (no interest).

PROGRAM AND DEPOSITORY INSTITUTIONS CHANGES

Morgan Stanley, at its discretion, may modify the terms, conditions and procedures of the Program or the depository institutions that participate in the Program. Morgan Stanley will notify you of any such changes that adversely affect you or any change to the participating depository institutions. All such notices may be made by means of a letter, an entry on your Account statement or by other means. In the event a Bank is replaced with a new depository institution, you authorize Morgan Stanley to withdraw funds from your Accounts at the Bank and deposit the funds in the Accounts that are established at the new depository institution. In the event that a Bank is removed from the Program, you authorize Morgan Stanley to withdraw funds from your Accounts at the Bank and deposit the funds in the Accounts that are established at the other Bank.

Accounts

INTEREST

Each Account will bear interest at a variable rate that may change as frequently as daily.

Interest will accrue beginning on the date of deposit at the Bank, will compound daily and will be credited to your Account monthly. As explained below, the date of deposit at the Bank may be after the date you provide funds to Morgan Stanley. The Bank uses the daily balance method to calculate interest on your Account. This method applies a daily periodic rate to the principal in your Account each day. No interest will accrue on the date of withdrawal.

Interest will be set at a rate competitive with prevailing market conditions. The Bank reserves the right to change its interest rates at any time.

A Minimum Deposit may be required in order to open an Account as described in the "Eligible Cash, Minimum and Maximum Deposit Requirements" subsection above. You may obtain information with respect to current interest rates for the Preferred Savings Promotion by contacting your Financial Advisor or Private Wealth Advisor, or on your monthly account statement.

DEPOSIT AND WITHDRAWAL PROCEDURES

You may direct your Financial Advisor or Private Wealth Advisor to have Morgan Stanley, as your agent and custodian, transfer funds from your Brokerage Account with Morgan Stanley into your Account. No other mechanism to deposit funds to your Account will be provided.

You may direct your Financial Advisor or Private Wealth Advisor to have Morgan Stanley, as your agent and custodian, withdraw funds from your Account and deposit such funds into your Brokerage Account. Withdrawal requests given to a Morgan Stanley Financial Advisor or Private Wealth advisor by 4:00 p.m. Eastern Time on a business day[1] generally will be processed on such business day. If we are unable to process the request on such business day, it will be processed on the next business day. No other withdrawals from your Account will be permitted, including any instructions to wire or otherwise transfer funds from your Account to any account other than your Brokerage Account with Morgan Stanley. If there are insufficient funds in your Account to cover your withdrawal request, Morgan Stanley will reject the withdrawal request.

Transfers between your Brokerage Account and your Account can only be made on business days.

CASH MANAGEMENT CAPABILITIES

You may not use the check-writing, direct deposit, debit card, online bill pay or other cash management capabilities of your Brokerage Account to withdraw funds from your Preferred Savings Account. Withdrawals from your Account can be made only by contacting your Financial Advisor or Private Wealth Advisor to transfer funds to or from your Account.

Fees and Compensation

The Program is not intended for clients who need to have frequent access to the funds in their Account. We will charge you a fee of $25 for each withdrawal that you make from an Account in excess of ten (10) withdrawals in a calendar month. For these purposes, a withdrawal will be considered to occur on the day on which the funds are actually withdrawn from the Account, which may not be the same day on which you place an order for the withdrawal with your Financial Advisor or Private Wealth Advisor. If you exceed ten (10) withdrawals in more than one Account, you will be charged for the excess withdrawals from each account. These fees will be posted to your Account, and may reduce your earnings on your Account if you incur them.

The Bank pays Morgan Stanley a fee equal to a percentage of the average daily deposit balances in your Account at the Bank. The fee received by Morgan Stanley may affect the interest rate paid by the Bank. No other charges, fees or commissions will be imposed on your Brokerage Account as a result of, or otherwise in connection with, the Program.

As discussed below in the "Conflicts of Interest and Other Benefits to Morgan Stanley, the Bank and Their Affiliates" section, Morgan Stanley, its affiliates, the Bank and their affiliates may also receive other financial benefits in connection with the Accounts.

CONFLICTS OF INTEREST AND OTHER BENEFITS TO MORGAN STANLEY, THE BANK AND THEIR AFFILIATES

Morgan Stanley, the Banks and their affiliates may receive other financial benefits in connection with the Program.

Through the Program, each Bank will receive a stable, cost-effective source of funding. Each Bank intends to use deposits in the Accounts at the Bank to fund current and new businesses, including lending activities and investments. The profitability on such loans and investments is generally measured by the difference, or "spread," between the interest rate paid on the Accounts at the Bank and other costs of maintaining the Accounts, and the interest rate and other income earned by the Bank on those loans and investments made with the funds in the Accounts. The income that a Bank will have the opportunity to earn through its lending and investing activities is expected to be greater than the fee earned by Morgan Stanley and its affiliates from managing the Program. Affiliates of Morgan Stanley may also receive a financial benefit in the form of credit allocations made for financial reporting purposes.

Investment Considerations Generally

ELIGIBILITY

Morgan Stanley brokerage accounts are not available for all account types or for accounts held by certain nonresident aliens, depending on their jurisdiction. Please ask your Financial Advisor or Private Wealth Advisor for more details regarding eligibility.

MARGIN

Funds in the Accounts cannot be used for margin purposes. If you wish to utilize your full cash balance for margin purposes, you must select an alternative investment, if available, or use your free credit balance to purchase an investment that can be used for margin purposes.

TAXES

You should consult with your own tax advisor to determine the federal, state, local and other income and estate tax consequences of your Account.

U.S. Treasury Circular 230 Notice: Morgan Stanley does not render advice on tax and tax accounting matters to clients. This communication was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax laws.

NONTRANSFERABLE DEPOSITS

You cannot transfer the Accounts to another broker if you close your Brokerage Account. Instead, if you close your Brokerage Account, you must first direct your Financial Advisor or Private Wealth Advisor to withdraw all funds from your Account by transferring such funds to your Brokerage Account, and then close your Brokerage Account in accordance with the terms of your Brokerage Account. You will also be permitted to establish the Account directly with the applicable Bank, subject to the Bank's then-current account opening requirements.

INSOLVENCY OF THE BANK

In the event that the Bank approaches insolvency or becomes insolvent, the Bank may be placed in a regulatory conservatorship or receivership with the FDIC typically appointed as the conservator or receiver. The FDIC may, thereafter, pay off the FDIC-insured portion of the Accounts or transfer the Accounts, in whole or in part, to another depository institution. If the Accounts are transferred to another institution, you may be offered a choice of maintaining the Accounts at an interest rate determined by that financial institution or withdrawing your funds. Please refer to the "FDIC Insurance" section below for more information.

UNINSURED AMOUNTS

If the principal amount of your Account plus accrued interest, together with all other deposits that you maintain directly or indirectly at the Bank in the same ownership capacity, is in excess of the Maximum Applicable Insurance Limit, the amount in excess will not be insured by the FDIC. In determining the total amount of your funds at the Bank for FDIC insurance purposes, you must aggregate all deposits at the Bank held in the same insurable capacity, regardless of whether you hold the deposits directly with the Bank or through Morgan Stanley (e.g., the Bank Deposit Program) or another financial intermediary. In the event of the failure of the Bank, you will have a claim for the uninsured portion of your deposits that ranks equally with the claims of other uninsured depositors (including the FDIC as subrogee of insured depositors) and senior to claims of general unsecured creditors of the Bank, and will receive payments, if any, based upon the amount of assets the Bank has available for distribution. You should review the "Payments Under Adverse Circumstances" section below for more information.

OTHER INVESTMENTS

You should compare the rates of return and other features of the Accounts to other available investments before electing to participate in the Program. The rates paid with respect to the Accounts may be higher or lower than the rates on deposits or other investments available directly from the Bank or through Morgan Stanley.

FDIC Insurance

The following description of FDIC coverage is only a summary of certain FDIC regulations and is subject to, in its entirety, the rules, regulations and interpretations of the FDIC and changes thereto from time to time.

GENERAL INFORMATION

Funds in the Deposit Accounts at each Bank are insured by the FDIC, an independent agency of the U.S. government, up to the Maximum Applicable Insurance Limit (including principal and accrued interest) per depositor when aggregated with all other deposits held by you in the same insurable capacity at the Bank.

The Maximum Applicable Insurance Limit is generally $250,000. Generally, any accounts or deposits that you may maintain directly with the Bank, or through any other intermediary in the same insurable capacity in which the Accounts are maintained, regardless of currency, would be aggregated with the Accounts for purposes of the Maximum Applicable Insurance Limit. In the event the Bank fails, the Accounts are insured in USD, up to the Maximum Applicable Insurance Limit, for principal and interest accrued to the date of closure.

Under certain circumstances, if you become the owner of deposits at a depository institution because another depositor dies, then beginning six months after the death of the depositor the FDIC will aggregate those deposits for purposes of the Maximum Applicable Insurance Limit with any other deposits that you own in the same insurable capacity at the depository institution. Examples of accounts that may be subject to this FDIC policy include joint accounts, "payable on death" accounts and certain trust accounts. The FDIC provides a six-month "grace period" to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

Any deposits (including CDs) that you maintain in the same insurable capacity directly with the Bank, or through an intermediary (such as Morgan Stanley or another broker), will be aggregated with your Accounts at the Bank for purposes of the Maximum Applicable Insurance Limit. You are responsible for monitoring the total amount of deposits that you hold with the Bank, directly or through an intermediary, including deposits held at the Bank through the Bank Deposit Program, Savings Program, Preferred Savings, Global Currency and certificates of deposit, in order for you to determine the extent of deposit insurance coverage available to you on your Accounts. Morgan Stanley is not responsible for any insured Account balances or any other deposits.

If your Accounts at the Bank are assumed by another depository institution pursuant to a merger or consolidation, the Accounts will continue to be separately insured from the deposits that you might have established with the acquirer until the expiration of a six-month period from the date of the acquisition. Thereafter, any assumed Accounts will be aggregated with your existing deposits with the acquirer held in the same insurable capacity for purposes of FDIC Insurance.

The application of the Maximum Applicable Insurance Limit is illustrated by several common factual situations discussed below.

INDIVIDUAL CUSTOMER ACCOUNTS

Deposits held at a Bank by an individual (such as the Deposit Accounts) or held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act) are not treated as owned by the agent, nominee or custodian, but rather are added to other deposits of such individual and held in the same insurable capacity (including funds held in a sole proprietorship) and are insured up to $250,000 in the aggregate.

CORPORATE, PARTNERSHIP AND UNINCORPORATED ASSOCIATION ACCOUNTS

Deposits held at a Bank owned by corporations (including Subchapter S corporations), partnerships and unincorporated associations, are aggregated with other deposits owned by such corporation, partnership and unincorporated association, respectively, and are insured up to $250,000 in the aggregate. Deposits maintained by the above referenced entities solely to increase deposit insurance will not be separately insured.

JOINT ACCOUNTS

An individual's interest in deposits held at a Bank held under any form of joint ownership valid under applicable state law may be insured up to $250,000 in the aggregate, separately and in addition to the $250,000 allowed on other deposits individually owned by any of the co-owners of such accounts.

For example, a joint account owned by two persons would be eligible for FDIC insurance coverage of up to $500,000 at each Bank ($250,000 for each person), subject to aggregation with each owner's interests in other joint accounts at the same Bank. Joint accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners.

REVOCABLE TRUST ACCOUNTS

Deposits held at a Bank pursuant to a revocable trust are generally insured up to $250,000 per beneficiary if the beneficiary is a natural person, charity or other nonprofit organization. There are two types of revocable trusts recognized by the FDIC: informal and formal revocable trusts. The fact that an account is owned by a trust must be reflected in the account title for FDIC coverage to apply (e.g., "Smith Family Trust," "John Smith TOD Jane Smith," etc.). Informal revocable trusts include accounts in which the owner evidences an intent that, at his or her death, the funds shall belong to one or more specified beneficiaries. These trusts may be referred to as a "Totten trust" account, "payable upon death" account or "transfer on death" account. Each beneficiary must be included in Morgan Stanley's Account records to be insured by the FDIC. Formal revocable trusts are written trust arrangements in which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. The trusts may be referred to as "living" or "family" trusts. The beneficiaries of a formal revocable trust do not need to be included in Morgan Stanley's Account records to be insured by the FDIC, although they must be clearly stated in the trust documentation.

Under FDIC rules, FDIC coverage for each revocable trust Account owner is $250,000 per beneficiary, regardless of the proportional interest of the beneficiary in the revocable trust, if the trust has no more than five named beneficiaries and deposit balances of no more than $1,250,000 at a Bank. If the revocable trust has more than five named beneficiaries and more than $1,250,000 in deposits per trust account owner at a Bank, the funds will be insured for the greater of $1,250,000 or the aggregate amount of all beneficiaries' proportional interest, limited to $250,000 per beneficiary, for each account owner.

Revocable trust accounts are insured separately from the deposits of the account owner in his or her individual capacity. Deposits in all revocable trusts of the same owner — informal and formal — at the same Bank will be aggregated for FDIC insurance purposes. A revocable trust established by two owners, where the owners are the sole beneficiaries, will be treated as a Joint Account under applicable rules and will be aggregated with their other Joint Accounts for FDIC insurance purposes.

IRREVOCABLE TRUST ACCOUNTS

Deposits held at a Bank held pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to $250,000 for the interest of each beneficiary provided that the beneficiary's interest in the account is noncontingent (i.e., capable of determination without evaluation of contingencies).

The FDIC insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by that beneficiary, the grantor, the trustee or other beneficiaries. The interest of a beneficiary in irrevocable trust accounts at a Bank created by the same grantor will be aggregated and insured up to $250,000. According to the FDIC, CESAs will be treated as irrevocable trust accounts for FDIC insurance purposes.

RETIREMENT PLANS AND ACCOUNTS

The Maximum Applicable Insurance Limit for deposits at a Bank that are held through one or more retirement plans and IRAs will vary depending on the type of plan or IRA and, in some cases, the features of the plan or IRA. The following sections discuss in general terms the rules that apply to deposits held through retirement plans and IRAs. These rules determine the Maximum Applicable Insurance Limit available to you and whether your deposits at a Bank held through different retirement plans and IRAs will be aggregated for purposes of that Limit.

It is important to understand the type of plan or account holding your deposits.

IRAs AND CERTAIN RETIREMENT PLANS

The retirement plans and accounts described below are eligible for a Maximum Applicable Insurance Limit of $250,000. All deposits held by you through such retirement plans and IRAs will be aggregated for purposes of the Maximum Applicable Insurance Limit.

This means all deposits at a Bank that you hold through the retirement plans and IRAs described below will be eligible for insurance up to a total of $250,000. For example, if you hold $150,000 in an IRA and $150,000 in a self-directed 401(k) Account at the same Bank, you will have $50,000 in uninsured deposits.

- IRAs. All deposits held at a Bank held in IRAs will be aggregated for purposes of the Maximum Applicable Insurance Limit and will be further aggregated with deposits held through other retirement plans described in this section including:
- Section 457 Plans. These plans include any eligible deferred compensation plan described in Section 457 of the Internal Revenue Code "IRC."
- Self-Directed Keogh and 401(k) plans. Deposits held in any retirement plan described in Section 401(d) of the IRC, generally referred to as Keogh plans, and in any retirement plan described in Section 3(34) of ERISA, including, but not limited to, plans generally referred to as Section 401(k) plans, must be "self-directed" as defined by the FDIC.

ALL OTHER RETIREMENT PLANS

Subject to the limitations discussed below, under FDIC regulations an individual's noncontingent interests in the deposits of a Bank held by many types of plans are eligible for insurance up to the Maximum Applicable Insurance Limit on a pass-through basis. The types of plans for which deposits may receive pass-through treatment are employee benefit plans, as defined in Section 3(3) of ERISA (including Keogh plans, whether or not they are technically "employee benefit plans" under ERISA), and eligible deferred compensation plans described in Section 457 of the IRC, that do not meet the FDIC's "self-directed" criteria. For purposes of Section 3(3) of ERISA, employee benefit plans are broadly defined to include most employee benefit plans, including most defined benefit plans and most defined contribution plans.

Pass-through insurance means that instead of a plan's deposits at one Bank being entitled to only the Maximum Applicable Insurance Limit in total per Bank, each participant in the plan is entitled to insurance of his or her noncontingent interest in the plan's deposits of up to the Maximum Applicable Insurance Limit per Bank (subject to the aggregation of the participant's interests in different plans maintained by the same employer or employee organization, e.g., unions). The pass-through insurance provided to an individual as a plan participant is separate from the Maximum Applicable Insurance Limit allowed on other deposits held by an individual in different insurable capacities with the Bank. For example, a participant's noncontingent $250,000 interest in an employee benefit plan would be insured separately from a $250,000 CD that participant may hold at the same Bank in his or her individual capacity.

If a deposit held by a plan is eligible for pass-through insurance, the plan is not necessarily insured for an amount equal to the number of plan participants multiplied by the Maximum Applicable Insurance Limit. For example, an employee benefit plan has $500,000 in its Account at one Bank and the participants are thus eligible for up to $250,000 per plan beneficiary. If the employee benefit plan has two participants, one with a noncontingent interest of $320,000 and one with a noncontingent interest of $180,000, the plan's deposit would be insured up to only $430,000. The individual with the $320,000 interest would be insured up to the $250,000 limit and the individual with the $180,000 interest would be insured up to the full value of such interest.

The contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee benefit plan are not insured on a pass-through basis. Contingent interests of employees in an employee benefit plan deposit are interests that are not capable of evaluation in accordance with FDIC rules and are aggregated and insured up to the Maximum Applicable Insurance Limit per Bank. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to the Maximum Applicable Insurance Limit separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant. However, under FDIC regulations an individual's interests in plans maintained by the same employer or employee organization (e.g., a union) which are holding deposits of the same Bank will be aggregated for purposes of the Maximum Applicable Insurance Limit.

PAYMENTS UNDER ADVERSE CIRCUMSTANCES

In the event that a Bank fails and FDIC insurance payments become necessary, payments of principal plus accrued, but unpaid, interest will be made to you. There is no specific time period during which the FDIC must make insurance payments available and you should be prepared for the possibility of an indeterminate delay in obtaining those payments.

As explained above, the Maximum Applicable Insurance Limit applies to the value of the principal and accrued interest on all Deposit Accounts maintained by you at the Bank in the same insurable capacity.

The records maintained by the Bank and Morgan Stanley regarding ownership of the Deposit Accounts would be used to establish your eligibility for FDIC insurance payments. Furthermore, you may be required to provide certain documentation to the FDIC or to Morgan Stanley before insurance payments are made. For example, if you hold the Deposit Accounts as trustee for the benefit of trust participants, you may also be required to furnish an affidavit to that effect; you may be required to furnish other affidavits and provide indemnities regarding FDIC insurance payment. No interest is earned on deposits from the time a Bank is closed until FDIC insurance payments are received. In addition, Morgan Stanley is not obligated to credit your Account with funds in advance of insurance payments received from the FDIC.

If your Deposit Accounts at a Bank or other deposits at a Bank (e.g., CDs) are assumed by another depository institution pursuant to a merger or consolidation, such deposits will continue to be insured separately, up to the Maximum Applicable Insurance Limit, from the deposits that you might have established with the acquiring institution until (i) the maturity date of the CDs or other time deposits that were assumed, or (ii) with respect to deposits that are not time deposits, including Deposit Accounts, the expiration of a six-month grace period from the date of the merger or consolidation. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquiring institution held in the same capacity for purposes of FDIC insurance coverage.

Any deposit opened at the acquiring institution after the merger or consolidation, will be aggregated with deposits established with the acquiring institution for purposes of FDIC insurance.

Please note that if your Deposit Accounts at a Bank are assumed by another depository institution, or FDIC insurance payments become necessary, you may not have access to some or all of the funds in your Deposit Accounts at the Bank for a period of time. As a result, you may need to deposit more funds in your Account to facilitate continued trading and cash management activities (e.g., debit card transactions, checks, wires, etc.). Morgan Stanley will have no obligation to you for any amounts not covered by FDIC insurance nor will Morgan Stanley have any obligation to make any payments to you in satisfaction of a loss you might incur as a result of a delay in FDIC insurance payouts applicable to the Deposit Accounts. Also, Morgan Stanley will have no obligation to credit your account with funds in advance of payments received from the FDIC.

Questions About FDIC Insurance Coverage

If you have questions about basic FDIC insurance coverage, please contact us. You may wish to consult your attorney concerning FDIC insurance coverage of deposits held in more than one capacity. You may also obtain information by contacting the FDIC, Division of Supervision and Consumer Protection, by letter (Attn: Deposit Insurance Outreach, 550 17th Street, N.W., Washington, DC 20429), by phone (1-877-275-3342, 1-800-925-4618 (TDD)) or by accessing the FDIC website at www.fdic.gov.

[1] A business day is any day other than a Saturday or Sunday, legal holiday or day on which banks are required or authorized by law or regulation to close.