Morgan Stanley Bank

Market-linked Certificates of Deposit

Market-Linked Contingent Coupon Certificates of Deposit Linked to a Basket of 10 Common Stocks due October 31, 2022

The Market-Linked Contingent Coupon Certificates of Deposit Linked to a Basket of 10 Common Stocks (the "CDs") are time deposit obligations of Morgan Stanley Bank, N.A. ("MSBNA") that do not guarantee the payment of interest but pay at maturity a cash payment of $1,000 for each CD, insured by the Federal Deposit Insurance Corporation (the "FDIC") up to the applicable limits, *plus* any contingent annual coupon with respect to the final observation date. In addition, the CDs offer the opportunity for investors to earn a contingent annual coupon depending upon the performance of a basket of 10 common stocks. The contingent annual coupon per $1,000 CD on each coupon payment date will be equal to $1,000 *multiplied by* the applicable coupon rate. The coupon rate for each coupon payment date will be a percentage equal to the sum of, for each basket component, the product of the basket component performance (determined as set forth below) and the related basket component weighting. Under no circumstances will the coupon rate be less than 0% for any interest period. On any observation date, the basket component performance of each basket component will equal (i) if the closing price of such basket component on such observation date is greater than or equal to its initial share price, a fixed upside basket component return of 9.00%, or (ii) if the closing price of such basket component on such observation date is less than its initial share price, the greater of (a) the basket component return for such basket component, calculated as of such observation date, or (b) -15% (the "basket component return floor"). Consequently, the CDs will pay a contingent annual coupon on any coupon payment date **only if** there are a sufficient number of basket components with a positive fixed upside basket component return to more than offset the negative returns of any of the basket components that have declined in value since the pricing date. On each observation date, the contribution of any basket component will not be greater than the fixed upside basket component return of 9.00% per basket component. The coupon rate on the CDs will therefore never exceed 9.00% for any interest period and can be 9.00% **only** if none of the basket components have declined from their respective initial share prices as of the relevant observation date. Because the basket component return floor is -15%, while the fixed upside basket component return is 9.00%, negative performance by one or more basket components can more than offset the effects of the fixed upside basket component return for a greater number of basket components. These long-dated CDs are designed for investors who are concerned about principal risk but seek an equity stock basket-based return and an opportunity to earn interest at a potentially above-market rate, and who are willing to forgo dividend payments in exchange for the repayment of the deposit amount at maturity insured by the FDIC up to the applicable limits and the potential to receive a contingent annual coupon.

The CDs are insured only within the limits and to the extent described in this disclosure supplement and in the accompanying disclosure statement. See "Risk Factors—The deposit amount of any CDs owned in excess of the limit on FDIC insurance is not insured by the FDIC" in this disclosure supplement. Any payment on the CDs in excess of FDIC insurance limits is subject to the credit risk of MSBNA.

SUMMARY TERMS

Issuer:	Morgan Stanley Bank, N.A. ("us," "we" or "MSBNA")
Aggregate amount deposited:	$
Deposit amount:	$1,000 per CD
Pricing date:	October 27, 2015
Original issue date (settlement date):	October 30, 2015 (3 business days after the pricing date)
Maturity date:	October 31, 2022, subject to postponement as described herein. See "Additional Information About the CDs—Additional Provisions—Postponement of maturity date" below.
Basket:	see table below

Basket component	**Bloomberg ticker symbol***	**Weighting**	**Initial share price****
Apple Inc.	AAPL	10%	
Netflix, Inc.	NFLX	10%	
AT&T Inc.	T	10%	
Bristol-Myers Squibb Company	BMY	10%	
Starbucks Corporation	SBUX	10%	
Verizon Communications Inc.	VZ	10%	
Target Corporation	TGT	10%	
The Mosaic Company	MOS	10%	
Facebook, Inc.	FB	10%	
Philip Morris International Inc.	PM	10%	

** Bloomberg ticker symbols are being provided for reference purposes only.*

*** The initial share price for each basket component wil be determined on the pricing date.*

Payment at maturity:	A cash payment of $1,000 for each $1,000 CD *plus* any contingent annual coupon with respect to the final observation date.
Contingent annual coupon:	The deposit amount *multiplied by* the coupon rate
Coupon rate:	The coupon rate for each coupon payment date will be a percentage equal to the sum of, for each basket component, the product of the basket component performance and the related basket component weighting. Under no circumstances will the coupon rate be less than 0% for any interest period.

Terms continued on the following page

CUSIP:	61765QAA7
Estimated value on the pricing date:	Approximately $941.50 per CD, or within $30.00 of that estimate. See "Investment Summary" beginning on page 3.
Fee:	Under the arrangements established by the brokers with MSBNA, each broker will receive a fee of up to $35 per $1,000 CD, or not more than 3.5% of the deposit amount of the CDs, which includes compensation paid to other brokers. An affiliate of MSBNA may also receive fees from MSBNA in respect of hedging arrangements entered into with respect to the CDs.

Investing in the CDs involves risks. See "Risk Factors" beginning on page 8 in this disclosure supplement.

The CDs offered hereby are time deposit obligations of MSBNA, a national bank chartered by the Office of the Comptroller of the Currency, the deposits of which are insured by the Federal Deposit Insurance Corporation within the limits and only to the extent described in the disclosure statement under the section entitled "Deposit Insurance." In addition, the FDIC has taken the position that any secondary market premium paid by a depositor above the deposit amount of the CDs is not insured by the FDIC and any supplemental amount payable on a coupon payment date or at maturity based upon changes in the prices of the basket components is not insured by the FDIC until the relevant observation date. For more information on deposit insurance, see the accompanying disclosure statement under the heading "Deposit Insurance."

The CDs offered hereby are obligations of MSBNA only and are not obligations of your brokers or of Morgan Stanley or any other affiliate of MSBNA.

Broker-dealers may use this disclosure supplement and the accompanying disclosure statement in connection with offers and sales of the CDs after the date hereof.

Terms continued from previous page:	
Basket component performance:	The basket component performance for each basket component with respect to each observation date will be determined as follows: • if the final share price is **greater than or equal to** the initial share price, a fixed percentage equal to 9.00% (the "fixed upside basket component return"). • if the final share price is **less than** the initial share price, a percentage equal to the greater of (a) the basket component return and (b) -15% (the "basket component return floor")
Basket component return:	On any observation date, (final share price – initial share price) / initial share price
Initial share price:	For each basket component, the closing price for such basket component on the pricing date
Final share price:	For each basket component, the closing price for such basket component on the applicable observation date *times* the adjustment factor for such basket component on such date
Adjustment factor:	With respect to each basket component, 1.0 subject to adjustment in the event of certain corporate events affecting such basket component
Observation dates:	October 27, 2016, October 27, 2017, October 29, 2018, October 28, 2019, October 27, 2020, October 27, 2021 and October 26, 2022, subject to postponement for non-trading days and certain market disruption events. We also refer to October 26, 2022 as the final observation date.
Coupon payment dates:	November 1, 2016, November 1, 2017, November 1, 2018, October 31, 2019, October 30, 2020, November 1, 2021 and the maturity date, subject to postponement as described herein. See "Additional Information About the CDs—Additional Provisions—Postponement of the coupon payment dates" below.
Minimum deposit size:	$1,000 and increments of $1,000 in excess thereof.
Call option:	The CDs will not be callable by MSBNA prior to the stated maturity date.
Limited early withdrawals:	At par, upon death or adjudication of incompetence of a beneficial holder of the CDs. For information about early withdrawals and the limitations on such early withdrawals, see "Additional Information About the CDs—Additional Provisions—Additional information regarding early withdrawals."
Calculation agent:	Morgan Stanley & Co. LLC ("MS & Co.")

Investment Summary

Market-Linked Contingent Coupon Certificates of Deposit Linked

The following summary describes the CDs we are offering to you in general terms only. You should read the summary together with the more-detailed information contained in the rest of this disclosure supplement and the accompanying disclosure statement. By purchasing the CDs, you acknowledge that you have received a copy of this disclosure supplement and the accompanying disclosure statement. You should carefully consider, among other things, the matters set forth in "Risk Factors" in this disclosure supplement, as the CDs involve risks not associated with conventional certificates of deposit.

The Market-Linked Contingent Coupon Certificates of Deposit Linked to a Basket of 10 Common Stocks pay at maturity a cash payment of $1,000 for each CD, insured by the FDIC up to the applicable limits, *plus* any contingent annual coupon with respect to the final observation date. In addition, the CDs offer the opportunity for investors to earn a contingent annual coupon depending upon the performance of a basket of 10 common stocks. The contingent annual coupon per $1,000 CD on each coupon payment date will be equal to $1,000 *multiplied by* the applicable coupon rate. The coupon rate for each coupon payment date will be a percentage equal to the sum of, for each basket component, the product of the basket component performance (determined as set forth below) and the related basket component weighting. Under no circumstances will the coupon rate be less than 0% for any interest period. On any observation date, the basket component performance of each basket component will equal (i) if the closing price of such basket component on such observation date is greater than or equal to its initial share price, a fixed upside basket component return of 9.00%, or (ii) if the closing price of such basket component on such observation date is less than its initial share price, the greater of (a) the basket component return for such basket component, calculated as of such observation date, or (b) -15% (the "basket component return floor"). Consequently, the CDs will pay a contingent annual coupon on any coupon payment date **only if** there are a sufficient number of basket components with a positive fixed upside basket component return to more than offset the negative returns of any of the basket components that have declined in value since the pricing date. On each observation date, the contribution of any basket component will not be greater than the fixed upside basket component return of 9.00% per basket component. The coupon rate on the CDs will therefore never exceed 9.00% for any interest period and can be 9.00% **only** if none of the basket components have declined from their respective initial share prices as of the relevant observation date. Because the basket component return floor is -15%, while the fixed upside basket component return is 9.00%, negative performance by one or more basket components can more than offset the effects of the fixed upside basket component return for a greater number of basket components.

The CDs are designed for investors who are concerned about principal risk but seek an equity stock basket-based return and an opportunity to earn interest at a potentially above-market rate, and who are willing to forgo dividend payments in exchange for the repayment of the deposit amount at maturity insured by the FDIC up to the applicable limits and the potential to receive a contingent annual coupon.

At maturity, you will receive at least the deposit amount of your CDs if you hold the CDs to maturity, regardless of the performance of the basket to which the CDs are linked, subject to our creditworthiness with respect to any amount in excess of applicable FDIC insurance limits.

The CDs are insured only within the limits and to the extent described in this disclosure supplement and in the accompanying disclosure statement. See "Risk Factors—The deposit amount of any CDs owned in excess of the limit on FDIC insurance is not insured by the FDIC" in this disclosure supplement. Any payment on the CDs in excess of FDIC insurance limits is subject to the credit risk of MSBNA.

Investing in the CDs is not equivalent to investing in a conventional certificate of deposit or directly in the basket components.

Maturity:	Approximately 7 years
Fixed upside basket component return:	9.00% per basket component (applicable for a basket component only if the final share price on the relevant observation date is greater than or equal to the intial share price)
Basket component return floor:	-15% per basket component
Interest:	There are no regular payments of interest on the CDs.

The deposit amount of each CD is $1,000. This price includes costs associated with issuing, selling, structuring and hedging the CDs, which are borne by you, and, consequently, the estimated value of the CDs on the pricing date will be less than $1,000. MSBNA estimates that the value of each CD on the pricing date will be approximately $941.50, or within $30.00 of that estimate. MSBNA's estimate of the value of the CDs as determined on the pricing date will be set forth in the final disclosure supplement.

What goes into the estimated value on the pricing date?

In valuing the CDs on the pricing date, MSBNA takes into account that the CDs comprise both a debt component and a performance-based component linked to the basket components. The estimated value of the CDs is determined using MSBNA's own pricing and valuation models, market inputs and assumptions relating to the basket components, instruments based on the basket components, volatility and other factors including current and expected interest rates, as well as MSBNA's estimated secondary market rate, which is described below.

What determines the economic terms of the CDs?

In determining the economic terms of the CDs, including the fixed upside basket component return and the basket component return floor, MSBNA uses an internal funding rate, which is likely to be lower than MSBNA's estimated secondary market rate and therefore advantageous to MSBNA. If the issuing, selling, structuring and hedging costs borne by you were lower or if the internal funding rate were higher, one or more of the economic terms of the CDs would be more favorable to you.

What is MSBNA's estimated secondary market rate?

The estimated value of the debt component is based on a reference interest rate that is MSBNA's good faith estimate of the implied interest rate at which its debt securities of the same maturity would trade in the secondary market, as determined as of a recent date. While the CDs are not debt securities, MSBNA uses this estimated secondary market rate for debt securities for purposes of determining the estimated value of the CDs since MSBNA expects secondary market prices, if any, for the CDs that are provided by brokers to generally reflect such rate, and not the rate at which brokered CDs issued by MSBNA may trade. MSBNA determines the estimated value of the CDs based on this estimated secondary market rate, rather than the internal funding rate that it uses to determine the economic terms of the CDs, for the same reason. As MSBNA is principally a deposit-taking institution, secondary market activities in its debt securities are limited, and, accordingly, MSBNA determines this estimated secondary market rate based on a number of factors that involve the good faith discretionary judgment of MSBNA, as well as a limited number of market-observable inputs. Because MSBNA does not continuously calculate its reference interest rate, the reference interest rate used in the calculation of the estimated value of the debt component may be higher or lower than MSBNA's estimated secondary market rate at the time of that calculation.

What is the relationship between the estimated value on the pricing date and the secondary market price of the CDs?

The price at which MS & Co. or any other broker purchases the CDs in the secondary market, absent changes in market conditions, including those related to the basket components, may vary from, and be lower than, the estimated value on the pricing date, because the secondary market price takes into account the bid-offer spread that MS & Co. or any other broker would charge in a secondary market transaction of this type and other factors. However, because the costs associated with issuing, selling, structuring and hedging the CDs, are not fully deducted upon issuance, for a period of up to 12 months following the original issue date, to the extent that MS & Co. or any other broker may buy or sell the CDs in the secondary market, absent changes in market conditions, including those related to the basket components, and to MSBNA's estimated secondary market rates, it would do so based on values higher than the estimated value. MSBNA expects that those higher values will also be reflected in your brokerage account statements.

MS & Co. or any other broker may, but is not obligated to, make a market in the CDs, and, if it once chooses to make a market, may cease doing so at any time.

FDIC Insurance

The CDs are time deposit obligations of MSBNA and are insured by the FDIC up to applicable limits set by federal law and regulation. In general, the deposit amount of the CDs is protected by federal deposit insurance and backed by the U.S. government to a maximum amount of $250,000 for all deposits held by you in the same ownership capacity with MSBNA as described in the disclosure statement under "Deposit Insurance." The deposit amount of any CDs owned in excess of these limits is not insured by the FDIC. **Each holder is responsible for monitoring the total amount of its deposits with MSBNA in order to determine the extent of deposit insurance coverage available to it on such deposits, including the CDs and the deposits swept to MSBNA from brokerage accounts held at our affiliate.** Claims of depositors are entitled to a preference in right of payment over claims of general unsecured creditors in the event of a liquidation or other resolution of any FDIC-insured depository institution. However, there can be no assurance that a depositor would receive the entire uninsured deposit amount of CDs in any such liquidation or other resolution. In addition, the FDIC has taken the position that any secondary market premium paid by a depositor above the deposit amount of the CDs is not insured by the FDIC and any supplemental amount payable on a coupon payment date or at maturity based upon changes in the prices of the basket components is not insured by the FDIC until the relevant observation date.

Holding CDs in Individual Retirement Account

The CDs may be held in an individual retirement account. See "Deposit Insurance" in the accompanying disclosure statement for more detailed information.

Hypothetical Examples

The following examples illustrate how changes in the performance of the basket components over the term of the CDs will affect the contingent annual coupon payable on the CDs for any coupon payment date. These examples reflect the basket component weightings of 10% for each basket component, the fixed upside basket component return of 9.00% and the basket component return floor of -15% and assume an initial share price for every basket component of $100. The actual initial share price for each basket component will be determined on the pricing date. The examples below are for purposes of illustration only and would provide different results if different assumptions were made. The numbers in the examples below may have been rounded for the ease of analysis.

Example 1: Positive Coupon Payment				
Basket Component	**Final Share Price**	**Basket Component Return**	**Basket Component Performance**	**Basket Component Performance x Weighting**
Basket Component 1	$95.00	-5.00%	-5.00%	-0.50%
Basket Component 2	$101.20	1.20%	9.00%	0.90%
Basket Component 3	$103.20	3.20%	9.00%	0.90%
Basket Component 4	$98.20	-1.80%	-1.80%	-0.18%
Basket Component 5	$100.50	0.50%	9.00%	0.90%
Basket Component 6	$102.20	2.20%	9.00%	0.90%
Basket Component 7	$95.80	-4.20%	-4.20%	-0.42%
Basket Component 8	$103.20	3.20%	9.00%	0.90%
Basket Component 9	$98.00	-2.00%	-2.00%	-0.20%
Basket Component 10	$104.20	4.20%	9.00%	0.90%
			Total =	**4.10%**
			Coupon Rate =	**4.10%**

In example 1, six of the ten basket components have zero or positive basket component returns as of the relevant observation date, and the other four basket components have negative basket component returns, ranging from -1.80% to -5.00% The resulting coupon rate is 4.10%, and investors would receive a coupon payment on the coupon payment date of $41.00 per $1,000 CD.

Example 2: No Coupon Payment				
Basket Component	**Final Share Price**	**Basket Component Return**	**Basket Component Performance**	**Basket Component Performance x Weighting**
Basket Component 1	$115.00	15.00%	9.00%	0.90%
Basket Component 2	$110.20	10.20%	9.00%	0.90%
Basket Component 3	$85.00	-15.00%	-15.00%	-1.50%
Basket Component 4	$140.00	40.00%	9.00%	0.90%
Basket Component 5	$112.00	12.00%	9.00%	0.90%
Basket Component 6	$150.00	50.00%	9.00%	0.90%
Basket Component 7	$65.00	-35.00%	-15.00%	-1.50%
Basket Component 8	$110.00	10.00%	9.00%	0.90%
Basket Component 9	$80.00	-20.00%	-15.00%	-1.50%
Basket Component 10	$65.00	-35.00%	-15.00%	-1.50%
			Total =	**-0.60%**
			Coupon Rate =	**0.00%**

Market-Linked Contingent Coupon Certificates of Deposit Linked to a Basket of 10 Common Stocks due October 31, 2022

In example 2, six of the ten basket components have significant positive basket component returns, but the other four basket components have significant negative basket component returns equal to the basket component return floor, which would result in a coupon rate of -0.60%. Because the coupon rate may not be less than 0%, the coupon rate is 0% and investors would receive no annual coupon payment. For any basket component, the positive contribution of such basket component is limited to the fixed upside basket component return of 9.00%, regardless of how much the basket component has appreciated from its initial share price, while the negative contribution of a basket component may be as low as the basket component return floor of -15%. Consequently, significant negative returns can have a disproportionate effect on the overall basket performance as calculated in accordance with the terms of the CDs. In this example, the negative basket component returns of four basket components more than offset the positive basket component returns of the other six basket components, resulting in no annual coupon payment on the applicable coupon payment date.

Example 3: Best-case Scenario; Maximum Coupon Payment

Basket Component	Final Share Price	Basket Component Return	Basket Component Performance	Basket Component Performance x Weighting
Basket Component 1	$130.00	30.00%	9.00%	0.90%
Basket Component 2	$115.00	15.00%	9.00%	0.90%
Basket Component 3	$135.00	35.00%	9.00%	0.90%
Basket Component 4	$140.00	40.00%	9.00%	0.90%
Basket Component 5	$130.00	30.00%	9.00%	0.90%
Basket Component 6	$150.00	50.00%	9.00%	0.90%
Basket Component 7	$115.00	15.00%	9.00%	0.90%
Basket Component 8	$118.00	18.00%	9.00%	0.90%
Basket Component 9	$120.00	20.00%	9.00%	0.90%
Basket Component 10	$125.00	25.00%	9.00%	0.90%
			Total =	**9.00%**
			Coupon Rate =	**9.00%**

In example 3, all 10 basket components have significant positive basket component returns, ranging from 15.00% to 50.00%. However, because the coupon rate cannot be more than the fixed upside basket component return of 9.00%, the coupon rate equals the fixed upside basket component return of 9.00% and the investor receives the maximum coupon payment of $90.00 per $1,000 deposit amount on the applicable coupon payment date. Even if all of the basket components have appreciated significantly from their initial share prices, the coupon payment is limited by the fixed upside basket component return. Moreover, the coupon rate for any interest period can be 9.00% **only** if none of the basket components have declined from their respective initial share prices as of the relevant observation date.

Risk Factors

The following is a non-exhaustive list of certain key risk factors for investors in the CDs. We urge you to consult with your investment, legal, tax, accounting and other advisers in connection with your investment in the CDs.

- **The CDs differ from conventional bank deposits.** The CDs combine equity market exposure and features of traditional certificates of deposit. The terms of the CDs differ from those of conventional bank deposits in that we will not pay regular interest, and the return on your investment in the CDs may be less than the amount that would be paid on an ordinary bank deposit. The return at maturity of only the deposit amount of each CD may not compensate you for any loss in value due to inflation and other factors relating to the value of money over time. The CDs have been designed for investors who are concerned about principal risk but seek an equity stock basket-based return and an opportunity to earn interest at a potentially above-market rate, and who are willing to forgo dividend payments in exchange for the repayment of the deposit amount at maturity insured by the FDIC up to the applicable limits and the potential to receive a contingent annual coupon. At maturity, you will receive at least the deposit amount of your CDs if you hold the CDs to maturity, regardless of the performance of the basket to which the CDs are linked, subject to our creditworthiness with respect to any amount in excess of applicable FDIC insurance limits.
- **You will not receive any contingent annual coupon with respect to any observation date if the average basket component performance of the basket components on such observation date is less than or equal to zero.** A contingent annual coupon will be paid with respect to an observation date only if the average stock performance of the basket components, determined as set forth herein, is greater than zero. If the average basket component performance of the basket components, determined as set forth herein, is equal to or below zero on each observation date over the term of the CDs, you will not receive any contingent annual coupons.
- **The contingent annual coupon is based only on the closing prices of the basket components on the annual observation dates.** The amount of contingent annual coupon you will receive on any coupon payment date will be determined based on the closing prices of the basket components on the applicable annual observation dates, as compared to their initial share prices. As a result, you will not know the amount of the contingent annual coupon you will receive on any coupon payment date until the closing prices are determined on such observation date. Moreover, because the contingent annual coupon is based solely on the basket component performances of the basket components on a specific observation date, if the average basket component performance of the basket components, determined as set forth herein, on such observation date is less than or equal to zero, you will not receive any contingent annual coupon with respect to such observation date, even if the average performance of the basket components was greater than zero on other days during the term of the CDs.
- **The amount by which each basket component can contribute to the calculation of the coupon rate with respect to any coupon payment date is limited by the fixed upside basket component return, while the negative contribution of any basket component can be as high as the basket component return floor.** On each observation date, the basket component performance for each basket component is capped by the fixed upside basket component return of 9.00%. Therefore, even if the basket component performance of any basket component on any observation date is positive, the amount by which such basket component can contribute to the calculation of the coupon rate with respect to the relevant coupon payment date will not exceed the fixed upside basket component return. Consequently, your return on each coupon payment date will be capped at the fixed upside basket component return, regardless of the actual appreciation of the basket components from the pricing date to the relevant observation date, which may be significant. Moreover, because the basket component return floor is -15%, while the fixed upside basket component return is 9.00%, negative performance by one or more basket components can more

than offset the effects of the fixed upside basket component return for a greater number of basket components.

- **The deposit amount of any CDs owned in excess of the limit on FDIC insurance is not insured by the FDIC.** The CDs are deposit obligations of MSBNA and are insured by the FDIC up to applicable limits set by federal law and regulation, currently $250,000 for all deposits held by you in the same ownership capacity at MSBNA, as described in the disclosure statement under "Deposit Insurance." The deposit amount of any CDs owned in excess of this limit is not insured by the FDIC. Under federal legislation adopted in 1993, claims of depositors are entitled to a preference in right of payment over claims of general unsecured creditors in the event of a liquidation or other resolution of any FDIC-insured depository institution. However, there can be no assurance that a depositor would receive the entire uninsured amount of the CDs in any such liquidation or other resolution. Additionally, because the contingent annual coupon is calculated, in part, using the final share prices of the basket components on the relevant observation date, the contingent annual coupon, if any, will not accrue to a holder of a CD until the relevant observation date. Accordingly, any potential contingent annual coupon will not be eligible for federal deposit insurance prior to the relevant observation date and is subject to the credit risk of MSBNA.
- **The CDs are designed to be held to maturity.** The CDs are not designed to be short-term trading instruments. If you are able to sell your CDs prior to maturity, the price at which you may be able to sell your CDs is likely to be at a substantial discount from the deposit amount of the CDs, even in cases where the basket has appreciated since the date of the issuance of the CDs. The hypothetical examples described in this disclosure supplement assume that your CDs are held to maturity. The return of the deposit amount applies only at maturity. Accordingly, you should be willing and able to hold the CDs to maturity.
- **No right to withdraw your funds prior to the stated maturity date of the CDs except upon your death or adjudication of incompetence**. By your purchase of a CD, you are deemed to represent to us that your deposits with us, including the CDs, when aggregated in accordance with FDIC regulations are within the $250,000 FDIC insurance limit for each ownership capacity. For purposes of early withdrawal upon your death or adjudication of incompetence, we will limit the combined aggregate deposit amount of (i) these CDs and (ii) any other CDs of ours subject to this withdrawal limit to the FDIC insurance coverage amount applicable to each ownership capacity in which such CDs are held. All issues regarding eligibility for early withdrawal will be determined by us in our sole discretion. Due to the restrictions on early withdrawals, you should not expect us to allow you to have access to your funds prior to the stated maturity date of the CDs.
- **The CDs could be repudiated or transferred to another institution if the FDIC were to be appointed as conservator or receiver of MSBNA.** If the FDIC were appointed as conservator or receiver of MSBNA, the FDIC would be authorized to disaffirm or repudiate any contract to which MSBNA is a party, the performance of which was determined to be burdensome, and the disaffirmance or repudiation of which was determined to promote the orderly administration of MSBNA's affairs. It is likely that for this purpose, deposit obligations, such as the CDs, would be considered "contracts" within the meaning of the foregoing and that the CDs could be repudiated by the FDIC as conservator or receiver of MSBNA. Such repudiation should result in a claim by a depositor against the conservator or receiver for the deposit amount of the CDs and any accrued interest. No claim would be available, however, for any secondary market premium paid by a depositor above the deposit amount of a CD and no claims would be available for any contingent annual coupon if MSBNA failed prior to the applicable final observation date. The FDIC as conservator or receiver may also transfer to another insured depository institution any of the insolvent institution's assets and liabilities, including liabilities such as the CDs, without the approval or consent of the beneficial owners of the CDs. The transferee depository institution would be permitted to offer beneficial owners of the CDs the choice of (i) repayment of the deposit amount of the CDs or (ii) substitute terms which may be less favorable. If a CD is paid off prior to its stated maturity date, either by a transferee depository institution or the FDIC, its beneficial owner may not be able to reinvest the funds at the same rate of return as the rate on the original CD.

- **The CDs may not pay more than the deposit amount at maturity**. You may receive a lower payment at maturity than you would have received if you had invested directly in the basket components or contracts relating to the basket components for which there is an active secondary market. If the average basket component performance of the basket components, calculated as set forth herein, on an observation date is less than or equal to zero, you will not receive any contingent annual coupon with respect to such observation date. This will be true even if the average stock performance of the basket components was greater than zero on other days during the term of the CDs. You may receive only $1,000 per $1,000 CD at maturity.
- **The market price of the CDs will be influenced by many unpredictable factors.** Several factors, many of which are beyond our control, will influence the value of the CDs and the price, if any, at which your broker may be willing to purchase or sell the CDs, including the market price of each basket component at any time, and, in particular, on the observation dates, the volatility (frequency and magnitude of changes in price) of the basket components, dividend rate on the basket components, interest and yield rates in the market, time remaining until the CDs mature, geopolitical conditions and economic, financial, political, regulatory or judicial events that affect the basket components or equities markets generally and which may affect the final share prices of the basket components, the occurrence of certain events affecting a particular basket components that may or may not require an adjustment to its adjustment factor and any actual or anticipated changes in our credit ratings or credit spreads. Generally, the longer the time remaining to maturity, the more the market price of the CDs will be affected by the other factors described above. The prices of the basket components may be, and have recently been, volatile, and we can give you no assurance that the volatility will lessen. See “Basket Components, Public Information and Historical Information” below. You may receive less, and possibly significantly less, than the deposit amount per CD if you try to sell your CDs prior to maturity.
- **Investments in the CDs may be subject to the credit risk of MSBNA.** If you are a depositor at MSBNA and you purchase a deposit amount of the CDs, which, when aggregated with all other deposits held by you in the same ownership capacity at MSBNA, exceeds applicable FDIC insurance limits, you will be subject to the credit risk of MSBNA, and our credit ratings and credit spreads may adversely affect the market value of the CDs. You are dependent on MSBNA’s ability to pay amounts due on the CDs in excess of applicable FDIC insurance limits at maturity or on any other relevant payment dates, and you are therefore subject to our credit risk and to changes in the market’s view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk may adversely affect the market value of the CDs.
- **The rate MSBNA is willing to pay for CDs of this type, maturity and issuance size is likely to be lower than MSBNA’s estimated secondary market rates and advantageous to MSBNA. Both the lower rate and the inclusion of costs associated with issuing, selling, structuring and hedging the CDs in the deposit amount reduce the economic terms of the CDs, cause the estimated value of the CDs to be less than the deposit amount and will adversely affect secondary market prices.** Assuming no change in market conditions or any other relevant factors, the prices, if any, at which brokers, including MS & Co., may be willing to purchase the CDs in secondary market transactions will likely be significantly lower than the deposit amount, because secondary market prices will exclude the issuing, selling, structuring and hedging-related costs that are included in the deposit amount and borne by you and because the secondary market prices will reflect the bid-offer spread that any broker would charge in a secondary market transaction of this type as well as other factors.

  The inclusion of the costs of issuing, selling, structuring and hedging the CDs in the deposit amount and the lower rate MSBNA is willing to pay as issuer make the economic terms of the CDs less favorable to you than they otherwise would be.

  However, because the costs associated with issuing, selling, structuring and hedging the CDs are not fully deducted upon issuance, for a period of up to 12 months following the original issue date, to the extent that MS & Co. or any other broker may buy or sell the CDs in the secondary market, absent changes in market conditions, including those related to the basket components, and to MSBNA's estimated secondary market rates, it would do so based on values higher than the estimated value, and MSBNA expects that those higher values will also be reflected in your brokerage account statements.

- **The estimated value of the CDs is determined by reference to MSBNA's pricing and valuation models, which may differ from those of other brokers and is not a maximum or minimum secondary market price.** These pricing and valuation models are proprietary and rely in part on subjective views of certain market inputs and certain assumptions about future events, which may prove to be incorrect. As a result, because there is no market-standard way to value these types of CDs, MSBNA's models may yield a higher estimated value of the CDs than those generated by others, including other brokers in the market, if they attempted to value the CDs. In addition, the estimated value on the pricing date does not represent a minimum or maximum price at which brokers, including MS & Co., would be willing to purchase your CDs in the secondary market (if any exists) at any time. The value of your CDs at any time after the date of this disclosure supplement will vary based on many factors that cannot be predicted with accuracy, including MSBNA's creditworthiness and changes in market conditions. See also "The market price of the CDs will be influenced by many unpredictable factors" above.

- **Changes in the price of one or more of the basket components may offset each other.** Price movements in the basket components may not correlate with each other. At a time when the price of one or more basket components increase, the price of other basket components may decline in value. Therefore, in calculating the contingent annual coupon on each observation date in the manner set forth herein, increases in the prices of one or more basket components may be moderated, or wholly offset, by declines in the prices of one or more of the other basket components. For further information on each of the basket components, please see "Basket Components, Public Information and Historical Information" below. You can review the published high and low closing prices for each basket component from January 1, 2012 through October 2, 2015. The historical performance of the 10 basket components cannot be taken as an indication of future performance of those basket components. You cannot predict the future performance of any basket component, the average basket component performance of the basket components, or whether increases in the value of any of the basket components will be offset by decreases in the value of other basket components, based on the historical information included in this disclosure supplement.

  Additionally, because the basket component return floor is -15%, while the fixed upside basket component return is 9.00%, negative performance by one or more basket components can more than offset the effects of the fixed upside basket component return for a greater number of basket components.

- **The basket component prices are volatile.** The trading prices of common stocks can be volatile. Fluctuations in the trading prices of the basket components may result in a significant disparity between the prices of the basket components on any observation date and the overall performance of the basket components over the term of the CDs.

- **MSBNA is not affiliated with the basket component issuers.** We are not affiliated with any of the basket component issuers and the basket component issuers are not involved with this offering in any way. Consequently, we have no ability to control the actions of the basket component issuers, including any corporate actions of the type that would require the calculation agent to adjust the adjustment factor of the basket components. The basket component issuers have no obligation to consider your interests as an investor in the CDs in taking any corporate actions that might affect the value of your CDs. None of the money you pay for the CDs will go to the basket component issuers.

- **MSBNA may engage in business with or involving one or more of the basket component issuers without regard to your interests.** We or our affiliates may presently or from time to time engage in business with one or more of the basket component issuers without regard to your interests, including extending loans to, or making equity investments in, one or more of the basket component issuers or their affiliates or affiliates, or providing advisory services to one or more of the basket component issuers, such as merger and acquisition advisory services. In the course of our business, we or our affiliates may acquire non-public information about one or more of the basket component issuers. Neither we nor any of our affiliates undertakes to disclose any such information to you. In addition, we or our affiliates from time to time have published and in the future may publish research reports with respect to the basket components. These research reports may or may not recommend that investors buy or hold the basket components. The basket was compiled independently of any research recommendations and may not be consistent with such recommendations. Furthermore, the composition of the basket will not be affected by any change that we or our affiliates may make in our recommendations or decisions to begin or discontinue coverage of any of the basket component issuers in our research reports.

- **You have no shareholder rights.** Investing in the CDs is not equivalent to investing in the basket components. As an investor in the CDs, you will not have voting rights or the right to receive dividends or other distributions or any other rights with respect to any basket component.
- **The final share prices of the basket components may come to be based on the value of the common stock of companies other than the basket component issuers.** Following certain corporate events relating to a basket component, such as a stock-for-stock merger where the basket component is not the surviving entity, the basket component performance that had been based on the original basket component will instead be based on the closing price of the common stock of a successor corporation to the basket component issuer. Following certain other corporate events relating to a basket component, such as a merger event where holders of the basket component would receive all or a substantial portion of their consideration in cash or a significant cash dividend or distribution of property with respect to such basket component, the value of such cash consideration will be reallocated to a replacement stock of a company in the same industry as such basket component in lieu of, or in addition to such basket component, in either case to calculate the basket component performance for such basket component. We describe the specific corporate events that can lead to these adjustments and the procedures for selecting substitute basket components in "Antidilution adjustments" below. You should read this section in order to understand these and other adjustments that may be made to your CDs.
- **The CDs are not trading instruments.** The CDs are not trading instruments and there may be little or no secondary market for the CDs. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the CDs easily. Each broker, though not obligated to do so, may maintain a secondary market in the CDs. Each broker may at any time, without notice, discontinue participation in secondary market transactions in CDs. Accordingly, you should not rely on the possible existence of a secondary market for any benefits, including liquidity, achieving trading profits or realizing income prior to maturity.
- **Your return may be lower than the return on other available investments.** The return on your investment in the CDs may be less than the return you could have earned on other investments, including a direct investment in each of the basket components. Your investment may not reflect the full opportunity cost to you when you take into account factors that affect the time value of money. This is because you have lost the use of the deposit amount deposited for the term of the CD. Opportunity cost is generally quantified by reference to a "risk-free rate of return" that could have been achieved had the deposit amount deposited been invested in safe fixed-income securities, such as U.S. Treasury bills for the same period. A depositor owning CDs will not own an interest or have any rights in the basket components.
- **The adjustments to the adjustment factors the calculation agent is required to make do not cover every corporate event that can affect the basket components.** MS & Co., as calculation agent, will adjust the adjustment factor for a basket component for certain events affecting the basket component, such as stock splits and stock dividends, and certain other corporate actions involving the basket component issuer, such as mergers. However, the calculation agent will not make an adjustment for every corporate event or every distribution that could affect the basket components. For example, the calculation agent is not required to make any adjustments if the basket component issuer or anyone else makes a partial tender or partial exchange offer for that basket component. If an event occurs that does not require the calculation agent to adjust an adjustment factor, the market price of the CDs may be materially and adversely affected. The determination by the calculation agent to adjust, or not to adjust, the adjustment factor may materially and adversely affect the market price of the CDs.

- **The calculation agent, which is an affiliate of the issuer, will make determinations with respect to the CDs.** As calculation agent, MS & Co. will determine the initial share price and the closing share price for each basket component on each observation date, and will calculate the contingent annual coupon you will receive on the coupon payment dates, if any, and the amount of cash you will receive at maturity. Moreover, certain determinations made by MS & Co., in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, such as with respect to the occurrence or non-occurrence of market disruption events and adjustments to an adjustment factor. Such determinations may adversely affect the payment you will receive on each coupon payment date. In addition, MS & Co. has determined the estimated value of the CDs on the pricing date.

  The deposit amount of the CDs includes the broker's commissions and certain costs of hedging our obligations under the CDs. The affiliates through which we hedge our obligations under the CDs expect to make a profit. Since hedging our obligations entails risk and may be influenced by market forces beyond our or our affiliates' control, such hedging may result in a profit that is more or less than initially projected.

- **Hedging and trading activity by our affiliates could potentially adversely affect the value of the CDs.** One or more of our affiliates and/or third-party brokers expect to carry out hedging activities related to the CDs (and to other instruments linked to the basket components), including trading in the basket components and in other instruments related to the basket components. As a result, these entities may be unwinding or adjusting hedge positions during the term of the CDs, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the final observation date approaches. Some of our affiliates also trade the basket components and other financial instruments related to the basket components on a regular basis as part of their general broker-dealer and other businesses. Any of these hedging or trading activities on or prior to the pricing date could potentially increase the initial share prices of the basket components, and, therefore, could increase the prices at or above which the basket components must close on any observation date before an investor would receive a contingent annual coupon. Additionally, such hedging or trading activities during the term of the CDs, including on the observation dates, could adversely affect the closing prices of the basket components on the observation dates, and, accordingly, the amount of cash an investor will receive on the applicable coupon payment dates.

Basket Components, Public Information and Historical Information

The following tables set forth the published high and low closing prices for each basket component from January 1, 2012 through October 2, 2015. We obtained the information in the tables below from Bloomberg Financial Markets without independent verification.

The historical prices of the basket components should not be taken as an indication of future performance, and no assurance can be given as to the prices of the basket components on any observation date.

Apple Inc. designs, manufactures and markets mobile communication and media devices, personal computers, and portable digital music players, and sells a variety of related software, services, peripherals, networking solutions, and third-party digital content and applications. Its Securities and Exchange Commission file number is 000-10030.

Apple Inc.	High ($)	Low ($)
(CUSIP 037833100)		
2012		
First Quarter	88.23	57.86
Second Quarter	90.89	75.73
Third Quarter	100.30	82.13
Fourth Quarter	95.92	72.80
2013		
First Quarter	78.43	60.01
Second Quarter	66.26	55.79
Third Quarter	72.53	58.46
Fourth Quarter	81.44	68.71
2014		
First Quarter	80.15	71.40
Second Quarter	94.25	73.99
Third Quarter	103.30	93.09
Fourth Quarter	119.00	96.26
2015		
First Quarter	133.00	105.99
Second Quarter	132.65	124.25
Third Quarter	132.07	103.12
Fourth Quarter (through October 2, 2015)	110.38	109.58

Netflix, Inc. is a subscription service streaming movies and TV episodes over the Internet and sending DVDs by mail. Its Securities and Exchange Commission file number is 000-49802.

Netflix, Inc.	High	Low
(CUSIP 64110L106)		
2012		
First Quarter	18.46	9.90
Second Quarter	16.43	8.95
Third Quarter	12.14	7.69
Fourth Quarter	13.66	8.01
2013		
First Quarter	28.06	13.14
Second Quarter	34.77	23.29
Third Quarter	44.83	31.56
Fourth Quarter	54.37	41.20
2014		
First Quarter	65.00	46.96
Second Quarter	64.10	44.89
Third Quarter	69.20	60.27
Fourth Quarter	66.69	45.21
2015		
First Quarter	69.00	45.55
Second Quarter	97.31	59.02
Third Quarter	126.45	93.51
Fourth Quarter (through October 2, 2015)	106.11	105.98

AT&T Inc. is a holding company whose subsidiaries provide telecommunications services. Its Securities and Exchange Commission file number is 001-08610.

AT&T Inc.	High ($)	Low ($)
(CUSIP 00206R102)		
2012		
First Quarter	31.84	29.16
Second Quarter	35.71	30.13
Third Quarter	38.25	34.63
Fourth Quarter	38.34	33.14
2013		
First Quarter	36.86	33.20
Second Quarter	39.00	34.35
Third Quarter	35.96	33.32
Fourth Quarter	36.45	33.11
2014		
First Quarter	35.16	31.86
Second Quarter	36.74	34.49
Third Quarter	36.59	34.21
Fourth Quarter	35.90	32.14
2015		
First Quarter	34.87	32.62
Second Quarter	36.18	32.51
Third Quarter	35.77	31.80
Fourth Quarter (through October 2, 2015)	32.64	32.53

Bristol-Myers Squibb Company is engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of biopharmaceutical products. Its Securities and Exchange Commission file number is 001-1136.

Bristol-Myers Squibb Company	High	Low
(CUSIP 110122108)		
2012		
First Quarter	35.24	31.85
Second Quarter	35.95	32.47
Third Quarter	36.15	31.57
Fourth Quarter	34.38	30.81
2013		
First Quarter	41.19	32.59
Second Quarter	47.68	39.68
Third Quarter	47.53	41.32
Fourth Quarter	53.84	46.41
2014		
First Quarter	56.61	48.54
Second Quarter	52.19	46.59
Third Quarter	51.96	47.86
Fourth Quarter	61.30	48.92
2015		
First Quarter	68.47	58.48
Second Quarter	69.15	63.00
Third Quarter	70.06	57.30
Fourth Quarter (through October 2, 2015)	62.23	60.05

Starbucks Corporation is a roaster, marketer and retailer of specialty coffee. Its Securities and Exchange Commission file number is 000-20322.

Starbucks Corporation	High ($)	Low ($)
(CUSIP 855244109)		
2012		
First Quarter	28.13	22.64
Second Quarter	30.84	25.64
Third Quarter	27.10	21.58
Fourth Quarter	27.29	22.49
2013		
First Quarter	29.34	26.61
Second Quarter	33.55	28.44
Third Quarter	38.67	33.12
Fourth Quarter	41.00	37.63
2014		
First Quarter	39.20	34.49
Second Quarter	39.06	34.37
Third Quarter	40.23	36.98
Fourth Quarter	41.90	36.10
2015		
First Quarter	48.96	39.62
Second Quarter	54.62	46.51
Third Quarter	59.01	50.34
Fourth Quarter (through October 2, 2015)	58.08	57.48

Verizon Communications Inc is a provider of communications, information and entertainment products and services. Its Securities and Exchange Commission file number is 001-08606.

Verizon Communications Inc.	High	Low
(CUSIP 92343V104)		
2012		
First Quarter	40.12	37.21
Second Quarter	44.44	36.80
Third Quarter	45.89	42.25
Fourth Quarter	47.26	41.40
2013		
First Quarter	49.48	41.51
Second Quarter	53.91	48.30
Third Quarter	51.49	45.91
Fourth Quarter	51.14	46.05
2014		
First Quarter	49.30	45.98
Second Quarter	50.05	45.94
Third Quarter	51.97	48.40
Fourth Quarter	51.50	45.42
2015		
First Quarter	49.81	45.71
Second Quarter	50.55	46.61
Third Quarter	48.10	43.50
Fourth Quarter (through October 2, 2015)	42.96	42.84

Market-Linked Contingent Coupon Certificates of Deposit Linked to a Basket of 10 Common Stocks due October 31, 2022

Target Corp is engaged in operating general merchandise discount stores. Its Securities and Exchange Commission file number is 001-06049.

Target Corporation	High ($)	Low ($)
(CUSIP 87612E106)		
2012		
First Quarter	58.86	48.51
Second Quarter	59.20	54.81
Third Quarter	65.44	57.15
Fourth Quarter	64.48	58.57
2013		
First Quarter	69.05	58.82
Second Quarter	71.51	67.98
Third Quarter	73.32	63.15
Fourth Quarter	66.89	61.65
2014		
First Quarter	63.49	55.07
Second Quarter	62.18	55.34
Third Quarter	63.93	57.50
Fourth Quarter	75.91	59.07
2015		
First Quarter	82.14	73.61
Second Quarter	84.76	77.26
Third Quarter	85.01	73.94
Fourth Quarter (through October 2, 2015)	79.53	79.51

The Mosaic Company produces and markets concentrated phosphate and potash crop nutrients. Its Securities and Exchange Commission file number is 001-32327.

The Mosaic Company	High	Low
(CUSIP 61945A107)		
2012		
First Quarter	59.26	50.43
Second Quarter	55.67	45.62
Third Quarter	61.05	54.44
Fourth Quarter	58.01	49.10
2013		
First Quarter	63.22	56.14
Second Quarter	64.30	53.80
Third Quarter	56.85	40.68
Fourth Quarter	49.05	43.79
2014		
First Quarter	50.00	44.65
Second Quarter	50.79	47.20
Third Quarter	49.35	44.41
Fourth Quarter	47.60	40.76
2015		
First Quarter	53.56	44.95
Second Quarter	47.43	43.93
Third Quarter	46.73	30.96
Fourth Quarter (through October 2, 2015)	30.99	30.14

Facebook, Inc. operates a social networking website that allows people to communicate with their family, friends and coworkers. Its Securities and Exchange Commission file number is 001-35551.

Facebook, Inc.	High ($)	Low ($)
(CUSIP 30303M102)		
2012		
Second Quarter (from May 18, 2012)*	38.23	25.87
Third Quarter	32.17	17.73
Fourth Quarter	28.24	18.98
2013		
First Quarter	32.47	25.13
Second Quarter	28.97	22.90
Third Quarter	51.24	24.37
Fourth Quarter	57.96	44.82
2014		
First Quarter	72.03	53.53
Second Quarter	67.60	56.14
Third Quarter	79.04	62.76
Fourth Quarter	81.45	72.63
2015		
First Quarter	85.31	74.05
Second Quarter	88.86	77.46
Third Quarter	98.39	82.09
Fourth Quarter (through October 2, 2015)	92.07	90.95

* Facebook, Inc.'s common stock began trading on May 18, 2012 and therefore has limited historical performance.

Philip Morris International Inc., through its subsidiaries, affiliates and their licensees produces, sells, distributes, and markets cigarettes and tobacco products in markets outside of the United States of America. Its Securities and Exchange Commission file number is 001-33708.

Philip Morris International Inc.	High	Low
(CUSIP 718172109)		
2012		
First Quarter	88.61	73.26
Second Quarter	90.31	81.91
Third Quarter	93.38	86.67
Fourth Quarter	93.74	82.39
2013		
First Quarter	93.42	83.64
Second Quarter	96.44	86.50
Third Quarter	90.54	82.95
Fourth Quarter	91.64	84.16
2014		
First Quarter	87.13	75.39
Second Quarter	91.34	82.21
Third Quarter	86.29	81.58
Fourth Quarter	89.90	81.39
2015		
First Quarter	85.16	75.33
Second Quarter	86.79	76.07
Third Quarter	85.89	77.29
Fourth Quarter (through October 2, 2015)	79.95	79.46

Additional Information About the CDs

Please read this information in conjunction with the summary terms on the front cover of this document.

Additional Provisions:	
Denominations:	$1,000 and integral multiples thereof
Interest:	None
Call option:	The CDs are not callable at the option of MSBNA.
Additional information regarding early withdrawals:	By your purchase of a CD you are deemed to represent to us that your deposits with us, including the CDs, when aggregated in accordance with FDIC regulations are within the $250,000 FDIC insurance limit for each ownership capacity, as described in the disclosure statement under "Deposit Insurance." For purposes of early withdrawal upon your death or adjudication of incompetence, we will limit the combined aggregate deposit amount of (i) these CDs and (ii) any other CDs of ours subject to this withdrawal limit to the FDIC insurance coverage amount applicable to each ownership capacity in which such CDs are held. All issues regarding eligibility for early withdrawal will be determined by us in our sole discretion. Written verification acceptable to us will be required to permit early withdrawal. **Please contact us if you have any questions concerning the application of the limit on early withdrawal to your CDs.**
Payment at maturity:	At maturity, you will receive a cash payment, for each $1,000 CD, of your deposit amount ($1,000 per CD) plus any contingent annual coupon with respect to the final observation date. You will receive no other interest or dividend payments during the term of the CDs. We will, or will cause the calculation agent to (i) provide written notice to The Depository Trust Company ("DTC") of the amount of cash to be delivered with respect to the $1,000 deposit amount of each CD, on or prior to 10:30 a.m. on the trading day preceding the maturity date (but if such trading day is not a business day, prior to the close of business on the business day preceding the maturity date), and (ii) deliver the aggregate cash amount due with respect to the CDs to DTC, as holder of the CDs, on the maturity date. We expect such amount of cash will be distributed to depositors on the maturity date in accordance with the standard rules and procedures of DTC and its direct and indirect participants. See "Book-entry only issuance—DTC" below, and see "Evidence of the CDs" in the accompanying disclosure statement.
Postponement of maturity date:	If, due to non-trading days, market disruption event or otherwise, the final observation date for any basket component is postponed so that it falls less than two business days prior to the scheduled maturity date, the maturity date will be the second business day following that final observation date as postponed, and no adjustment will be made to any contingent annual coupon paid on that postponed date. See "Postponement of observation dates" below.
Postponement of observation dates:	If any scheduled observation date is not a trading day, that observation date will be postponed to the next trading day. In addition, if a market disruption event occurs on any scheduled observation date with respect to any basket component, the final share price for that basket component only will be determined on the next trading day on which no market disruption event occurs with respect to that basket component. The determination of the final share price for the unaffected basket components will not be postponed. If the final share price for any basket component has not been determined by the fifth trading day following the scheduled observation date, the calculation agent will determine the final share price for such basket component as (i) the closing price for such basket component determined on such fifth trading day in accordance with the second paragraph of "Closing price" below *times* (ii) the related adjustment factor.
Postponement of coupon payment dates:	If any scheduled coupon payment date is not a business day, the applicable contingent annual coupon will be paid on the next succeeding business day and no adjustment will be made to the contingent annual coupon paid on any succeeding business day; *provided* that the payment of the contingent annual coupon with respect to the final observation date will be made on the maturity date. If, due to non-trading days, market disruption event or otherwise, any observation date for any basket component is postponed so that it falls less than two business days prior to the scheduled coupon payment date, the coupon payment date or maturity date, as applicable, will be the second business day following that observation date as postponed, and no adjustment will be made to any contingent annual coupon paid on that postponed date. See "Postponement of the maturity date" and "Postponement of the observation dates" above.
Interest period:	The annual period from and including the original issue date (in the case of the first interest period) or the previous scheduled coupon payment date, as applicable, to but excluding the next succeeding scheduled coupon payment date, with no adjustment for any postponement thereof.

Record date:	The record date for each coupon payment date, including the coupon payment date scheduled to occur on the maturity date, will be the date one business day prior to such scheduled coupon payment date.
Closing price:	Subject to the provisions set out under "Antidilution adjustments" below, the closing price for one share of a basket component (or one unit of any other security for which a closing price must be determined) on any trading day will be determined by the calculation agent and will mean: (i) if such basket component (or any such other security) is listed on a national securities exchange (other than The NASDAQ Stock Market LLC ("NASDAQ")), the last reported sale price, regular way, of the principal trading session on such day on the principal national securities exchange registered under the Securities Exchange Act of 1934, as amended, on which such basket component (or any such other security) is listed, (ii) if such basket component (or any such other security) is a security of NASDAQ, the official closing price of such basket component published by NASDAQ on such day, or (iii) if such basket component (or any such other security) is not listed on any national securities exchange but is included in the OTC Bulletin Board Service (the "OTC Bulletin Board") operated by the Financial Industry Regulatory Authority, Inc. ("FINRA"), the last reported sale price of the principal trading session on the OTC Bulletin Board on such day for such basket component. If such basket component (or any such other security) is listed on any national securities exchange but the last reported sale price or the official closing price published by such exchange, or by NASDAQ, as applicable, is not available pursuant to the preceding sentence, then the closing price for one share of such basket component (or one unit of any such other security) on any trading day will mean the last reported sale price of the principal trading session on the over-the-counter market as reported on NASDAQ or the OTC Bulletin Board on such day. If a market disruption event (as defined below) occurs with respect to such basket component (or any such other security) or the last reported sale price or the official closing price published by NASDAQ, as applicable, for such basket component (or any such other security) is not available pursuant to either of the two preceding sentences, then the closing price for any trading day will be the mean, as determined by the calculation agent, of the bid prices for such basket component (or any such other security) for such trading day obtained from as many recognized dealers in such security, but not exceeding three, as will make such bid prices available to the calculation agent. Bids of MS & Co. and its successors or any of its affiliates may be included in the calculation of such mean, but only to the extent that any such bid is the highest of the bids obtained. If no bid prices are provided from any third party dealers, the closing price and adjustment factor for such basket component will be determined by the calculation agent in its sole and absolute discretion (acting in good faith) taking into account any information that it deems relevant. The term "OTC Bulletin Board Service" will include any successor service thereto, or, if applicable, the OTC Reporting Facility operated by FINRA. See "Antidilution adjustments" below.
Business day:	Any day other than a Saturday or Sunday which is neither a legal holiday nor a day on which banking institutions are required or authorized by law or regulation to close in New York, NY or the city and state of our principal place of business or a day on which transactions in dollars are not conducted.
Trading day:	A day, as determined by the calculation agent, on which trading is generally conducted on the New York Stock Exchange, the NASDAQ, the Chicago Mercantile Exchange Inc. and the Chicago Board Options Exchange and in the over-the-counter market for equity securities in the United States.
Minimum ticketing size:	$1,000 / 1 CD
Calculation agent:	MS & Co. All determinations made by the calculation agent will be at the sole discretion of the calculation agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you and on us. All calculations with respect to any contingent annual coupon and the payment at maturity will be made by the calculation agent and will be rounded to the nearest one billionth, with five ten-billionths rounded upward (e.g., .9876543215 would be rounded to .987654322); all dollar amounts related to determination of the amount of cash payable per CD will be rounded to the nearest ten-thousandth, with five one hundred-thousandths rounded upward (e.g., .76545 would be rounded up to .7655); and all dollar amounts paid on the aggregate number of the CDs will be rounded to the nearest cent, with one-half cent rounded upward.
Tax considerations:	We intend to treat the CDs as "contingent payment debt instruments" for U.S. federal income tax purposes, as described in the section of the accompanying disclosure statement called "United States

	Federal Taxation—Tax Consequences to U.S. Holders—Contingent Payment CDs." Under this treatment, if you are a U.S. taxable investor, you generally will be subject to annual income tax based on the "comparable yield" (as defined in the accompanying disclosure statement) of the CDs, adjusted for actual payments received with respect to the CD during the year. In addition, any gain recognized by U.S. taxable investors on the sale or exchange, or at maturity, of the CDs generally will be treated as ordinary income. The comparable yield and the projected payment schedule for the CDs (or information about how to obtain them) will be provided in the final pricing supplement. You should read the discussion under "United States Federal Taxation" in the accompanying disclosure statement concerning the U.S. federal income tax consequences of an investment in the CDs. Alternatively, the Internal Revenue Service could seek to treat the CDs as "variable rate debt instruments" as described in the section of the accompanying disclosure statement entitled "United States Federal Taxation—Tax Consequences to U.S. Holders—Floating Rate CDs." Under this treatment, if you are a U.S. taxable investor, each coupon payment on the CDs would be taxable as ordinary interest income at the time received or accrued in accordance with your method of tax accounting and upon a sale or exchange of the CDs you would generally recognize capital gain or loss. If you are a non-U.S. investor, please also read the section of the accompanying disclosure statement called "United States Federal Taxation—Tax Consequences to Non-U.S. Holders." **You should consult your tax adviser regarding all aspects of the U.S. federal income tax consequences of an investment in the CDs, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.**
Market disruption event:	Market disruption event means, with respect to any basket component: (i) the occurrence or existence of any of: (a) a suspension, absence or material limitation of trading of such basket component on the primary market for such basket component for more than two hours of trading or during the one-half hour period preceding the close of the principal trading session in such market; or (b) a breakdown or failure in the price and trade reporting systems of the primary market for such basket component as a result of which the reported trading prices for such basket component during the last one-half hour preceding the close of the principal trading session in such market are materially inaccurate; or (c) the suspension, absence or material limitation of trading on the primary market for trading in options contracts related to such basket component, if available, during the one-half hour period preceding the close of the principal trading session in the applicable market, in each case as determined by the calculation agent in its sole discretion; and (ii) a determination by the calculation agent in its sole discretion that any event described in clause (i) above materially interfered with our ability or the ability of any of our affiliates to unwind or adjust all or a material portion of the hedge position in such basket component with respect to the CDs. For the purpose of determining whether a market disruption event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange or market, (2) a decision to permanently discontinue trading in the relevant futures contract or options contract or exchange-traded fund will not constitute a market disruption event, (3) a suspension of trading in options contracts on any basket component by the primary securities market trading in such options, if available, by reason of (a) a price change exceeding limits set by such securities exchange or market, (b) an imbalance of orders relating to such contracts or (c) a disparity in bid and ask quotes relating to such contracts will constitute a suspension, absence or material limitation of trading in options contracts related to such basket component and (4) a "suspension, absence or material limitation of trading" on the primary securities market on which options contracts related to any basket component are traded will not include any time when such securities market is itself closed for trading under ordinary circumstances.
Relevant exchange:	Relevant exchange means the primary exchange(s) or market(s) of trading for any security (or any combination thereof) then included in the basket

Events of default and acceleration:	The following will be "events of default" with respect to the CDs: (a) default in the payment of any deposit amount or contingent annual coupon when due and (b) bankruptcy, insolvency, reorganization or the appointment of a conservator, receiver or liquidator of MSBNA or substantially all of its property. Any holder of a CD, by written notice to MSBNA, may declare all amounts of such CD due and payable immediately if an event of default has occurred and is continuing at the time of such declaration; *provided*, that seven calendar days have elapsed since the original issue date of the CD. If the CDs are to be repaid early as a result of an event described in clause (b) above, the amount payable to a beneficial owner of a CD upon any acceleration permitted by the CDs, with respect to each CD will equal (i) the sum of the deposit amount plus (ii) any contingent annual coupon, calculated as though the final share prices for any observation date scheduled to occur on or after such date of acceleration were the final share prices on the date of acceleration. Upon the declaration and notice, the amount payable described above will become immediately due and payable. Any event of default with respect to a CD may be waived by the holder of the CD.
Book-entry only issuance—DTC:	DTC will act as depositary for the CDs. The CDs will be evidenced by one or more master certificates issued by MSBNA, each representing a number of individual CDs. One or more master certificates will be issued and will be deposited with DTC. See the description contained in the accompanying disclosure statement under the heading "Evidence of the CDs."
Governing law:	The CDs will be governed by and interpreted in accordance with the laws of the State of New York.
Antidilution adjustments:	The adjustment factor with respect to a basket component will be adjusted as follows: 1. If a basket component is subject to a stock split or reverse stock split, then once such split has become effective, the adjustment factor for such basket component will be adjusted to equal the product of the prior adjustment factor for such basket component and the number of shares issued in such stock split or reverse stock split with respect to one share of such basket component. 2. If a basket component is subject (i) to a stock dividend (issuance of additional shares of such basket component) that is given ratably to all holders of shares of such basket component or (ii) to a distribution of such basket component as a result of the triggering of any provision of the corporate charter of the issuer of such basket component, then once the dividend has become effective and such basket component is trading ex-dividend, the adjustment factor for such basket component will be adjusted so that the new adjustment factor for such basket component will equal the prior adjustment factor for such basket component plus the product of (i) the number of shares issued with respect to one share of such basket component and (ii) the prior adjustment factor for such basket component. 3. If a basket component issuer issues rights or warrants to all holders of a basket component to subscribe for or purchase such basket component at an exercise price per share less than the closing price of such basket component on both (i) the date the exercise price of such rights or warrants is determined and (ii) the expiration date of such rights or warrants, and if the expiration date of such rights or warrants precedes the maturity of the CD, then the adjustment factor for such basket component will be adjusted to equal the product of the prior adjustment factor for such basket component and a fraction, the numerator of which will be the number of shares of such basket component outstanding immediately prior to the issuance of such rights or warrants plus the number of additional shares of such basket component offered for subscription or purchase pursuant to such rights or warrants and the denominator of which will be the number of shares of such basket component outstanding immediately prior to the issuance of such rights or warrants plus the number of additional shares of such basket component which the aggregate offering price of the total number of shares of such basket component so offered for subscription or purchase pursuant to such rights or warrants would purchase at the closing price on the expiration date of such rights or warrants, which will be determined by multiplying such total number of shares offered by the exercise price of such rights or warrants and dividing the product so obtained by such closing price. 4. There will be no required adjustments to the adjustment factor to reflect cash dividends or other distributions paid with respect to the basket component other than distributions described in paragraph 2, paragraph 3 and clauses (i), (iv) and (v) of the first sentence of paragraph 5 and extraordinary dividends as described below. A cash dividend or other distribution with respect to any basket component will be deemed to be an "extraordinary dividend" if such cash dividend or distribution exceeds the immediately preceding non-extraordinary dividend for such basket component by an

amount equal to at least 10% of the closing price of such basket component (as adjusted for any subsequent corporate event requiring an adjustment hereunder, such as a stock split or reverse stock split) on the trading day preceding the ex-dividend date (that is, the day on and after which transactions in such basket component on the primary U.S. organized securities exchange or trading system on which such basket component is traded or trading system no longer carry the right to receive that cash dividend or that cash distribution) for the payment of such extraordinary dividend (such closing price, the "base closing price"). Subject to the following sentence, if an extraordinary dividend occurs with respect to any basket component, the adjustment factor with respect to such basket component will be adjusted on the ex-dividend date with respect to such extraordinary dividend so that the new adjustment factor will equal the product of (i) the then current adjustment factor and (ii) a fraction, the numerator of which is the base closing price, and the denominator of which is the amount by which the base closing price exceeds the extraordinary dividend amount. If any extraordinary dividend amount is at least 35% of the base closing price, then, instead of adjusting the adjustment factor, the calculation of the contingent annual coupon with respect to the affected basket component will be determined as described in paragraph 5 below, and the extraordinary dividend will be allocated to the replacement stock in accordance with the procedures for a replacement basket event as described in clause (c)(ii) of paragraph 5 below. The "extraordinary dividend amount" with respect to an extraordinary dividend for any basket stock will equal (i) in the case of cash dividends or other distributions that constitute regular dividends, the amount per share of such extraordinary dividend minus the amount per share of the immediately preceding non-extraordinary dividend for such basket stock or (ii) in the case of cash dividends or other distributions that do not constitute regular dividends, the amount per share of such extraordinary dividend. The value of the non-cash component of an extraordinary dividend will be determined on the ex-dividend date for such distribution by the calculation agent, whose determination will be conclusive in the absence of manifest error. A distribution on any basket stock described in clause (i), (iv) or (v) of the first sentence of paragraph 5 below will cause an adjustment to the adjustment factor pursuant only to clause (i), (iv) or (v) of the first sentence of paragraph 5, as applicable.

5. Any of the following will constitute a reorganization event: (i) a basket component is reclassified or changed, including, without limitation, as a result of the issuance of any tracking stock by the issuer of such basket component, (ii) a basket component issuer or any surviving entity or subsequent surviving entity of the issuer of such basket component (an "issuer successor") has been subject to any merger, combination or consolidation and is not the surviving entity, (iii) a basket component issuer or any issuer successor completes a statutory exchange of securities with another corporation (other than pursuant to clause (ii) above), (iv) a basket component issuer is liquidated, (v) a basket component issuer issues to all of its shareholders equity securities of an issuer other than the issuer of such basket component (other than in a transaction described in clause (ii), (iii) or (iv) above) (a "spinoff stock") or (vi) a basket component issuer or any issuer successor is the subject of a tender or exchange offer or going-private transaction on all of the outstanding shares of such basket component. If any reorganization event occurs, in each case as a result of which the holders of a basket component receive any equity security listed on a national securities exchange or traded on NASDAQ (a "marketable security"), other securities or other property, assets or cash (collectively, "exchange property"), the adjustment factor for such basket component and/or any for any new stock (as defined below) or replacement stock (as defined below) on any observation date (or, if applicable, in the case of spinoff stock, the ex-dividend date for the distribution of such spinoff stock) will be determined in accordance with the following:

(a) if such basket component continues to be outstanding (if applicable, as reclassified upon the issuance of any tracking stock), the adjustment factor in effect on such observation date (taking into account any adjustments for any distributions described under clause (c)(i) below); and

(b) for each marketable security received in such reorganization event (each a "new stock"), including the issuance of any tracking stock or spinoff stock or the receipt of any stock received in exchange for such basket component, the number of shares of the new stock received with respect to one share of the basket component multiplied by the adjustment factor in effect for such basket component on the trading day immediately prior to the effective date of the reorganization event (the "new stock adjustment factor"), as adjusted to such observation date (taking into account any adjustments for distributions described under clause (c)(i) below); and

(c) for any cash and any other property or securities other than marketable securities received in such reorganization event (the "non-stock exchange property"),

(i) if the combined value of the amount of non-stock exchange property received per share of such basket component, as determined by the calculation agent in its sole discretion on the effective date of such reorganization event (the "non-stock exchange property value"), by holders of the basket component is less than 25% of the closing price of the basket component on the trading day immediately prior to the effective date of the reorganization event, a number of shares of the basket component, if applicable, and of any new stock received in connection with such reorganization event, if applicable, in proportion to the relative closing prices of the basket component and any such new stock, and with an aggregate value equal to the non-stock exchange property value multiplied by the adjustment factor in effect for such basket component on the trading day immediately prior to the effective date of the reorganization event, based on such closing prices, in each case as determined by the calculation agent in its sole discretion, on the effective date of such reorganization event; and the number of such shares of the basket component or any new stock determined in accordance with this clause (c)(i) will be added at the time of such adjustment to the adjustment factor in subparagraph (a) above and/or the new stock adjustment factor in subparagraph (b) above, as applicable, or

(ii) if the non-stock exchange property value is equal to or exceeds 25% of the closing price of such basket component on the trading day immediately prior to the effective date of the reorganization event or, if the basket component is surrendered exclusively for non-stock exchange property (in each case, a "replacement stock event"), a replacement stock (as defined below) with an aggregate value on the effective date of such reorganization event equal to the non-stock exchange property value multiplied by the adjustment factor in effect for the basket component on the trading day immediately prior to the effective date of such reorganization event. The "replacement stock" will be a stock with the largest market capitalization among the stocks that then constitute the S&P 500® Index (or, if publication of such index is discontinued, any successor or substitute index selected by the calculation agent in its sole discretion) with the same primary Standard Industrial Classification Code ("SIC Code") as the basket component; *provided*, however, that a replacement stock will not include any stock that is subject to a trading restriction under the trading restriction policies of MSBNA or any of its affiliates that would materially limit the ability of MSBNA or any of its affiliates to hedge the CDs with respect to such stock (a "hedging restriction"); *provided further* that if a Replacement stock cannot be identified from the S&P 500® Index by primary SIC Code for which a hedging restriction does not exist, the replacement stock will be selected by the calculation agent from the largest market capitalization stock(s) within the same Division and Major Group classification (as defined by the Office of Management and Budget) as the primary SIC Code for the affected basket component. The replacement stock will be assigned an adjustment factor equal to the number of shares of such replacement stock with a closing price on the effective date of such reorganization event equal to the product of (a) the non-stock exchange property value and (b) the adjustment factor in effect for the basket component on the trading day immediately prior to the effective date of such reorganization event (the "replacement stock adjustment factor").

Following the allocation of any extraordinary dividend to the replacement stock pursuant to paragraph 4 above or any reorganization event described in this paragraph 5, the closing price for such basket component on such observation date determined by the calculation agent will be the sum of an amount equal to:

(x) if applicable, the closing price of the basket component times the adjustment factor then in effect for such basket component;

(y) if applicable, for a new stock, the closing price of such new stock times the new stock adjustment factor then in effect for such new stock; and

(z) if applicable, for a replacement stock, the closing price of such replacement stock times the replacement stock adjustment factor then in effect for such replacement stock.

For purposes of paragraph 5 above, in the case of a consummated tender or exchange offer or going-private transaction involving exchange property of a particular type, exchange property will be deemed to include the amount of cash or other property paid by the offeror in the tender or exchange offer with respect to such exchange property (in an amount determined on the basis of the rate of exchange in such tender or exchange offer or going-private transaction). In the event of a tender or exchange offer or a going-private transaction with respect to exchange property in which an offeree may elect to receive cash or other property, exchange property will be deemed to include the kind and amount of cash and other property received by offerees who elect to receive cash.

Following the occurrence of any reorganization event referred to in paragraphs 4 or 5 above, (i) references to "basket component" under "Closing price" and "Market disruption event" will be deemed to also refer to any new stock or replacement stock, and (ii) all other references in this pricing supplement to "basket component" will be deemed to refer to any new stock or replacement stock and references to a "share" or "shares" of a basket component will be deemed to refer to the applicable unit or units of such exchange property, including any new stock or replacement stock, unless the context otherwise requires. The new stock adjustment factor(s) or replacement stock adjustment factor resulting from any reorganization event described in paragraph 5 above or similar adjustment under paragraph 4 above will be subject to the adjustments set forth in paragraphs 1 through 5 hereof.

If a closing price for a basket component is no longer available for a basket component for whatever reason, including the liquidation of the issuer of such basket component or the subjection of the issuer to a proceeding under any applicable bankruptcy, insolvency or other similar law and a closing price is not determined pursuant to adjustments made under paragraph 5 above, then the value of such basket component will equal zero for so long as no closing price is available. There will be no substitution for any such basket component.

No adjustment to the adjustment factor for any basket component (including for this purpose, any New Stock adjustment factor or Replacement Stock adjustment factor) will be required unless such adjustment would require a change of at least .1% in the adjustment factor of such basket component then in effect. The adjustment factor resulting from any of the adjustments specified above will be rounded to the nearest one billionth, with five ten-billionths rounded upward. Antidilution adjustments will be made up to and including such observation date.

No adjustments to the adjustment factor for any basket component or method of calculating the adjustment factor will be required other than those specified above. The adjustments specified above do not cover all of the events that could affect the closing price of a basket component, including, without limitation, a partial tender or exchange offer for a basket component.

The calculation agent will be solely responsible for the determination and calculation of any adjustments to the adjustment factor for a basket component, any new stock adjustment factor, replacement stock adjustment factor or method of calculating the non-stock exchange property value and of any related determinations and calculations with respect to any distributions of stock, other securities or other property or assets (including cash) in connection with any corporate event described in paragraphs 1 through 5 above, and its determinations and calculations with respect thereto will be conclusive in the absence of manifest error.

The calculation agent will provide information as to any adjustments to the adjustment factor, or to the method of calculating the closing price of any basket component on the observation dates made pursuant to paragraph 5 above, upon written request by any investor in the CDs.

Use of proceeds and hedging:

The deposit amount of the CDs includes the compensation paid to brokers with respect to the CDs and the cost of hedging our obligations under the CDs. The cost of hedging includes the projected profit that our affiliates expect to realize in consideration for assuming the risks inherent in managing the hedging transactions. Since hedging our obligations entails risk and may be influenced by market forces beyond our or our affiliates' control, such hedging may result in a profit that is more or less than initially projected, or could result in a loss.

On or prior to the pricing date, we expect to hedge our anticipated exposure in connection with the CDs by entering into hedging transactions with our affiliates and/or third party brokers. We expect our hedging counterparties to take positions in the basket components, in futures and/or options contracts on the basket components that are listed on major securities markets, or positions in any other available securities or instruments that they may wish to use in connection with such hedging. Such purchase activity could increase the prices at or above which the basket components must close on any observation date before an investor would receive a contingent annual coupon. In addition, through our affiliates, we are likely to modify our hedge position throughout the term of the CDs, including on the observation dates, by purchasing and selling the basket components, futures or options contracts on the basket components that are listed on major securities markets or positions in any other available securities or instruments that we may wish to use in connection with such hedging activities. As a result, these entities may be unwinding or adjusting hedge positions during the term of the CDs, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the final observation date approaches. We cannot give any assurance that our hedging activities will not affect the prices of the basket components, and, therefore, adversely affect the value of the CDs or the amount of cash you will receive on the applicable coupon payment dates.

Benefit plan investor considerations:

Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (a "Plan"), should consider the fiduciary standards of ERISA in the context of the Plan's particular circumstances before authorizing an investment in the CDs. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan.

In addition, we and certain of our affiliates, including MS & Co., may be considered a "party in interest" within the meaning of ERISA, or a "disqualified person" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to many Plans, as well as many individual retirement accounts and Keogh plans (also "Plans"). ERISA Section 406 and Code Section 4975 generally prohibit transactions between Plans and parties in interest or disqualified persons. Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if the CDs are acquired by or with the assets of a Plan with respect to which MS & Co. or any of its affiliates is a service provider or other party in interest, unless the CDs are acquired pursuant to an exemption from the "prohibited transaction" rules. A violation of these "prohibited transaction" rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

The U.S. Department of Labor has issued five prohibited transaction class exemptions ("PTCEs") that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the CDs. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide an exemption for the purchase and sale of CDs and the related lending transactions, *provided* that neither the issuer of the CDs nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the Plan involved in the transaction and *provided further* that the Plan pays no more, and receives no less, than "adequate consideration" in connection with the transaction (the so-called "service provider" exemption). There can be no assurance that any of these class or statutory exemptions will be available with respect to transactions involving the CDs.

Because we may be considered a party in interest with respect to many Plans, the CDs may not be purchased, held or disposed of by any Plan, any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "Plan Asset Entity") or any person investing "plan assets" of any Plan, unless such purchase, holding or disposition is eligible for exemptive relief, including relief available under PTCEs 96-23, 95-60, 91-38, 90-1, 84-14 or the service provider exemption or such purchase, holding or disposition is otherwise not prohibited. Any purchaser, including any fiduciary purchasing on behalf of a Plan, transferee or holder of the CDs will be deemed to have represented, in its corporate and its fiduciary capacity, by its purchase and holding of the CDs that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing such CDs on behalf of or with "plan assets" of any Plan or with any assets of a governmental, non-U.S. or church plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("Similar Law") or (b) its purchase, holding and disposition are eligible for exemptive relief or such purchase, holding and disposition are not prohibited by ERISA or Section 4975 of the Code or any Similar Law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the CDs on behalf of or with "plan assets" of any Plan consult with their counsel regarding the availability of exemptive relief.

Each purchaser and holder of the CDs has exclusive responsibility for ensuring that its purchase, holding and disposition of the CDs do not violate the prohibited transaction rules of ERISA or the Code or any Similar Law. The sale of any CDs to any Plan or plan subject to Similar Law is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by plans generally or any particular plan, or

	that such an investment is appropriate for plans generally or any particular plan. However, individual retirement accounts, individual retirement annuities and Keogh plans, as well as employee benefit plans that permit participants to direct the investment of their accounts, will not be permitted to purchase or hold the CDs if the account, plan or annuity is for the benefit of an employee of Morgan Stanley or Morgan Stanley Wealth Management or a family member and the employee receives any compensation (such as, for example, an addition to bonus) based on the purchase of the CDs by the account, plan or annuity.
Supplemental information regarding plan of distribution; conflicts of interest:	Under the arrangements established by the brokers with MSBNA, each broker will receive a fee of up to $35 per $1,000 CD, or not more than 3.5% of the deposit amount of the CDs, which includes compensation paid to other brokers. An affiliate of MSBNA may also receive fees from MSBNA in respect of hedging arrangements entered into with respect to the CDs. MS & Co. is our affiliate and it and other affiliates of ours expect to make a profit by selling, structuring and, when applicable, hedging the CDs. When MS & Co. prices this offering of CDs, it will determine the economic terms of the CDs such that for each CD the estimated value on the pricing date will be no lower than the minimum level described in "Investment Summary" beginning on page 3.
Contact:	MSBNA clients may contact MSBNA at 1585 Broadway, New York, New York 10036, Attention: Ross Brown, Controller, 212-276-2427.
Where you can find more information:	We file annual and quarterly Consolidated Reports of Condition and Income (FFIEC 041) ("Call Reports") with the Office of the Comptroller of the Currency ("OCC"). Our Call Reports are available on the Federal Financial Institutions Examination Council ("FFIEC") website at https://cdr.ffiec.gov/public/ or by calling the OCC Customer Assistance Group in English or Spanish at 1 (800) 613-6743 or TDD Number (713) 658-0340 or upon request to us. Reference to these "uniform resource locators" or "URLs" is made as an inactive textual reference for informational purposes only. Other information found at these websites is not incorporated by reference in this disclosure statement. We incorporate by reference into this disclosure statement our Call Reports for the years ended December 31, 2014, 2013 and 2012 and any future Call Reports we file with the OCC (as well as, in the case of any future quarterly Call Report, the corresponding Call Report for the same quarter one year before) until we complete our offering of the CDs. Although the information in our Call Reports is derived from the financial reporting system used to produce our financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), the information in our Call Reports may differ, sometimes materially, from our audited financial statements for the corresponding period or at the corresponding date as a result of differences in the classification or presentation of items in accordance with the instructions for preparing the Call Reports. Terms used but not defined in this document are defined in the disclosure statement. As used in this document, the "Company," "we," "us" and "our" refer to MSBNA.

DISCLOSURE STATEMENT
Dated October 5, 2015

Market-linked Certificates of Deposit

We, Morgan Stanley Bank, N.A. ("**we**", "**us**" or "**MSBNA**"), may offer from time to time Market-linked Certificates of Deposit ("**CDs**"). We describe the terms that will generally apply to these CDs in this disclosure statement. We will describe the specific terms of any particular CDs we are offering in a disclosure supplement that will be attached to this disclosure statement. In the event of any conflict between the description of the CDs contained in this disclosure statement and the disclosure supplement, the description in the disclosure supplement will control.

The following terms may apply to particular CDs we may offer:

- **Payments:** Payments on the CDs may be linked to the price or prices of specified securities or baskets of securities, the value or values of indices of securities, certain currencies, indices or baskets of currencies, certain commodities, indices or baskets of commodities, certain interest rates or any measure of economic or financial performance.

- **Other Terms:** As specified under "Description of the CDs" and in the attached disclosure supplement.

Investing in the CDs involves risks. See the section entitled "Risk Factors" in the accompanying disclosure supplement.

The CDs will be obligations of MSBNA only, and not obligations of your broker or of Morgan Stanley or any other affiliate of MSBNA.

The principal amount of the CDs and, if applicable, any Minimum Interest Amount (as defined herein) that may have accrued, is insured by the Federal Deposit Insurance Corporation (the "**FDIC**") within the limits and to the extent described in this disclosure statement ($250,000 for all accounts held by a depositor in the same ownership capacity with MSBNA and per participant for certain retirement accounts as described in the section entitled "Deposit Insurance" in this disclosure statement). By purchasing a principal amount of CDs, the holder of the CD is making a deposit in MSBNA. A depositor purchasing a principal amount of CDs in excess of $250,000, or which, together with other deposits that the depositor maintains at MSBNA in the same ownership capacity, is in excess of such limit should not rely on the availability of deposit insurance with respect to such excess. Under FDIC interpretations, the Index Amount (as defined herein) that may be payable at maturity is not eligible for insurance until the applicable Observation Date (as defined in the applicable disclosure supplement). In addition, depending on the structure of the Minimum Interest Amount, if applicable, that amount also may not be subject to FDIC insurance prior to the final Observation Date. Any secondary market premium paid by a depositor above the principal amount of the CDs would not be insured by the FDIC.

The CDs will be made available through Morgan Stanley & Co. LLC and certain other brokers.

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You should only rely on the information contained or incorporated by reference in this disclosure statement and the accompanying disclosure supplement or supplements. We have not, and no broker, agent or dealer has, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and no broker, agent or dealer is, making an offer to sell these CDs in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this disclosure statement and the accompanying disclosure supplement or supplements, as well as information we have incorporated by reference, is accurate as of the date of the applicable document or other date referred to in the document. Our business, financial condition, results of operations and prospects may have changed since that date.

WHERE YOU CAN FIND MORE INFORMATION

As a national bank, we file annual and quarterly Consolidated Reports of Condition and Income ("**Call Reports**") (FFIEC 041) with the Office of the Comptroller of the Currency (the "**OCC**"), our primary federal banking supervisor. Our Call Reports are available on the Federal Financial Institutions Examination Council ("**FFIEC**") website at https://cdr.ffiec.gov/public/, by calling the OCC Customer Assistance Group in English or Spanish at (800) 613-6743 or TDD Number (713) 658-0340 or upon request to us. Reference to these "uniform resource locators" or "URLs" is made as an inactive textual reference for informational purposes only. Other information found at these websites is not incorporated by reference in this disclosure statement.

We incorporate by reference into this disclosure statement our Call Reports for the years ended December 31, 2014, 2013 and 2012 and any future Call Reports we file with the OCC (as well as, in the case of any future quarterly Call Report, the corresponding Call Report for the same quarter one year before) until we complete our offering of the CDs. Although the information in our Call Reports is derived from the financial reporting system used to produce our financial statements in accordance with U.S. generally accepted accounting principles ("**U.S. GAAP**"), the information in our Call Reports may differ, sometimes materially, from our audited financial statements for the corresponding period or at the corresponding date as a result of differences in the classification or presentation of items in accordance with the instructions for preparing the Call Reports.

Any statement in a document incorporated or deemed to be incorporated by reference in this disclosure statement shall be deemed to be modified or superseded for purposes of this disclosure statement to the extent that a statement contained in this disclosure statement or in any other subsequently filed document that also is or is deemed to be incorporated by reference in this disclosure statement modifies or supersedes that statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this disclosure statement.

We will furnish without charge to each person, including any beneficial owner, to whom this disclosure statement is delivered, at the request of such person, any or all of the Call Reports described above. You can request a copy of these documents, excluding exhibits, by writing or telephoning us at the following address: Morgan Stanley Bank, N.A., 1585 Broadway, New York, New York 10036, Attention: Ross Brown, Controller, 212-276-2427.

MORGAN STANLEY BANK, N.A.

MSBNA is a national bank chartered by the OCC. MSBNA is an indirect wholly-owned subsidiary of Morgan Stanley, a bank holding company and financial holding company under the Bank Holding Company Act of 1956, as amended.

Our headquarters are located at One Utah Center, 201 South Main St., 5th Floor, Salt Lake City, Utah. We have no branch offices. As a national bank, we are subject to regulation, supervision and examination by the OCC as our primary federal banking supervisor. Our deposits are insured by the FDIC, and we are a member of the Federal Reserve System.

Primarily a wholesale commercial bank, we offer commercial lending and retail securities-based lending services in addition to deposit products. The deposit accounts we accept are principally used to fund lending activities and our investment portfolio. Certain foreign exchange activities are also conducted in MSBNA. Our principal business lines are described in more detail below.

BUSINESS LINES

At and for the year ended December 31, 2014, our principal lines of business were concentrated in institutional lending and retail securities-based lending for clients of our affiliated broker-dealers. Our other business lines include foreign exchange and our investment portfolio. A brief summary of each of these businesses lines is below.

Institutional Lending

Our institutional lending businesses comprise eight business lines: Commercial Real Estate Lending, Warehouse Lending, Relationship Lending, Municipal Lending, Corporate Loan Strategy, Equity Margin Lending, Project Finance and Reserve Based Lending.

Relationship Lending. We provide syndicated and bilateral loans, facilities and letters of credit to large corporate borrowers. These facilities are used for general corporate purposes, to backstop commercial paper and bridge loans supporting merger and acquisition activity.

Warehouse Lending. We offer revolving credit facilities to a variety of institutional clients. These facilities are secured by assets that include residential mortgages, loans and other asset-backed receivables, including auto, equipment, renewable energy and transportation.

Commercial Real Estate. We originate commercial real estate loans to large public real estate companies, major institutional investors, Morgan Stanley Wealth Management clients and direct lending clients who are looking to either refinance or acquire commercial real estate assets.

Municipal Lending. We provide various funding and credit arrangements, including direct lending, letters of credit, standby bond purchases, tender option bonds and variable rate demand preferreds to a range of municipal clients and clients who invest in municipal securities.

Corporate Loan Strategy. We invest in investment grade and non-investment grade corporate loan instruments, principally purchased from the secondary market with the intention of holding such assets to maturity.

Equity Margin Lending. We lend to institutions and individuals, secured by concentrated equity positions.

Project Finance. We provide credit to fund construction, upfront purchases or refinancing of capital-intensive assets, with such loans often involving multiple facilities, including corporate loan facilities, term loans, working capital facilities and letters of credit.

Reserve Based Lending. We provide senior secured revolving credit facilities to middle-market North American oil and gas producers.

Retail Lending

We originate retail loans through our Portfolio Loan Account product ("PLA"). PLA is a secured, uncommitted non-purpose securities-based lending facility offered to clients of Morgan Stanley Wealth Management. PLA allows retail clients to borrow money against the value of eligible securities in their investment account, with the securities serving as collateral. Collateral accounts are held at Morgan Stanley Smith Barney, LLC ("MSSB"), in indirect broker-dealer subsidiary of Morgan Stanley, on behalf of MSBNA, to execute its right to liquidate collateral when necessary. PLA loans are considered "non-purpose," which means that proceeds from the loan can be used for any qualified purpose, such as real estate, tax obligations and general liquidity purposes, except to purchase margin securities or to repay margin loan balances. The PLA business positions itself to integrate the PLA product with the financial advisor network of MSSB.

Foreign Exchange

We provide execution in spot, forward, and derivative currency markets to government and institutional clients, including sovereigns and government agencies, corporations, pension plans, hedge funds and mutual funds. FX operates as a global business with personnel in major financial centers. This business generates revenue through bid / offer spreads on client flows and the positioning of currency risk.

Investment Portfolio

We maintain an investment portfolio that is actively managed to meet our goals of providing a store of liquidity for our anticipated needs, matching the interest rate risk of retail deposits and enhancing our returns, while maintaining acceptable asset quality, diversification and risk profile. The investment portfolio consists of cash, available for sale ("AFS") securities, cash and securities held under repurchase agreements. Our AFS securities consist primarily of U.S. Treasuries, agency mortgage-backed securities, and high grade corporate and consumer credit backed securities.

Development of Our Business

MSBNA has expanded its business activities since it became a national bank in 2008. We expect to continue to evaluate opportunities to expand MSBNA's lines of business and to diversify its revenue streams in the coming years, including by migrating certain activities conducted by other subsidiaries of Morgan Stanley to MSBNA.

DEPOSIT-TAKING

MSBNA sources deposits from both affiliated entities as well as unaffiliated third parties. These deposits are sourced primarily through a "sweep" program whereby certain cash balances associated with affiliate and third-party relationships, such as cash balances in accounts of MSSB customers, are swept into separate money market deposit accounts ("**MMDAs**") and demand deposit accounts ("**DDAs**"). MSBNA also issues time deposits in the form of certificates of deposit, most of which carry a fixed rate. MSBNA issues certain certificates of deposit, such as the CDs described in this disclosure statement, that are structured in nature (*e.g.*, performance may be linked to the performance of certain market indices).

SUPERVISION AND REGULATION

As a major financial services firm, our indirect parent Morgan Stanley, together with its consolidated subsidiaries, including us, is subject to extensive regulation by U.S. federal and state regulatory agencies and securities exchanges and by regulators and exchanges in each of the major markets where it conducts business. Moreover, in response to the 2007-2008 financial crisis, legislators and regulators, both in the U.S. and worldwide, have adopted, continue to propose and are in the process of adopting, finalizing and implementing a wide range of reforms that are resulting in major changes to the way Morgan Stanley is regulated and conducts its business and that will in some cases affect MSBNA

As an FDIC-insured national bank and a member of the Federal Reserve System, MSBNA is subject to supervision and regulation by the OCC and, with respect to certain matters, the Board of Governors of the Federal Reserve System (the "Federal Reserve"), the FDIC and the Consumer Financial Protection Bureau. As a national bank, MSBNA is subject to restrictions on the activities in which it may engage. As a registered swap dealer, MSBNA is also subject to regulation by the Commodity Futures Trading Commission. Aspects of U.S. banking regulation that are applicable to MSBNA and its activities include the following.

FDIC Insurance

An FDIC-insured depository institution is generally liable for any loss incurred or expected to be incurred by the FDIC in connection with the failure of an insured depository institution under common control by the same bank holding company. MSBNA is under common control with Morgan Stanley Private Bank, National Association ("MSPBNA"), Morgan Stanley's other indirect FDIC-insured national bank subsidiary. Accordingly, MSBNA could be responsible for any loss to the FDIC from the failure of MSPBNA. In addition, MSBNA is exposed to changes in the cost of FDIC insurance. In 2010, the FDIC adopted a restoration plan to replenish the reserve fund over a multi-year period. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), some of the restoration must be paid for exclusively by large depository institutions, including

MSBNA, and FDIC deposit insurance assessments are calculated using a new methodology that generally favors banks that are mostly funded by deposits.

Prompt Corrective Action

The Federal Deposit Insurance Corporation Improvement Act of 1991 provides a framework for regulation of depository institutions and their affiliates, including parent holding companies, by their federal banking regulators. Among other things, it requires the relevant federal banking regulator to take "prompt corrective action" ("PCA") with respect to a depository institution if that institution does not meet certain capital adequacy standards. Current PCA regulations generally apply only to insured banks, such as MSBNA, and thrifts and not to their parent holding companies, such as Morgan Stanley. The Federal Reserve is, however, subject to limitations, authorized to take appropriate action at the holding company level as well. The Dodd-Frank Act also formalized the requirement that bank holding companies, such as Morgan Stanley, serve as a source of strength to their U.S. bank subsidiaries and commit resources to support these subsidiaries in the event such subsidiaries are in financial distress.

OCC Heightened Standards

In September 2014, the OCC issued final risk governance guidelines to establish heightened standards for large national banks, and the guidelines apply to MSBNA. The final guidelines set minimum standards for the design and implementation of a bank's risk governance framework and the oversight of that framework by a bank's board of directors.

OCC Lending Limits

The total loans and extensions of credit by a national bank to a person outstanding at one time is limited by regulation. Effective October 1, 2013, the OCC's lending limits regulation applicable to MSBNA was revised to take into account credit exposure arising from derivative transactions, securities lending, securities borrowing and repurchase and reverse repurchase agreements with third parties.

Transactions with Affiliates

We are subject to Sections 23A and 23B of the Federal Reserve Act, which impose restrictions on "covered transactions" with any affiliates. Covered transactions include any extension of credit to, purchase of assets from and certain other transactions with an affiliate. These restrictions include limits on the total amount of credit exposure that we may have to any one affiliate and to all affiliates, as well as collateral requirements, and they require all such transactions to be made on market terms. Effective July 2012, derivatives, securities borrowing and securities lending transactions between Morgan Stanley's U.S. bank subsidiaries, including MSBNA, and their affiliates became subject to these restrictions. These reforms place limits on the ability of Morgan Stanley's U.S. bank subsidiaries, including MSBNA, to engage in derivatives, repurchase agreements and securities lending transactions with other affiliates of Morgan Stanley. The Federal Reserve has indicated that it will propose a rulemaking to implement these more recent restrictions, but has not yet done so.

In addition, in December 2013, U.S. regulators issued final regulations to implement Section 619 of the Dodd-Frank Act, which is commonly referred to as the "Volcker Rule." In addition to new restrictions imposed on activities and investments by a "banking entity" described below, the Volcker Rule generally prohibits covered transactions between (i) Morgan Stanley or any of its affiliates, including MSBNA, and (ii) "covered funds," as defined in the Volcker Rule, for which Morgan Stanley or any of its affiliates, including MSBNA, serve as the investment manager, investment adviser, commodity trading advisor or sponsor or other covered funds organized and offered Morgan Stanley or any of its affiliates, including MSBNA, pursuant to specific exemptions in the Volcker Rule.

Activities Restrictions under the Volcker Rule

The Volcker Rule prohibits "banking entities," including MSBNA and its affiliates, from engaging in certain prohibited "proprietary trading" activities, as defined in the Volcker Rule, subject to exemptions for underwriting, market making-related activities, risk mitigating hedging and certain other activities. The Volcker Rule will also require banking entities to either restructure or unwind certain investments and relationships with “covered funds,” as defined in the Volcker Rule, subject to certain conformance period extensions and subject to certain exemptions and exclusions. In addition, the Volcker Rule requires banking entities to establish comprehensive compliance programs designed to help ensure and monitor compliance with restrictions under the Volcker Rule.

The Volcker Rule also requires that certain deductions be made from a banking entity’s Tier 1 capital for certain investments in covered funds. These deductions have not yet been reconciled by the applicable regulators with the U.S. Basel III capital requirements discussed below.

Capital and Liquidity Standards

The OCC establishes capital requirements and standards for MSBNA. The current risk-based and leverage capital framework governing MSBNA is based on the Basel III capital standards established by the Basel Committee, as modified in certain respects by the U.S. banking agencies, and is referred to herein as “U.S. Basel III.” MSBNA became subject to U.S. Basel III on January 1, 2014. Aspects of U.S. Basel III, such as the minimum risk-based capital ratio requirements, new capital buffers, and certain deductions from and adjustments to capital, will be phased in over several years. Prior to January 1, 2014, MSBNA calculated regulatory capital ratios using the OCC’s U.S. Basel I-based rules (“U.S. Basel I”) as supplemented by rules that implemented the Basel Committee’s market risk capital framework amendment, commonly referred to as “Basel 2.5.”

U.S. Basel III, which is aimed at increasing the quality and amount of regulatory capital, establishes Common Equity Tier 1 capital as a new tier of capital, increases minimum required risk-based capital ratios, provides for capital buffers above those minimum ratios, narrows the eligibility criteria for regulatory capital instruments, provides for new regulatory capital deductions and adjustments, modifies methods for calculating risk-weighted assets (“RWAs”)—the denominator of risk-based capital ratios—by, among other things, increasing counterparty credit risk capital requirements and introduces a supplementary leverage ratio.

On a fully phased in basis, MSBNA will be subject to the following minimum capital ratios under U.S. Basel III: Common Equity Tier 1 capital ratio of 4.5%; Tier 1 capital ratio of 6.0%; total capital ratio of 8.0%; Tier 1 leverage ratio of 4.0%; and supplementary leverage ratio of 3.0%. In addition, on a fully phased in basis by 2019, MSBNA will also be subject to a greater than 2.5% Common Equity Tier 1 capital conservation buffer and, if deployed by banking regulators, up to a 2.5% Common Equity Tier 1 countercyclical buffer. The capital conservation buffer and countercyclical capital buffer, if any, apply over each of MSBNA’s Common Equity Tier 1, Tier 1 and Total risk-based capital ratios. Failure to maintain such buffers will result in restrictions on MSBNA’s ability to make capital distributions, including the payment of dividends and the repurchase of stock, and to pay discretionary bonuses to executive officers. The OCC may require MSBNA and its peer national banks to maintain risk and leverage-based capital ratios substantially in excess of mandated minimum levels, depending upon general economic conditions and a national bank’s particular condition, risk profile and growth plans.

Effective January 1, 2015, MSBNA qualifies as “well-capitalized” under the higher capital requirements in U.S. Basel III, by maintaining a total risk-based capital ratio (total capital to risk-weighted assets) of at least 10%, a Tier 1 risk-based capital ratio of at least 8%, a Common Equity Tier 1 risk-based capital ratio of at least 6.5%, and a Tier 1 leverage ratio (Tier 1 capital to average total consolidated assets) of at least 5%.

In addition, under U.S. Basel III, new items (including certain investments in the capital instruments of unconsolidated financial institutions) are deducted from the respective tiers of regulatory capital, and certain existing regulatory deductions and adjustments are modified or are no longer applicable. Most of these capital deductions are subject to a phase in schedule and will be fully phased in by 2018. Unrealized gains and losses on available-for-sale securities are reflected in Common Equity Tier 1 capital, subject to a phase in schedule.

On February 21, 2014, the OCC approved MSBNA’s use of the U.S. Basel III advanced internal ratings-based approach for determining credit risk capital requirements and advanced measurement approaches for determining operational risk capital requirements to calculate and publicly disclose its risk-based capital ratios beginning with the second quarter of 2014 (togeher with an advanced approach for determining risk-weighted assets related to market risk, the “Advanced Approach”), subject to the “capital floor” discussed below. As an Advanced Approach banking organization, MSBNA is required to compute risk-based capital ratios using both (i) standardized approaches for calculating credit risk weighted assets ("RWAs") and market risk RWAs (the "Standardized Approach"); and (ii) an advanced internal ratings-based approach for calculating credit risk RWAs, an advanced measurement approach for calculating operational risk RWAs, and an advanced approach for calculating market risk RWAs under U.S. Basel III.

To implement a provision of the Dodd-Frank Act, U.S. Basel III subjects Advanced Approach banking organizations which have been approved by their regulators to exit the parallel run, such as MSBNA, to a permanent "capital floor." In 2014, as a result of the capital floor, an Advanced Approach banking organization's binding risk-based capital ratios were the lower of its ratios computed under the Advanced Approach and U.S. Basel I as supplemented by Basel 2.5. Beginning on January 1, 2015, MSBNA's ratios for regulatory purposes are the lower of the capital ratios computed under the Advanced Approach or the Standardized Approach under U.S. Basel III. The U.S. Basel III Standardized Approach modifies certain U.S. Basel I-based methods for calculating RWAs and prescribes new standardized risk weights for certain types of assets and exposures. The capital floor applies to the calculation of the minimum risk-based capital requirements as well as the capital conservation buffer and, if deployed by banking regulators, the countercyclical capital buffer. The methods for calculating each of the MSBNA's risk-based capital ratios will change through January 1, 2022 as U.S. Basel III's revisions to the numerator and denominator are phased in and as MSBNA calculates RWAs using the Advanced Approach and the Standardized Approach. These ongoing methodological changes may result in differences in MSBNA's reported capital ratios from one reporting period to the next that are independent of changes to MSBNA's capital base, asset composition, off-balance sheet exposures or risk profile.

U.S. Basel III also requires MSBNA to comply with supplementary leverage ratio requirements, which U.S. banking regulators increased in 2014 above standards established by the Basel Committee. Specifically, beginning in 2018, MSBNA must maintain a Tier 1 supplementary leverage capital buffer of greater than 2% in addition to the 3% minimum supplementary leverage ratio (for a total of greater than 5%), in order to avoid limitations on capital distributions, including dividends and stock repurchases, and discretionary bonus payments to executive officers. In addition, beginning in 2018, to be considered "well-capitalized" MSBNA must maintain a supplementary leverage ratio of 6%. The denominator of the supplementary leverage ratio, as revised by the U.S. banking agencies in 2014 to conform with revised leverage standards adopted by the Basel Committee, is based on the average daily balance of consolidated on-balance sheet assets under generally accepted accounting principles in the U.S. ("U.S. GAAP") less certain amounts deducted from Tier 1 capital at quarter-end and the average month-end balance of certain off-balance sheet exposures associated with derivatives (including centrally cleared derivatives and sold credit protection), repo-style transactions and other off-balance sheet items during the calendar quarter. The enhanced supplementary leverage ratio standards will become effective for MSBNA on January 1, 2018 with quarterly public disclosure beginning on January 1, 2015.

Although U.S. Basel III is in effect, the U.S. banking agencies and the Basel Committee have each proposed, or are considering proposing, revisions to the regulatory capital framework that would modify the regulatory capital standards governing MSBNA. The Basel Committee is in the process of considering revisions to various provisions of the Basel III framework that, if adopted by the U.S. banking agencies, could result in substantial changes to U.S. Basel III. In particular, the Basel Committee has finalized a new methodology for calculating counterparty credit risk exposures, the standardized approach for measuring counterparty credit risk exposures ("SA-CCR"); has finalized a revised framework establishing capital requirements for securitizations; and has proposed revisions to various regulatory capital standards, including interest rate risk in the banking book and the capital framework for credit valuation adjustment. In each case, the impact of these revised standards on MSBNA is uncertain and depends on future rulemakings by the U.S. banking agencies.

In addition to capital regulations, the U.S. banking agencies and the Basel Committee have adopted, or are in the process of considering, liquidity standards. The Basel Committee has developed two standards intended for use in liquidity risk supervision, the Liquidity Coverage Ratio ("LCR") and the Net Stable Funding Ratio ("NSFR"). The LCR generally requires banking organizations to maintain an amount of high-quality liquid assets that is no less than 100% of their total net cash outflows arising from significant stress over a prospective 30 calendar-day period. The NSFR generally requires banking organizations to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet derivatives.

In September 2014, U.S. banking regulators issued a final rule to implement the LCR in the U.S. ("U.S. LCR"). The U.S. LCR applies to MSBNA. The U.S. LCR is more stringent in certain respects than the Basel Committee's version of the LCR as it includes a generally narrower definition of debt and equity securities that qualify as high-quality liquid assets, different methodologies and assumptions for calculating net cash outflows during the 30-day stress period, a maturity mismatch add-on, and a shorter, two-year phase in period that ends on December 31, 2016. Additionally, under the U.S. LCR, a banking organization must submit a liquidity compliance plan to its primary federal banking agency if it fails to maintain the minimum U.S. LCR requirement for three consecutive business days. Beginning on January 1, 2015, MSBNA is required to maintain a minimum U.S. LCR of 80%. This minimum requirement will increase to 90% beginning on January 1, 2016, and will be fully phased in at 100% beginning on January 1, 2017. MSBNA was required to calculate its LCR on a monthly basis during the period between January 1, 2015 and June 30, 2015, and starting on July 1, 2015, MSBNA is requried to calculate its LCR on each business day.

The NSFR is defined as the ratio of the amount of available stable funding to the amount of required stable funding. The standard's objective is to reduce funding risk over a one-year horizon by requiring banking organizations to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. In October 2014, the Basel Committee finalized revisions to the original December 2010 version of the NSFR. The U.S. banking agencies are expected to issue a proposal to implement the NSFR in the U.S.

The Dodd-Frank Act also requires MSBNA to conduct an annual company-run stress test. MSBNA submitted its 2015 annual company-run stress tests to the OCC on January 5, 2015.

Resolution and Recovery Planning

Pursuant to the Dodd-Frank Act, Morgan Stanley is required to submit to the Federal Reserve and the FDIC an annual resolution plan that describes its strategy for a rapid and orderly resolution under the U.S. Bankruptcy Code in the event of material financial distress or failure of Morgan Stanley. On August 5, 2014, the Federal Reserve and the FDIC notified Morgan Stanley and 10 other large banking organizations that certain shortcomings in their 2013 resolution plans must be addressed in the 2015 resolution plans, which were required to be submitted on or before July 1, 2015. If the Federal Reserve and the FDIC were to determine that Morgan Stanley's resolution plan is not credible or would not facilitate an orderly resolution and Morgan Stanley does not cure the plan's deficiencies, Morgan Stanley or any of its subsidiaries, including MSBNA, may be subjected to more stringent capital, leverage, or liquidity requirements or restrictions on its growth, activities, or operations, or Morgan Stanley may be required to divest assets or operations.

In addition, MSBNA must submit to the FDIC an annual resolution plan that describes MSBNA's strategy for rapid and orderly resolution in the event of a material financial distress or failure of MSBNA. On December 17, 2014, the FDIC issued guidance regarding the resolution plans for insured depository institutions such as MSBNA, including requirements with respect to failure scenarios and the development and analysis of a range of realistic resolution strategies.

SELECTED FINANCIAL DATA

Condensed Statement of Financial Condition (unaudited)

	June 30, 2015 (dollars in millions)	December 31, 2014 (dollars in millions)
Assets		
Cash and cash equivalents	$ 17,575	$ 17,516
Securities purchased under agreements to resell	4,593	6,409
Trading assets, at fair value	787	820
Loans, net of allowance for loan loss	53,494	44,985
Investment securities	49,222	54,382
Other	973	1,043
Total assets	$ 126,644	$ 125,155
Liabilities and Shareholder’s Equity		
Deposits	$ 110,652	$ 109,274
Trading liabilities, at fair value	435	358
Subordinated debt	1,500	1,500
Other	1,630	1,691
Total liabilities	114,217	112,823
Total shareholder’s equity	12,427	12,332
Total liabilities and shareholder’s equity	$ 126,644	$ 125,155

Other Financial Data (unaudited)

Loans	June 30, 2015 (dollars in millions)		December 31, 2014 (dollars in millions)	
Loans at fair value	$	4,490	$	4,300
Loans held for investment, net of allowance for loan loss		43,709		36,688
Loans held for sale		5,295		3,997
Total loans	$	53,494	$	44,985
Investment Securities				
Held for sale	$	46,799	$	54,282
Held to maturity		2,423		100
Total investment securities	$	49,222	$	54,382

Capital Ratios	June 30, 2015 (unaudited)	December 31, 2014 (unaudited)
Common Equity Tier 1 capital	14.2%	12.2%
Tier 1 capital	14.2%	12.2%
Total capital	16.1%	13.9%
Tier 1 leverage	9.9%	10.2%

* * * * *

The delivery of this disclosure statement and the accompanying disclosure supplement shall not create any implication that there has been no change in MSBNA's affairs since the date of this disclosure statement, and the information with respect to MSBNA may be accurate only on the date of this document.

DESCRIPTION OF THE CDS

Payment at Maturity

Unless otherwise provided in the applicable disclosure supplement, at maturity, the CDs will pay the principal amount, plus a supplemental amount (the "**Supplemental Amount**") equal to an amount (the "**Index Amount**"), which, unless otherwise provided in the applicable disclosure supplement, will be related to the change in the price or prices of specified securities or baskets of securities, the value or values of indices of securities, certain currencies, indices or baskets of currencies, certain commodities, indices or baskets of commodities, certain interest rates or any measure of economic or financial performance (each, an "**Index**") over the term of the CDs (determined as described in the applicable disclosure supplement). The Supplemental Amount for an issuance of CDs may be zero. If indicated in the applicable disclosure supplement, some CDs may provide for a specified minimum payment of interest at maturity (the "**Minimum Interest Amount**"). For those CDs, the Supplemental Amount will be the greater of the Index Amount and the Minimum Interest Amount. Regardless of any changes in the Index, at maturity, MSBNA will be obligated to repay the principal amount of the CDs plus the Minimum Interest Amount, if any is specified, when the Minimum Interest Amount is greater than the Index Amount. If the Index Amount is greater than any specified Minimum Interest Amount, the Index Amount, if any, will be paid at the stated maturity date of the CDs, together with the principal amount of the CDs, unless otherwise described in the applicable disclosure supplement. Details relating to the Index, its calculation and other transaction-specific data, including any special tax considerations and relevant risk factors, will be described in the applicable disclosure supplement. Unless otherwise specified in the applicable disclosure supplement, the CDs will not be callable by us prior to the stated maturity date.

While on the stated maturity date you will receive the principal amount of your CD plus the Index Amount, if any, or in some cases a specified Minimum Interest Amount, there will be no other payment of interest, periodic or otherwise, unless otherwise provided in the applicable disclosure supplement.

You should compare the features of the CDs to other available investments before deciding to purchase a CD. Due to the uncertainty as to whether the CDs will earn any Index Amount, the returns which may be received with respect to the CDs may be higher or lower than the returns available on other deposits available at MSBNA or through your broker. It is suggested that you reach an investment decision only after carefully considering the suitability of an investment in the CDs in light of your particular circumstances. Employee benefit plans and individual retirement accounts should limit investments in the CDs to not more than 15% of the assets held for the benefit of any participant or beneficiary under such plan or account.

Additions and Withdrawals

No additions are permitted to be made to any CD. When you purchase a CD, you agree with us to keep your funds on deposit for the term of the CD. Accordingly, unless otherwise provided in the applicable disclosure supplement, early redemptions or withdrawals of CDs will be possible only in the case of death or adjudication of incompetence of the depositor. By your purchase of a CD you are deemed to represent to us that your deposits with us, including the CDs, when aggregated in accordance with FDIC regulations are within the $250,000 FDIC insurance limit for each insurable capacity. For purposes of early withdrawal upon your death or adjudication of incompetence, we will limit the combined aggregate deposit amount of (i) these CDs and (ii) any other CDs of ours subject to this withdrawal limit to the FDIC insurance coverage amount applicable to each insurable capacity in which such CDs are held. All issues regarding eligibility for early withdrawal will be determined by us in our sole discretion. Written verification acceptable to us will be required to permit early withdrawal.

Redemption Upon Termination of FDIC Insurance

If, at any time, MSBNA's FDIC-insured status is terminated, we will redeem all outstanding CDs at their full principal amount plus interest, if any, accrued to, but not including, the date of redemption. We will redeem the CDs on the last business day on which our outstanding deposit accounts would be insured by the FDIC.

Estate feature of the CDs

If a beneficial owner of a CD dies or is determined to be legally incompetent by a court or an administrative body with the appropriate authority to do so, the authorized representative of the beneficial owner will have the option to request redemption of the CD. We call this right of redemption the "estate feature" of the CDs. This section describes the estate feature, how it works, what the authorized representative would receive on redemption, and the requirements with which an authorized representative would need to comply in order to redeem a CD that is eligible for redemption under the estate feature.

Who is an authorized representative? An authorized representative could be a personal representative, a court appointed representative or another person who is authorized to represent the beneficial owner of the CD and who has the right to sell, transfer or otherwise dispose of an interest in the CD and the right to receive the proceeds of the CD and any amounts payable to the beneficial owner of the CD under the laws of the applicable jurisdiction. A surviving joint owner of a deceased beneficial owner of a CD may have authority to act with respect to the CD under applicable law.

What events qualify a beneficial owner's CDs for redemption under the estate feature? Any of the following events will give rise to the authorized representative's right to request redemption of the beneficial owner's CDs:

- a declaration of legal incompetency or death of a person holding a beneficial ownership interest in a CD as a joint tenant or tenant by the entirety with another person, a tenant in common with the deceased holder's spouse or a tenant in common with a person other than such deceased person's spouse;

- a declaration of legal incompetency or death of a person who, at the time of his or her death, was a beneficiary of a revocable or irrevocable trust that holds a beneficial ownership interest in such CD; or

- a declaration of legal incompetency or death of a person who, at the time of his or her death, was entitled to substantially all of the beneficial ownership interests in a CD under applicable law (including under certain custodial, trust and nominee arrangements).

A declaration of legal incompetency of a person must be made by a court or other administrative body with appropriate authority, sometimes called having "competent jurisdiction", to do so.

What will an authorized representative receive upon redemption of a CD pursuant to the estate feature? The amount the authorized representative will receive pursuant to an estate feature redemption will depend on when the redemption request is received and accepted for payment by us.

- Upon acceptance for payment by us of a redemption request, the authorized representative will receive the face amount on the redemption date, which will occur not more than 45 days after the date of acceptance for payment of the request for redemption.

- In no event will the authorized representative receive any amount with respect to a Supplemental Amount payable at maturity of the CDs.

What does it mean for a redemption request to be accepted for payment? There are requirements and procedures that govern whether and how an authorized representative may request an estate feature redemption. Please see "What does an authorized representative need to do to request redemption pursuant to the estate feature?" below. We, together with the paying agent when applicable, will review promptly all redemption requests we receive and, if the requirements and procedures have been met, we will accept those requests for payment.

If I am an authorized representative for someone who is deceased or who has been declared legally incompetent, should I redeem the CDs pursuant to the estate feature? Given the limitations on the amounts an authorized representative may receive upon redemption of a CD, and the fact that you would not receive future payments on the CDs if they are redeemed, you should consider carefully whether you should sell the CDs in the secondary market, if one exists for the CDs. In some cases, the secondary market sale price (if there is a secondary market) may be higher than the amount that would be received upon redemption. Authorized representatives may contact the beneficial owner's broker to determine the price of the CDs in the secondary market, if any. Morgan Stanley & Co. LLC ("MS & Co.") is under no obligation to maintain a secondary market for the CDs.

What does an authorized representative need to do to request redemption pursuant to the estate feature? The authorized representative cannot submit an estate feature redemption request directly to us or the paying agent. Rather, the request must be submitted through the broker of the person who is deceased or who has been declared legally incompetent. The authorized representative of the deceased or incapacitated beneficial owner will be required to provide the beneficial owner's broker with the following items:

- a written request for redemption signed by the authorized representative of the deceased or incapacitated beneficial owner with the signature guaranteed by a member firm of a registered national securities exchange or of the Financial Institution Regulatory Authority, Inc. or a commercial bank or trust company having an office or correspondent in the United States and a written instruction to notify the depositary of the authorized representative's desire to obtain redemption pursuant to exercise of the estate feature;

- appropriate evidence satisfactory to the broker:

    a) that the deceased or incapacitated beneficial owner was the beneficial owner of the CD at the time of death,

    b) that the death or adjudication of incompetence of the beneficial owner has occurred, including a certified copy of the death certificate or declaration or order of incompetency as applicable,

    c) of the date of death or adjudication of incompetence of the beneficial owner, and

    d) that the representative has authority to act on behalf of the beneficial owner; and if applicable, a properly executed assignment or endorsement;

- tax waivers and any other instruments or documents that the broker or MSBNA may reasonably require in order to establish the validity of the beneficial ownership of the CD and the claimant's entitlement to payment;

- any additional information that the broker may reasonably require to evidence satisfaction of any conditions to the exercise of the estate feature or to document beneficial ownership or authority to make the election and to cause the redemption of the CD; and

- if the interest in the CD is held by a nominee of the deceased beneficial owner, a certificate satisfactory to the broker from the nominee attesting to the deceased's beneficial ownership of the CD.

What happens after the authorized representative provides the information to the broker? After the authorized representative provides the information set forth above to the beneficial owner's broker, the broker will then deliver, under the depositary's applicable procedures, the death certificate or declaration or order of incompetency, as applicable, and a redemption request in the form specified in the annex to this disclosure statement to the depositary, together with evidence satisfactory to the depositary from the broker stating that it represents the deceased or legally incompetent beneficial owner. If we, the paying agent or the depositary has questions regarding the eligibility or validity of any exercise of the estate feature, the redemption request will be returned to the broker for clarification. All questions regarding the eligibility or validity of any exercise of the estate feature will be determined by us, in our sole discretion, which determination will be final and binding on all parties.

Can the authorized representative withdraw a redemption request once it is made? The beneficial owner's broker may withdraw any redemption request by delivering a written request for withdrawal to the depositary not less than 15 days before the redemption date. A written request must specify:

- the date on which the redemption request was submitted to the depositary,

- the face amount and the CUSIP number of the CDs that were to be redeemed, and

- that the authorized representative has instructed the broker to withdraw the redemption request.

MSBNA has no responsibility for the actions of the depositary or any broker, or any other financial institution through which any interest in the CDs may be held, with regard to redemption requests or withdrawal requests, including any failure to make, or any delay in making, such a request on the part of the depositary, any broker or any such other institution.

The applicable disclosure supplement will set forth the circumstances in which early withdrawals will be permitted, if any, and the method for calculating the early redemption amount you will be entitled to receive. Upon early redemption or withdrawal of a CD, the amount you receive may be less, and possibly significantly less, than the principal amount of your CD.

EVIDENCE OF THE CDS

The CDs will be evidenced by one or more master certificates issued by us, each representing a number of individual CDs. These master certificates will be held by or on behalf of The Depository Trust Company ("**DTC**"), a sub-custodian which is in the business of performing such custodial services. No evidence of ownership, such as a passbook or a certificate, will be provided to you. Your broker, as custodian, keeps records of the ownership of each CD and will provide you with a written confirmation (the "**Confirmation**") of your purchase. If applicable, the disclosure supplement will set forth the proposed stated maturity date, the Index, the Participation Rate, the terms of any call feature or withdrawal feature that would allow us to redeem the CDs and the Minimum Interest Amount, if applicable. The Confirmation will also state the original principal amount of your CD, from which you can determine how much premium, if any, you paid for the CD. You should retain the Confirmation and the account statement(s) for your records. Because you will not be provided with a certificate evidencing your CD, the purchase of a CD is not recommended for persons who wish to take physical possession of a certificate.

Payments. Holders may present the CDs for payment of principal, premium, if any, and interest, if any, at the agency in the Borough of Manhattan, The City of New York, maintained by us for that purpose. On the date of this disclosure statement, the agent for the payment, transfer and exchange of the CDs (the "**Paying Agent**") is The Bank of New York Mellon, acting through its corporate trust office at 101 Barclay Street, New York, New York 10286.

Although we anticipate making payments of principal, premium, if any, and interest, if any, on most CDs in U.S. dollars, some CDs may be payable in non-U.S. currencies as specified in the applicable disclosure supplement. Currently, few facilities exist in the United States to convert U.S. dollars into non-U.S. currencies and vice versa. In addition, most U.S. banks do not offer non-U.S. dollar denominated checking or savings account facilities. Accordingly, unless alternative arrangements are made, we will pay principal, premium, if any, and interest, if any, on CDs that are payable in a non-U.S. currency to an account at a bank outside the United States, which, in the case of a CD payable in euro, will be made by credit or transfer to a euro account specified by the payee in a country for which the euro is the lawful currency.

Book-Entry CDs. The Paying Agent will make payments of principal, premium, if any, and interest, if any, to the account of the Depositary, as holder of Book-Entry CDs, by wire transfer of immediately available funds. We expect that the Depositary, upon receipt of any payment, will immediately credit its participants' accounts in amounts proportionate to their respective beneficial interests in the Book-Entry CDs as shown on the records of the Depositary. We also expect that payments by the Depositary's participants to owners of beneficial interests in the Book-Entry CDs will be governed by standing customer instructions and customary practices and will be the responsibility of those participants.

Each CD constitutes our direct obligation and is not, either directly or indirectly, an obligation of any broker. You will have the ability to enforce your rights in a CD directly against us. No deposit relationship shall be deemed to exist prior to the receipt and acceptance of your funds by us.

If you choose to remove your broker as your agent with respect to your CD, you may transfer your CD to another agent (*provided* that the agent is a member of DTC (most major brokerage firms are members; many FDIC-insured depositories are not)) subject to applicable law and our terms and conditions.

DEPOSIT INSURANCE

The CDs are protected by federal deposit insurance provided by the Deposit Insurance Fund (the "**DIF**"), which is administered by the FDIC and backed by the full faith and credit of the U.S. Government, up to a maximum amount of $250,000 for all deposits held in the same ownership capacity per depository institution (the "**Maximum Insured Amount**"). The maximum amount of deposit insurance available in the case of deposits in certain retirement accounts (the "**Maximum Retirement Account Amount**") as described below under "Retirement Plans and Accounts – General" is $250,000 per participant per insured depository institution.

Any accounts or deposits a holder maintains directly with MSBNA in the same ownership capacity as such holder maintains its CDs would be aggregated with such CDs for purposes of the Maximum Insured Amount or the Maximum Retirement Account Amount, as applicable. Although FDIC insurance coverage includes both principal and accrued interest (subject to the applicable limit), if the FDIC was appointed conservator or receiver of MSBNA prior to the maturity of the CDs, the FDIC likely would take the position that the Index Amount payable at maturity was not insured because the amount is not calculated until the relevant Observation Date and would not be reflected as accrued interest on the books of MSBNA at the time of such appointment. Accordingly, any Index Amount would not be insured by the FDIC prior to the applicable Observation Date. In addition, depending on the structure of the Minimum Interest Amount, if applicable, that amount also may not be subject to FDIC insurance prior to the final Observation Date. Any secondary market premium you pay for the CDs also would not be insured by the FDIC.

Each holder is responsible for monitoring the total amount of its deposits with MSBNA in order to determine the extent of deposit insurance coverage available to it on such deposits, including the CDs and deposits swept to MSBNA from brokerage accounts held at our affiliate. In circumstances in which FDIC insurance coverage is needed, (a) the uninsured portion of the CDs or any other deposits will constitute unsecured claims on the receivership or conservatorship and (b) neither MSBNA nor any broker will be responsible for any insured or uninsured portion of the CDs or any other deposits. Persons considering the purchase, ownership or disposition of a CD should consult their legal advisors concerning the availability of FDIC insurance.

The summary of FDIC deposit insurance regulations contained in this disclosure statement is not intended to be a full restatement of applicable FDIC regulations and interpretations, which may change from time to time. In certain instances, additional terms and conditions which are not described herein may apply. Accordingly, the discussion in this document is qualified in its entirety by such regulations and interpretations, and the holder is urged to discuss with its attorney the insurance coverage afforded to any CD that it may purchase. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Supervision and Consumer Protection, by mail at 550 17th Street, N.W., Washington, D.C. 20429, by phone at 877-275-3342 or by visiting the FDIC website at www.fdic.gov/deposit/index.html.

If the CDs or other deposits of a holder at MSBNA are assumed by another depository institution pursuant to a merger or consolidation, such CDs or deposits will continue to be separately insured from the deposits that such holder might have established with the acquirer until (a) the maturity date of the CDs or other time deposit which were assumed or (b) with respect to deposits which are not time deposits, the expiration of a six-month period from the date of the acquisition. Thereafter any assumed deposits will be aggregated with the existing deposits with the acquirer held in the same legal capacity for purposes of federal deposit insurance. Any deposit opened at the acquired institution after the acquisition will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance.

The application of the federal deposit insurance limitation per depository institution in certain common factual situations is illustrated below:

Individual Customer Accounts. Funds owned by an individual and held in an account in the name of an agent or nominee of such individual (such as the CDs held in a brokerage account) are not treated as owned by the agent or nominee, but are added to other deposits of such individual held in the same legal capacity and are insured up to the Maximum Insured Amount in the aggregate.

Custodial Accounts. Funds in accounts held by a custodian, guardian or conservator (for example, under the Uniform Gifts to Minors Act) are not treated as owned by the custodian, but are added to other deposits of the minor or other beneficiary held in the same legal capacity and are insured up to the Maximum Insured Amount in the aggregate.

Joint Accounts. The interests of co-owners in funds in an account held under any form of joint ownership valid under applicable state law may be insured up to the Maximum Insured Amount in the aggregate, separately and in addition to the Maximum Insured Amount allowed on other deposits individually owned by any of the co-owners of such account (hereinafter referred to as a "**Joint Account**"). Joint Accounts will be insured separately from such 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. If the Joint Account meets the foregoing criteria then it shall be deemed to be jointly owned, provided that the account records of MSBNA are clear and unambiguous as to the ownership of the account. However, if the account records are ambiguous or unclear as to the manner in which the account is owned, then the FDIC may consider evidence other than such account records to determine ownership. The names of two or more persons on a Deposit Account shall be conclusive evidence that the account is a Joint Account unless the deposit records as a whole are ambiguous and some other evidence indicates that there is a contrary ownership capacity.

In the event an individual has an interest in more than one Joint Account and different co-owners are involved, his interest in all of such Joint Accounts (subject to the limitation that such individual's insurable interest in any one account may not exceed the Maximum Insured Amount divided by the number of owners of such account) is then added together and insured up to the Maximum Insured Amount in the aggregate, with the result that no individual's insured interest in the joint account category can exceed the Maximum Insured Amount. For deposit insurance purposes, the co-owners of any Joint Account are deemed to have equal interests in the Joint Account unless otherwise stated in MSBNA's records.

Entity Accounts. The deposit accounts of any corporation, partnership or unincorporated association that is operated primarily for some purpose other than to increase deposit insurance are added together and insured up to the Maximum Insured Amount in the aggregate per depository institution.

Revocable Trust Accounts. Funds owned by an individual and deposited into a deposit account with respect to which the individual evidences an intention that upon his/her death the funds will belong to his or her spouse, children, grandchildren, parents, or siblings (each, a "**Qualifying Beneficiary**") are insured up to the Maximum Insured Amount as to each Qualifying Beneficiary, separately from any other deposit accounts of the owner or any other Qualifying Beneficiary. The owner's intention must be manifested in the title of the account, by using such terms as "in trust for" or "payable upon death to," and the Qualifying Beneficiaries must be named in the deposit account records of the depository institution. A revocable trust account established by a husband and wife that names the husband and wife as sole beneficiaries will be treated as a joint account and insured as described above under "Joint Accounts."

Irrevocable Trust Accounts. Funds in an account for an irrevocable trust (as determined under applicable state law) will be insured for up to the Maximum Insured Amount for the interest of each beneficiary, provided that the beneficiary's interest in the account is non-contingent (i.e., capable of determination without evaluation of contingencies) and certain other criteria are met. The FDIC treats Coverdell education savings accounts as irrevocable trust accounts for deposit insurance purposes. The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or beneficiaries. The interests of a beneficiary in all irrevocable trust accounts at MSBNA created by the same grantor will be aggregated and insured up to the Maximum Insured Amount. When a bankruptcy trustee commingles the funds of two or more bankruptcy estates in the same trust account, the funds of each bankruptcy estate will receive separate pass-through coverage for up to the Maximum Insured Amount.

Retirement and Employee Benefit Plans and Accounts - Generally. You may have interests in various retirement and employee benefit plans and accounts that are holding deposits of MSBNA. The amount of deposit insurance you will be entitled to will vary depending on the type of plan or account and on whether deposits held by the plan or account will be treated separately or aggregated with the deposits of MSBNA held by other plans or accounts. It is therefore important to understand the type of plan or account holding the CD. The following sections entitled "Pass-Through Deposit Insurance for Retirement and Employee Benefit Plan Deposits" and "Aggregation of Retirement and Employee Benefit Plans and Accounts" generally discuss the rules that apply to deposits of retirement and employee benefit plans and accounts.

Pass-Through Deposit Insurance for Retirement and Employee Benefit Plan Deposits. Subject to the limitations discussed below, under FDIC regulations, an individual's non-contingent interest in the deposits of one depository institution held by certain types of employee benefit plans are eligible for insurance on a "pass-through" basis up to the applicable deposit insurance limits for that type of plan. This means that, instead of an employee benefit plan's deposits at one depository institution being entitled to deposit insurance based on its aggregated deposits in MSBNA, each participant in the employee benefit plan is entitled to insurance of his or her interest in the employee benefit plan's deposits of up to the applicable deposit insurance limits per institution (subject to the aggregation of the participant's interests in different plans, as discussed below). The pass-through insurance provided to an individual as an employee benefit plan participant is in addition to the deposit insurance allowed on other deposits held by the individual at the issuing institution. However, pass-through insurance is aggregated across certain types of accounts. See the section entitled "Aggregation of Retirement and Employee Benefit Plans and Accounts."

A deposit held by an employee benefit plan that is eligible for pass-through insurance is **not** insured for an amount equal to the number of plan participants multiplied by the applicable deposit insurance limits. For example, assume an employee benefit plan that is a Qualified Retirement Account (defined below), *i.e.*, a plan that is eligible for deposit insurance coverage up to the Maximum Retirement Account Amount per qualified beneficiary, owns $500,000 in deposits at one institution and the plan has two participants, one with a vested non-contingent interest of $350,000 and one with a vested non-contingent interest of $150,000. In this case, the individual with the $350,000 interest would be insured up to the $250,000 Maximum Retirement Account Amount limit, and the individual with the $150,000 interest would be insured up to the full value of such interest.

Moreover, the contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee defined benefit plan are **not** insured on a pass-through basis. Any interests of an employee in an employee benefit plan deposit which are not capable of evaluation in accordance with FDIC rules (*i.e.*, contingent interests) will be aggregated with the contingent interests of other participants and insured up to the applicable deposit insurance limits. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to the applicable deposit insurance limits separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant.

Aggregation of Retirement and Employee Benefit Plans and Accounts

Self-Directed Retirement Accounts. The principal amount of deposits held in Qualified Retirement Accounts, plus accrued but unpaid interest, if any, are protected by FDIC insurance up to a maximum of the Maximum Retirement Account Amount for all such deposits held by you at the issuing depository institution. "Qualified Retirement Accounts" consist of (i) any individual retirement account ("**IRA**"), (ii) any eligible deferred compensation plan described in section 457 of the Code, (iii) any individual account plan described in section 3(34) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), to the extent the participants and beneficiaries under such plans have the right to direct the investment of assets held in the accounts and (iv) any plan described in section 401(d) of the Code, to the extent the participants and beneficiaries under such plans have the right to direct the investment of assets held in the accounts. The FDIC sometimes generically refers to this group of accounts as "self-directed retirement accounts." Supplementary FDIC materials indicate that Roth IRAs, self-directed Keogh Accounts, Simplified Employee Pension plans, Savings Incentive Match Plans for Employees and self-directed defined contribution plans (such as 401(k) plans) are intended to be included within this group of Qualified Retirement Accounts.

Other Employee Benefit Plans. Any employee benefit plan, as defined in Section 3(3) of ERISA, plan described in Section 401(d) of the Code, or eligible deferred compensation plan under section 457 of the Code, that does not constitute a Qualified Retirement Account — for example, certain employer-sponsored profit sharing plans — can still satisfy the requirements for pass-through insurance with respect to non-contingent interests of individual plan participants, *provided* that FDIC requirements for recordkeeping and account titling are met ("**Non-Qualifying Benefit Plans**"). Defined contribution plan accounts and Keogh accounts that are not "self-directed" also generally would be treated as Non-Qualifying Benefit Plans. For Non-Qualifying Benefit Plans, the amount subject to federal deposit insurance is the Maximum Insured Amount. Under FDIC regulations, an individual's interests in Non-Qualifying Benefit Plans maintained by the same employer or employee organization (*e.g.*, a union) which are holding deposits at the same institution will be insured up to the Maximum Insured Amount in the aggregate, separate from other accounts held at the same depository institution in other ownership capacities.

This general rule regarding pass-through insurance is subject to the following limitations and exceptions:

- *Total Coverage Might Not Equal the Maximum Retirement Account Amount Times the Number of Participants*. Each deposit held by an employee benefit plan may not necessarily be insured for an amount equal to the number of participants multiplied by the Maximum Retirement Account Amount. For example, suppose an employee benefit plan owns $500,000 in CDs at one institution. Suppose, further, that the employee benefit plan has two participants, one with a vested non-contingent interest of $300,000 and one with a vested non-contingent interest of $200,000. The individual with the $300,000 interest would be insured up to the $250,000 Maximum Retirement Account Amount limit and the individual with the $200,000 interest would be insured up to the full value of such interest.

- *Aggregation.* An individual's non-contingent interests in funds deposited with the same depository institution by different employee benefit plans of the same employer or employee organization are aggregated for purposes of applying this pass-through Maximum Retirement Account Amount per participant deposit insurance limit, and are insured in aggregate only up to the Maximum Retirement Account Amount per participant.

- *Contingent Interests/Overfunding*. Any portion of an employee benefit plan's deposits that is not attributable to the non-contingent interests of employee benefit plan participants is not eligible for pass-through deposit insurance coverage, and is insured, in aggregate, up to the Maximum Insured Amount.

To the extent that a CD purchaser expects its beneficial interest in the CDs to be fully covered by FDIC insurance, such purchaser, by purchasing a CD, is deemed to represent to MSBNA and its broker that its beneficial interest (or if it is an agent, nominee, custodian or other person who is purchasing a CD for its beneficial owners, that each beneficial owner's beneficial interest) in other deposits in MSBNA, when aggregated with the beneficial interest in the CD so purchased, to the extent that aggregation is required in determining insurance of accounts under the federal deposit insurance regulations, does not exceed the Maximum Insured Amount (or the Maximum Retirement Account Amount per participant in the case of certain retirement accounts as described above).

Neither MSBNA nor any broker will be obligated to any holder for amounts not covered by deposit insurance nor will they be obligated to make any payments to any holder in satisfaction of any loss such holder might incur, including losses that result from (a) a delay in insurance payouts applicable to its CD, (b) its receipt of a decreased rate of return on the reinvestment of the proceeds received as a result of a payment on a CD prior to its scheduled maturity, (c) payment in cash of the CD principal prior to maturity in connection with the liquidation of an insured institution or the assumption of all or a portion of its deposit liabilities at a lower interest rate or (d) its receipt of a decreased rate of return as compared to the Index Amount.

Payments under Adverse Circumstances

If the FDIC were appointed as conservator or receiver of MSBNA, the FDIC would be authorized to disaffirm or repudiate any contract to which MSBNA is a party, the performance of which was determined to be burdensome, and the disaffirmance or repudiation of which was determined to promote the orderly administration of MSBNA's affairs. It is likely that, for this purpose, deposit obligations, such as the CDs, would be considered "contracts", and that the CDs could be repudiated by the FDIC as conservator or receiver of MSBNA. Any such repudiation should result in a claim by a depositor against the conservator or receiver for the principal of the CDs and any accrued interest. No claim would be available for any secondary market premium paid by a depositor above the principal amount of a CD, and no claim would likely be available for any interest on the CDs that was not yet accrued. Therefore, you can lose up to the full amount of any secondary market premium and unaccrued interest.

As with all deposits, if it becomes necessary for federal deposit insurance payments to be made on the CDs, there is no specific time period during which the FDIC must make insurance payments available. Accordingly, you should be prepared for the possibility of an indeterminate delay in obtaining insurance payments.

The records maintained by MSBNA and any brokers regarding ownership of CDs would be used to establish your eligibility for federal deposit insurance payments. In addition, you may be required to provide certain documentation to the FDIC and your broker before insurance payments are released to you. For example, if you hold CDs 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 the payment.

In the event that deposit insurance payments become necessary for the CDs, the FDIC is required to pay the principal amount plus the accrued Minimum Interest Amount, if any, to the date of the closing of MSBNA, as prescribed by law, and subject to the $250,000 limitation. No interest is earned on deposits from the time MSBNA is closed until insurance payments are received.

In the event MSBNA were to fail between an early redemption date (as defined and specified in the applicable disclosure supplement) and the time you receive the early redemption amount (as defined and specified in the applicable disclosure supplement), the amount of the early redemption amount in excess of the principal amount of the CD, if any, may not be FDIC insured.

Except to the extent insured by the FDIC as described in this disclosure statement, the CDs are not otherwise insured by any governmental agency or instrumentality or any other person.

The FDIC as conservator or receiver may also transfer to another insured depository institution any of the insolvent institution's assets and liabilities, including liabilities such as the CDs, without the approval or consent of the beneficial owners of the CDs. The transferee depository institution would be permitted to offer beneficial owners of the CDs the choice of (i) repayment of the principal amount of the CDs or (ii) substitute terms which may be less favorable. If a CD is paid off prior to its maturity date, either by a transferee depository institution or the FDIC, its beneficial owner may not be able to reinvest the funds at the same rate of return as the rate on the original CD.

Preference in Right of Payment

Certain claims of depositors are entitled to a preference in right of payment over claims of general unsecured creditors in the event of a liquidation or other resolution of any FDIC-insured depository institution. The relevant statute requires claims to be paid in the following order:

- first, administrative expenses of the receiver;
- second, any deposit liability of the institution;
- third, any other general or senior liability of the institution not described below;
- fourth, any obligation subordinated to depositors or general creditors not described below;
- fifth, any obligation to shareholders or members (including any depository institution holding company or any shareholder or creditor of such company).

For purposes of the statute, deposit liabilities include any deposit payable at an office of the insured depository institution in the United States. They do not include international banking facility deposits or deposits payable solely at an office of the insured depository institution outside the United States.

In addition, in the view of the FDIC, any obligation of an FDIC-insured depository institution that is contingent at the time of the insolvency of the institution may not provide a basis for a claim against the FDIC as receiver for the insolvent institution.

SECONDARY MARKET

Each broker, though not obligated to do so, may maintain a secondary market in the CDs. Secondary market transactions may be expected to be effected at prices which reflect then-current interest rates, supply and demand, time remaining until maturity, the level, liquidity and volatility of any relevant index and general market conditions and at prices which are net of broker fees and commissions. The foregoing means that secondary market transactions may be effected at prices greater or less than $1,000 per $1,000 CD, and the yield to maturity on a CD purchased in the secondary market may differ from the yield at the time of original issuance. The prices at which CDs may trade in secondary markets may fluctuate more than ordinary interest-bearing certificates of deposit.

Each broker may purchase and sell CDs for its own account, as well as for the accounts of customers. Accordingly, a broker may realize profits from mark-ups on transactions for its own account, and may charge customers commissions in brokerage transactions, which mark-ups or commissions will affect the yield to maturity of such CDs. Any commission on a brokered secondary market transaction will be reflected in a holder's Confirmation.

Each broker may at any time, without notice, discontinue participation in secondary market transactions in CDs. Accordingly, a holder should not rely on the possible existence of a secondary market for any benefits, including liquidity, achieving trading profits, limiting trading or other losses, or realizing income prior to maturity.

In addition, if MSBNA or any of its affiliates purchase your CDs in the secondary market within six days after their initial issuance or within six days after your most recent partial withdrawal (if partial withdrawals are provided for in the applicable disclosure supplement), you will be subject to early withdrawal penalties we are required to impose pursuant to Regulation D of the Federal Reserve Board. Such penalties may also be imposed if your CDs are purchased within six days of their initial issuance or within six days after your most recent partial withdrawal (if partial withdrawals are provided for in the applicable disclosure supplement) by certain third-party brokers that receive fees from us in connection with their purchase of your CDs. Under these circumstances, the repurchase price will be less than the original issue price of the CDs or the portion of such purchase price that relates to the portion of CDs outstanding following a partial withdrawal.

FEES

Brokers will receive a placement fee from us in connection with your purchase of a CD. An affiliate of MSBNA will also receive fees from MSBNA in respect of hedging arrangements entered into with respect to the CDs. In addition, you may be charged fees or commissions on brokered secondary market transactions as noted above.

The original issue price of the CDs includes the broker's commissions paid with respect to the CDs and the cost of hedging our obligations under the CDs. The cost of hedging includes the projected profit that our affiliates may realize in consideration for assuming the risks inherent in managing the hedging transactions. The fact that the original issue price of the CDs reflects these commissions and hedging costs is expected to adversely affect the secondary market prices of the CDs, if any secondary market prices are available.

The disclosure supplement for each issuance of CDs will include the issuer's estimated value of the CDs on the pricing date.

BENEFIT PLAN INVESTOR CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") (a "**Plan**"), should consider the fiduciary standards of ERISA in the context of the Plan's particular circumstances before authorizing an investment in the CDs. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan.

In addition, we and certain of our subsidiaries and affiliates, including MS & Co., may be considered a "party in interest" within the meaning of ERISA, or a "disqualified person" within the meaning of the Internal Revenue Code of 1986, as amended (the "**Code**"), with respect to many Plans, as well as many individual retirement accounts and Keogh plans (also "**Plans**"). ERISA Section 406 and Code Section 4975 generally prohibit transactions between Plans and parties in interest or disqualified persons. Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if the CDs are acquired by or with the assets of a Plan with respect to which MS & Co. or any of its affiliates is a service provider or other party in interest, unless the CDs are acquired pursuant to an exemption from the "prohibited transaction" rules. A violation of these "prohibited transaction" rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

The U.S. Department of Labor has issued five prohibited transaction class exemptions ("**PTCEs**") that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the CDs. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code may provide an exemption for the purchase and sale of CDs, provided that neither the issuer of the CDs nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than "adequate consideration" in connection with the transaction (the so-called "service provider" exemption). There can be no assurance that any of these class or statutory exemptions will be available with respect to transactions involving the CDs.

Because we may be considered a party in interest with respect to many Plans, the CDs may not be purchased, held or disposed of by any Plan, any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "**Plan Asset Entity**") or any person investing "plan assets" of any Plan, unless such purchase, holding or disposition is eligible for exemptive relief, including relief available under PTCEs 96-23, 95-60, 91-38, 90-1, 84-14 or the service provider exemption or such purchase, holding or disposition is otherwise not prohibited. Any purchaser, including any fiduciary purchasing on behalf of a Plan, transferee or holder of the CDs will be deemed to have represented, in its corporate and its fiduciary capacity, by its purchase and holding of the CDs that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing such CDs on behalf of or with "plan assets" of any Plan or with any assets of a governmental, non-U.S. or church plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("Similar Law") or (b) its purchase, holding and disposition are eligible for exemptive relief or such purchase, holding and disposition are not prohibited by ERISA or Section 4975 of the Code or any Similar Law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the CDs on behalf of or with "plan assets" of any Plan consult with their counsel regarding the availability of exemptive relief.

Each purchaser and holder of the CDs has exclusive responsibility for ensuring that its purchase, holding and disposition of the CDs do not violate the prohibited transaction rules of ERISA or the Code or any Similar Law. The sale of any CDs to any Plan or plan subject to Similar Law is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by plans generally or any particular plan, or that such an investment is appropriate for plans generally or any particular plan.

However, individual retirement accounts, individual retirement annuities and Keogh plans, as well as employee benefit plans that permit participants to direct the investment of their accounts, will not be permitted to purchase or hold the CDs if the account, plan or annuity is for the benefit of an employee of Morgan Stanley or MSSB or a family member and the employee receives any compensation (such as, for example, an addition to bonus) based on the purchase of the CDs by the account, plan or annuity.

UNITED STATES FEDERAL TAXATION

This disclosure is limited to the U.S. federal income tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the U.S. federal tax treatment of the CDs. Investors should seek their own advice based on their particular circumstances from an independent tax adviser.

The following is a general discussion of the material U.S. federal income tax consequences and certain estate tax consequences of the ownership and disposition of the CDs. This discussion applies only to initial investors in the CDs who:

- purchase the CDs at the "issue price," which will equal the first price at which a substantial amount of the CDs is sold to the public (not including bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); and

- hold the CDs as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code").

Subject to any additional discussion in the applicable disclosure supplement, it is expected, and the discussion below assumes, that, for U.S. federal income tax purposes, the CDs will be treated as debt and the issue price of a CD is equal to its stated issue price indicated in the applicable disclosure supplement.

This discussion does not describe all of the tax consequences that may be relevant to a holder in light of the holder's particular circumstances or to holders subject to special rules, such as:

- certain financial institutions;

- insurance companies;

- certain dealers and traders in securities or commodities;

- investors holding the CDs as part of a "straddle," conversion transaction, integrated transaction or constructive sale transaction;

- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;

- partnerships or other entities classified as partnerships for U.S. federal income tax purposes;

- regulated investment companies;

- real estate investment trusts; or

- tax-exempt entities, including "individual retirement accounts" or "Roth IRAs" as defined in Section 408 or 408A of the Code, respectively.

This discussion does not apply to a CD with a maturity of one year or less (after taking into account the last possible day that the CD could be outstanding under its terms). Any alternative minimum tax consequences or consequences resulting from the Medicare tax on investment income are also not addressed in this discussion.

In addition, we will not attempt to ascertain whether any issuer of any shares to which a CD relates (such shares hereafter referred to as "Underlying Shares") is treated as a "passive foreign investment company" ("PFIC") within the meaning of Section 1297 of the Code or as a "United States real property holding corporation" ("USRPHC") within the meaning of Section 897 of the Code. If any issuer of Underlying Shares were so treated, certain adverse U.S. federal income tax consequences might apply to a U.S. Holder in the case of a PFIC, and to a Non-U.S. Holder (as defined below) in the case of a USRPHC, upon the sale, exchange or retirement of a CD. You should refer to information filed with the Securities and Exchange Commission or other governmental authorities by the issuers of the Underlying Shares and consult your tax adviser regarding the possible consequences to you if any issuer of Underlying Shares is or becomes a PFIC or USRPHC.

This summary also does not address the U.S. federal income tax consequences of the ownership or disposition of any Underlying Shares (whether or not the issuer of the Underlying Shares is treated as a PFIC or USRPHC) received by a holder upon the exchange or retirement of a CD. You should consult your tax adviser regarding the potential U.S. federal income tax consequences of the ownership or disposition of any Underlying Shares received upon the exchange or retirement of a CD.

This discussion is based on the Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations, all as of the date hereof, changes to any of which subsequent to the date hereof may affect the tax consequences described herein. Persons considering the purchase of CDs should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

This discussion is subject to any additional discussion regarding U.S. federal taxation contained in the applicable disclosure supplement. Accordingly, you should also consult the applicable disclosure supplement for any additional discussion of U.S. federal taxation with respect to the specific CDs offered thereunder.

Tax Consequences to U.S. Holders

This section applies to you only if you are a U.S. Holder. As used herein, the term "U.S. Holder" means a beneficial owner of a CD that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

Payments of Stated Interest. Unless otherwise specified in the applicable disclosure supplement and subject to the discussions below, stated interest paid on a CD will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the holder's method of accounting for U.S. federal income tax purposes.

Special rules governing the treatment of interest paid with respect to discount CDs, floating rate CDs, foreign currency CDs, foreign currency contingent payment CDs and contingent payment CDs are described under "—Discount CDs," "—Floating Rate CDs," "—Foreign Currency CDs," "—Foreign Currency Contingent Payment CDs" and "—Contingent Payment CDs" below.

Discount CDs

General. A CD (other than a contingent payment CD or a foreign currency contingent payment CD, each as defined below) that is issued at an issue price less than its "stated redemption price at maturity" will be considered to have been issued with "original issue discount" for U.S. federal income tax purposes (and will be referred to in this discussion as a "discount CD") unless the CD satisfies a *de minimis* threshold (as defined below). The amount of original issue discount is equal to the excess of the stated redemption price at maturity over the issue price. The "stated redemption price at maturity" of a CD equals the sum of all payments required under the CD other than payments of "qualified stated interest." "Qualified stated interest" is stated interest unconditionally payable as a series of payments (other than in debt instruments of Morgan Stanley) at least annually during the entire term of the CD. For a CD that provides for interest solely at a single fixed rate, qualified stated interest is equal to the outstanding principal balance of the CD multiplied by the single fixed rate of interest. Subject to the discussion below under "—CDs Subject to Early Redemption," if a CD provides for more than one fixed rate of stated interest, interest payable at the lowest stated fixed rate generally is qualified stated interest and the excess, if any, is included in the stated redemption price at maturity for purposes of determining whether the CD will be issued with original issue discount. See "—Floating Rate CDs" below with regard to qualified stated interest in the case of floating rate CDs.

A CD will not be considered to have original issue discount if the difference between the CD's stated redemption price at maturity and its issue price is less than a *de minimis* amount, generally defined by applicable Treasury regulations as ¼ of 1 percent of the stated redemption price at maturity multiplied by the number of complete years to maturity or, in the case of an installment obligation (as defined by applicable Treasury regulations), the weighted average maturity. The weighted average maturity is the sum of the following amounts determined for each payment under the CD other than a payment of qualified stated interest: (i) the number of complete years from the issue date of the CD until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the CD's stated redemption price at maturity.

A U.S. Holder of discount CDs will be required to include any qualified stated interest payments in income in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes. U.S. Holders of discount CDs will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest, without regard to the timing of the receipt of cash payments attributable to this income. Under this method, U.S. Holders of discount CDs generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in gross income all interest that accrues on any CD (including stated interest, original issue discount and *de minimis* original issue discount, as adjusted by any amortizable bond premium (as defined below)) in accordance with a constant yield method based on the compounding of interest (a "constant yield election"). Such election may be revoked only with the permission of the Internal Revenue Service (the "IRS").

Additional rules applicable to discount CDs that are denominated in a specified currency other than the U.S. dollar, or have payments of interest or principal determined by reference to the value of one or more currencies other than the U.S. dollar, are described under "—Foreign Currency CDs" and "—Foreign Currency Contingent Payment CDs" below.

CDs Subject to Early Redemption. A CD that is subject to redemption prior to maturity may be subject to rules that differ from the general rules described above for purposes of determining the yield and maturity of the CD (which may affect whether the CD is treated as issued with original issue discount and, if so, the timing of accrual of the original issue discount). Under applicable Treasury regulations, we will generally be presumed to exercise an option to redeem a CD if the exercise of the option will lower the yield on the CD. Conversely, you will generally be presumed to exercise an option to require us to repurchase a CD if the exercise of the option will increase the yield on the CD. If such an option is not in fact exercised, the CD will be treated, solely for purposes of calculating original issue discount, as if it were redeemed and a new CD were issued on the presumed exercise date for an amount equal to the CD's "adjusted issue price" on that date. A CD's "adjusted issue price" is defined as the sum of its issue price and the aggregate amount of previously accrued original issue discount, less any prior payments on the CD other than payments of qualified stated interest.

Under these rules, if a CD provides for more than one fixed rate of interest that increase over the term of the CD, the CD's issue price is not below its stated principal amount and we have an option to redeem the CD for an amount equal to the stated principal amount prior to the first date on which an increased rate of interest is in effect, the yield on the CD will be lowered if we redeem the CD before the initial increase in the interest rate, and therefore our redemption option will be treated as exercised. Since the CD will therefore be treated as if it were redeemed and reissued prior to the initial increase in the interest rate, the CD will not be treated as issued with original issue discount. If a CD is not treated as issued with original issue discount and if, contrary to the presumption in the applicable Treasury regulations, we do not redeem the CD before the initial increase in the interest rate, the same analysis will apply to all subsequent increases in the interest rate. This means that the CD that is deemed reissued will be treated as redeemed prior to any subsequent increase in the interest rate, and therefore as issued without original issue discount.

Floating Rate CDs

General. Floating rate CDs are subject to special rules whereby a floating rate CD will qualify as a "variable rate debt instrument" if:

- the issue price does not exceed the total noncontingent principal payments due under the floating rate CD by more than a specified *de minimis* amount;
- it provides for stated interest, paid or compounded at least annually, at current values of:
  - one or more qualified floating rates,
  - a single fixed rate and one or more qualified floating rates,
  - a single objective rate, or
  - a single fixed rate and a single objective rate that is a qualified inverse floating rate,

  each as defined in the applicable Treasury regulations; and
- certain other conditions, as set forth in the applicable Treasury regulations, are satisfied.

In general, a "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the floating rate CD is denominated. For example, the commercial paper rate, the LIBOR rate and the CMT rate will generally be treated as qualified floating rates. In general, a variable rate is not a "qualified floating rate" if it is subject to (i) a restriction or restrictions on the maximum stated interest rate (a "cap"), (ii) a restriction or restrictions on the minimum stated interest rate (a "floor"), (iii) a restriction or restrictions on the amount of increase or decrease in the stated interest rate (a "governor"), or (iv) any other restrictions similar to (i), (ii) and (iii). Notwithstanding the preceding sentence, the following restrictions will not cause a variable rate to fail to be a "qualified floating rate":

- a cap, floor, or governor that is fixed throughout the term of the floating rate CD;
- a cap or similar restriction that is not reasonably expected as of the issue date to cause the yield on the floating rate CD to be significantly less than the expected yield determined without the cap;
- a floor or similar restriction that is not reasonably expected as of the issue date to cause the yield on the floating rate CD to be significantly more than the expected yield determined without the floor; or
- a governor or similar restriction that is not reasonably expected as of the issue date to cause the yield on the floating rate CD to be significantly more or significantly less than the expected yield determined without the governor.

In general, an "objective rate" is a rate that is not itself a qualified floating rate but that is determined using a single fixed formula that is based on objective financial or economic information. A "qualified inverse floating rate" is any objective rate where such rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

Unless otherwise provided in the applicable disclosure supplement, it is expected, and the discussion below assumes, that a floating rate CD will qualify as a "variable rate debt instrument." If a floating rate CD does not qualify as a "variable rate debt instrument," then it will generally be treated as a "contingent payment debt instrument." For a description of the treatment of "contingent payment debt instruments," see the discussion under "—Contingent Payment CDs" below.

Floating Rate CDs that Provide for a Single Variable Rate. All stated interest on a floating rate CD will constitute qualified stated interest and will be taxable accordingly (as described under "—Discount CDs—General" above) if:

- the floating rate CD provides for stated interest at a single variable rate throughout the term thereof; and
- the stated interest on the floating rate CD is unconditionally payable in cash or other property (other than debt instruments of Morgan Stanley) at least annually.

Thus, such a floating rate CD will generally not be treated as issued with original issue discount unless the floating rate CD is issued at an issue price below its stated principal amount and the difference between the issue price and the stated principal amount is equal to or greater than a specified *de minimis* amount, as defined above under "—Discount CDs—General." For this purpose, and for purposes of the discussion below under "—Floating Rate CDs that Provide for Multiple Rates," if a floating rate CD provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate and if the variable rate on the floating rate CD's issue date is intended to approximate the fixed rate (which will be presumed to be the case if the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25%), then the fixed rate and the variable rate together will constitute a single variable rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the floating rate CD (which will be presumed to be the case for two or more qualified floating rates with values within 0.25% of each other as determined on the issue date) will be treated as a single qualified floating rate.

If a floating rate CD that provides for stated interest at a single variable rate is issued with original issue discount equal to or greater than a specified *de minimis* amount, as discussed above, the amount of qualified stated interest and the amount of original issue discount that accrues during an accrual period on the floating rate CD are determined under the rules applicable to fixed rate debt instruments, discussed under "—Discount CDs" above, by assuming that the variable rate is a fixed rate equal to:

- in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate; or
- in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the floating rate CD.

The qualified stated interest required to be recognized in an accrual period is increased (or decreased) if the interest actually paid during the accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to the foregoing rules.

Floating Rate CDs that Provide for Multiple Rates. In general, a floating rate CD that provides for (i) multiple floating rates or (ii) one or more floating rates in addition to a single fixed rate will be converted into an "equivalent fixed rate debt instrument" for purposes of determining the amount and accrual of original issue discount and qualified stated interest on the floating rate CD. A floating rate CD that only provides for multiple floating rates must be converted into an "equivalent" fixed rate debt instrument by replacing any qualified floating rate or qualified inverse floating rate provided for under the terms of the floating rate CD with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the floating rate CD's issue date. In the case of a floating rate CD that provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the floating rate CD provides for a qualified inverse floating rate). Under such circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the floating rate CD as of the floating rate CD's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for the substitute qualified floating rate or qualified inverse floating rate, as appropriate, rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the floating rate CD is then converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the floating rate CD is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of original issue discount and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general original issue discount rules to the "equivalent" fixed rate debt instrument, and a U.S. Holder of the floating rate CD must account for such original issue discount and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument, as described under "—Discount CDs" above. In each accrual period, appropriate adjustments must be made to the amount of qualified stated interest (or, in certain circumstances, original issue discount) assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that such amounts differ from the actual amount of interest accrued or paid on the floating rate CD during the accrual period.

Amortizable Bond Premium. If a U.S. Holder purchases a CD (other than a contingent payment CD or foreign currency contingent payment CD, as defined below) for an amount that is greater than the sum of all amounts payable on the CD other than qualified stated interest, the holder will be considered to have purchased the CD with amortizable bond premium equal to such excess. Special rules may apply in the case of CDs that are subject to optional redemption. A U.S. Holder may generally use the amortizable bond premium allocable to an accrual period to offset qualified stated interest required to be included in such holder's income with respect to the CD in that accrual period. A holder who elects to amortize bond premium must reduce its tax basis in the CD by the amount of the premium previously amortized. An election to amortize bond premium applies to all taxable debt obligations then owned and thereafter acquired by the holder and may be revoked only with the consent of the IRS.

If a holder makes a constant yield election (as described under "—Discount CDs" above) for a CD with amortizable bond premium, such election will result in a deemed election to amortize bond premium for all of the holder's debt instruments with amortizable bond premium and may be revoked only with the permission of the IRS with respect to debt instruments acquired after revocation.

Sale, Exchange or Retirement of the CDs. Upon the sale, exchange or retirement of a CD, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange or retirement and the holder's adjusted tax basis in the CD. For these purposes, the amount realized does not include any amount attributable to accrued but unpaid qualified stated interest. Amounts attributable to accrued but unpaid qualified stated interest are treated as interest as described under "—Payments of Stated Interest" above. A U.S. Holder's adjusted tax basis in a CD will equal the cost of the CD to the holder, increased by the amounts of any original issue discount previously included in income by the holder with respect to the CD, and reduced by any principal payments received by the holder, by the amounts of any bond premium previously amortized by the holder and by the amounts of any other payments that do not constitute qualified stated interest**.**

Except as described below or as otherwise provided in the applicable disclosure supplement, gain or loss realized on the sale, exchange or retirement of a CD will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the CD has been held for more than one year. Exceptions to this general rule apply in the cases of foreign currency CDs, foreign currency contingent payment CDs and contingent payment CDs. See the discussions under "—Foreign Currency CDs," "—Foreign Currency Contingent Payment CDs" and "—Contingent Payment CDs" below.

Foreign Currency CDs

General. The following discussion describes certain special rules applicable to a U.S. Holder of CDs (i) that are denominated in a specified currency other than the U.S. dollar or (ii) the payments of interest and principal on which are payable in (or determined by reference to) a specified currency other than the U.S. dollar, which we refer to as "foreign currency CDs." For a description of the treatment of foreign currency CDs that provide for contingent payments or for payments made in or determined by reference to multiple currencies, see the discussion under "—Foreign Currency Contingent Payment CDs" below.

The rules applicable to CDs that are denominated in a currency other than the U.S. dollar could require gain or loss realized upon the sale, exchange or other disposition (including retirement) of the CDs that is attributable to fluctuations in currency exchange rates ("foreign currency gain or loss") to be recharacterized as ordinary income or loss. The rules applicable to foreign currency CDs are complex and their application may depend on the holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a holder should make any of these elections may depend on the holder's particular U.S. federal income tax situation. U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency CDs.

Payments of Interest on Foreign Currency CDs. A U.S. Holder who uses the cash method of accounting for U.S. federal income tax purposes and who receives a payment of qualified stated interest (or who receives proceeds from a sale, exchange or other disposition (including retirement) attributable to accrued qualified stated interest) in a foreign currency with respect to a foreign currency CD will be required to include in income the U.S. dollar value of the foreign currency payment regardless of whether the payment is in fact converted to U.S. dollars at that time and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency. A cash-method holder who receives a payment of qualified stated interest in U.S. dollars should include the amount of this payment in income upon receipt. To the extent that a cash-method holder is required to accrue original issue discount on a foreign currency CD, rules similar to the rules described in the following paragraph will apply with respect to the original issue discount.

In the case of a U.S. Holder that uses the accrual method of accounting for U.S. federal income tax purposes, the holder will be required to include in income the U.S. dollar value of the amount of interest income (including original issue discount, but reduced by amortizable bond premium to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a foreign currency CD during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at an average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. In addition to the interest income accrued as described above, the U.S. Holder will recognize foreign currency gain or loss as ordinary income or loss (which will not be treated as interest income or expense) with respect to accrued interest income on the date the interest payment or proceeds from the sale, exchange or other disposition (including retirement) attributable to accrued interest are actually received. The amount of ordinary income or loss recognized will equal the difference between the U.S. dollar value of the foreign currency payment received (determined based on a spot rate on the date the payment is received) in respect of the accrual period (or, where a holder receives U.S. dollars, the amount of the payment in respect of the accrual period) and the U.S. dollar value of interest income that has accrued during the accrual period (as determined above). A U.S. Holder may elect to translate interest income (including original issue discount) for an interest accrual period into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Amortizable Bond Premium on Foreign Currency CDs. Amortizable bond premium (as defined above) on a foreign currency CD is to be determined in the relevant foreign currency. If an election to amortize bond premium is made, amortizable bond premium taken into account on a current basis will reduce interest income in units of the relevant foreign currency. Foreign currency gain or loss is realized on amortized bond premium with respect to any period by treating the bond premium amortized in the same period as a return of principal that is treated in the same manner as on the sale, exchange or retirement of the foreign currency CD (as discussed below). Any foreign currency gain or loss will be ordinary income or loss as described below.

Tax Basis in Foreign Currency CDs. A U.S. Holder's tax basis in a foreign currency CD, and the amount of any subsequent adjustment to the holder's tax basis, will be the U.S. dollar value of the foreign currency amount paid for such foreign currency CD, or of the foreign currency amount of the adjustment, determined on the date of the purchase or adjustment. A U.S. Holder who purchases a foreign currency CD with previously owned foreign currency will recognize ordinary income or loss in an amount equal to the difference, if any, between such U.S. Holder's tax basis in the foreign currency and the U.S. dollar fair market value of the foreign currency CD on the date of purchase.

Sale, Exchange or Retirement of Foreign Currency CDs. Foreign currency gain or loss recognized upon the sale, exchange or retirement of a foreign currency CD will be ordinary income or loss that will not be treated as interest income or expense. The amount of foreign currency gain or loss generally will equal the difference between (i) the U.S. dollar value of the U.S. Holder's purchase price (excluding any amortizable bond premium previously accrued) in the foreign currency of the CD, determined on the date the payment is received in exchange for the CD or the CD is disposed of, and (ii) the U.S. dollar value of the U.S. Holder's purchase price (excluding any amortizable bond premium previously accrued) in the foreign currency of the CD, determined on the date the U.S. Holder acquired the CD. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency CDs described above. Foreign currency gain or loss realized upon the sale, exchange or retirement of any foreign currency CD will be recognized only to the extent of the total gain or loss realized by a U.S. Holder on the sale, exchange or retirement of the foreign currency CD. Any gain or loss realized by a U.S. Holder in excess of the foreign currency gain or loss generally will be capital gain or loss. If a U.S. Holder recognizes an ordinary loss upon a sale or other disposition of a foreign currency CD and such loss is above certain thresholds, the holder may be required to file a disclosure statement with the IRS. See "—Disclosure Requirements" below.

A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a foreign currency CD equal to the U.S. dollar value of the foreign currency, determined at the time of such sale, exchange or retirement. A cash-method taxpayer who buys or sells a foreign currency CD that is traded on an established securities market is required to translate units of foreign currency paid or received into U.S. dollars at the spot rate on the settlement date of the purchase or sale. Accordingly, no exchange gain or loss will result with respect to such foreign currency from currency fluctuations between the trade date and the settlement of the purchase or sale. An accrual-method taxpayer may elect the same treatment for all purchases and sales of foreign currency obligations if such obligations are traded on an established securities market. This election cannot be changed without the consent of the IRS. Any gain or loss realized by a U.S. Holder on a sale or other disposition of foreign currency (including its exchange for U.S. dollars or its use to purchase foreign currency CDs) will be ordinary income or loss.

Foreign Currency Contingent Payment CDs

General. The following discussion describes certain special rules applicable to a U.S. Holder of CDs that (i) are denominated in a specified currency other than the U.S. dollar or the payments of interest and principal on which are payable in (or determined by reference to) a specified currency other than the U.S. dollar and provide for contingent payments or (ii) provide for payments made in or determined by reference to multiple currencies (such CDs hereinafter referred to as "foreign currency contingent payment CDs"). These CDs will be subject to special rules that govern the tax treatment of foreign currency contingent payment debt instruments under applicable Treasury regulations (the "foreign currency contingent debt regulations").

Pursuant to the foreign currency contingent debt regulations, a U.S. Holder of a CD will be required to accrue interest income on the CD on a constant yield basis, based on a comparable yield, as described below, regardless of whether such holder uses the cash or accrual method of accounting for U.S. federal income tax purposes. All determinations and computations required under the foreign currency contingent debt regulations (including our determination of the "comparable yield" and "projected payment schedule" for the CD) will be made in the denomination currency of the CD. The foreign currency contingent debt regulations provide that the denomination currency of CDs that have principal or interest payments denominated in, or determined by reference to, more than one currency is the currency with the greatest value determined by comparing the values of the noncontingent and projected payments denominated in, or determined by reference to, each currency on the issue date, discounted to present value and, if necessary, translated into U.S. dollars at the spot rate on the issue date.

The foreign currency contingent debt regulations provide that a U.S. Holder must accrue into income original issue discount for U.S. federal income tax purposes for each accrual period prior to and including the maturity date of the CD. The amount of original issue discount that a U.S. Holder must accrue for each accrual period is determined in the denomination currency and equals the product of:

- the adjusted issue price (as defined below) of the CD in the denomination currency as of the beginning of the accrual period;

- the comparable yield (as defined below) of the CD, adjusted for the length of the accrual period; and
- a fraction, the numerator of which is the number of days during the accrual period that the U.S. Holder held the CD and the denominator of which is the number of days in the accrual period.

The "adjusted issue price" of a CD is its issue price, increased by any interest income previously accrued (determined without regard to any net positive or net negative adjustments as described below), and decreased by the amount of any projected payments that previously have been scheduled to be made in respect of the CD, each determined in the denomination currency.

The term "comparable yield" as used in the foreign currency contingent debt regulations is determined in the denomination currency and is equal to the greater of (i) the annual yield we would pay, as of the issue date, on a fixed rate debt instrument in the denomination currency with no contingent payments, but with terms and conditions otherwise comparable to those of the CD, and (ii) a rate of interest that is analogous to the applicable federal rate that would be used if the U.S. dollar were the denomination currency.

The foreign currency contingent debt regulations require that we provide to U.S. Holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments in the denomination currency (the ''projected payment schedule'') on a CD. This schedule must produce a yield to maturity that equals the comparable yield.

The comparable yield and the projected payment schedule will not be provided for any purpose other than to determine a U.S. Holder's interest accruals and adjustments thereto in respect of the CD for U.S. federal income tax purposes. The comparable yield and the projected payment schedule will not constitute a projection or representation by us regarding the actual amounts that will be paid on the CD.

Translation of Amounts Determined Under Noncontingent Bond Method. The accruals of interest computed with respect to a CD in the denomination currency (adjusted by certain net positive or negative adjustments as described below) must be translated into U.S. dollars. The U.S. dollar value of the accrued income will be determined by translating the income at an average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at an average rate for the partial period within the taxable year. A U.S. Holder may elect to translate interest income for an interest accrual period into U.S. dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year). A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Adjustments to Interest Accruals on the CDs. If, during any taxable year, a U.S. Holder of a CD receives actual payments with respect to such CD that, in the aggregate, exceed the total amount of projected payments for that taxable year, as determined in the denomination currency, the U.S. Holder will incur a ''net positive adjustment'' under the foreign currency contingent debt regulations equal to the amount of such excess. The U.S. Holder will treat a net positive adjustment as additional interest income in that taxable year, translated into U.S. dollars at the spot rate on the last day of the taxable year in which the adjustment is taken into account or, if earlier, the date of a sale, exchange or retirement of the CD.

If a U.S. Holder receives in a taxable year actual payments with respect to a CD that, in the aggregate, are less than the amount of projected payments for that taxable year, as determined in the denomination currency, the U.S. Holder will incur a ''net negative adjustment'' under the foreign currency contingent debt regulations equal to the amount of such deficit. This net negative adjustment:

(i) will first reduce interest on the CD that otherwise would accrue in the denomination currency for that taxable year;

(ii) to the extent of any excess after applying (i), will give rise to an ordinary loss to the extent of the U.S. Holder's accrued but unpaid interest on the CD in prior taxable years (translated into U.S. dollars at the spot rate used to translate interest in the relevant prior taxable year);

(iii) to the extent of any excess after applying (i) and (ii), will give rise to an ordinary loss to the extent of the U.S. Holder's accrued and paid interest on the CD in prior taxable years (translated into U.S. dollars at the spot rate on the date the CD was issued or, if later, acquired); and

(iv) to the extent of any excess after applying (i), (ii) and (iii), will be treated as a net negative adjustment carryforward that will be applied to reduce interest accruals in subsequent years and the amount realized in the year of a sale, exchange or retirement of the CD (in the denomination currency).

With respect to non-corporate U.S. Holders, a net negative adjustment is not subject to the two percent floor limitation on miscellaneous itemized deductions.

Sale, Exchange or Retirement of Foreign Currency Contingent Payment CDs. Generally, the sale, exchange or retirement of a CD will result in taxable gain or loss to a U.S. Holder. The amount of gain or loss on a sale, exchange or retirement of a CD will be equal to the difference between the amount realized on the sale, exchange or retirement and such holder's adjusted tax basis in the CD. As discussed above, to the extent a U.S. Holder has any net negative adjustment carryforward, the U.S. Holder may use such net negative adjustment from a previous year to reduce the amount realized in the denomination currency on the sale, exchange or retirement of the CD.

A U.S. Holder's adjusted tax basis in a CD will equal the U.S. dollar cost as of the day the U.S. Holder purchased the CD, increased by the U.S. dollar value of the holder's total interest accruals with respect to the CD (determined without regard to any adjustments to interest accruals as described above), translated as described above, and decreased by the amount of any projected payments that previously have been scheduled to be made in respect of the CD (translated into U.S. dollars).

The amount realized on the sale, exchange or unscheduled retirement of a CD is generally equal to the U.S. dollar value of cash and the fair market value of any other property received by the U.S. Holder, reduced by the amount of any net negative adjustment carryforward (translated into U.S. dollars). Any gain other than foreign currency gain (as discussed below) will be treated as interest income. Any loss other than foreign currency loss (as discussed below) will be treated as an ordinary loss to the extent of the excess of the holder's total interest accruals over the total net negative adjustments previously taken into account as ordinary losses in respect of the CD, and as a capital loss thereafter. If a U.S. Holder recognizes an ordinary loss upon a sale, exchange or retirement of a CD and such loss is above certain thresholds, the holder may be required to file a disclosure statement with the IRS. See "—Disclosure Requirements" below.

For purposes of determining the amount realized at maturity of a CD, the U.S. Holder will be deemed to receive the projected amount of any contingent payment due on that date, reduced by the amount of any net negative adjustment carryforward. The projected amount is translated into U.S. dollars by translating the portion attributable to principal into U.S. dollars at the spot rate on the issue date and translating the portion attributable to accrued interest into U.S. dollars at the rates at which such amounts of interest were translated when accrued. To the extent that the actual amount a U.S. Holder receives at the maturity of a CD is greater or less than the projected amount, a U.S. Holder will incur a net positive adjustment or a net negative adjustment, which will be treated as described above under "—Adjustments to Interest Accruals on the CDs." To the extent that there is any net negative adjustment carryforward as described above under "—Adjustments to Interest Accruals on the CDs," it will reduce the amount realized on the CD (translated into U.S. dollars at the spot rate on the issue date of the CD).

Foreign Currency Gain or Loss on Foreign Currency Contingent Payment CDs. A U.S. Holder may recognize foreign currency gain or loss with respect to a CD when the U.S. Holder receives payments on the CD. The amount of foreign currency gain or loss attributable to payments of interest previously accrued on the CD is determined by translating the amount of interest received into U.S. dollars at the spot rate on the date of receipt and subtracting from such amount the amount determined by translating the interest received into U.S. dollars at the rate at which such interest was accrued, as described above. The amount of foreign currency gain or loss attributable to payments of principal is determined by translating the amount of principal received into U.S. dollars at the spot rate on the date of receipt and subtracting from such amount the amount determined by translating the principal received into U.S. dollars at the spot rate on the date the CD was issued or, if later, acquired. For purposes of determining the amount of foreign currency gain or loss, the amount received (i) shall first be attributed to any net positive adjustment on the CD that has not previously been taken into account and (ii) then to accrued but unpaid interest remaining after reduction by any net negative adjustment and (iii) any remaining amount shall be attributed to the principal.

Upon a sale, exchange or unscheduled retirement of a CD, a U.S. Holder would also recognize foreign currency gain or loss. Payments received upon such a sale, exchange or unscheduled retirement of a CD shall first be applied against the principal of the CD and then against accrued but unpaid interest (and treated, in each case, as described in the preceding paragraph).

The total amount of foreign currency gain or loss on a CD is equal to the sum of the foreign currency gains or losses on principal and interest, calculated as described above. Any such foreign currency gain or loss will be treated as ordinary income or loss. Prospective purchasers should consult their tax advisers regarding these rules. If a U.S. Holder recognizes an ordinary loss upon a sale or other disposition of a foreign currency contingent payment CD and such loss is above certain thresholds, the holder may be required to file a disclosure statement with the IRS. See "—Disclosure Requirements" below.

Special rules will apply if one or more contingent payments on a CD become fixed. If one or more contingent payments on a CD (determined in the denomination currency) become fixed more than six months prior to the date each such payment is due, a U.S. Holder will be required to make a positive or negative adjustment, as appropriate, equal to the difference between the present value of the amounts that are fixed and the present value of the projected amounts of the contingent payments as provided in the projected payment schedule (determined in the denomination currency), using the comparable yield as the discount rate in each case. If all remaining scheduled contingent payments on a CD become fixed substantially contemporaneously, a U.S. Holder will be required to make adjustments to account for the difference between the amounts treated as fixed and the projected payments in a reasonable manner over the remaining term of the CD. For purposes of the preceding sentence, a payment (including an amount payable at maturity) will be treated as fixed if (and when) all remaining contingencies with respect to it are remote or incidental within the meaning of the applicable Treasury regulations. A U.S. Holder's tax basis in the CD and the character of any gain or loss on the sale of the CD will also be affected. U.S. Holders should consult their tax advisers concerning the application of these special rules.

Contingent Payment CDs

General. Unless otherwise noted in the applicable disclosure supplement, a CD that has principal or interest determined by reference to commodities, securities or indices (such CDs hereinafter referred to as "contingent payment CDs") will generally be treated as a "contingent payment debt instrument" for U.S. federal income tax purposes. As a result, contingent payment CDs will be subject to special rules that govern the tax treatment of debt obligations that are treated under applicable Treasury regulations (the "contingent debt regulations") as providing for contingent payments.

Pursuant to the contingent debt regulations, a U.S. Holder of a contingent payment CD will be required to accrue interest income on the contingent payment CD on a constant yield basis, based on a comparable yield, as described below, regardless of whether such holder uses the cash or accrual method of accounting for U.S. federal income tax purposes. As a result, a U.S. Holder may be required to include interest in income each year in excess of any stated interest payments actually received in that year.

The contingent debt regulations provide that a U.S. Holder must accrue an amount of ordinary interest income, as original issue discount for U.S. federal income tax purposes, for each accrual period prior to and including the maturity date of the contingent payment CD that equals the product of:

- the adjusted issue price (as defined below) of the contingent payment CD as of the beginning of the accrual period;
- the comparable yield (as defined below) of the contingent payment CD, adjusted for the length of the accrual period; and

- a fraction, the numerator of which is the number of days during the accrual period that the U.S. Holder held the contingent payment CD and the denominator of which is the number of days in the accrual period.

The “adjusted issue price” of a contingent payment CD is its issue price, increased by any interest income previously accrued, determined without regard to any adjustments to interest accruals described below, and decreased by the projected amount of any payments (in accordance with the projected payment schedule described below) previously made with respect to the contingent payment CD.

The term ‘‘comparable yield’’ as used in the contingent debt regulations means the greater of (i) the annual yield we would pay, as of the issue date, on a fixed-rate, nonconvertible debt instrument with no contingent payments, but with terms and conditions otherwise comparable to those of the contingent payment CDs, and (ii) the applicable federal rate.

The contingent debt regulations require that we provide to U.S. Holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments (the ‘‘projected payment schedule’’) on the contingent payment CDs. This schedule must produce a yield to maturity that equals the comparable yield.

The comparable yield and the projected payment schedule will not be provided for any purpose other than to determine a U.S. Holder’s interest accruals and adjustments thereto in respect of the contingent payment CDs for U.S. federal income tax purposes. They will not constitute a projection or representation by us regarding the actual amounts that will be paid on the contingent payment CDs.

Adjustments to Interest Accruals on the CDs. If, during any taxable year, a U.S. Holder of a contingent payment CD receives actual payments with respect to such contingent payment CD that, in the aggregate, exceed the total amount of projected payments for that taxable year, the U.S. Holder will incur a ‘‘net positive adjustment’’ under the contingent debt regulations equal to the amount of such excess. The U.S. Holder will treat a net positive adjustment as additional interest income in that taxable year. If a U.S. Holder receives in a taxable year actual payments with respect to the contingent payment CD that, in the aggregate, are less than the amount of projected payments for that taxable year, the U.S. Holder will incur a ‘‘net negative adjustment’’ under the contingent debt regulations equal to the amount of such deficit. This net negative adjustment:

(i) will first reduce the U.S. Holder’s interest income on the contingent payment CD for that taxable year;

(ii) to the extent of any excess after applying (i), will give rise to an ordinary loss to the extent of the U.S. Holder’s interest income on the contingent payment CD during prior taxable years, reduced to the extent such interest was offset by prior net negative adjustments; and

(iii) to the extent of any excess after applying (i) and (ii), will be carried forward as a negative adjustment to offset future interest income with respect to the contingent payment CD or to reduce the amount realized on a sale, exchange or retirement of the contingent payment CD.

With respect to non-corporate U.S. Holders, a net negative adjustment is not subject to the two percent floor limitation on miscellaneous itemized deductions.

Generally, the sale, exchange or retirement of a contingent payment CD will result in taxable gain or loss to a U.S. Holder. The amount of gain or loss on a sale, exchange or retirement of a contingent payment CD will be equal to the difference between the amount received from the sale, exchange or retirement of the contingent payment CD and the U.S. Holder’s adjusted tax basis in the contingent payment CD. As discussed above, to the extent that a U.S. Holder has any net negative adjustment carryforward, the U.S. Holder may use such net negative adjustment from a previous year to reduce the amount realized on the sale, exchange or retirement of the contingent payment CD.

For purposes of determining the amount realized on the scheduled retirement of a contingent payment CD, a U.S. Holder will be treated as receiving the projected amount of any contingent payment due at maturity. As previously discussed, to the extent that actual payments with respect to the contingent payment CDs during the year of the scheduled retirement are greater or less than the projected payments for such year, a U.S. Holder will incur a net positive or negative adjustment, resulting in additional ordinary income or loss, as the case may be.

A U.S. Holder's adjusted tax basis in a contingent payment CD generally will be equal to the U.S. Holder's original purchase price for the contingent payment CD, increased by any interest income previously accrued by the U.S. Holder (determined without regard to any adjustments to interest accruals described above) and decreased by the amount of any projected payments that previously have been scheduled to be made in respect of the contingent payment CD (without regard to the actual amount paid).

Gain recognized by a U.S. Holder upon a sale, exchange or retirement of a contingent payment CD generally will be treated as ordinary interest income. Any loss will be ordinary loss to the extent of the excess of previous interest inclusions over the total net negative adjustments previously taken into account as ordinary losses in respect of the contingent payment CD, and thereafter capital loss (which will be long-term capital loss if the contingent payment CD has been held for more than one year). The deductibility of capital losses is subject to limitations. If a U.S. Holder recognizes a loss upon a sale or other disposition of a contingent payment CD and such loss is above certain thresholds, the holder may be required to file a disclosure statement with the IRS. See "—Disclosure Requirements" below.

Special rules will apply if one or more contingent payments on a contingent payment CD become fixed. If one or more contingent payments on a contingent payment CD become fixed more than six months prior to the date each such payment is due, a U.S. Holder will be required to make a positive or negative adjustment, as appropriate, equal to the difference between the present value of the amounts that are fixed and the present value of the projected amounts of the contingent payments as provided in the projected payment schedule, using the comparable yield as the discount rate in each case. If all remaining scheduled contingent payments on a contingent payment CD become fixed substantially contemporaneously, a U.S. Holder will be required to make adjustments to account for the difference between the amounts treated as fixed and the projected payments in a reasonable manner over the remaining term of the contingent payment CD. For purposes of the preceding sentence, a payment (including an amount payable at maturity) will be treated as fixed if (and when) all remaining contingencies with respect to it are remote or incidental within the meaning of the applicable Treasury regulations. A U.S. Holder's tax basis in the contingent payment CD and the character of any gain or loss on the sale of the contingent payment CD will also be affected. U.S. Holders should consult their tax advisers concerning the application of these special rules.

Backup Withholding and Information Reporting

Backup withholding may apply in respect of payments on the CDs and the payment of proceeds from a sale or other disposition of the CDs, unless a U.S. Holder provides proof of an applicable exemption or a correct taxpayer identification number and otherwise complies 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 that the required information is timely furnished to the IRS. In addition, information returns may be filed with the IRS in connection with payments on the CDs and the payment of proceeds from a sale or other disposition of the CDs unless the U.S. Holder provides proof of an applicable exemption from the information reporting rules.

Disclosure Requirements

Applicable Treasury regulations require taxpayers that participate in certain "reportable transactions" to disclose their participation to the IRS by attaching Form 8886 to their tax returns and to retain a copy of all documents and records related to the transaction. In addition, organizers and sellers of such transactions are required to maintain records, including lists identifying investors in the transaction, and must furnish those records to the IRS upon demand. A transaction may be a "reportable transaction" based on any of several criteria. Whether an investment in a CD constitutes a "reportable transaction" for any holder may depend on the holder's particular circumstances. Holders should consult their tax advisers concerning any possible disclosure obligation that they may have with respect to their investment in the CDs and should be aware that we (or other participants in the transaction) may determine that a CD constitutes a "reportable transaction" and comply accordingly with the applicable requirements.

Tax Consequences to Non-U.S. Holders

This section applies to you only if you are a Non-U.S. Holder. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a CD that is, for U.S. federal income tax purposes:

- an individual who is classified as a nonresident alien;
- a foreign corporation; or
- a foreign estate or trust.

The term "Non-U.S. Holder" does not include any of the following holders:

- a holder who is an individual present in the United States for 183 days or more in the taxable year of disposition and who is not otherwise a resident of the United States for U.S. federal income tax purposes;
- certain former citizens or residents of the United States; or
- a holder for whom income or gain in respect of the CDs is effectively connected with the conduct of a trade or business in the United States.

Such holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the CDs.

Except as otherwise provided in the applicable disclosure supplement, and subject to the discussion above concerning the possible application of Section 897 of the Code and the discussions below concerning backup withholding, Section 871(m) of the Code and FATCA, a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax in respect of amounts paid (including original issue discount, if any) on a CD.

Possible Application of Section 871(m) of the Code

Section 871(m) of the Code imposes a 30% withholding tax on certain "dividend equivalents" paid or deemed paid with respect to financial instruments linked to U.S. equities or equity indices under certain circumstances. Section 871(m) of the Code could apply to CDs linked to U.S. equities or equity indices offered under this disclosure statement, under certain circumstances, even in cases where no current payment is made under the CDs or where the CDs do not provide for any payment that is explicitly linked to a dividend. Section 871(m) of the Code will generally not apply to CDs issued prior to January 1, 2016. Section 871(m) of the Code could apply to CDs linked to U.S. equities or equity indices that are issued on or after January 1, 2016. If withholding is required, we will not be required to pay any additional amounts with respect to amounts withheld. Non-U.S. Holders should consult their tax advisers regarding the potential application of Section 871(m) of the Code. Where warranted, we will disclose further information regarding the possible application of Section 871(m) of the Code in the applicable disclosure supplement.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payment on the CDs at maturity as well as in connection with the proceeds from a sale, exchange or other disposition. A Non-U.S. Holder may be subject to backup withholding in respect of amounts paid to the Non-U.S. Holder, unless such Non-U.S. Holder complies with certification procedures to establish that it is not a U.S. person for U.S. federal income tax purposes or otherwise establishes an exemption. The certification requirements will be fulfilled if the beneficial owner of a CD (or a financial institution holding a CD on behalf of the beneficial owner) furnishes to the applicable withholding agent an IRS Form W-8BEN (or other applicable form) on which the beneficial owner certifies under penalties of perjury that it is not a U.S. person. The amount of any backup withholding from a payment to a Non-U.S. Holder will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

FATCA Legislation

Legislation commonly referred to as "FATCA" generally imposes a withholding tax of 30% on payments to certain non-U.S. entities (including financial intermediaries) with respect to certain financial instruments, unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the non-U.S. entity's jurisdiction may modify these requirements. This legislation generally applies to certain financial instruments that are treated as paying U.S.-source interest or dividends or other U.S.-source "fixed or determinable annual or periodical" income. Withholding (if applicable) applies to any payment of amounts treated as interest or dividend equivalents (as discussed above under "– Possible Application of Section 871(m) of the Code") on the CDs and any payment of gross proceeds of the disposition (including upon retirement) of the CDs. However, pursuant to published guidance from the U.S. Treasury Department and the IRS, withholding on payments of gross proceeds of a disposition of a CD will apply only to dispositions after December 31, 2018. If withholding applies to the CDs, we will not be required to pay any additional amounts with respect to amounts withheld under FATCA. Both U.S. Holders and Non-U.S. Holders should consult their tax advisers regarding the potential application of FATCA to the CDs.