

# Morgan Stanley Smith Barney

## Notice of Business Continuity Preparedness

Morgan Stanley Smith Barney (the 'Firm'), a joint venture between parent companies Morgan Stanley and Citigroup Global Markets Inc. ('CGMI'), is committed to providing the highest level of uninterrupted service to our clients. The Firm has taken significant steps to mitigate the impact of business interruptions resulting from a wide variety of potential events, including the loss of key facilities and resources. However, we understand that uncontrollable events could cause varying degrees of disruption to our normal business processes. The Firm recognizes the responsibility to our customers to continue critical operations during such events. In addition, the Firm is committed to maintaining effective communications with its clients during a business disruption. We intend to meet this obligation with as minimal an impact as possible, given the circumstances and scope of the disruptive event.

To that end, Morgan Stanley Smith Barney has developed and maintains business continuity plans that are designed to protect the Firm, its staff, its assets and the interests of our customers. These plans are designed to be robust enough to cover a wide range of business disruptions that may range from the inability to operate from a single building to more widespread events that impact a city or region. To maintain effective and secure plans, we keep them confidential and do not provide specific details in this notice, but Morgan Stanley Smith Barney would like its clients to know that the Firm's business continuity plans provide for alternate account access and transaction support during a disruption, including back-up branch office locations for branch offices experiencing a disruption.

Key to this strategy is our ability to continue operations and activities from a number of alternate sites. Dedicated staff within Morgan Stanley Smith Barney and its parent companies' corporate technology organizations ensure that mission-critical applications and data are backed-up as technology permits and are available from these facilities. In addition, business continuity plans are tested annually to ensure that they meet our intended objectives.

Another key element of our program is a command and control network designed to monitor internal and external activities, manage escalation procedures, and provide a rapid response mechanism to address critical issues. The objective of the network is to enable Firm management on both a global and regional basis to monitor and manage a business continuity incident and any material impact an event may have on the Firm's business activities.

Outage Scenario	Response	Recovery Time
<b>Single Building Outage</b>	<b>Staff and Workspace Recovery</b>	<b>Four to 24 Hours<sup>1</sup></b>
	Branch Offices: Recovery-essential personnel are relocated to other branch offices and/or work from home. Customer toll-free lines are redirected to Call Centers with qualified service personnel, or to other branches. Any functions not handled by a Call Center are performed by another branch.  Other Departments: Recovery-essential personnel are relocated to contingency facilities both within and outside of our major metropolitan facilities. Some staff members are already prepositioned in facilities outside of those major metropolitan facilities.	
<b>Regional Outage</b>	<b>Staff and Workspace Recovery</b>	<b>Four to 24 Hours<sup>2</sup></b>
	Recovery essential personnel are relocated to contingency facilities outside of the affected area. In certain cases, some key staff members are already prepositioned out of region to mitigate the risk of a regional outage.	

<sup>1</sup> Morgan Stanley Smith Barney is subject to ongoing review by both our regulators and internal and external auditors. These reviews include in-depth examinations of our business continuity plans. Each year Morgan Stanley and Smith Barney must comply with the Corporate Business Resumption and Contingency Planning regulations published by the Federal Financial Institutions Examination Council.

<sup>2</sup> We believe that the successful response to the events of September 11th and the 2001 East Coast by both Morgan Stanley and Smith Barney is a reliable indicator of the effectiveness of the Firm's Business Continuity Program approach. While our plans attempt to deal with the potential likely impact of a wide variety of scenarios, any specific response will inevitably be highly dependent upon the nature and extent of the incident. Should material changes to the plans occur, this Notice of Business Continuity Preparedness will be updated as appropriate. We may modify this notice at any time with such modifications becoming effective upon posting to our website, [smithbarney.com](http://smithbarney.com). You may obtain a current copy of this notice by contacting your Financial Advisor, visiting one of our branches or by accessing [smithbarney.com](http://smithbarney.com).