

July 9, 2013

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BRANCH OFFICE PHONE: 555-555-5555

Re: Important Information Concerning Your Qualified Retirement Plan Where Morgan Stanley Is Named Broker of Record
PLEASE REVIEW

Pursuant to the U.S. Department of Labor's regulations under Section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Morgan Stanley Smith Barney LLC ("Morgan Stanley"), as a service provider to your ERISA-covered retirement plan, is required to provide certain information regarding our services and compensation to assist you — as a plan fiduciary/sponsor — in assessing the reasonableness of your plan's contracts or arrangements with us, including the reasonableness of our compensation. These disclosure requirements are commonly referred to as "408(b)(2)."

The enclosed disclosure document is being provided to you, as a prospective or existing Morgan Stanley plan fiduciary/sponsor client, to meet the requirements of 408(b)(2) and to help you understand both the services offered to you and the compensation Morgan Stanley may receive in connection with your qualified retirement plan.

The document is structured to explain your investment type (a mutual fund or group annuity investment with a Provider that has a selling agreement with Morgan Stanley) and compensation arrangements.

Please note that in addition to the enclosed document, the contract/agreement and additional disclosure documentation provided by your selected Provider will offer additional detail about the specific services/fees that apply to you.

The disclosure document may also be helpful to you in meeting your responsibility of providing participant disclosures in connection with Department of Labor Regulation Section 404a-5, which requires plan sponsors/administrators to provide certain information to plan participants.

Should you have any questions or requests, please contact your Morgan Stanley Financial Advisor, Private Wealth Advisor or the Morgan Stanley Client Service Center toll free at 866-227-7273, Monday through Friday, 8:00 am - 6:30 pm EST.

Thank you for choosing Morgan Stanley.

Tax laws are complex and subject to change. Morgan Stanley Smith Barney LLC (Morgan Stanley), its affiliates and Morgan Stanley's Financial Advisors and Private Wealth Advisors do not provide tax or legal advice and are not fiduciaries (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise agreed to in writing by Morgan Stanley. This material was not intended or written to be used for the purpose of avoiding tax penalties that may be imposed on the taxpayer. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a retirement plan or account, and (b) regarding any potential tax, ERISA and related consequences of any investments made under such plan or account.

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Morgan Stanley's Role as Non-Fiduciary Broker

Morgan Stanley intends to act as a non-fiduciary broker or service provider with respect to any services provided in connection with your qualified retirement plan, and does not agree to act as a fiduciary (under ERISA, the Code, the Investment Advisers Act or otherwise) with respect to such services.

If you have any questions regarding our services or compensation in connection with your qualified retirement plan, or you would like to request hard copies of the referenced disclosure documents, please contact your Morgan Stanley Financial Advisor, Private Wealth Advisor or the Morgan Stanley Client Service Center toll free at 866-227-7273 Monday through Friday 8 am - 8 pm EST.

Thank you for choosing Morgan Stanley.

Recordkeeping Program: Compensation Arrangements

This disclosure document relates to mutual fund and/or group annuity products that can be offered by Morgan Stanley Financial Advisors and Private Wealth Advisors as a result of various distribution and service arrangements with insurance companies, mutual fund companies and other financial services companies.

Please note that the fees associated with your product selection are termed as Deposit Based Compensation and Asset Based Compensation. To be more specific, the Provider pays Morgan Stanley compensation in the form of commissions based upon the product selected. The up-front commission (Deposit Based Compensation) is calculated as a percentage of the purchase payment, whereas Asset Based Compensation is determined based on the on-going asset value of the investment. Asset Based Compensation is payable either from the purchase date or after a specified time period from the purchase date.

In order to meet our disclosure obligations and to assist you in identifying the fee arrangements associated with your Provider selection, Guardian, please refer to the compensation schedules noted below related to your mutual fund and/or group annuity plan with Guardian.

Please also note that these schedules provide a fee range for the different compensation options Guardian allows in relation to Morgan Stanley's selling agreement with Guardian. Your compensation arrangement will fall within one of the compensation options noted below. For more specific compensation information, please refer to the contract/agreement and additional disclosure documentation provided by Guardian and/or call your Morgan Stanley Financial Advisor or Private Wealth Advisor.

Guardian: Compensation Arrangement 1 Products: The Guardian Advantage		
Options	Compensation Type	Compensation Range
1	Deposit Based Compensation (First Years Deposits)	0.50% - 2.00%
	Asset Based Compensation (All Years Deposits)	0.01% - 0.91%
2	Deposit Based Compensation (First Years Deposits)	0.50% - 2.00%
	Asset Based Compensation (Years 2 + of Investment)	0.15% - 1.05%
3	Deposit Based Compensation (First Years Deposits)	0.50% - 2.00%
4	Asset Based Compensation (All Years Deposits)	0.01% - 1.00%

Guardian: Compensation Arrangement 2 Products: The Guardian Choice		
Options	Compensation Type	Compensation Range
1	Deposit Based Compensation (All Years Deposits)	0.01% - 2.00%
	Asset Based Compensation (All Years of Investment)	0.01% - 0.50%
2	Deposit Based Compensation (All Years Deposits)	0.01% - 1.00%
	Asset Based Compensation (Years 2 + of Investment)	0.01% - 0.25%
3	Asset Based Compensation (All Years of Investment)	0.01% - 0.50%

Additional Information Related to your Provider/Product Selection

Compensation to Morgan Stanley / Financial Advisor or Private Wealth Advisor:

The Provider pays Morgan Stanley the compensation described above for providing services related to qualified retirement plans, including your qualified retirement plan (the Plan). These amounts may vary from case to case. For the specific rates of compensation that Morgan Stanley will be paid with respect to your Plan, please refer to the contract/agreement and additional disclosure documentation provided by your selected Provider and/or call your Morgan Stanley Financial Advisor or Private Wealth Advisor. Morgan Stanley pays a portion of these amounts to your Financial Advisor or Private Wealth Advisor and retains any amounts not payable to the Financial Advisor or Private Wealth Advisor. The portion of the gross compensation payable to your Financial Advisor or Private Wealth Advisor depends on the Financial Advisor's or Private Wealth Advisor's total annual gross production for all clients as well as other factors.

In its capacity as broker of record for your Plan, Morgan Stanley and its Financial Advisors, Private Wealth Advisors and other associated persons may provide certain services as requested and agreed upon by you. Plan level services may include providing education on general investment concepts such as diversification, risk and asset allocation; assisting in the selection of asset classes and investment options for the Plan menu; helping to periodically monitor investment options; interfacing with your Provider to resolve issues that arise in connection with the day-to-day servicing of your Plan; explaining reports on Plan metrics such as participation rates, deferral rates and diversification; helping to understand and review Plan fees and expenses; and providing education and resources to support Plan fiduciaries in managing their responsibilities. Participant level services may include helping Plan participants understand Plan benefits and enroll in the Plan; providing general investment education and guidance about asset allocation and Plan investment options; and reinforcing the importance of retirement planning strategies through education sessions.

The amounts payable to Morgan Stanley and your Financial Advisor or Private Wealth Advisor under this financial arrangement are paid out of assets which are collected by the Provider from the funds in which your Plan invests, and then remitted to Morgan Stanley pursuant to a distribution agreement between your Provider and Morgan Stanley, as further described in the Recordkeeping Program: Compensation Arrangements section noted above.

Additional Compensation to Morgan Stanley:

Some Providers have entered into a financial arrangement with Morgan Stanley involving the payment of a Training Support Fee to Morgan Stanley. As consideration for this compensation, Morgan Stanley (i) provides the Providers with opportunities to participate at training conferences sponsored by Morgan Stanley in support of its Corporate Retirement Services division; (ii) distributes information regarding Provider's products to Morgan Stanley Financial Advisors or Private Wealth Advisors for use with plans; (iii) makes available to Branch-, and Financial Advisor- and Private Wealth Advisor-level market share data; and (iv) supports additional ongoing review and approval of Provider's marketing and other support materials for use with Morgan Stanley Financial Advisors, Private Wealth Advisors and plan clients. The amount that your Provider pays Morgan Stanley is \$250,000 per calendar year. As further described below, Morgan Stanley has various distribution and service arrangements with Providers who pay us a Training Support Fee, and each of these Providers provides services in connection with Morgan Stanley's book of business with the Providers listed below (around 12,100 plans). Therefore, only a portion of each such fee should be considered as having been paid in connection with any particular plan, including your Plan. The Training Support Fee is subject to change.

Please note that, as consideration for inclusion in and the services provided by Morgan Stanley through its retirement plan provider platform, as further described above, Morgan Stanley receives a Training Support Fee, on the same terms as described above, from the following Providers: American Funds, Fidelity Advisor, ING, John Hancock, Lincoln Financial Group, MassMutual, Nationwide, Principal Financial Group, Prudential, Putnam, and Transamerica Retirement Services.

Furthermore, for the opportunity to participate in training events and conferences hosted by Morgan Stanley the following defined contribution investment only Providers pay us a Training Support Fee of \$100,000: BlackRock, Columbia Management, Franklin Templeton, Goldman Sachs, INVESCO, Ivy Funds, Janus Funds, JP Morgan, LordAbbett, Nuveen, PIMCO, Pioneer Investments, and Thornburg.

Role of Morgan Stanley and Financial Advisor or Private Wealth Advisor in Program Selection

Morgan Stanley offers plan sponsors access to a wide selection of retirement plan Providers on its retirement plan provider platform. In order to more effectively service our plan clients, Morgan Stanley provides retirement education, tools, access to certain plan account information, and other services to its Financial Advisors and Private Wealth Advisors.

Financial Advisors and Private Wealth Advisors provide guidance by reviewing plan needs and objectives, evaluating the capabilities of certain Providers and helping you to identify one or more Providers that meet your Plan's needs. The selection of any particular retirement plan program by the plan sponsor is not done at the recommendation of, or at the discretion of, Morgan Stanley, the Financial Advisor or the Private Wealth Advisor. Unless otherwise provided under applicable law, neither Morgan Stanley nor the Financial Advisor or Private Wealth Advisor is a fiduciary under the Employee Retirement Income Security Act of 1974, as amended, the Internal Revenue Code, or any other law with respect to the selection of any retirement plan program made by the plan sponsor. This disclosure document only applies where your Plan is not covered by a consulting agreement with Morgan Stanley; please contact your Financial Advisor or Private Wealth Advisor if you have received this disclosure and your Plan is covered by such a consulting agreement.

Morgan Stanley offers various retirement plan programs that may pay more, or less, compensation to Morgan Stanley and the Financial Advisor or Private Wealth Advisor than the program selected. Also, investment options within a particular program may pay varying levels of compensation to the Financial Advisor or Private Wealth Advisor. Differences in compensation between programs or investment options may represent a conflict of interest.

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Important Terms and Disclosures

Morgan Stanley Affiliates This disclosure document covers compensation that is required to be disclosed by Morgan Stanley. Except as otherwise required by 408(b)(2) and/or specified herein, this document is not intended to cover compensation that may be earned by affiliates of Morgan Stanley.

Final Regulation This disclosure document was prepared to meet the requirements of the Department of Labor's Final Regulation under Section 408(b)(2) of ERISA, which was published on February 3, 2012. Subsequent changes to the regulation and any supplemental guidance provided by the Department of Labor may of course change the applicable disclosure requirements.

Indirect Compensation Indirect compensation includes payments not paid directly by the plan or plan sponsor but received by the service provider from investment options in the plan or other third parties, including for example 12b-1 fees and revenue sharing. In certain circumstances, the payment of indirect compensation to Morgan Stanley may depend on several factors, including the elapsed time period during which securities are held.

External Sources Certain compensation formulas and other information (e.g., mutual fund 12b-1 distribution payments) in this report were obtained from third-party sources that are believed to be reliable. There is no guarantee as to the accuracy or completeness of this information. Further, as the formulas indicated in this report have been derived as of a specific date, they may not reflect the actual formula pursuant to which Morgan Stanley will be paid while your plan holds the indicated investment product, or the formula pursuant to which Morgan Stanley will be paid throughout the entirety of your investment in such product, if the formula for such investment product fluctuates. Morgan Stanley will be maintaining and updating fund specific information for mutual funds offered by Morgan Stanley and its related compensation; please refer to our online search tool on the following website for such information and the latest updates: www.morganstanleyindividual.com/ourcommitment/PreSaleDocSearchT.asp.

No Tax/Legal Advice Morgan Stanley, its affiliates and Morgan Stanley's Financial Advisors and Private Wealth Advisors do not provide tax or legal advice, and are not fiduciaries (under ERISA, the Internal Revenue Code or otherwise) with respect to the services or activities described herein except as otherwise indicated in this document or agreed to in writing by Morgan Stanley. This material was not intended or written to be used for the purpose of avoiding tax penalties that may be imposed on the taxpayer. Individuals are urged to consult their tax or legal advisors before establishing a retirement plan and to understand the tax, ERISA and related consequences of any investments made under such plan.

Held Away Assets If your plan has assets that are held away from Morgan Stanley and Morgan Stanley is compensated on such assets, you may receive separate reports or other communications with respect to this portion of your plan's assets, either directly from Morgan Stanley or other parties, including insurance providers, mutual fund companies or record keepers. This may include certain companies that have specifically agreed to do reporting on our behalf with respect to assets held away from Morgan Stanley. Please remember to reconcile and incorporate this information when complying with your reporting responsibilities.

Rebates, Waivers and Reversals This report may reflect gross compensation amounts payable to Morgan Stanley that may ultimately be rebated, waived or reversed.

Product Expenses / Payments to Morgan Stanley Affiliated Product Providers Except as otherwise disclosed herein, this report solely covers compensation received by Morgan Stanley. Among other things, this report does not cover items such as commissions or other charges resulting from transactions not effected through Morgan Stanley. Further, please be reminded that your plan bears a proportionate share of the fees and expenses incurred by any mutual funds or other investment products in which it is invested. The prospectus, descriptive brochure, offering memorandum or similar documents for such products describe these internal fees and expenses in detail. Finally, with respect to any proprietary mutual fund or other investment product (such as mutual funds or other investment products for which Morgan Stanley Investment Management, Inc. (MSIM) or other Morgan Stanley affiliate serves as an investment manager or investment adviser), the fees and expenses paid to any Morgan Stanley affiliate from those products (such as investment management or similar fees) are not included in this document. However, the specific payments to MSIM or other Morgan Stanley affiliates can be found in the prospectus, descriptive brochure, offering memorandum or similar documents issued for such products.

Payments from Other Service Providers Other service providers (including companies that sponsor investment options made available to qualified retirement plans through Morgan Stanley) may participate in Morgan Stanley-sponsored internal training and education conferences and meetings, and may make payments to, or for the benefit of, Morgan Stanley, its Financial Advisors or Private Wealth Advisors to reimburse for the expenses incurred for these events. Morgan Stanley provides sponsorship opportunities and access to our branch offices, Financial Advisors and Private Wealth Advisors to such third party service providers for educational, marketing and other promotional efforts. Certain service providers (referred to as Emerging Partners or Global Partners and, collectively, as Partners) dedicate significant financial and staffing resources to these activities. Partners may receive additional opportunities to sponsor Morgan Stanley events and promote their products to Financial Advisors, Private Wealth Advisors and clients. Morgan Stanley selects service providers to be Partners based on quantitative and qualitative criteria. Any payments made by other service providers could lead Financial Advisors or Private Wealth Advisors to focus on products managed by these providers (including in particular our Partners) when recommending products to clients instead of those from other service providers that do not commit similar resources to educational, marketing and other promotional efforts.

In 2012, when viewed in relation to total Morgan Stanley client assets of in excess of \$1.6 trillion, the payment made by each such service provider (including both those that qualify as Partners and those that do not) equaled an amount of not more than 47/10,000 of one basis point (otherwise expressed, 17/1,000,000 of one percent). We do not believe that such payments were made in connection with retirement plan business specifically, and were certainly not made in connection with any particular retirement plan, but, for perspective, the amount of retirement plan assets included in the total Morgan Stanley client asset number set forth above is approximately \$112 billion. In 2012, such service providers included the following financial institutions:

Alliance Bernstein Investments	Jackson National Life Insurance Company
American Century	Janus Capital Group
American Funds	John Hancock
AMG-Managers Investment Group & Affiliates	JPMorgan Asset Management
AQR	Lazard Asset Management
Axa Equitable	Legg Mason Global Asset Management
BlackRock	Lincoln Life & Annuity
Brandes	Lord Abbett
Columbia Management	Metropolitan Life Insurance Company
Congress Asset Management	Morgan Stanley Investment Management

Davis Selected Advisors	Nationwide Life & Annuity
Delaware Investments	Neuberger Berman Group
Dreyfus/BNY Mellon/Fayez	New York Life/Mainstay/Epoch/Marketfield
DWS	Nuveen Investments
Eaton Vance Investment Managers	Ohio National Life Insurance Company
Federated/MDT	Pacific Life & Annuity Co.
Fidelity	Pioneer Investments
First Trust/Stonebridge	PIMCO Investments
Forward	Principal Global Investors
Franklin Templeton Investments	Prudential Investments
Genworth Life & Annuity	Prudential Annuities Life
Goldman Sachs Asset Management	Putnam Investments
Guggenheim Funds	RS Funds
The Hartford	State Street Global Advisors
The Hartford Life and Annuity	SunAmerica Annuity & Life
ING Investment Management	T.Rowe Price
Invesco Distributors	Thornburg Investments
iShares (an affiliate of BlackRock)	TransAmerica Financial Life
Ivy Funds Distributor	Western National Life Insurance Company

Other providers may have made similar payments. On request, your Financial Advisor or Private Wealth Advisor can provide you with additional detail on these payments and inform you if they have attended and/or plan to attend the Morgan Stanley-sponsored conferences/meetings. Furthermore, we believe that payments will be made by a similar list of institutions during 2013 and thereafter. On request, your Financial Advisor or Private Wealth Advisor can provide you with additional detail on whether a provider makes such payments during a particular year, and the amount of such payments.

Other service providers may also sponsor their own educational conferences and pay expenses of Financial Advisors or Private Wealth Advisors attending these events. Morgan Stanley's policies require that the training or educational portion of these conferences comprises substantially all of the event. Such service providers may sponsor educational meetings or seminars in which clients as well as Financial Advisors and Private Wealth Advisors are invited to participate. Other service providers are also allowed to occasionally give nominal gifts to Financial Advisors or Private Wealth Advisors, and to occasionally entertain Financial Advisors or Private Wealth Advisors, subject to a limit of \$1,000 per employee per year. Morgan Stanley's non-cash compensation policies set

conditions for each of these types of payments, and do not permit any gifts or entertainment conditioned on achieving a sales target. On request, your Financial Advisor or Private Wealth Advisor can provide you with an annual estimate of the aggregate value of gifts or entertainment that service providers pay or provide to Morgan Stanley or particular Financial Advisors or Private Wealth Advisors. You should, of course, also feel free to ask your Financial Advisor or Private Wealth Advisor if they have attended any events sponsored by other service providers and/or plan to do so in the future.

We address conflicts of interest by ensuring that any payments described in this "Payments from Other Service Providers" section do not relate to any particular transactions or investment made by Morgan Stanley clients with service providers. Service providers participating in programs described in this document are not required to make any of these types of payments. The payments described in this section comply with FINRA rules relating to such activities.