

July 9, 2013

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JOE CLIENT
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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 and compensation arrangements. You can also look up information and updates related to your mutual fund portfolio and related compensation through the **Mutual Fund Search Tool** on the following website: www.morganstanleyindividual.com/ourcommitment/PreSaleDocSearchT.asp

Please note that in addition to the enclosed document, additional disclosure documentation for your respective mutual fund investments (i.e. the mutual fund prospectus, statement of additional information and other documentation) will offer additional detail about the specific services/fees that apply to you.

The disclosure document and mutual fund information 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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Qualified Retirement Plan Disclosure Document (Held-Away Assets: Mutual Fund Investments)

Effective January 1, 2013

Important Information About Your Qualified Retirement Plan and ERISA Section 408(b)(2)

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)."

This disclosure document is being provided to you, as the plan fiduciary/sponsor, to meet the requirements of 408(b)(2) and to help you clearly understand both the services offered to you and the compensation Morgan Stanley may receive in connection with your qualified retirement plan. This document is structured to explain your investment type and compensation arrangements, including the associated compensation received by Morgan Stanley.

Please note that in addition to this document, additional disclosure documentation for your respective mutual fund investment (i.e. the mutual fund prospectus, statement of additional information and other documentation) will offer additional detail about the specific services/fees that apply to you.

Please also note that this 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.

If you are not the "responsible plan fiduciary" of the plan (as defined by 408(b)(2)), please forward this document to the "responsible plan fiduciary." Thank you for your cooperation.

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.

Mutual Fund Investments: Compensation Arrangements

This disclosure document relates to mutual fund products that, as noted previously, can be offered by Morgan Stanley Financial Advisors and Private Wealth Advisors as a result of various distribution and service arrangements with mutual fund complexes, including those of Morgan Stanley Investment Management Inc. (“MSIM”) and other Morgan Stanley affiliates.

In order to meet our disclosure obligations and to assist you in identifying the fee arrangements associated with your mutual fund investment selections, a **Mutual Fund Search Tool** is available online offering a searchable database of mutual fund products and their corresponding compensation information.

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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 and Private Wealth Advisors for use with plans; (iii) makes available to Provider 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 and Private Wealth Advisors and plan clients. Morgan Stanley receives a Training Support Fee of \$250,000 per calendar year 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. This amount is paid to Morgan Stanley in connection with its entire book of business with these Providers (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.

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, or the Financial Advisor or 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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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 wh

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.