DISCLOSURE STATEMENT
Dated April 27, 2023

Morgan Stanley Bank
Morgan Stanley Private Bank

Market-Linked Certificates of Deposit

Morgan Stanley Bank, N.A. ("**MSBNA**") or Morgan Stanley Private Bank, National Association ("**MSPBNA**") may offer from time to time Market-Linked Certificates of Deposit ("**CDs**"). The applicable bank for a particular offering of CDs is referred to herein as "the applicable bank," "we" or "us." 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.

While this disclosure statement describes CDs that may be established by either MSBNA or MSPBNA, each CD is solely an obligation of the applicable bank, and is NOT a joint obligation of both banks. Accordingly, when making your investment decision, you should understand that any payment obligation on your CD will be an obligation only of the bank that established that CD.

In addition, the CDs will be obligations of the applicable bank only, and not obligations of your broker or of Morgan Stanley or any other affiliate of the applicable bank.

Unless otherwise provided in the applicable disclosure supplement, at maturity, the CDs will pay a principal amount, plus interest (referred to as the "Supplement Amount" in this disclosure statement). The amount of interest paid will be equivalent to the Index Amount or, if applicable, the greater of the Index Amount and the Minimum Interest Amount, as each of these terms is defined in this disclosure statement. The amount of interest paid for an issuance of CDs may be zero.

The principal amount of the CDs will be insured by the Federal Deposit Insurance Corporation (the "**FDIC**") to the extent provided by law. In general, such deposit insurance is limited to $250,000, in aggregate, for all accounts held by a depositor in the same ownership capacity with the applicable bank 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 the applicable bank. A depositor purchasing a principal amount of CDs in excess of $250,000, or which, together with other deposits that the depositor maintains at the applicable bank 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. The terms of the CDs included in the applicable disclosure supplement describe the calculation of, and our obligation to make payments with respect to, interest in the form of the Index Amount or, if applicable, the Minimum Interest Amount. Unless and until (i) the amount of interest has been calculated and (ii) the applicable bank has become obligated to pay the interest, the FDIC likely would take the position that the interest is neither eligible for federal deposit insurance, nor represents a valid claim against the FDIC as conservator or receiver. Any secondary market premium paid by a depositor above the principal amount of the CDs would not be insured or recognized by the FDIC.

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

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You should rely only 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 031) 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, 2022, 2021 and 2020 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: 750 Seventh Avenue, New York, New York 10019, Attention: Hiren Thadani, Controller, 646-536-6621.

SUMMARY OF THE BANKS

Morgan Stanley Bank, N.A.

MSBNA is a national bank with its headquarters and main office in Salt Lake City, Utah, and is an indirect, wholly owned subsidiary of Morgan Stanley. MSBNA is subject to regulation, supervision and examination by the OCC and its qualifying deposits are insured by the FDIC. MSBNA is registered as a swap dealer with the Commodity Futures Trading Commission. MSBNA has no branches or ATMs, and does not engage in retail deposit activities. MSBNA is primarily a wholesale commercial bank that offers corporate lending and certain retail securities-based lending services in addition to deposit products, which are principally used to fund lending activities and MSBNA's investment portfolio. MSBNA's lending activities include lending to corporations for specific purposes, such as financing acquisitions and normal operating activities, commercial and residential real estate lending, secured lending facilities, and securities-based lending through non-purpose loans to individuals.

Morgan Stanley Private Bank, National Association

MSPBNA is a national bank with its headquarters and main office in Purchase, New York, and is an indirect, wholly owned subsidiary of Morgan Stanley. MSPBNA is subject to regulation, supervision and examination by the OCC and its qualifying deposits are insured by the FDIC. MSPBNA offers certain mortgage and other secured lending products, including retail securities-based lending products. MSPBNA also offers certain deposit products and prime brokerage custody services.

While this disclosure statement describes CDs that may be established by either MSBNA or MSPBNA, each CD is solely an obligation of the applicable bank, and is NOT a joint obligation of both banks. Accordingly, when making your investment decision, you should understand that any payment obligation on your CD will be an obligation only of the bank that established that CD.

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, the applicable bank 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 the applicable bank 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 death or adjudication of incompetence, we will limit the combined aggregate deposit amount of CDs to $250,000 per CD holder. 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, as set forth below.

Redemption Upon Termination of FDIC Insurance

If, at any time, the applicable bank'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 its 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. See also "Additions and Withdrawals" above.

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 will review promptly all redemption requests we receive and, if we determine that 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. 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 the applicable bank 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 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.

The applicable bank 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 the applicable bank 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), unless and until (i) the Supplemental Amount has been calculated and (ii) the applicable bank has become obligated to pay the Supplemental Amount, the FDIC likely would take the position that the Supplemental Amount is neither insured nor represents a valid claim against the FDIC as conservator or receiver. Accordingly, any Supplemental Amount likely would neither be insured nor recognized by the FDIC prior its calculation on the applicable Observation Date. Any secondary market premium you pay for the CDs would not be insured by the FDIC.

Each holder is responsible for monitoring the total amount of its deposits with the applicable bank in order to determine the extent of deposit insurance coverage available to it on such deposits, including the CDs and deposits swept to the applicable bank 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 uninsured deposit claims on the receivership or conservatorship, (b) unless and until (i) the Supplemental Amount has been calculated and (ii) the applicable bank has become obligated to pay the Supplemental Amount, the FDIC likely would take the position that the Supplemental Amount is neither insured nor represents a valid claim against the FDIC as conservator or receiver, (c) any secondary market premium you paid for the CDs would neither be insured by the FDIC nor recognized as a claim against the FDIC as conservator or receiver, and (d) no broker, employee of the applicable bank or adviser will be responsible for any insured or uninsured portion of the CDs or any other deposits or other claims for any unpaid Index Amount, Minimum Interest or secondary market premium associated with the CDs or 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 Depositor 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 the applicable bank 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 the applicable bank 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 the applicable bank'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 the applicable bank 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 the applicable bank. 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 the applicable bank 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 the applicable bank, 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 the applicable bank 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 the applicable bank, 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 the applicable bank 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 the applicable bank, the FDIC would be authorized to disaffirm or repudiate any contract to which the applicable bank 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 the applicable bank'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 the applicable bank. 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 Supplemental Amount unless (i) it has been calculated and (ii) the applicable bank has become obligated to pay it. Therefore, you can lose up to the full amount of any secondary market premium and up to the full amount of the Supplemental Amount.

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 the applicable bank 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, if applicable, any unpaid Supplemental Amount that has been calculated and which the applicable bank is obligated to pay as of the date of the closing of the applicable bank, as prescribed by law, and subject to the $250,000 limitation. No interest is earned on deposits from the time the applicable bank is closed until insurance payments are received.

In the event the applicable bank 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 the applicable bank 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 the applicable bank will also receive fees from the applicable bank 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 banks'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 Title I of 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 (such accounts and plans, together with other plans, accounts and arrangements subject to Section 4975 of the Code, 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 bank 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 of the CDs will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate 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. In this regard, neither this discussion nor anything provided in this disclosure statement is or is intended to be investment advice directed at any potential Plan purchaser or at Plan purchasers generally and such purchasers of the CDs should consult and rely on their own counsel and advisers as to whether an investment in the CDs is suitable.

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 certain U.S. federal income 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;
- dealers and certain traders in securities or commodities;
- investors holding the CDs as part of a "straddle," wash sale, 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.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds a CD, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partnership holding the CDs or a partner in such a partnership, you should consult your tax adviser as to the particular U.S. federal tax consequences of holding and disposing of a CD to you.

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. Moreover, neither this discussion nor the applicable disclosure supplement addresses the consequences to taxpayers subject to special tax accounting rules under Section 451(b) of the Code.

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, possibly with retroactive effect. Persons considering the purchase of CDs should consult their tax advisers with regard to the application of the U.S. federal income and estate 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 U.S. 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 unconditional 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 unconditional 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 a fixed rate of interest that increases over the term of the CD, the CD's issue price is not below its stated principal amount and we have an unconditional option to redeem the CD for an amount equal to the stated principal amount (plus accrued interest, if any) immediately prior to each date on which the interest rate will be increased, the yield on the CD will be lowered if we redeem the CD before each 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 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 an 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. If such a deemed reissuance occurs when the remaining term of the CD (or the period until the next interest rate increase) is one year or less, you should consult your tax adviser regarding the possibility of the deemed reissued CD being treated as a debt instrument with a term of not more than one year, which, among other things, may affect the timing of income with respect to the deemed reissued CD.

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 CMT rate and the SOFR 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 (other than an initial fixed rate of the type described above in "—Floating Rate CDs that Provide for a Single Variable 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 received by the holder 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. Alternatively, 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. 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).

Original Issue Discount and Amortizable Bond Premium on Foreign Currency CDs. Original issue discount and amortizable bond premium (each 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 (together with any foreign currency gain or loss with respect to accrued but unpaid interest) 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).

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. The deductibility of capital losses is subject to limitations. 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 is not a "variable rate debt instrument" (as defined above) and provides for 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 treated as a miscellaneous itemized deduction.

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 (the "amount realized") 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 or exchange 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 depends 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 and Treasury regulations promulgated thereunder ("Section 871(m)") impose a withholding tax of 30% (or lower treaty rate applicable to dividends) on certain "dividend equivalents" paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S. equities or indices that include U.S. equities. Subject to the discussion below concerning CDs issued before January 1, 2025, a CD linked to U.S. equities or indices that include U.S. equities (a "U.S. equity linked CD") will generally be subject to the Section 871(m) withholding regime if at issuance it (i) has a "delta" of 0.80 or higher with respect to the underlying U.S. equity or (ii) substantially replicates the economic performance of the underlying U.S. equity, as determined by a "substantial equivalence" test that, among other factors, takes into account the initial number of shares of the underlying U.S. equity needed to hedge the transaction fully. The tests described above are set forth in the regulations, and the applicable test will depend on the terms of the relevant U.S. equity linked CDs. Under these rules, withholding may apply even where the relevant U.S. equity linked CDs do not provide for any payment that is explicitly linked to a dividend. The regulations provide for certain exceptions to the withholding requirements, in particular for instruments linked to certain broad-based indices (a "qualified index") that meet standards set forth in the regulations, as well as certain securities that track a qualified index.

Under an IRS notice, Section 871(m) will not apply to CDs issued before January 1, 2025 that do not have a "delta" of one at issuance with respect to any U.S. equity. If the terms of a U.S. equity linked CD are subject to a "significant modification," the U.S. equity linked CD will generally be treated as reissued for this purpose at the time of the significant modification.

The calculations of “delta” are generally made at the "calculation date," which is the earlier of (i) the time of pricing of the CD, i.e., when all material terms have been agreed on, and (ii) the issuance of the CD. However, if the time of pricing is more than 14 calendar days before the issuance of the CD, the calculation date is the date of the issuance of the CD. In those circumstances, information regarding our final determinations for purposes of Section 871(m) may be available only after the issuance of the CD. As a result, a Non-U.S. Holder should acquire such a CD only if it is willing to accept the risk that the CD is treated as subject to withholding.

The amount of a “dividend equivalent” is equal to, for a “simple” contract, the product of (a) the per-share dividend amount, (b) the number of shares of the underlying U.S. equity referenced in the U.S. equity linked CD and (c) the delta, and, for a “complex” contract, the product of (a) the per-share dividend amount and (b) the initial hedge.

The dividend equivalent amount will be determined on the earlier of (a) the record date of the dividend and (b) the day prior to the ex-dividend date. The dividend equivalent amount will include the amount of any actual or, under certain circumstances, estimated dividend. If a U.S. equity linked CD is subject to withholding in respect of dividend equivalents, withholding will, depending on the applicable withholding agent’s circumstances, generally be required either (i) on the underlying dividend payment date or (ii) when cash payments are made on the relevant U.S. equity linked CD or upon the date of maturity, lapse or other disposition thereof by the Non-U.S. Holder.

We will determine whether any U.S. equity linked CDs are subject to withholding under Section 871(m). If withholding is required, we will not be required to pay any additional amounts with respect to the amounts so withheld.

The regulations provide that Non-U.S. Holders of a potential Section 871(m) transaction are entitled to receive certain information in respect thereof. The applicable disclosure supplement will provide further guidance on how Non-U.S. Holders may obtain such information.

Our determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on the Non-U.S. Holder’s particular circumstances. For example, the application of Section 871(m) may be affected if a Non-U.S. Holder enters into another transaction in connection with the acquisition of a U.S. equity linked CD. Accordingly, Non-U.S. Holders should consult their tax advisers regarding the potential application of Section 871(m) to the CDs in their particular circumstances.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the CDs as well as in connection with the proceeds from a sale, exchange or other disposition of the CDs. 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 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. FATCA generally applies to certain financial instruments that are treated as paying U.S.-source interest or dividends (including dividend equivalents) or other U.S.-source “fixed or determinable annual or periodical” income (“FDAP income”). Withholding (if applicable) applies to any payment of U.S.-source FDAP income and to any payment of gross proceeds of the disposition (including upon retirement) of the CDs. However, under proposed regulations (the preamble to which specifies that taxpayers are permitted to rely on them pending finalization), no withholding will apply to payments of gross proceeds (other than amounts treated as FDAP income). If withholding applies to the CDs, we will not be required to pay any additional amounts with respect to amounts withheld. Both U.S. and Non-U.S. Holders should consult their tax advisers regarding the potential application of FATCA to the CDs.

Possible Taxable Event

A change in the methodology by which an Index is calculated, a change in the components of an Index, the designation of a successor index or other similar circumstances resulting in a material change to an underlying or to the method by which amounts payable are determined on the CDs could result in a "significant modification" of the affected CDs.

A significant modification of the CDs would generally result in the CDs being treated as terminated and reissued for U.S. federal income tax purposes. In that event, you might be required to recognize gain or loss (subject to the possible application of the wash sale rules or the rules applicable to "recapitalizations") with respect to the CDs, and your holding period for your CDs could be affected. Moreover, depending on the facts at the time of the significant modification, the reissued CDs could be characterized for U.S. federal income tax purposes in a manner different from their original treatment, which could have a significant and potentially adverse effect on the timing and character of income you recognize with respect to the CDs after the significant modification if you are a U.S. Holder, and potentially adverse withholding consequences if you are a Non-U.S. Holder.

You should consult your tax adviser regarding the consequences of a significant modification of the CDs. Except where stated otherwise, the discussion herein assumes that there has not been a significant modification of the CDs.

ANNEX

[Form of Request for Redemption Pursuant to the Estate Feature of the CDs]

Depository Trust and Clearing Corporation
Attention: Reorganization Department
55 Water Street, 25th floor
New York, NY 10041

[MORGAN STANLEY BANK, NATIONAL ASSOCIATION] / [MORGAN STANLEY PRIVATE BANK, NATIONAL ASSOCIATION]
MARKET-LINKED CERTIFICATES OF DEPOSIT
[title of CD] (the "Market-Linked CDs")
CUSIP no. [ ]

The undersigned (the "Participant") is, or is acting on behalf of, the beneficial owner of a portion of the Market-Linked CDs specified above, which portion has an outstanding aggregate amount deposited equal to the amount set forth at the end of this redemption request notice. The undersigned hereby elects to exercise the Estate Feature as described in the disclosure statement, dated as of April 27, 2023, with respect to the Market-Linked CDs (the "Disclosure Statement").

The undersigned, , does hereby certify, pursuant to the provisions set forth in the Disclosure Statement, to The Depository Trust Company (the "Depositary") and [Morgan Stanley Bank, National Association / Morgan Stanley Private Bank, National Association] (the "Bank") that:

[[Name of deceased beneficial owner] is deceased.][An adjudication of incompetence by a court or other administrative body of competent jurisdiction has been obtained with respect to [Name of incapacitated beneficial owner.]]

[Name of deceased/ incapacitated beneficial owner] had a $ beneficial interest in the above-referenced Market-Linked CDs.

[Name of authorized representative] is [beneficial owner's [personal representative/other person authorized to represent the estate of the beneficial owner/surviving joint tenant/surviving tenant by the entirety/trustee of a trust] [the court appointed authorized representative] of [Name of deceased/ incapacitated beneficial owner] and has delivered to the undersigned a request for redemption in form satisfactory to the undersigned, requesting that $ principal amount of such Market-Linked CDs be redeemed in accordance with the terms of the Disclosure Statement. This amount represents the beneficial owner's entire interest in the Market-Linked CDs. The documents accompanying this request, all of which are in proper form, are in all respects satisfactory to the undersigned, and the undersigned is satisfied that [Name of authorized representative] is entitled to make this redemption request.

The Participant holds the beneficial interest in the outstanding face amount of the Market-Linked CDs indicated at the end of this redemption request notice with respect to which this redemption request is being made on behalf of [Name of deceased/incapacitated beneficial owner].

The Participant hereby certifies that it will indemnify and hold harmless the Depositary, the Paying Agent and the Bank (including their respective officers, directors, agents, attorneys and employees), against all damages, loss, cost, expense (including reasonable attorneys' and accountants' fees), obligations, claims or liability incurred by the indemnified party or parties as a result of or in connection with the redemption of, or failure to redeem, the Market-Linked CD to which this redemption request notice relates. The Participant will, at the request of the Bank, forward to the Bank a copy of the documents submitted by [Name of authorized representative] in support of the request for redemption.

The undersigned hereby represents that it has been duly authorized by the authorized representative to act on behalf of the [deceased][incompetent] beneficial owner. The undersigned further represents that it has informed [Name of authorized representative] that, as an alternative to the redemption option, [Name of authorized representative] may seek to sell the Market-Linked CDs in the secondary market for a price that may potentially be higher than the redemption amount.

The undersigned represents that it has examined the certified copy of the [certificate of death][order reflecting the adjudication of incompetence] and believes it to be genuine.

Terms used and not defined in this redemption request notice have the meanings given to them in the Disclosure Statement. The redemption of the Market-Linked CDs will be governed by the terms of the Market-Linked CDs.

Aggregate amount deposited of Market-Linked CDs to be redeemed:

$ ______________________________________

(must be the entire aggregate amount deposited)

IN WITNESS WHEREOF, the undersigned has executed this request for redemption as of   , 20   .

[PARTICIPANT NAME]

By:________________________________
Name:

____
(Title)

____
(Telephone no.)

____
(Fax no.)

____
(DTC participant account number, if any)

Attachment: [Certified Certificate of Death][Certified Order of Adjudication of Incompetence]