**Investment Policy Statement**

By making the decision to offer your employees a qualified retirement plan, you have taken a crucial step toward helping them prepare for a financially secure retirement. With this decision, however, comes certain additional responsibilities. Management of the plan, whether the responsibility of an individual or a committee, must be performed up to the heightened fiduciary standards established by the Employee Retirement Income Security Act of 1974 (ERISA).

Maintaining a carefully designed, clearly written Investment Policy Statement (IPS) may be the best approach for establishing a prudent investment decision-making process in order to provide quality investment options to your plan’s participants. To that end, we enclose for your convenience an IPS template, which you can modify and update as appropriate to address your preferences, the plan’s specific features and other 401(k)-related developments.

If you have any questions, as always, please feel free to contact your Financial Advisor.

* * * * * *

Morgan Stanley Smith Barney LLC and its affiliates do not provide tax or legal advice. To the extent that this material or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. You should consult your legal and tax advisors regarding all tax and legal considerations with respect to the plan, including the matters set out in the enclosed IPS, which are based upon ERISA, judicial decisions and Department of Labor regulations and rulings in existence on the date hereof.

Further, neither Morgan Stanley Smith Barney nor any Financial Advisor is (by virtue of this IPS or otherwise) a fiduciary with respect to your plan for purposes of ERISA or similar laws. The furnishing of this IPS is not intended to constitute investment advice, and there is no agreement or understanding between Morgan Stanley Smith Barney, the Financial Advisor, the plan or any plan fiduciary under which the latter receives information, recommendations or advice concerning investments which are to be used as a primary basis for any plan fiduciary’s investment decisions relating to the plan.

INVESTMENT PRODUCTS: *NOT FDIC INSURED *NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY *NO BANK GUARANTEE *MAY LOSE VALUE

© 2009 Morgan Stanley Smith Barney LLC. Member SIPC.
Sample 401(k) Plan

Statement Of Investment Policy

Objectives & Guidelines
Statement of Investment Policy, Objectives, and Guidelines

GENERAL INFORMATION

ABC Company (the “Plan Sponsor”) sponsors the ABC Company 401(k) Defined Contribution Plan, as may be amended from time to time (the “Plan”), for the benefit of its employees and their beneficiaries. The Plan is intended to provide participants and their beneficiaries with a convenient way to save on a regular and a long-term basis for retirement.

The Plan is a participant-directed plan and is intended to be a qualified plan in compliance with all applicable federal laws and regulations, including the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

The Plan will provide a broad spectrum of investment options to allow participants to construct diversified portfolios designed to meet their own time horizons and risk and return objectives ranging from conservative (with an emphasis on capital preservation) to aggressive (with an emphasis on high long-term growth potential).

SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy reflects the investment policy, objectives, and constraints of the ABC Company 401(k) Defined Contribution Plan.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This investment policy statement (the “Policy Statement”) is intended to assist the Plan’s fiduciaries in establishing a prudent investment decision-making process. The Policy Statement outlines the underlying objectives and procedures for the selection, monitoring and evaluation of the investment options made available under the Plan. Specifically, this Policy Statement:

• Defines the Plan’s investment objectives.

• Defines the roles of the fiduciaries and other parties responsible for the Plan’s investments.

• Establishes criteria and procedures for selecting investment options.

• Establishes procedures and measurement standards for monitoring investment options.

• Establishes termination and replacement procedures for investment options that fail to satisfy established objectives.
INVESTMENT OBJECTIVES

In structuring the investment options for the Plan, the Investment Committee of the Plan (the “Investment Committee”) shall carry out its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims. The Investment Committee and all other fiduciaries will discharge their responsibilities under the Plan solely in the interests of Plan participants and their beneficiaries. The Plan’s investment options will be selected with the following considerations:

Style correlation: The investment options should be highly correlated to their determined asset class.

Broad range of options: A broad range of investment options will be selected among various asset classes with different and distinct risk/return profiles that are expected to offer participants a sufficient level of overall diversification.

Expense ratios/fees: The investment option’s expense ratio/fees should be reasonable based on its peer group and performance.

Performance criteria: The investment option should be evaluated against the relative peer group and appropriate style index.

INVESTMENT OPTIONS

The Plan’s investment options may consist of investment vehicles such as:

- [ ] Mutual Funds
- [ ] Stable Value / GIC
- [ ] Collective Trust Funds
- [ ] Group Annuity or Funding Agreement
- [ ] Separately Managed Accounts
- [ ] Company Stock
- [ ] Self-Directed Brokerage Accounts

ROLES AND RESPONSIBILITIES

The Plan Sponsor/Investment Committee. The Plan Sponsor/Investment Committee is primarily responsible for:

- Preparation and maintenance of this Policy Statement
- Prudently selecting investment options
• Periodically evaluating the Plan’s investment options and making investment option changes, if warranted
• Controlling and accounting for all investment, recordkeeping and administrative expenses associated with the Plan
• Providing plan participant investment education and communication to assist employees in making informed investment decisions

**Investment Consultant.** The Investment Committee may retain an investment consultant to assist in fulfilling certain responsibilities. The investment consultant’s role is that of a non-discretionary advisor to the Investment Committee and may include the following activities:

• Assisting in the development and periodic review of the Policy Statement
• Conducting searches for investment options when requested by, and per the instructions of, the Investment Committee
• Reviewing performance reports on the investment options with the Investment Committee
• Updating and educating newly appointed Investment Committee members on matters such as the Plan’s investment history and historical capital markets performance

**COMPLIANCE WITH ERISA SECTION 404(c)**

The Plan is intended to comply with ERISA Section 404(c) (including corresponding regulations issued by the Department of Labor), which provides a plan sponsor and other plan fiduciaries with relief from liability for the investment decisions made by participants.

**DEFAULT INVESTMENT OPTION (IF APPLICABLE)**

The Investment Committee will establish a default investment option to allocate contributions when a participant fails to make an investment selection for elective contributions or employer contributions, including when a participant is automatically enrolled in the Plan.

ERISA provides a plan sponsor and other plan fiduciaries with 404(c) relief if, in the absence of investment direction from the participant, the plan fiduciary invests the assets in a qualified default investment alternative (QDIA) and certain other requirements have been met.

Accordingly, the Investment Committee will select a default investment option in accordance with ERISA’s prudent investor rule, Section 404(c) of ERISA and the QDIA guidelines published by the Department of Labor.

The current default option for the plan is listed in Appendix A.
INVESTMENT SELECTION

Asset Class Selection

The selection of investment options offered under the Plan is among the Investment Committee’s most important responsibilities. The Plan intends to provide an appropriate range of investment options that will span the risk and return spectrum in order to allow plan participants to construct portfolios consistent with their unique individual needs, circumstances, goals, time horizons and risk tolerance.* Major asset classes to be offered may include:

- Stable Value
- US Core Bonds
- High Yield Bonds
- International Bonds
- US Large Cap Value Equity
- US Large Cap Core Equity
- US Large Cap Growth Equity
- US Mid Cap Value Equity
- US Mid Cap Core Equity
- US Mid Cap Growth Equity
- US Small Cap Value Equity
- US Small Cap Core Equity
- US Small Cap Growth Equity
- International Equity
- Emerging Markets Equity

Investment Option Selection

After determining the asset classes to be used, the Investment Committee must evaluate and choose the specific investment options. Each investment option’s issuer must meet certain minimum criteria:

1. It should be a bank, insurance company, or Investment Management Company registered under the Investment Company Act of 1940 or a Registered Investment Adviser registered under the Investment Adviser Act of 1940.

2. It should be operating in good standing with regulators.

3. It should provide detailed additional information on the history of the firm, its investment philosophy and approach, and its principals, clients, locations, fee schedules and other relevant information.

*There is no guarantee that a selected strategy will meet any stated goal.
In selecting the investment options for the plan, the Investment Committee will consider a variety of statistical and non-statistical factors. These factors will include the investment options’ investment objectives, performance relative to its index and peer group, risk characteristics, investment style, fees (including expense ratios and other potential costs, such as redemption fees), manager tenure, style consistency and the degree of correlation with other plan investment options. The investment options’ management company should also be evaluated for factors such as manager turnover and current legal or regulatory issues.

Prior to selecting the investment options for the plan, the Investment Committee should outline specific screening guidelines, by category, that each of the investment options must meet. These screening guidelines should be documented in the “Investment Management” section of the Fiduciary Audit File, a file established by the Plan Sponsor to document procedural process.

**INVESTMENT MONITORING AND REPORTING**

The ongoing monitoring of investments must be a regular and disciplined process. It is the mechanism for revisiting the investment options selected and verifying that the criteria originally satisfied continues to be satisfied within an acceptable range. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an on-going process.

The Investment Committee will monitor, on a periodic basis, the Plan’s investment options, considering the same factors identified above under “Investment Selection”. Further review will be required if an investment option has a change in manager, experienced style drift, performed unfavorably relative to its index or peer group, violated its investment guidelines, material litigation filed against the firm, or material changes in firm ownership structure or announcements thereof, or any other factors that may have arisen that the Investment Committee deems material since the initial selection of the investment option.

If an investment option continues to satisfy the original selection criteria within an acceptable range, no further action is required. If areas of dissatisfaction exist, it is the responsibility of the Investment Committee to take steps to remedy the deficiency, which could lead to the replacement of the investment option.

The Investment Committee may retain an outside investment consultant or other experts to assist in the periodic review of the Plan’s investment options.

The Investment Committee will hold regular meetings and will receive and review reports of the Plan’s investment options on a periodic basis.

**Fund Evaluation Criteria**

*(Please describe the minimum risk/return criteria for which the fund will be evaluated. Typically a fund’s risk and/or return characteristics are measured against a style index and/or a peer universe over a period of time.)*
INVESTMENT OPTION REMOVAL

Investment Committee may remove an investment option at its sole discretion when it believes such removal is in the best interests of the Plan and its participants and beneficiaries, taking into account for this purpose all relevant factors including, without limitation, when the Investment Committee has lost confidence in the manager’s ability to:

- Achieve performance and risk objectives.
- Comply with investment guidelines.
- Comply with reporting requirements.
- Maintain a stable organization and retain key relevant investment professionals.

There are no hard and fast rules for manager termination. However, if the investment option has consistently failed to adhere to one or more of the above conditions and failed to remedy the circumstances, within a reasonable time, shall be grounds for termination.

Any recommendation to remove an investment option will be treated on an individual basis, and will not be made solely based on quantitative data. In addition to those above, other factors may include professional or client turnover or material change to investment processes. Considerable judgment must be exercised in the termination decision process.

An investment option may be removed using one of the following approaches, though the Committee may determine that another approach is appropriate given the circumstances:

- Remove the investment option, map balances and contributions to a replacement fund that is added to the plan.
- Remove the investment option, map balances and contributions to a fund currently in the plan.

Replacement of an investment option would follow the criteria outlined in the Investment Selection section above.*

COORDINATION WITH THE PLAN DOCUMENT

Notwithstanding the foregoing, if any term or condition of this investment policy conflicts with any term or condition in the Plan, the terms and conditions of the Plan shall control.

*There is no guarantee that a selected strategy will meet any stated goal.
INVESTMENT POLICY REVIEW

This Investment Policy Statement will be reviewed at least annually, and may be amended from time to time to reflect changes in the capital markets, plan participant objectives or other factors relevant to the Plan.

ADOPTION

This statement of investment policy is adopted on ________________, ___ 20___ by the Investment Committee of the Plan whose signatures appear below.
Appendix A - Plan Options

<table>
<thead>
<tr>
<th>INVESTMENT OPTION</th>
<th>COMPARATIVE INDEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund A</td>
<td>S&amp;P 500® Index</td>
</tr>
<tr>
<td>Fund B</td>
<td>Russell 1000® Growth</td>
</tr>
<tr>
<td>Fund C</td>
<td>Russell 1000® Value</td>
</tr>
<tr>
<td>Fund D</td>
<td>Russell 2000®</td>
</tr>
<tr>
<td>Fund F</td>
<td>Russell 2000® Growth</td>
</tr>
<tr>
<td>Fund G</td>
<td>Russell 2000® Value</td>
</tr>
<tr>
<td>Fund H</td>
<td>MSCI EAFE® Index</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEFAULT OPTION</th>
<th>COMPARATIVE INDEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund I</td>
<td>50% S&amp;P 500® Index</td>
</tr>
<tr>
<td></td>
<td>50% Lehman Aggregate Bond™ Index</td>
</tr>
</tbody>
</table>
GLOSSARY OF INDICES

90-Day T-Bill
Short-term obligations issued by the United States government. T-Bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference or “discount” is the interest earned. T-Bills are issued in denominations of $10,000 (auction) and $1,000 increments thereafter.

AMEX
The Amex Major Market Index (XMI) is a price-weighted index of 20 blue-chip stocks representative of major US industrial corporations.

Consumer Price Index
In economics, a Consumer Price Index (CPI, also retail price index) is a statistical measure of a weighted average of prices of a specified set of goods and services purchased by wage earners in urban areas. It is a price index which tracks the prices of a specified set of consumer goods and services, providing a measure of inflation. The CPI is a fixed quantity price index and a sort of cost-of-living index. The CPI can be used to track changes in prices of all goods and services purchased for consumption by urban households. User fees (such as water and sewer service) and sales and excise taxes paid by the consumer are also included. Income taxes and investment items (like stocks, bonds, life insurance, and homes) are not included.

Dalbar Average Equity Mutual Fund Investor
Is based on cash inflows/outflows and performance of over 6,000 mutual funds representing over 95% OF ALL FUNDS. This number is included in Dalbar Inc.’s “Quantitative Analysis of Investor Behavior” May 2006 study.

Barclays Municipal Index
The municipal bond index began in January 1980. The indices are broad market performance benchmarks for the long-term tax-exempt bond market. The Municipal Indices are rules-based and market value weighted. The Municipal Index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating) and prerefunded bonds.

Barclays Long Municipal Index
The municipal bond index began in January 1980. The indices are broad market performance benchmarks for the long-term tax-exempt bond market. The Municipal Indices are rules-based and market value weighted. The Municipal Index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating) and prerefunded bonds. Comprised of all bonds covered in the Municipal index with maturities of 10 years or longer.

Barclays Government/Credit Index
Created in 1979, the U.S. Government/Credit Index is the oldest macro index published by Barclays. It is the combination of the U.S. Treasury, U.S. Government-Related, and U.S. Corporates Indices and is equivalent to the union of the U.S. Government and U.S. Credit Indices.

Barclays Long Government/Credit Index
Created in 1979, the U.S. Government/Credit Index is the oldest macro index published by Barclays. It is the combination of the U.S. Treasury, U.S. Government-Related, and U.S. Corporates Indices and is equivalent to the union of the U.S. Government and U.S. Credit Indices. Comprised of all bonds covered in the Government/Credit index with maturities of 10 years or longer.
Barclays Government/Corporate (Long-Term) Index
Composed of the same types of issues as defined above. However, the average maturity of the bonds included on this index approximates 22 years.

Lipper Growth
Funds that invest at least 75% of their equity assets in companies with market capitalizations (on a three-year weighted basis) greater than 300% of the dollar-weighted median market capitalization of the middle 1,000 securities of the S&P Super Composite 1500 Index. Large-cap growth funds typically have an above-average price-to-earnings ratio, price-to-book ratio, and three-year sales-per-share growth value, compared to the S&P 500 Index.

MSCI EAFE
The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. As of June 2006 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

Nasdaq Composite
The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The Index is market value weighted. This means that each company's security affects the Index in proportion to its market value. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index. Today the NASDAQ Composite includes over 5,000 companies, more than most other stock market indexes. Because it is so broad-based, the Composite is one of the most widely followed and quoted major market indexes.

Russell 1000
Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. As of the latest reconstitution, the average market capitalization was approximately $13.9 billion; the median market capitalization was approximately $4.9 billion. The smallest company in the index had an approximate market capitalization of $2.0 billion.

Russell 1000 Growth
Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value
Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000
Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index. As of the latest reconstitution, the average market capitalization was approximately $762.8 million; the median market capitalization was approximately $613.5 million. The largest company in the index had an approximate market capitalization of $2.0 billion and a smallest of 218.4 million.

Russell 2000 Growth
Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.
**Russell 2000 Value**
Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

**S&P 500**
Widely regarded as the best single gauge of the U.S. equities market, this world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 focuses on the large-cap segment of the market, with over 80% coverage of U.S. equities, it is also an ideal proxy for the total market.

**S&P 500 Principle**
Widely regarded as the best single gauge of the U.S. equities market, this world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 focuses on the large-cap segment of the market, with over 80% coverage of U.S. equities, it is also an ideal proxy for the total market. This index does not include income.

**Value Line**
An equal-weighted stock index containing 1,700 companies from the NYSE, AMEX, Nasdaq and over-the-counter market. Also known as the “Value Line Investment Strategy."