

Morgan Stanley

# 401(k) Plan Benefits



2019 Summary  
Plan Description

**The Morgan Stanley 401(k) Plan (“401(k) Plan” or “Plan”) is designed to provide you with a tax-advantaged opportunity to save for retirement.**

The provisions of the 401(k) Plan, in effect as of January 1, 2019, are summarized here. Any inconsistency between this communication and the terms of the official Plan document will be governed by the Plan document. Morgan Stanley and its benefit plans are not responsible for any data errors or processing delays. The Plan Administrator may correct any errors at any time.

Check your confirmations and statements to ensure that your elections are correctly reflected.

The Company and its affiliates reserve the right to amend, modify, terminate or discontinue the Plans at any time, including the right to change benefits or contributions.

The information contained in this document is general in nature, is not individual tax advice and may not be used to avoid any tax or tax penalty. Tax laws are complex and may change, and their application may vary based on the circumstances. Morgan Stanley and its benefit plans do not provide tax or legal advice. You are responsible for consulting your own advisors.

Pursuant to an exemption under the Commodity Exchange Act, the 401(k) Plan and its trust are not subject to registration or regulation under the Commodity Exchange Act.

**The Benefit Center and HR Services**

Throughout this SPD, there are references to HR Services and the Benefit Center. Whenever you use the Benefit Center website to initiate a transaction or speak with HR Services, you are authorizing the Plan Administrator to process each election as if you had given your written, signed authorization to do so. Morgan Stanley and the Plan are not responsible for any delay in processing transactions due to system unavailability, incomplete information, administrative delay or other reasons. You are responsible for ensuring that your elections are correctly reflected on confirmations, statements and the Benefit Center website. If you do not call HR Services immediately to correct any errors, you may not do so at a later date and you may be entitled only to the benefits shown. In its discretion, the Plan Administrator retains the right to correct any errors it discovers, subject to the terms of the Plan.

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## Introduction

The 401(k) Plan is designed to help you save for retirement. With the added help of Company Contributions for eligible employees, you can build income for a secure future. You are encouraged to take full advantage of the opportunities your 401(k) Plan provides.

This booklet is the SPD for the 401(k) Plan. It is also part of the prospectus for the Morgan Stanley Stock Fund in the Plan, which constitutes an employee stock ownership plan described in Internal Revenue Code (the "U.S. Tax Code") section 4975(e)(7).

The prospectus relates to the interests of eligible employees in the 401(k) Plan and to shares of common stock, par value \$0.01 per share, of Morgan Stanley's parent company ("Morgan Stanley Common Stock") purchased or held from time to time as units in the Morgan Stanley Stock Fund under the 401(k) Plan. The prospectus provides financial information about interests in the Morgan Stanley Stock Fund and the Morgan Stanley Common Stock held in that Fund. Additional information can be found on the Benefit Center website.

You can use the Benefit Center website to get information about the value of your Plan account and to perform certain transactions described in this SPD, including enrolling, naming a beneficiary, changing your contributions, managing your investments and viewing your quarterly account statements. If you have questions about the 401(k) Plan or your account, call HR Services. You may also call HR Services to request documentation (including your quarterly statements) or to perform a transaction on your account.

### HR Services Contact Information

#### Benefit Center Website:

[morganstanley.com/benefits](http://morganstanley.com/benefits)

**HR Services:** 1-877-MSHR-411 (1-877-674-7411); outside North America, call (toll) +1 718-354-1343. Representatives are available weekdays between 9 a.m. and 7 p.m. ET, except certain U.S. holidays.

**Please note: HR Services cannot provide financial, tax or legal advice.**

## Eligibility

You may participate in the 401(k) Plan if you are a U.S. benefits-eligible employee, generally described as a full-time employee or a part-time employee of a participating Morgan Stanley company. Certain employees of foreign subsidiaries may also be eligible.

You are **not** eligible to participate in the Plan if you are:

- Classified by Morgan Stanley and its affiliates as a non-U.S. benefits-eligible employee, intern, summer associate, contingent worker, leased worker, independent contractor or consultant, regardless of whether or not such classification is subsequently upheld for any purpose by a court or federal, state or local administrative authority;
- Covered by a collective bargaining agreement to which Morgan Stanley or an affiliate is a party, unless the agreement provides for Plan participation;
- Hired in connection with an acquisition or other transaction agreement entered into on or after January 1, 2006, unless the Plan specifically provides for your participation;
- Hired in an hourly status on or after July 1, 2004<sup>1</sup>
- A resident of Puerto Rico after December 31, 2011; or
- A nonemployee of Morgan Stanley, including an employee of a vendor, contractor or outsourcer utilized by Morgan Stanley.

If you provided services to Morgan Stanley (or a predecessor) or its affiliates as an employee of a leasing agency or a similar arrangement (and your service was not coded as that of a consultant or independent contractor), you may be entitled to vesting and eligibility credit under the Plan for that service upon becoming a Morgan Stanley employee. Employees who were coded by Morgan Stanley as consultants or independent contractors are not entitled to vesting and eligibility credit under the Plan for that service. For more information, call HR Services.

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<sup>1</sup> Hourly employees who transferred from Citigroup to Morgan Stanley Wealth Management who were eligible to participate in the Citigroup 401(k) Plan immediately prior to such transfer are eligible to participate in the Plan.

If you transferred from Citigroup in connection with the formation of Morgan Stanley Smith Barney, and you work for Morgan Stanley Wealth Management (WM), your period of service with Citigroup will be counted for eligibility and vesting under the 401(k) Plan. If you transferred at a later date, your Citigroup service will be counted only in limited circumstances. For more information, call HR Services.

## Participation

If you are an eligible employee, you may start participating in the 401(k) Plan any time on or after your hire date.

Employees paid from a non-U.S. payroll are generally not eligible to make contributions to the Plan.

If you transferred from Citigroup in connection with the formation of Morgan Stanley Smith Barney to work for WM, and you were eligible to participate in the Citigroup 401(k) Plan immediately prior to July 1, 2009 (or the day before you transferred, if later), you automatically became a participant under the 401(k) Plan on July 1, 2009 (or the day you transferred, if later). Call HR Services for additional information.

## Your Contributions

You decide if you want to contribute to the 401(k) Plan. **You must make contributions in order to receive the Company Match.**<sup>1</sup> Your contributions are deducted directly from your paycheck. Company Contributions are allocated under the 401(k) Plan by Morgan Stanley as described in the *Company Contributions* section.

You may be eligible to make the following contributions to the 401(k) Plan:

- Before-tax contributions
- Roth after-tax contributions
- Catch-up contributions (including Roth after-tax catch-up contributions)
- Non-Roth after-tax contributions
- Rollover contributions

The decision about what type or types of contribution to make to the 401(k) Plan is yours alone and will depend on your individual

circumstances. You may want to make some assumptions about the future — for example, whether you think your tax rate will be higher or lower at retirement than it is today. Review the *Roth After-Tax Newsletter*, available on the Benefit Center website, and consult with your tax or financial advisor before making your elections.

### Note:

- Your contributions must be made in 1% increments of your Eligible Pay (as defined in the *Eligible Pay* section).
- You can change your contribution rates at any time.
- Elections apply prospectively, as soon as administratively practicable, and continue until you make a subsequent change in your elections.
- Some contributions are available for loans, withdrawals, fund transfers and reallocations as described in this SPD and the Plan.
- If you meet the eligibility requirements, you could receive a Company Match based on your combined before-tax and Roth after-tax contributions up to 4% of your Eligible Pay. See the *Company Contributions* section for more information. Note that Eligible Pay is only matched up to limits imposed by the U.S. Tax Code.
- Your contributions do not affect the amount of Social Security or Medicare taxes you pay or benefits you will receive from Social Security.
- You are responsible for ensuring your contributions are made according to your direction. Check your payroll statements and account statements periodically.

If you made contributions to another employer's plan in the current calendar year, **you are responsible for ensuring that your combined contributions to all plans do not exceed the Internal Revenue Service (IRS) annual contribution limit.** Contact HR Services for more information.

## Before-Tax Contributions

You do not pay federal income tax (and, in most cases, state and local income tax) on your before-

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<sup>1</sup> The Company Match is awarded at the Company's discretion.

tax contributions until you take a withdrawal or distribution from the 401(k) Plan. Earnings on before-tax contributions are subject to income taxation upon withdrawal.

You may contribute between 1% and 30% of your Eligible Pay on a before-tax basis. Tax laws may limit the amount you can contribute to the 401(k) Plan. See the *Annual Contribution Limits* section for more information.

You make separate before-tax elections for each component of your Eligible Pay (as described below). For your contributions, Eligible Pay does not include any pay prior to the period you enroll in the Plan or any noncash compensation.

Eligible Pay components from which you may make a before-tax contribution include:

- Base salary or Financial Advisor (FA) salary: includes regular pay, overtime premium pay, night premium, allowances, retroactive pay, shift differential and accrued vacation
- Bonus: includes year-end cash bonus, deferred compensation plan cash payments paid through payroll and other cash performance awards when paid (does not include amounts paid under continued service bonus agreements or similar arrangements)
- Commissions/Incentive Compensation: includes cash margin compensation, sales commissions and residual payments when paid

## Roth After-Tax Contributions

When you make Roth after-tax contributions to the Plan, you may withdraw your contributions and any earnings once you reach age 59½. Withdrawals attributable to Roth after-tax contributions, including earnings, may be tax-free if you meet a five-year participation period. The five-year participation period begins on the first day of the taxable year in which you first make Roth after-tax contributions and ends when five consecutive taxable years have passed.

You may contribute between 1% and 30% of your Eligible Pay on a Roth after-tax basis up to the limits imposed by the U.S. Tax Code. See the *Annual Contribution Limits* section. The percentage you elect will apply to ALL cash components of your

Eligible Pay combined, including base salary or Financial Advisor salary, commissions, incentive compensation and bonus.

## Catch-Up Contributions

If you will be age 50 or older by December 31, you may contribute between 1% and 30% of your Eligible Pay in additional before-tax and/or Roth after-tax catch-up contributions (up to the maximum dollar amount shown in the *Annual Contribution Limits* section). Your catch-up election will apply to ALL components of your Eligible Pay, including base salary, Financial Advisor salary, commissions, incentive compensation and bonus. **Catch-up contributions are not eligible for a Company Match**, unless later reclassified as before-tax or Roth after-tax contributions.

## Non-Roth After-Tax Contributions

Non-Roth after-tax contributions are made with after-tax dollars and are available tax-free upon retirement. However, earnings on after-tax contributions are subject to income taxation upon withdrawal. Before you make non-Roth after-tax contributions, consider whether Roth after-tax contributions would be more beneficial to you (see the *Roth After-Tax Contributions* section).

You may contribute between 1% and 30% of your Eligible Pay on a non-Roth after-tax basis up to the limits imposed by the U.S. Tax Code. See the *Annual Contribution Limits* section. The percentage you elect will apply to ALL cash components of your Eligible Pay combined, including base salary or Financial Advisor salary, commissions, incentive compensation and bonus.

## Non-Roth after-tax contributions are not eligible for a Company Match.

Highly Compensated Employees (“HCEs”) are not eligible to make non-Roth after-tax contributions. The Plan Administrator will determine whether or not you are an HCE by looking at your earnings for the prior year and will notify you if you are affected. HCEs may make Roth after-tax contributions.

## Rollover Contributions

You may roll over certain distributions from other plans to the 401(k) Plan while you are actively employed with Morgan Stanley. Qualifying rollovers

include eligible distributions from your prior employer's qualified plan (such as a 401(k), profit-sharing or defined benefit plan), or a conduit IRA.

Once made, rollover contributions may not be withdrawn until you meet the 401(k) Plan's rules for taking a withdrawal.

## How to Make a Rollover Contribution

You must direct your prior employer or financial institution to send the eligible distribution directly to the 401(k) Plan or you may deliver some or all of your eligible distribution to the 401(k) Plan. **This transaction must be completed within 60 days after you receive the distribution from your prior employer or financial institution.** Only cash (not stock or other property) can be rolled into the 401(k) Plan.

Visit the Benefit Center website to request a Rollover Contribution Form (from the *Savings & Retirement* tab, click on *Forms and Materials under Documents and Resources* on the right side of the page, then select *401(k) Plan Rollover Contribution Form*) or call HR Services.

Rollover contributions will be invested according to the investment direction you make when completing and submitting your Rollover Contribution Form.

**Note:** You may **not** invest your rollover contribution directly in the Morgan Stanley Stock Fund. However, you may transfer your rollover contributions to the Morgan Stanley Stock Fund at any time after the rollover is processed, subject to applicable trading restrictions. See the *Fund Transfer Restrictions* section for more information.

## Payments You Cannot Roll Over

The following payments cannot be rolled over to the 401(k) Plan:

- Stock or other property
- Periodic payments made over your life expectancy (or your and your beneficiary's joint life expectancy) or a specified period of 10 or more years
- Minimum required distribution amounts (received after age 70½)

- Nontaxable distributions from another qualified plan or IRA (for example, non-Roth after-tax contributions) (Note: Roth after-tax contributions may be eligible for rollover)
- Distributions received as an alternate payee (other than a spouse or former spouse) under a Qualified Domestic Relations Order ("QDRO")
- Payments made to you as a beneficiary of another person's IRA or qualified plan interest
- Distributions from a Roth IRA
- Payments from international banks not qualified in the U.S.
- Hardship distributions
- Distributions from any other qualified plan sponsored by Morgan Stanley or an affiliate

## Company Contributions

You may be eligible to receive the following

Firm-provided contributions:

- Company Match
- Fixed Contributions
- Morgan Stanley Transition Contributions
- Citi Pension Transition Contributions

In addition to the eligibility requirements described under each section below, to be eligible for Company Contributions for any given Plan year:

- You must be actively employed or on an authorized leave of absence on December 31 or the last business day of the year; or
- Your employment ended during the year due to:
  - Retirement (for Company Contribution purposes, generally, either age 55 with five years of service or age 65 with at least three years of service);
  - Release (as defined below);
  - Total and Permanent Disability; or
  - Death.

Company Contributions are generally credited to your 401(k) Plan account during the first quarter of the year following the calendar year for which the contribution amounts are determined.

## Company Match

To encourage you to save, Morgan Stanley, in its sole discretion, may match a portion of your before-tax and Roth after-tax contributions to the Plan, up to 4% of your Eligible Pay. Eligible Pay may not exceed the pay limits imposed by the U.S. Tax Code. For example, Morgan Stanley may determine a Company Match will be made, and the Company may match up to \$1.00 for each \$1.00 you contribute to the Plan, up to a maximum of 4% of your Eligible Pay.

Catch-up contributions are not eligible for a Company Match unless later reclassified as before-tax or Roth after-tax contributions by the Plan Administrator.

Non-Roth after-tax contributions are not eligible for a Company Match.

The Company will determine, in its discretion, whether Company Match contributions will be made in Morgan Stanley stock or in cash.

## Fixed Contributions

You may be eligible for a Fixed Contribution if, as of December 31:

- Your annualized base pay is \$100,000 or less,
- Your Fixed Contribution Earnings for the year are \$100,000 or less (Fixed Contribution Earnings are Eligible Pay (as defined in the *Eligible Pay* section) excluding any Eligible Pay paid before the first of the month you have completed one year of service),
- You are not a Financial Advisor or Producing Branch Manager (or equivalent title), an Advisory Director or Senior Advisor (or equivalent title), or
- You are not a Saxon employee of Morgan Stanley's U.S. Residential Mortgage Business, as determined by the Plan Administrator.

If you meet the above conditions, a Fixed Contribution of 2% of your Fixed Contribution Earnings will be credited to your account and invested according to your investment direction on file. If you do not have an investment direction on file, the Fixed Contribution will be invested in a

default fund or funds, as selected by the Plan Administrator. You do not have to contribute to the Plan in order to receive a Fixed Contribution.

## Morgan Stanley Transition Contributions

You may be eligible for a Morgan Stanley Transition Contribution if you earned a Morgan Stanley pension benefit or received a 401(k) Plan Retirement Contribution in 2010, and you were at least age 45 with five or more years of service at December 31, 2010. Morgan Stanley Transition Contributions may be available under the Plan for up to 10 Plan years as determined solely by Morgan Stanley, beginning with the 2011 Plan year. If you are eligible for a Citi Pension Transition Contribution (see below), or if you are rehired after a break in service greater than one year, you are not eligible for a Morgan Stanley Transition Contribution, even if you were previously eligible.

Morgan Stanley Transition Contributions will be credited to your account and invested according to your investment direction on file. If you have no investment direction on file, Morgan Stanley Transition Contributions will be invested in a default fund or funds, as selected by the Plan Administrator. You do not have to contribute to the Plan in order to receive a Morgan Stanley Transition Contribution.



The Plan Administrator will calculate the Morgan Stanley Transition Contribution based on a formula generally equivalent to 80% of (1) minus (2):

1. Under the plan provisions in effect in 2010:
  - The estimated value of the benefit you would have earned under the Pension Plan (or what you would have received as a Retirement Contribution in the 401(k) Plan) during the applicable Plan year, **plus**
  - The Company Match you would have received had you contributed 6% of your Eligible Pay to the 401(k) Plan (regardless of your actual contributions).
2. Under the Plan provisions in effect during the applicable Plan year:
  - The Company Match you would have received had you contributed 4% of your Eligible Pay to the 401(k) Plan (regardless of how much you actually contributed), **plus**
  - Your Fixed Contribution for the Plan year, if any.

## Citi Pension Transition Contribution

If you transferred from Citigroup in connection with the formation of Morgan Stanley Smith Barney, and you work for WM, you may be eligible for a Citi Pension Transition Contribution if you qualified for a transition contribution under the Citigroup 401(k) Plan and you were at least age 45 with five or more years of service, including prior Citigroup service, at December 31, 2010. Citi Pension Transition Contributions may be available for up to 10 Plan years as determined by Morgan Stanley beginning with the 2011 Plan year. If you are rehired after a break in service greater than one year, you are not eligible for a Citi Pension Transition Contribution even if you were previously eligible for a Citi Pension Transition Contribution.

Your Citi Pension Transition Contribution is based on the one-time calculation Citigroup performed to determine the percentage of your annual eligible pay for your annual transition contribution under the Citigroup 401(k) Plan. You are eligible for this contribution if you received a personalized report in 2007 from Citigroup showing how your Transition

Contribution percentage, if any, was calculated. Refer to that report for details of the calculation. If you have questions on the transition contribution from Citigroup, you can contact the Citigroup benefit service center, Connect One, at 1-800-881-3938.

## When You Vest in Company Contributions

Vesting refers to the percentage of your Plan account you are entitled to receive when your employment ends. You are always 100% vested in your employee contributions and any earnings on your employee contributions. You vest in Company Contributions based on your years of service with Morgan Stanley.

Even if your Company Contributions are subject to a vesting schedule, dividends paid to the Morgan Stanley Stock Fund and any associated earnings are fully vested at all times.

**If you were hired on or after January 1, 2004**, you become 100% vested in any Company Contributions and earnings on those contributions after you complete three years of service. A year of service is 12 months of service whether or not consecutive.

**If you were hired by Morgan Stanley before January 1, 2004**, your vesting rules are determined by the business unit in which you were employed. Contact HR Services for additional information.

Company Contributions become 100% vested when your employment with Morgan Stanley ends for any of the following reasons:

- **Retirement.** When your employment ends after attaining age 55 with at least five years of service, or after attaining age 65 with at least three years of service.
- **Total and Permanent Disability (or Totally and Permanently Disabled).** When you have a medically determinable physical or mental impairment that is reasonably expected to last for 12 months or more or to result in your death, as determined by Morgan Stanley's Long-Term Disability Plan administrator.

- **Release.** When your employment ends because Morgan Stanley decides to permanently close a branch office or other facility, or to reduce permanently the number of employees it employs due to a substantial change in economic conditions and designated by the Plan Administrator as a Release.
- **Death.** Upon your death while employed by Morgan Stanley, your account will be distributed to your Beneficiary (see the *Naming a Beneficiary* section).

Once you become 100% vested in your Company Contributions, you are 100% vested in all future Company Contributions.

## If You Are Rehired

If you previously worked for Morgan Stanley (or a predecessor) or its affiliates and are later rehired as an employee eligible to participate in the Plan, your prior service typically counts for determining your eligibility for and vesting in new Company Contributions under the Plan.

## If You Are a Leased Employee

If you provided services to Morgan Stanley (or a predecessor) or its affiliates as an employee of a leasing agency or pursuant to a similar arrangement (and your service was not coded as that of a consultant or independent contractor), you may be entitled to vesting and eligibility service credit under the Plan for such service. For more information, contact HR Services.

## If You Leave Before You Are Fully Vested

Company Contributions, and earnings on those contributions that are not vested when your Morgan Stanley employment ends, will be forfeited on the earlier of the date of distribution of the vested portion of your account to you or the end of the month in which your employment ends. However, if you are later rehired, you may be entitled to have forfeited amounts restored to your account depending on the length of your break in service.

## Break in Service Less Than One Year

If you are rehired after a break in service of less than one year, any amounts forfeited from your account will be restored as soon as administratively practicable after your rehire date.

## Break in Service Greater Than One Year but Less Than Five Years

If you are rehired after a break in service greater than one year but less than five years, any amounts forfeited from your account will be restored after you have completed one year of service from your rehire date.

## Break in Service Greater Than Five Years

If you are rehired after a break in service greater than five years, you will not be entitled to amounts previously forfeited. Certain exceptions may apply under a grandfather provision.

## Restoration of Forfeitures

Forfeited amounts will be restored in your account **in cash without adjustment for income, gain or loss** and will be invested according to your investment direction on file at the time of restoration. If you do not have an investment direction on file, the amount will be invested in a default fund or funds, as selected by the Plan Administrator.

If your employment with the Company ends before you become fully vested and you return to employment after five years, your prior service will count toward the determination of eligibility and future vesting only. You will not be entitled to any previously forfeited amounts. Generally, employment ends when you are no longer on active payroll and begins when you are again credited with an hour of service with the Company.

## Eligible Pay

Eligible Pay is your total income from Morgan Stanley for a calendar year, less any amounts not related to performance (such as taxable relocation expenses and retention awards).

Eligible Pay includes, but is not limited to:

- Base pay
- Most cash bonus payments
- Incentive compensation (when paid)
- Commissions
- Cash performance award payments
- Overtime
- Premium pay
- Night premiums
- Retroactive pay
- Shift differential
- Vacation pay
- Allowances
- Payouts from deferred compensation plans, including the value of any distributions in the form of Morgan Stanley common stock from a nonqualified deferred compensation plan maintained by a Participating Company
- Amounts deferred under Morgan Stanley's Flexible Spending Accounts, Health Savings Account, Commuter Benefits Program and the 401(k) Plan

Eligible Pay does **not** include:

- Referral fees
- Relocation expenses and allowances
- Amounts paid prior to your start date
- Employee expense reimbursements
- Imputed income
- Certain bonuses to satisfy a loan
- Benefits paid under any plan or payroll practice due to retirement, disability or death of an employee or his or her dependents
- Retention awards
- Similar types of pay as determined by the Plan Administrator
- Severance

- Amounts paid after the later of the 10th day of the month following the month in which your employment ends or 30 days after your last date of employment
- A special "one-time" payment (generally, not to exceed \$1,000) paid in the first quarter of 2018

You may not make employee contributions from any noncash payment, even if that payment is Eligible Pay.

## Annual Pay Limits

The IRS places an annual limit on Eligible Pay for 401(k) Plans. The limit is subject to adjustment from year to year. The pay limit for 2019 is \$280,000.

## Annual Contribution Limits

The Plan is subject to requirements under the U.S. Tax Code that limit the total contributions that may be made to your account each year. Your contributions and Company Contributions may be reduced in a given year if you are affected by these limits. The limits are subject to adjustment from year to year.

For the following chart, "Earned Income" means the total compensation actually paid to you as reported in Box 1 on Form W-2 (or its equivalent) for the year, plus any elective deferrals or pre-tax contributions made by you to the 401(k) Plan, the Morgan Stanley Commuter Benefits Program, Health Savings Account and Flexible Spending Accounts.

CONTRIBUTIONS	2019 ANNUAL LIMIT
Before-tax and Roth after-tax contributions combined, in aggregate under all qualified plans	\$19,000
Before-tax and Roth after-tax catch-up contributions, in aggregate under all qualified plans	\$6,000
Total annual contributions, including employee and Company Contributions under the 401(k) Plan (excluding catch-up contributions)	The lesser of \$56,000 or 100% of Earned Income

If you reach any of these limits under the 401(k) Plan, your employee contributions automatically stop. The annual limits on before-tax and Roth after-tax contributions (both regular and catch-up) apply to contributions you make to any 401(k) Plan and certain similar types of savings plans during the year. If you contributed to another plan during the year, you must take into consideration any contributions made to that plan. It is your responsibility to make sure that your aggregate annual contributions to all plans do not exceed the annual contribution limits. Call HR Services for more information.

## Other Limits

The 401(k) Plan is subject to tests that are intended to ensure that contributions do not discriminate in favor of certain highly compensated employees (“HCEs”). In the unlikely event that the 401(k) Plan fails any of these tests, it may be necessary to re-characterize, limit or refund some or all contributions for HCEs. If these tests affect you, you will be notified.

## Excess Deferral

An excess deferral refers to the contribution amount you make during a year in excess of the annual before-tax, Roth after-tax limit or the combined contribution limit. To the extent the Plan is aware, your excess deferral and the associated gains or losses will be refunded to you in the following year. If you have an excess deferral due to contributions to another plan, you may receive a refund from the 401(k) Plan only if you contact HR Services by April 1 of the following year.

## Naming a Beneficiary

It is important that you name a beneficiary to receive your interest in the 401(k) Plan in the event of your death.

To name a beneficiary, visit the Benefit Center website, click on *Your Profile* and then click on *Beneficiaries* or call HR Services.

## Beneficiary Designation

These rules apply to your designation:

- The latest valid beneficiary designation on file with the Benefit Center at the time of your death governs.
- Morgan Stanley is not responsible for forms that are unsigned (if required), incorrectly completed, not received or not processed by the Benefit Center on a timely basis. You are responsible for checking your beneficiary designation on the Benefit Center website periodically.
- If you have no valid beneficiary designation on file, your spouse is automatically your beneficiary if you are married, and your estate is automatically your beneficiary if you are not married.
- A spouse is a person to whom you are legally married pursuant to a state or foreign law permitting such marriage.
- If you are married and want to name someone other than your spouse as your beneficiary, your spouse must agree in writing by signing the spousal consent portion of your Beneficiary Designation authorization form in the presence of a notary public.
- If your former domestic partner is now your spouse, any beneficiary designations in effect before your marriage are invalid. If you intend to name a non-spouse as beneficiary, you must complete a new form and obtain spousal consent.
- If you are divorced and previously named your former spouse as a beneficiary, your former spouse is still a named beneficiary unless you complete a new Beneficiary Designation authorization form.
- Your account will be divided equally among all surviving designated primary beneficiaries, unless you specify otherwise.
- You may name a trust as your beneficiary.
- Beneficiary percentages must be in whole percentage increments or all beneficiaries must be designated to share equally.
- If you make your beneficiary election on the Benefit Center website, you are electronically

consenting to your designations. If you are married and elect a non-spouse beneficiary, you must provide your spouse's written consent on your Beneficiary Designation authorization form. If a spousal consent is required and not completed properly, your beneficiary designation will be invalid and your beneficiary will default to your spouse (if married) or estate (if unmarried).

- You may not name an individual who is resident or located in an Office of Foreign Assets Control (OFAC) sanctioned country (or who is an OFAC "specially designated national") as your beneficiary. Any such beneficiary designation will be invalid.

**Note:** Your beneficiaries must request a final distribution of any Plan accounts no later than December 31 of the year containing the five-year anniversary of your death. Failure to comply may subject your beneficiaries to an excise tax.

## Investing Your Account

You are responsible for the investment of your 401(k) Plan account. Company Match contributions are automatically invested in the Morgan Stanley Stock Fund if made in stock, or are invested in accordance with your investment elections on file if made in cash.

You may transfer or reallocate your account at any time, subject to applicable holding periods and trading restrictions. See the *Fund Transfer Restrictions* section for more information. You may change your investment direction on file at any time, subject to applicable trading restrictions.

### Important:

Before you change your investment in the Morgan Stanley Stock Fund, see the *Important Information About Company Stock Investments* section for more information.

## Your Investment Decision for Contributions Going Into Your Account

You may invest your contributions and Company Contributions (if any) in a wide variety of investment options. You may change the way your future contributions and/or current balances are invested at any time, subject to applicable trading

restrictions. See the *Fund Transfer Restrictions* section for more information.

Information about each of the investment options, including about the importance of diversifying your assets, is available on the Benefit Center website. Fund prospectuses and/or fact sheets are also available on the Benefit Center website or by request through HR Services. Review the fund prospectuses, fact sheets and other available information before deciding how to invest your account. Funds available for investment may change from time to time, so look for important notices about the 401(k) Plan in your electronic or postal mail.

**Note:** The 401(k) Plan is intended to constitute a plan described in section 404(c) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the regulations issued thereunder, 29 C.F.R. section 2550.404c-1. Because investments under the 401(k) Plan are directed by participants in the manner allowed under ERISA section 404(c), the fiduciaries of the 401(k) Plan may be relieved of liability for losses that are the direct and necessary result of investment instructions given by participants or beneficiaries.

## Changing the Investment of Your Account

You can transfer money invested in your account to different funds on the Benefit Center website (from the homepage, click the *Savings & Retirement* tab, select 401(k) *Savings Plan* then click on *Change Investments*) or call HR Services.

Morgan Stanley Stock Fund assets can be transferred to any available investment option in the 401(k) Plan at any time, subject to applicable trading restrictions and window periods. Prior to requesting any transaction, become familiar with the trading policies of the 401(k) Plan, the Company, your business unit and the investment funds. See the *Fund Transfer Restrictions*, *30-Day Restriction* and *Other Restrictions* sections that follow for more information. Note that there may be important dividend and tax considerations for your investment in Company Stock. See the *Important Information About Company Stock Investments* section for more information.

**Note:** Requests made before the close of the NYSE (generally, 4 p.m. ET) are usually performed that day, except where precluded by administrative limitations, market or other conditions. Requests made after the close of the NYSE or on a day the NYSE is not open for business are usually performed as of the next business day. Morgan Stanley is not responsible for any processing or administrative delays.

All purchases and sales of shares of the investment options are generally made at the fund's closing net asset value or closing unit value on the date of purchase or sale. In the event a purchase or sale is posted at an incorrect price, the Plan Administrator may, in its sole discretion, adjust your account to correct any error.

## How to Transfer Money to Individual Funds

- To transfer a percentage or dollar amount of your account from one investment option to other investment options, access the Benefit Center website and from the homepage, click on the *Savings & Retirement* tab, select 401(k) *Savings Plan*, then click on *Change Investments* and select *Move Money Between Funds*.
- You have the option to transfer money attributable to your contributions, Company Contributions or both.
- You must call HR Services to request multiple direct transfers (separate transfers from one fund to another) on a single day.
- Once you transfer money to multiple funds in one transaction, you will not be able to request another transfer until the next business day (subject to trading restrictions and window periods). To change your original request, you must delete it and submit a new request prior to the close of the NYSE (generally, 4 p.m. ET) on the business day of your original request.
- If an option in the 401(k) Plan is not open for new investments (a closed fund), you may transfer out of that option, but you may not transfer into it.

## How to Reallocate Money Among Funds

- To redistribute a percentage of your entire investment mix among funds on the Benefit Center website, from the homepage, click the *Savings & Retirement* tab, select 401(k) *Savings Plan*, then click on *Change Investments* and select *Create a New Investment Mix*.
- Investments in a closed fund will be redirected when you select *Create a New Investment Mix* and you will not be able to reinvest in the closed fund. To keep your investment in the closed fund, you must instead elect to *Move Money Between Funds*.
- You may include or exclude your interest in the Morgan Stanley Stock Fund when you reallocate money among funds. See the *Fund Transfer Restrictions* section for more information.
- You must specify a percentage of your balance to invest in each of the available options. The percentages must total 100%.

## Fund Transfer Restrictions

Company Stock held by employees in the 401(k) Plan is subject to the same trading restrictions that apply to securities held in other employee accounts (such as pre-clearance and window period restrictions). HR Services' systems automatically apply certain of the 401(k) Plan's restrictions to amounts available for fund reallocations and fund transfers. The Benefit Center systems do not automatically apply all restrictions that may apply to you. **It is your responsibility to ensure that you comply with all applicable trading policies and window periods.**

## 30-Day Restriction

In general, the 401(k) Plan prohibits the transfer of money out of a fund within 30 days of its purchase; however, this restriction does not apply to transfers out of the BlackRock Government Short-Term Investment Fund and the State Street Global Advisors Target Retirement Funds. Also, the 30-day restriction does **not** apply to purchases made for your account due to the following:

- Payroll contributions less than \$2,500
- Fixed Contributions less than \$2,500
- Transition Contributions less than \$2,500
- Company Match Contributions
- Dividend reinvestments
- Loan payments
- Rollover contributions

## Other Restrictions

While you are a Morgan Stanley employee, your transactions in the 401(k) Plan are subject to the Morgan Stanley Code of Conduct, Code of Ethics and Global Employee Trading Policy in the same way as are all of your other transactions outside the 401(k) Plan. Additional restrictions may apply under your business unit's trading policy. Certain trading policies also apply to the Plan's investment funds; see the fund prospectuses, available on the Benefit Center website. It is your responsibility to comply with all trading restrictions applicable to you.

The 401(k) Plan, Morgan Stanley's Legal and Compliance Division and investment fund managers work together to enforce trading restrictions. If it is determined that a participant has violated any trading policy, the Plan Administrator has the discretion to break (undo) the trade, temporarily or permanently suspend the participant's ability to use electronic or telephonic transfers, limit the participant to written investment requests, or suspend the participant from further participation in particular funds. Any review of participants' accounts is subject to confidentiality rules applicable to transactions in, and voting of, shares held in the Morgan Stanley Stock Fund. Morgan Stanley employees may be subject to disciplinary actions for violating any of Morgan Stanley's trading policies, up to and including termination of employment and forfeiture of incentive compensation.

## Restrictions on Morgan Stanley Stock Fund Transactions

Morgan Stanley has specific rules that govern employee transactions in Morgan Stanley stock. For example, employees must acquire Morgan Stanley stock with a view to holding the stock for long-term investment and not for short-term speculation. Morgan Stanley stock

restrictions (including applicable window period restrictions) apply to your Morgan Stanley Stock Fund transactions in the same way they apply to your other transactions outside the 401(k) Plan.

Employees may only transact in the Morgan Stanley Stock Fund during a window period. For all employees, the window period generally begins on the first business day following Morgan Stanley's earnings announcement.

- For Access Persons, the window period ends 30 business days later.
- For branch employees, the window period ends on the day before the next earnings announcement.
- For all other employees, the window period ends on the last day of each quarter.

If you are a member of the Morgan Stanley Management or Operating Committees, you are prohibited from disposing of your interest in the Morgan Stanley Stock Fund within six months of a purchase (unless the disposition meets the standards of the 30-day restriction above).

Access Persons include, but are not limited to, all members of the Morgan Stanley Management and Operating Committees, all Managing Directors (excluding those in WM), all employees in the following Divisions: Legal and Compliance, Risk Management, Finance, Strategy and Execution, Internal Audit, Global Conflicts Office and other individuals notified by Compliance that due to their job responsibilities, they are considered to be Access Persons. All Access Persons are required to pre-clear transactions in the Morgan Stanley Stock Fund through the Trade Pre-Clearance System.

Employees paid from a non-U.S. payroll (including employees on a dual contract) or who are based outside the U.S. (including expatriates) may not invest in the Morgan Stanley Stock Fund through payroll contributions, fund transfers, rollovers, loan repayments or reallocations.

In addition, participants who are subject to Section 16 of the Securities Exchange Act of 1934, as amended, may also be subject to limits under SEC Rule 16b-3 on the frequency with which they may make fund transfers or reallocations.

For further details, refer to the Morgan Stanley Code of Conduct, Code of Ethics and Global Employee Trading Policy or contact your supervisor or Morgan Stanley's Legal and Compliance Division.

## Important Information About Company Stock Investments

Your investment in the Morgan Stanley Stock Fund carries with it many of the same rights and responsibilities as shares you may own outside the Plan. Please review this section to learn about:

- How stock dividends are handled
- Tax considerations
- Voting rights

## Morgan Stanley Stock Dividends

Dividends paid on your interest in the Morgan Stanley Stock Fund can either be paid to you in cash or reinvested automatically in the Morgan Stanley Stock Fund.

## How to Make a Dividend Pass Through Election

Before making an election to receive Morgan Stanley Stock Fund dividends in cash, carefully consider the effect of your decision on your savings goals and plans.

- To make a dividend payment election, visit the Benefit Center website and from the homepage, click on the Savings & Retirement tab, select *401(k) Savings Plan*, then click on *Make Dividend Choices* or call HR Services.
- You may elect to receive any dividends paid on your interest in the Morgan Stanley Stock Fund in cash or you may elect to have your dividends reinvested in the Morgan Stanley Stock Fund.
- Any dividends that are reinvested are done so according to the rules of the 401(k) Plan.
- You can change your dividend payment election at any time before the ex-dividend date. Your election will remain in effect for later dividend payments until you change it.

- Cash payments will be made on or promptly following each dividend payment date.
- You cannot roll over the amount of cash you receive as part of your dividend payment election to an IRA or other qualified plan.
- Once you take dividends out of the 401(k) Plan, you cannot put them back into the 401(k) Plan.
- Dividends you elect to receive in cash are taxable, but no taxes will be withheld. You will not be subject to a 10% early withdrawal penalty tax. You will receive a Form 1099-R for the dividend amounts paid to you. Cash dividends paid to you do not qualify for the reduced rate of taxation on corporate dividends.

Dividends allocated to your account with respect to the Morgan Stanley Stock Fund are fully vested at all times, even if the underlying investment is not.

## Tax Considerations for Company Stock

Special tax rules that apply to employer securities in qualified plans may affect the way your distribution is taxed when you eventually withdraw it from the 401(k) Plan. Generally, when you take a qualifying lump-sum distribution of employer securities in-kind (shares) that is not rolled over to another qualified plan or an IRA, you may elect to be subject to current federal income tax on only the taxable portion of the cost basis of the shares you receive, and you may elect not to be subject to tax on any Net Unrealized Appreciation ("NUA") on your shares until you later sell them.

NUA generally refers to the increase in value of your shares from the date they were acquired by the Plan to the date sold. When you elect to transfer money out of the Morgan Stanley Stock Fund, and you later reinvest in employer securities, a new cost basis will apply to the shares purchased based on the price at purchase, which will be used to determine any NUA available in the future. For more detailed information on NUA, review the *Special Tax Rule on NUA FAQ*, available on the Benefit Center website or by calling HR Services. Consult with your financial or tax advisor before you make your election.



**If a partial cash distribution is taken after your employment ends, you may lose special tax treatment on any NUA on those shares and on any subsequent share distribution.**

The Plan accounts for your interest in the Morgan Stanley Stock Fund in units, which are represented as a number of share equivalents based on the assets held by the Morgan Stanley Stock Fund at any given time. The units consist of an interest in the pool of shares of Morgan Stanley common stock held at any given time in the trust, plus an interest in an amount of cash that is used for liquidity and replenished (or invested in additional shares) daily. The number of shares in that pool and the amount of cash held by the trust change daily. The cash sleeve accounts for the slight variation between the performance of Morgan Stanley common stock and the performance of units in the Morgan Stanley Stock Fund. When you take a distribution of shares from the Plan, your units are converted into actual shares and distributed to you from the pool of shares held by the trust, including shares that are purchased from time to time in the cash liquidity sleeve of the Morgan Stanley Stock Fund. Your cost basis in the Morgan Stanley Stock Fund is accounted for on an aggregate basis, reflecting contributions made to the Morgan Stanley Stock Fund from time to time. This is one of the permitted methods of accounting for Plan interests. The Plan does not maintain records of each purchase by you of units in the Morgan Stanley Stock Fund and does not allocate specific lots of shares to you.

## Voting and Tender Offer Rights on Shares in the 401(k) Plan

You may direct a vote (or give tender or exchange offer instructions) on shares of Company stock under the 401(k) Plan. Note:

- The voting and tender rules differ.
- If you do not vote shares credited to your account, generally, they will be voted in the same proportion as the shares that are voted by other participants, as described below.
- If you do not instruct the Plan's Trustee to tender shares credited to your account, generally, they will not be tendered.

- Any unallocated shares held by the Plan will be voted in proportion to shares for which voting directions have been received.
- Any unallocated shares held by the Plan will not be tendered.
- These rights make you a "named fiduciary" under the 401(k) Plan with respect to your account and any other shares over which you have voting or tender authority.

## Voting Rules

Un-voted shares are voted for and against the matter being voted on in proportion to the total votes for and against the matter. Therefore, un-voted shares are voted as follows:

### For

Number of shares held by the Plan voted For  
*divided by*

Total number of shares held by the Plan voted For  
or Against

*times*

Number of un-voted shares held by the Plan

### Against

Number of shares held by the Plan voted Against  
*divided by*

Total number of shares held by the Plan voted For  
or Against

*times*

Number of un-voted shares held by the Plan

This rule also applies for votes on mergers or similar transactions.

## Tender Offer Rules

The rule for tender offers is different from the rule for voting. Shares for which no tender direction is given will not be tendered.

- If there is a tender offer for less than all shares or if there are more tender directions than can be satisfied, participant shares are tendered on a prorated basis.

The difference between voting and tender offers is as follows:

- In voting, the un-voted shares held in participants' accounts do not get included in the denominator of the equations shown above. In tender offers, undirected shares held in participants' accounts are included (as no tenders) in the denominator.

## Plan Confidentiality

All materials provided to the 401(k) Plan relating to the exercise of voting, tender offers or similar rights will be sent to you by Morgan Stanley or the Plan's Trustee. Your voting and tender instructions are given by you to the Trustee in writing or electronically, on a confidential ballot provided to you for this purpose. Your individual instructions may not be divulged to any person. The Plan's Trustee, the Northern Trust Company (see the *Important Administrative Information* section for address and phone number), is responsible for monitoring compliance with these confidentiality procedures.

## Roth 401(k) Conversions

You may convert all or a portion of your vested non-Roth 401(k) account balances to a Roth 401(k) account within the Plan. If you elect an in-Plan conversion, you will owe taxes on the pre-tax portion of the converted amount for the tax year in which the conversion occurs. Thereafter, your Roth 401(k) account balance, including any investment earnings, is tax-free, provided that you meet the following Roth 401(k) distribution requirements:

- The distribution is made after you attain age 59½, become disabled or die; and
- Your Roth 401(k) account is in existence for at least five years. If you already have a Roth 401(k) account in the 401(k) Plan, the five-year period began January 1 of the year your Roth 401(k) account was established. If you are creating a Roth balance for the first time upon conversion, your five-year period starts on January 1 of the year of the conversion.

## Before You Elect a Roth 401(k) Conversion

You should consider many factors when deciding to convert your account to a Roth 401(k) account including, but not limited to:

- Your expectations about your current tax rates versus future tax rates at the time of distributions;
- Your ability to pay additional taxes now, and available sources of money to cover those taxes; and
- Whether you expect to meet the requirements for a qualified Roth tax-free distribution.

## How Much Can You Convert?

You may convert all **vested non-Roth amounts** with the exception of outstanding 401(k) Plan loan balances.

The minimum amount that you may convert is \$500, and you may request up to two Roth 401(k) conversions per calendar year.

## Requesting a Conversion

You may request a Roth 401(k) conversion on the Benefit Center website (from the homepage, click on the *Savings & Retirement* tab, select *401(k) Savings Plan* and select either *Convert to Roth 401(k) with Stock* or *Convert to Roth 401(k) Excluding Stock*) or call HR Services.

For more information on Roth 401(k) conversions, review the *Roth 401(k) Conversion Feature* flyer and FAQ, available on the Benefit Center website (from the homepage, click on *Plan Documents and Forms* under *Other Resources* on the right side of the page, then click on *Retirement and Savings*), or call HR Services.

Consult with your financial or tax advisor before you make a conversion election. HR Services cannot provide financial, tax or legal advice.

## Taking a Loan

You may borrow from your Plan account and pay your account back with interest. You should review the loan documentation provided when you request a loan, and consult with your tax or financial advisor before taking any loan from the 401(k) Plan. HR Services cannot provide financial, tax or legal advice.

**Note:** Money is withdrawn from account types in the following order: Roth after-tax contributions, rollover contributions, before-tax employee contributions, Company Match Contributions and after-tax employee contributions.

## When You Can Take a Loan

You may request a loan if:

- You are an active employee (including on authorized leave of absence or disability) who is not a member of the Morgan Stanley Management Committee, and
- You are working in the U.S. and on U.S. payroll, and
- You do not already have an outstanding loan in the Plan, and
- There is an available loan balance in your account.

## How Much You Can Borrow

The minimum loan is \$1,000.

The maximum loan is the lesser of:

- \$50,000 (including the \$75 loan initiation fee) minus your highest outstanding loan balance, if any, within the last 12 months, or
- 50% of your vested account balance minus any current outstanding loan balance with an affiliate of Morgan Stanley.

Fixed Contributions, MS Transition Contributions, Citi Pension Transition Contributions and Retirement Contributions are not available for a loan.

If you have a loan outstanding in a tax-qualified 401(k) plan of an affiliate company, that loan balance must be added to your request for purposes of determining how much you can borrow.

The Benefit Center website allows you to model loans. You can see how much you can borrow, how much you would have to pay back each payroll period and how long it would take to repay your loan.

## Applying for a Loan

- Generally, loan requests are processed daily. You may have only one outstanding loan at any time. To request a loan, visit the Benefit Center website or call HR Services. Loan transactions are subject to loan procedures established by the Plan Administrator.
- You will be charged a \$75 loan initiation fee, which will be deducted from the loan proceeds, for each loan requested.

## Repaying a Loan

Loan payments go into your account:

- Loan repayments are deducted automatically from your regular paychecks. Loan repayments are not taken from bonus checks or other special forms of compensation. If you do not receive a regular paycheck (for example, if you are on an unpaid leave of absence) or you are on a non-U.S. payroll that does not automatically deduct loan repayments, you must make loan repayments directly to the Benefit Center.
- You have up to 15 years to repay a loan for the acquisition of your primary residence and up to five years to repay a loan taken for any other purpose. You must repay your loan in full when your employment ends or it will be considered distributed to you and you may be taxed on the unpaid balance.
- The interest rate is set the first day of each quarter at the prime rate plus 1%. Prime rate is the rate in effect on the 15th day of the month prior to the first day of the quarter to which it is to apply.
- The interest rate will be based on the rate in effect when you take your loan and will remain the same for the duration of your loan.
- You can make partial loan repayments at any time by cashier's check or money order. Any partial repayments will be applied to your remaining principal. Partial repayments will not decrease the amount of your ongoing payments, but you will pay off your loan sooner, reducing the interest you pay over the life of your loan.

- You may also prepay your loan in full at any time by cashier's check or money order.
- You may not make any loan payments with a personal check.
- Loan payments are invested according to your current investment direction on file. If you do not have a current direction on file, your payments will be invested in a default fund or funds, as selected by the Plan Administrator. If your loan was granted under the Morgan Stanley Employee Stock Ownership Plan (ESOP) prior to September 2, 2008, repayments are invested in the Morgan Stanley Stock Fund.
- The loan fee will be deducted from the total amount requested for the loan and amortized with the payments.

## If You Do Not Repay Your Loan

You must repay the full balance within 60 days of your last day of employment with Morgan Stanley (or the date your account balance is paid to you, if earlier) to avoid defaulting on your loan. If you do not or if you default on your loan in any other way, the outstanding amount will be considered distributed to you. Typically, you must pay taxes (including a 10% early distribution tax if you are under age 59½) on this amount unless you make a rollover contribution in the same amount to an IRA or another employer's qualified plan by the due date (with extensions) for filing your federal income tax return for the year the amount is considered distributed to you. You will not be taxed on the amount of your loan that represents after-tax contributions.

If you are on a military leave, you may elect to suspend loan repayments while performing military service. Your loan will continue to accrue interest while payments are suspended and you may not choose to suspend payment beyond the date your loan matures.

## Special Loan Repayment Options for Released Employees

If you have an outstanding 401(k) Plan loan and your employment ends as a result of a Release, you have the option to continue making loan repayments directly to HR Services until the earlier of:

- The remainder of your outstanding loan period, or
- A period of 12 months after your last day of employment, at the end of which any outstanding principal and interest shall be payable immediately.

See the definition of Release in the *When You Vest in Company Contributions* section.

## Withdrawal Options While Working

Review the *Payment Rights Notice*, available by request through HR Services and on the Benefit Center website, and consult with your tax or financial advisor before requesting any payment from the 401(k) Plan. No attempt has been made here to outline all of the rules that may apply in your individual circumstances. To request an in-service withdrawal, visit the Benefit Center website or call HR Services

In general, there are two types of withdrawals permitted while you are employed:

- Non-hardship withdrawal of available money for any reason (generally, after age 59½)
- Hardship withdrawal, if you meet the hardship requirements

The following rules apply to in-service distributions:

- Once you withdraw money from the 401(k) Plan, you cannot put it back into the 401(k) Plan
- Minimum withdrawal amount: \$500 or, if less, the remainder of your available account
- You may take up to eight non-hardship withdrawals per calendar year
- Withdrawal requests are generally processed daily

If you have received eight non-hardship withdrawals in a year, you may also take a full distribution of your remaining vested balance in the Plan if you are age 59½ or older.

## Special Provisions for Employees on Active Military Duty

The Heroes Earnings Assistance and Relief Tax Act of 2008 allows certain employees on active military duty to make penalty-free withdrawals from the 401(k) Plan. Call HR Services for details.

## Non-Hardship Withdrawal

While you are employed by Morgan Stanley, you may withdraw:

- Your after-tax contributions (including earnings);
- Pre-1987 after-tax contributions;
- IRA/DPSP Match balances (generally applicable to accounts established before 1997); and
- After age 59½, any vested account balances.

To take a non-hardship withdrawal, visit the Benefit Center website and from the homepage, click on the *Savings & Retirement* tab, select *401(k) Savings Plan* and click on *Withdraw or Rollover Money*. You must complete a separate transaction for a Roth 401(k) withdrawal.

### Note:

- Money is withdrawn from all account types in the following order: after-tax employee contributions, rollover contributions, before-tax employee contributions and then Company Contributions (including any Fixed, Transition and Make-up Company Match Contributions).
- For Roth non-hardship withdrawals, money is withdrawn in the following order: Roth 401(k) rollover contributions and then Roth after-tax contributions.
- Generally, withdrawals and distributions are paid on a pro rata basis from all investment options in which your account is invested. You may exclude the portion of your account invested in the Morgan Stanley Stock Fund, in which case, the prorated payment will be made from all other investment funds.
- You may be able to defer paying taxes at the time you take a withdrawal by directly rolling over your eligible withdrawal. See the *If You Want to Make a Direct Rollover section under Receiving a Distribution When You Leave* for more information.

## Hardship Withdrawal

You may request a hardship withdrawal from the 401(k) Plan if you have an immediate and heavy financial need that cannot reasonably be met from other sources.

Hardship withdrawals are generally subject to income tax, which may include a 10% early distribution tax if you are under age 59½. See the *Payment Rights Notice*, available by request through HR Services and on the Benefit Center website.

You may request a hardship withdrawal on the Benefit Center website (from the homepage, click on the *Savings & Retirement*, select *401(k) Savings Plan*, then click on *Withdraw or Rollover Money*) or by calling HR Services.

**Note:** Money is withdrawn from account types in the following order: after-tax employee contributions, rollover contributions, before-tax employee contributions, Company Match Contributions and then Roth after-tax contributions.

## When Can You Take a Hardship Withdrawal?

Under IRS rules, you must meet the following requirements to be eligible for a hardship withdrawal:

- You must have previously or simultaneously taken any available in-service withdrawal from the 401(k) Plan, including the cash payment of any dividends, if eligible.
- Your other financial resources (such as bank accounts, marketable securities, discontinuation of contributions to the 401(k) Plan or a loan from a commercial lender) are not reasonably available.

## Types of Hardship and Documentation Required

Hardship withdrawals are allowed only for the specific purposes listed below. If you do not provide the documentation specified in this section to substantiate your claim of a hardship, HR Services cannot and will not process your hardship withdrawal.

### **Uninsured or Unreimbursed Medical Expenses**

You may request a hardship withdrawal for uninsured or unreimbursed medical expenses incurred or about to be incurred by you, your spouse, children, domestic partner named as your beneficiary under the 401(k) Plan or tax-qualified dependents.

*Required documentation (dated within the last 90 days):*

- Doctor's bill or proposed treatment plan

You may also have to submit one of the following:

- Explanation of Benefits (EOB) from the medical administrator showing the expenses were not covered if the provider's bill does not reflect amounts paid by insurance; or
- Letter from you or your provider indicating that do not have health insurance

### **Purchase or Construction of Principal Residence**

You may request a hardship withdrawal for the purchase or construction of your principal residence (excluding mortgage payments) or for the purchase of land on which you intend to build your principal residence.

*Required documentation (dated within the last 90 days):*

- Home purchase agreement signed by the buyer and the seller; or
- Home construction agreement, and
- Loan Estimate from lender, if request includes closing costs not noted on the contract

### **Postsecondary Tuition Expenses**

You may request a hardship withdrawal for tuition expenses and related educational fees including room and board and costs for up to the next 12 months of postsecondary education for you, your Spouse, children, domestic partner named as your beneficiary under the 401(k) Plan, or tax-qualified dependents.

*Required documentation:*

- Itemized bill from the school; or
- Room and Board statement from the school

### **Prevention of Foreclosure or Eviction**

You may request a hardship withdrawal for expenses to prevent foreclosure or eviction from your principal residence.

*Required documentation:*

- Foreclosure or eviction notice

### **Funeral Expenses**

You may request a hardship withdrawal for the costs related to funeral expenses for your parents, spouse, children, domestic partner named as your beneficiary under the 401(k) Plan or tax-qualified dependents.

*Required documentation:*

- Copy of death certificate; and
- Unpaid bill from the funeral home

### **Repairs to Primary Residence Due to Certain Casualty Losses, Such as a Natural Disaster**

You may request a hardship withdrawal for the costs related to repairs to your principal residence as a result of a casualty loss.

*Required documentation:*

- Bill itemizing repairs required to your principal residence as a result of a casualty loss for a natural disaster, proof that home was in area impacted by the disaster

You may also have to submit one of the following:

- Copy of homeowner's insurance to show the deductible; or
- Letter from you indicating that you do not have homeowners insurance

### **Amount Available for Withdrawal**

You may request no more than the amount required to satisfy the immediate need created by the financial hardship plus the amount anticipated for federal, state and local taxes.

Note: No part of a hardship withdrawal is eligible for rollover. Company Matching Contributions that are not vested are not available for a hardship withdrawal. Fixed Contributions, Transition Contributions and Retirement Contributions are not available for a hardship withdrawal at any time.

## Leaves of Absence

Except as provided above, you cannot receive a distribution from your Plan account while you are still employed. This includes time you are absent from work due a leave of absence.

While you are on one of the following approved leaves of absence, generally, you continue to be considered a Plan participant:

- Military service (subject to rule permitting penalty-free withdrawals)
- Company-approved leave of absence
- Disability or illness
- Jury duty
- Approved vacation or holiday
- Parental leave

## Military Leave Make-Up Contributions

In accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), participants returning from qualified military leave have the opportunity to make up eligible employee contributions to the 401(k) Plan missed during their leave. The maximum contribution amount will be based on the Eligible Pay you would have otherwise received during your leave. Any contributions permitted by this special rule, up to the maximum amount, must be made during an allotted time period after reinstatement (the lesser of three times the period of qualified military service or five years).

Any before-tax or Roth after-tax contribution attributed to a qualified military service leave will receive the Company Match that would have been made had the contributions actually been made during the period of qualified military service. You will also receive any other Company Contributions (if eligible) that would have been made during the period of qualified military service, based on the Eligible Pay that would have been received during the year. Contributions will be made on a current basis without adjustment for earnings, gains or losses that might have accrued had the contributions been made during the period of qualified military service.

## Receiving a Distribution When You Leave

Review the *Payment Rights Notice*, available by request through HR Services and on the Benefit Center website, and consult with your tax or financial advisor before requesting any payment from the 401(k) Plan. No attempt has been made here to outline all of the rules that may apply to your individual circumstances. To request a distribution from the 401(k) Plan, visit the Benefit Center website or call HR Services.

## Automatic Distribution If Your Vested Account Value Is \$1,000 or Less

If your employment with Morgan Stanley ends (including retirement) and the vested balance in your account is \$1,000 or less, you will automatically receive the balance of your account in a lump-sum payment. If at any time after your employment ends, your vested balance in your account becomes \$1,000 or less, you will automatically receive the balance of your account in a lump-sum payment.

You may have an opportunity to roll over the payment to an IRA or another employer's qualified plan within 60 days of the distribution.

- All Morgan Stanley stock will be distributed in-kind (shares) (see the *How Company Stock Distributions Are Handled section*) and the remainder, if any, in cash, normally, within 90 days from your last day of employment unless you elect to roll over the eligible portion of your distribution to an IRA or another employer plan that accepts rollovers.
- You may request a direct rollover as an in-kind (share) distribution of your Company stock (see the *How Company Stock Distributions Are Handled section*) held in the Morgan Stanley Stock Fund. If you are requesting a rollover of shares, you should verify that the recipient institution will accept rollovers in the form of stock.
- Distributions that are not rolled over are generally subject to income tax and may be subject to a 10% early distribution tax if you are under age 59½. Special tax rules apply to in-kind (share) distributions of Company stock.

See the *Special Tax Rule on NUA FAQ* and the *Payment Rights Notice*, available by request through HR Services and on the Benefit Center website for additional information.

- After-tax contributions in the 401(k) Plan may be eligible to be rolled over to an IRA or another employer plan that accepts rollovers. See *If You Want to Make a Direct Rollover* below for more information.

## Immediate or Deferred Distribution If Your Vested Account Value Is Greater Than \$1,000

If your employment with Morgan Stanley ends (including retirement) and the vested balance in your account is greater than \$1,000, you may request a single lump-sum payment of your total account balance:

- You can request a final distribution at any time beginning 21 days from your separation from service with Morgan Stanley.
- Your distribution from the 401(k) Plan will be paid to you in cash, unless you elect to receive your interest in the Morgan Stanley Stock Fund as an in-kind (share) distribution (with any fractional shares paid in cash) (see the *How Company Stock Distributions Are Handled* section).

**If you defer payment** of your vested account balance, you may elect to take your payment at any time up to April 1 of the year after the later of the year in which you turn age 70½ or the year your employment ends. If you do not elect a final distribution by that time, your final distribution will be paid to you automatically.

- Distribution of your account is automatically deferred unless you elect to receive a final distribution.
- If distribution of your account is deferred, your account will continue to be credited with earnings and losses. You will continue to have discretion over and responsibility for the way your account is invested and voted in accordance with the Plan's terms.

Also, you may request partial payments of \$500 or more while your account remains invested in the Plan. See *Partial Payments* below for details.

## If You Want to Make a Direct Rollover

You may elect to roll over all or a portion of your distribution to an IRA or another employer's qualified plan that accepts rollovers. A rollover allows you to postpone taxes on the taxable portion of your payment. Certain amounts are not eligible for rollover. See the *Payment Rights Notice*, available by calling HR Services and on the Benefit Center website.

Amounts eligible for rollover include:

- Payments with a specified payment period of less than 10 years or if shorter, less than your remaining life expectancy (or the remaining joint life expectancy of you and your designated beneficiary)
- Payments to your spouse as your designated beneficiary after your death
- Payments to a non-spouse designated beneficiary after your death (but only for rollover to an IRA)
- Payments to your spouse or former spouse pursuant to a QDRO

After you complete your request for a direct rollover, you will receive a check made payable to the recipient institution and/or stock advice issued for Company Stock in the name of the institution that will be receiving your rollover. See the *How Company Stock Distributions Are Handled* section for more information about the stock advice. The check and/or stock advice will be sent to you for deposit with the recipient institution. It is your responsibility to deliver the check and/or stock advice to the recipient institution promptly upon receipt and in no event more than 60 days from the day you receive the check and/or stock advice. Neither Morgan Stanley nor the 401(k) Plan will be responsible for your failure to timely deliver your rollover to a recipient institution or the recipient institution's failure to timely process your rollover. Note the following as you consider a direct rollover:

- Not all employer plans accept rollovers. Check with your new plan before electing a direct rollover.



- Before you request an in-kind (share) distribution of your Company Stock held in the Morgan Stanley Stock Fund, verify that the recipient institution will accept rollovers in the form of stock.
- If you roll over Company Stock held in the Morgan Stanley Stock Fund, you may lose special tax treatment on NUA on those shares. For more information, review the *Special Tax Rule on NUA FAQ*, available on the Benefit Center website (from the homepage, click on *Plan Documents and Forms* under *Other Resources* on the right side of the page then click on *Retirement and Savings*).
- You may request a direct rollover or an in-kind (share) distribution of your Company Stock held in the Morgan Stanley Stock Fund. See the *How Company Stock Distributions Are Handled* section for more information about the stock advice.
- You are not subject to federal income tax at the time you roll over eligible amounts. If you do not elect a direct rollover, your distribution generally will be subject to tax withholding. See the *Payment Rights Notice*, available by request through HR Services and on the Benefit Center website for further information.
- You generally may roll your partial payment over to an IRA or another employer's qualified plan that accepts rollovers.
- For a non-Roth 401(k) distribution, money is withdrawn in the following order: after-tax contributions, before-tax contributions, Company Contributions.
- Generally, withdrawals and distributions are paid pro rata from all investment options in which your account is invested. You may exclude the portion of your account invested in the Morgan Stanley Stock Fund, in which case, payment will be made from all other investment funds.
- If you have an interest in the Morgan Stanley Stock Fund and you take a partial distribution after your employment ends, you may lose special tax treatment on NUA, if any, on any shares included in the partial distribution and any subsequent distribution of shares.
- If you roll over Company Stock held in the Morgan Stanley Stock Fund, you may lose special tax treatment on NUA on those shares. For more information, review the *Special Tax Rule on NUA FAQ*, available on the Benefit Center website (from the homepage, click *Plan Documents and Forms* under *Other Resources*, then click *Retirement and Savings*).

Consult with your financial or tax advisor before you make an election.

## Partial Payments

After you leave Morgan Stanley you may take partial payments from the 401(k) Plan in any amount, but not less than \$500.

- To take a partial payment on the Benefit Center website, from the homepage, click on the *Savings & Retirement* tab, select *401(k) Savings Plan* and then click on *Withdraw or Roll Over Money*. You must complete a separate transaction for a Roth 401(k) partial payment.
- You may request up to a total of eight partial payments, including Roth 401(k) partial payments, per calendar year. If you have received eight partial payments in a year, you may also take a distribution of your remaining vested account balance.

Consult your financial or tax advisor before you an election. HR Services cannot provide financial, tax or legal advice.

## How Company Stock Distributions Are Handled

Stock distributions will be made in book entry form on the records of Morgan Stanley's transfer agent, Broadridge Financial Solutions, Inc. You will receive an account statement from Broadridge (which includes your Investor ID) reflecting the shares available to you and a check representing any fractional shares and uninvested dividends on your account. Contact Broadridge to transact those shares. For additional information, please see the *Direct Registration System Frequently Asked Questions* document, available on the Benefit Center website (from homepage, click *Plan Documents and Forms* under *Other Resources* on the right side of the page then click on *Retirement and Savings*).

## Required Distributions After Age 70½

In general, the distribution of your account must begin by April 1 of the year following the later of the year you retire or the year you reach age 70½ (“Required Beginning Date”).

- If you reached age 70½ before 2000 and do not take a distribution by your Required Beginning Date, one will be sent to your address on file automatically. It is your responsibility to keep your address on file current.
- If you reach age 70½ after 2000 and are no longer employed by Morgan Stanley, you will receive a lump-sum distribution of your entire account no later than your Required Beginning Date. It is your responsibility to keep your address on file current. See the *Payment Rights Notice*, available by request through HR Services and on the Benefit Center website, for more information.

The Plan Administrator will attempt to notify you at your address on file before a distribution is required. The responsibility for taking required distributions, however, is yours in all cases. Accordingly, neither Morgan Stanley nor the 401(k) Plan will be responsible for your failure to take a required distribution or for the improper calculation of the amount of your required distribution.

If you do not take a required distribution when required by law, you may be subject to excise taxes.

## Special Rules on Distributions to Former Employees of Kearny Realty Investors

Participants who participated in the Kearny 401(k) Profit Sharing Plan and Money Purchase Pension Plan (the “Kearny Plans”) before they merged into the 401(k) Plan on December 31, 1998, are entitled to receive the benefits earned under the Kearny Plans before the merger (their premerger benefits) in any form generally available under the 401(k) Plan, plus the normal forms of payment for amounts transferred from the Kearny Money Purchase Pension Plan, as described below.

Amounts transferred to the 401(k) Plan from the Kearny Money Purchase Pension Plan are paid in

the form of a joint and 50% spousal annuity for married participants (75% and 100% spousal annuities are also available) or a single-life annuity for single participants (the normal forms of payment). Amounts transferred from the Kearny Money Purchase Pension Plan are payable in the normal forms of payment unless a participant elects to receive payment in another form available under the 401(k) Plan (with any required spousal consent).

Any amounts transferred to the 401(k) Plan from the Kearny Money Purchase Plan are not eligible for in-service withdrawals, hardship withdrawals or loans.

## Tax Considerations

You may owe taxes on money or shares you receive from your account. The amount of taxes you may have to pay will depend on your personal circumstances.

Before taking any payments (including loans, in-service withdrawals and distributions) from the 401(k) Plan, consult with your financial or tax advisor. Please see the *401(k) Plan Payment Rights Notice*, available by calling HR Services and on the Benefit Center website, for more information.

The Plan must comply with all applicable tax laws, including maximum benefit limitations under U.S. Tax Code section 415. If your benefits are limited due to these laws, you will be notified.

As laws and regulations change, the Plan may change. It is your responsibility to consult your own tax and legal advisors. HR Services cannot provide financial, tax or legal advice.

## State Tax Withholding

State tax withholding is calculated at the minimum level for states that require withholding. Some states may have optional withholding. Withholding is not calculated for states that do not require withholding unless you request it. For more information on how your distributions may be taxed by your state, obtain a copy of your current state tax booklet from your state’s tax department, your local library or your tax advisor.

## Important Administrative Information

This section provides details about the administration of the Plan.

### Plan Name and Number

Morgan Stanley 401(k) Plan — 003

### Plan Sponsor

Morgan Stanley Domestic Holdings, Inc.  
c/o Morgan Stanley HR Services  
P.O. Box 64079  
The Woodlands, TX 77387-4079

### Sponsor's Employer Identification Number

20-8764829

### Plan Administrator

Morgan Stanley Chief Human Resources Officer  
c/o Morgan Stanley HR Services  
P.O. Box 64079  
The Woodlands, TX 77387-4079  
1-877-MSHR-411 (1-877-674-7411)

### Type of Plan

401(k) Plan — Defined Contribution/Profit Sharing/Stock Bonus with a 401(k) feature/ERISA section 404(c) Plan/Employee Stock Ownership Plan

Since the 401(k) Plan is a defined contribution plan, the benefits provided under the Plan are not insured by the Pension Benefit Guaranty Corporation.

### Plan Year

Calendar year

### Plan Trustee

The Northern Trust Company  
50 South LaSalle Street  
Chicago, IL 60603  
1-312-630-6000

## Agent for Service of Legal Process

The designated agent for the service of legal process is:

Legal and Compliance Division  
Attn: Chief Legal Officer  
Morgan Stanley  
1585 Broadway  
New York, NY 10036

Service of legal process also may be made on the Plan Administrator or the Plan's Trustee.

## Participating Employers

All majority-owned U.S. subsidiaries and affiliates of Morgan Stanley (including Morgan Stanley Domestic Holdings, Inc.) with U.S. employees participate in the Plan, except certain affiliates acquired after January 1, 2006, such as Third Planet Wind Power and its subsidiaries, NaturEner and Wellbore Capital.

A complete list of employers participating in the Plan may be obtained by written request to the Plan Administrator at the address shown. Plan participants and beneficiaries may also receive, upon written request to the Plan Administrator, information as to whether a particular employer participates in the Plan, and if the employer does participate, the employer's address.

## If the Plan Is Terminated or Modified

Although Morgan Stanley and its affiliates expect to continue the 401(k) Plan, Morgan Stanley Domestic Holdings, Inc., by action of its Board of Directors (or its delegate), reserves the right to amend, modify or discontinue the 401(k) Plan at any time and for any reason, and to implement changes required by federal, state and local legislation. If the 401(k) Plan is terminated, you will have a fully vested and non-forfeitable right to your account balance from the terminated plan, to the extent funded. The exact form of payment may be set by law; however, if there is a choice, the Plan Administrator will decide the type and timing of payment.

## Assignments or Pledges

The Trustee holds legal title to all amounts and property in the trust funds held for the undivided interest of all participants. Except in the case of certain judgments or settlements described in the U.S. Tax Code and under ERISA, your interest (and your beneficiary's interest) under the 401(k) Plan cannot be assigned, pledged, alienated or subject to any lien. As a result, your interest cannot be used for collateral for a loan (other than a Plan loan described above) and is not generally subject to garnishment, attachment or other creditor's process. However, payment will be made in accordance with any judgment, decree or order used to provide child support, alimony or marital property rights to your spouse, former spouse, children or other dependents, which meets the requirements of a QDRO, as defined in ERISA and the U.S. Tax Code, and as determined by the Plan Administrator.

A copy of the 401(k) Plan's procedures for determining whether a court order is a QDRO will be provided, free of charge, to interested parties whenever the Plan Administrator receives a domestic relations order or upon request to HR Services. Note that there is a \$750 QDRO administration fee. At the time a QDRO is applied, \$375 will automatically be deducted from each Participant's and Alternate Payee's account balances (pro rata across each investment option). If the entire account is assigned to the Alternate Payee, the full \$750 qualification fee will be deducted from the Alternate Payee's account. If the QDRO specifies an alternate allocation of the qualification fee, the fee will be assessed in accordance with the alternate allocation.

The Internal Revenue Service has a right to attach some or all of your account in connection with a judgment resulting from an unpaid tax assessment.

## Employment Is Not Guaranteed

Neither this SPD nor your participation in the 401(k) Plan is a guarantee of your continued employment or any level of compensation or benefits.

## Plan Documents Govern

This SPD is a summary of certain provisions of the 401(k) Plan. It is based on the legal plan document that governs the 401(k) Plan. If there is any difference between the information described here or any electronic, verbal or written representation (including information provided in an account statement) and the legal plan document, the legal plan document will govern.

## Top-Heavy Rules

Certain alternate plan provisions go into effect in the unlikely event that the 401(k) Plan is top-heavy—if certain highly compensated employees are considered to be receiving a disproportionate share of Plan benefits. You will be notified if this happens and it affects you.

## Discretionary Authority of Plan Administrator and Other Plan Fiduciaries

In carrying out their respective responsibilities under the 401(k) Plan, the Plan Administrator and other plan fiduciaries have discretionary authority to make any findings necessary or appropriate for any purpose under the 401(k) Plan, including interpretation of the terms of the Plan and determination of eligibility for, entitlement to and the amount of Plan benefits. Any interpretation or determination made pursuant to such discretionary authority shall be given full force and effect, unless it can be shown that the interpretation or determination was arbitrary and capricious.

No legal or equitable action for benefits under the 401(k) Plan may be brought after the earliest of: (1) six months after the Morgan Stanley Benefit Plan Appeals Committee has affirmed the denial of your claim; (2) three years after the date the claimant's benefits under the 401(k) Plan commenced; or (3) the end of the otherwise applicable statute of limitations period.

## Confirmation of Your Elections

Any elections that you make under the 401(k) Plan will become effective only when the elections are processed by HR Services. You will receive a confirmation of your elections (either electronic or paper), which you should check carefully to ensure accuracy. If it is incorrect, you must call HR Services within 10 business days of the date of your confirmation. If you do not receive a confirmation within 10 business days, it is your responsibility to call HR Services.

## Your ERISA Rights

As a participant in the 401(k) Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). ERISA provides that you shall be entitled to:

### Receive Information About Your Plan and Benefits

- Examine, without charge, at the Plan Administrator's office and other locations such as worksites, all documents governing the plan, including a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration,
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the plan, including copies of the latest annual report (Form 5500 Series) and updated SPD. The Plan Administrator may make a reasonable charge for the copies, and
- Receive a summary of the plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

### Prudent Action by Plan Fiduciaries

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the plan. The people who operate the Plan ("fiduciaries") have a duty to do so prudently and in the interest of you

and other Plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit to which you are entitled under the Plan or exercising your rights under ERISA.

### Enforce Your Rights

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge and to appeal any denial, all within certain time frames.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. The court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision, or lack thereof, concerning the qualified status of a domestic relations order, you may file suit in federal court.

If Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

### Assistance With Your Questions

If you have any questions about the Plan, contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration ("EBSA"), U.S. Department

of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, EBSA, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications' hotline of the EBSA.

## Claims and Appeals Process Under the Morgan Stanley Benefit Plans

The following is a general summary of the claims and appeals process for all Morgan Stanley benefit plans, including frequently asked questions.

In most cases, benefits to which you are entitled are paid upon your request. Depending on the plan, you may request payment by sending a written claim form to the plan's administrator or insurer (a "claims administrator," such as UnitedHealthcare or MetLife) or to HR Services. Forms are available on the Benefit Center website or from the claims administrator.

The appropriate claims administrator will either:

- Make the payments you request,
- Advise Morgan Stanley to make the payments, or
- Notify you in writing why your request for payment is denied.

If you disagree with the outcome, you may file a claim.

- A "claim" is your first request for a review of the denial
- An "appeal" is your second request for review of the denial if your claim is denied.

## Frequently Asked Questions

### **If my initial request for payment is denied, how do I file a claim for benefits?**

If you have a question or concern, you should first contact HR Services or the appropriate claims administrator's member services department. If HR Services or the claims administrator's member services department cannot resolve the issue to your satisfaction, you or an authorized representative (including your spouse or adult

child, or a person authorized by you) has the right to file a claim. Your claim must be in writing.

When submitting a claim, you should include all relevant documentation and a statement of why you believe your claim should be granted. This information should be sent to the appropriate Claim Reviewer listed on the following chart. If the Morgan Stanley Benefit Plan Claims Committee is the Claim Reviewer, send your claim to HR Services. If you are not satisfied with the Claim Reviewer's decision, you have the right to file an appeal.

### **Who reviews my claim or appeal?**

The person or entity that reviews your claim or appeal, called the "Reviewer," depends on the plan involved, the type of request for review, the amount involved and whether it is a claim (your first level of review) or an appeal.

The following chart shows the claim and appeal Reviewers for each of the Morgan Stanley benefit plans listed. If the amount involved is \$40,000 or less and the Claim Reviewer is the Morgan Stanley Benefit Plan Claims Committee, your claim may be decided by Morgan Stanley's Director of Retirement Benefits or Morgan Stanley's Director of Health and Insurance Benefits (or any person in an equivalent position without regard to title), or delegate.

## Claims and Appeals Process Chart

PLAN	TYPE OF REVIEW REQUESTED	CLAIM REVIEWER (FIRST-LEVEL REVIEW)	APPEAL REVIEWER (SECOND-LEVEL REVIEW)	APPEAL REVIEWER <sup>1</sup> (THIRD-LEVEL REVIEW)
<b>Medical Plan:</b>				
<b>Cigna Options A and B</b> (includes prescription drug coverage)	Type or amount of benefits payable	Cigna or OptumRx	Cigna or OptumRx	Independent third party administered through Cigna or OptumRx
<b>Cigna Option C</b> (includes prescription drug coverage)	Type or amount of benefits payable	Cigna	Cigna	Independent third party administered through Cigna
<b>UHC Options A, B and C</b> (includes prescription drug coverage)	Type or amount of benefits payable	UHC or OptumRx	UHC or OptumRx	Independent third party administered through UHC or OptumRx
<b>HMSA Medical Plan</b>	Type or amount of benefits payable	HMSA	HMSA	Independent third party administered through HMSA
<b>Kaiser Permanente HMO</b>	Type or amount of benefits payable	Kaiser Permanente	Kaiser Permanente	Independent third party administered through Kaiser Permanente
<b>Cigna Global Health Medical Plan and Cigna Global Health Dental Plan</b>	Type or amount of benefits payable	Cigna Global Medical Plan or Cigna Global Dental Plan	Cigna Global Medical Plan or Cigna Global Dental Plan	Independent third party administered through Cigna Global Medical Plan or Cigna Global Dental Plan
<b>Dental Plan:</b>				
MetLife Options A and B	Type or amount of benefits payable	MetLife	MetLife	Not applicable
Delta Dental	Type or amount of benefits payable	Delta Dental	Delta Dental	Not applicable

<sup>1</sup> Certain health plans offer a voluntary Third Level Review. Contact HR Services for more information.

## Claims and Appeals Process Chart (continued)

PLAN	TYPE OF REVIEW REQUESTED	CLAIM REVIEWER (FIRST-LEVEL REVIEW)	APPEAL REVIEWER (SECOND-LEVEL REVIEW)
<b>Vision Plan:</b>			
VSP Vision Plan	Type or amount of benefits payable	VSP	VSP
<b>Disability Plan:</b>			
STD <sup>1</sup>	All	MetLife	MetLife
LTD	All	MetLife	MetLife
<b>Life Insurance and Accident Plans:</b>			
Life Insurance	All	MetLife	MetLife
AD&D Insurance	All	MetLife	MetLife
BTA Insurance Plan	All	Cigna	Cigna
<b>Other Plans:</b>			
LTC Insurance—Prudential	All	Prudential	Prudential
LTC Insurance—MetLife	All	MetLife	MetLife
LTC Insurance—Individual Insurance Program	All	John Hancock	John Hancock
HCFSAs and DDCFSAs	Type or amount of benefits payable	UHC	UHC
LPFSA	Type or amount of benefits payable	YSA	YSA
Legal Assistance Plan	Type or amount of benefits payable	Hyatt Legal Plans	Hyatt Legal Plans
Accident, Critical Illness and Hospital Indemnity Insurance	All	Aflac	Aflac
Medical, Dental, Vision, STD, FSAs, Legal Assistance	Eligibility of coverage, premiums and other matters	Morgan Stanley Benefit Plan Claims Committee	Morgan Stanley Benefit Plan Appeals Committee
Employees Retirement Plan, 401(k) Plan, EAP, Severance Pay Plan <sup>1</sup>	All	Morgan Stanley Benefit Plan Claims Committee	Morgan Stanley Benefit Plan Appeals Committee

<sup>1</sup> The claims process described for the STD, Employees Retirement Plan and Severance Pay Plan does not apply to Saxon employees.



## When must I file a claim?

You must file your claim within 180 days following the date your initial request for benefits is denied, unless otherwise specified.

If you wish to file an appeal, you must do so within 180 days following the denial of your claim. Certain insured programs require that appeals be made within shorter time frames. Please be sure to check with the appropriate plan administrator for more information about its claims review process and timelines.

You may not bring a lawsuit to recover benefits under a benefit plan until you have exhausted the plan's administrative process described in this SPD. If your appeal is denied, you have the right to file a lawsuit under ERISA, if it is within the earliest of:

- Six months following the date your appeal is denied,
- Three years following the date the services you are appealing are performed, or
- The end of any other applicable statutory limitation period

## When will I receive a decision on my claim or appeal?

Deadlines differ depending on the plan involved, the nature of the review requested and whether it is a claim or an appeal. Generally, claims will be decided within 90 days of receipt, but a 90-day extension is allowed if the Claim Reviewer needs additional time for processing. Appeals will be decided within 60 days of receipt, but a 60-day extension is allowed if the Appeal Reviewer needs additional time due to special circumstances. Please contact the plan administrator for specific details about its claims review process and timelines.

### Claim Types and Review Deadlines:

- **Urgent Care Review:** A claim that requires expedited notification or authorization for medical treatment because a longer time period could seriously jeopardize your life, health or ability to regain maximum function, or would, in the opinion of a physician with knowledge of your medical condition, subject you to severe pain that cannot be adequately managed without the requested treatment.

Urgent Care Reviews are decided within 72 hours. Urgent Care Reviews may be requested orally, and all necessary information, including the decision on appeal, will be sent to you by telephone, fax or another expeditious method. If you do not provide sufficient information to determine if your claim is covered, you will be notified within 24 hours of the specific information needed to complete the claim. You will have at least 48 hours to provide this information. If you do not follow the plan's procedures for filing an urgent care claim, you will be contacted and advised of the proper procedures within 24 hours.

- **Pre-Service Review:** A claim for treatment where prior plan approval or notification is required to cover the cost of the treatment or benefit. If you fail to submit the necessary information, you will receive an extension notice outlining the information required, and you will have 45 days to provide it. If you do not follow the plan's procedures for filing a Pre-Service claim, you will be notified within five days.
- **Concurrent Care Review:** May occur when the plan has approved treatment to be provided over a period of time or a certain number of treatments. A reduction or termination by the plan (except by a plan amendment or termination) of the course of treatment before the end of the originally approved period of time or number of treatments is considered a claim denial. If the plan has approved a course of treatment and subsequently reduces or terminates that approval, you will be given enough advance notice to appeal the decision before it takes effect.

If a course of treatment involves urgent care, your claim will be decided as soon as possible but within 24 hours after the plan receives your request, as long as your request is made at least 24 hours before the end of the course of treatment. If your request is not made at least 24 hours before the end of the course of treatment, it will be treated as a new urgent care claim and decided within 72 hours. If a course of treatment does not involve urgent care, your request to extend it will be treated as a new claim and decided within the time periods that apply to the type of claim.

- **Post-Service Review:** A claim for which you do not need prior approval to have the benefit or treatment covered. A request for payment for medical care already received by you is a Post-Service claim. If a decision is not made within 30 days because you fail to submit the necessary information, you will have an additional 45 days to provide it. If your review is not for urgent, pre-service or concurrent care, it will be treated as a Post-Service Review.

## Claim Types and Review Deadlines

PLAN	AMOUNT OF TIME TO REVIEW CLAIM (FIRST-LEVEL REVIEW)	AMOUNT OF TIME TO REVIEW APPEAL (SECOND-LEVEL REVIEW)	AMOUNT OF TIME TO REVIEW APPEAL (THIRD-LEVEL REVIEW)
<b>Urgent Care Review:</b>			
<b>Medical, Dental and Vision Plans</b>	<ul style="list-style-type: none"> <li>Immediately or within 72 hours of receipt</li> <li>48-hour extension after Reviewer receives any additional information</li> </ul>	<ul style="list-style-type: none"> <li>Immediately or within 72 hours of receipt</li> </ul>	<ul style="list-style-type: none"> <li>Check with the health plan administrator for specific details</li> </ul>
<b>Pre-Service Review:</b>			
<b>Medical, Dental and Vision Plans</b>	<ul style="list-style-type: none"> <li>Up to 15 days</li> <li>15-day extension</li> </ul>	<ul style="list-style-type: none"> <li>30 days</li> </ul>	<ul style="list-style-type: none"> <li>Check with the health plan administrator for specific details</li> </ul>
<b>Concurrent Care Review:</b>			
<b>Medical, Dental and Vision Plans</b>	<ul style="list-style-type: none"> <li>Varies based on claim type</li> </ul>	<ul style="list-style-type: none"> <li>Varies based on claim type</li> </ul>	<ul style="list-style-type: none"> <li>Check with the health plan administrator for specific details</li> </ul>
<b>Post-Service Review:</b>			
<b>Medical, Dental and Vision Plans</b>	<ul style="list-style-type: none"> <li>30 days</li> <li>15-day extension</li> </ul>	<ul style="list-style-type: none"> <li>60 days</li> </ul>	<ul style="list-style-type: none"> <li>Check with the health plan administrator for specific details</li> </ul>
<b>FSA's</b>	<ul style="list-style-type: none"> <li>30 days</li> <li>15-day extension</li> </ul>	<ul style="list-style-type: none"> <li>60 days</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
<b>STD</b>	<ul style="list-style-type: none"> <li>45 days</li> <li>45-day extension</li> </ul>	<ul style="list-style-type: none"> <li>45 days</li> <li>45-day extension</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
<b>LTD</b>	<ul style="list-style-type: none"> <li>45 days</li> <li>45-day extension</li> </ul>	<ul style="list-style-type: none"> <li>45 days</li> <li>45-day extension</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
<b>LTC</b>	<ul style="list-style-type: none"> <li>10 days</li> <li>No extension</li> </ul>	<ul style="list-style-type: none"> <li>60 days</li> <li>60-day extension</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
<b>Accident, Critical Illness and Hospital Indemnity Insurance</b>	<ul style="list-style-type: none"> <li>30 days (Critical Illness &amp; Hospital Indemnity)</li> <li>45 days (Accident)</li> <li>15-day extension (Critical Illness &amp; Hospital Indemnity); Two 30-day extensions (Accident)</li> </ul>	<ul style="list-style-type: none"> <li>60 days (Critical Illness &amp; Hospital Indemnity)</li> <li>45 days (Accident)</li> <li>45-day extension (Accident only)</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>

<sup>1</sup> Certain health plans offer a voluntary Third-Level Review. Contact HR Services for more information.

**What happens if my claim is denied?**

If your claim is denied, in whole or in part, you will receive a written or electronic notice containing the following information (for Urgent Care Medical Review, you may receive oral notice followed by a written or electronic notice within three business days):

- The specific reasons for the denial
- Reference to the specific plan provisions on which the denial is based
- A description of any additional material or information that you must provide in order to complete your claim and an explanation of why such material or information is necessary; incomplete claims will be treated as part of the request for information and extension process and not as a denial, unless you do not respond to the request for information within the required time period

- Instructions and deadlines for making an appeal, including a statement of your right to file a lawsuit under ERISA if your appeal is denied

For urgent care claims under the health plans, your notice will also include a description of the expedited review process for these types of claims.

For claims under the disability plan, your notice will also include the following:

- A discussion of the decision, including an explanation of the basis for not agreeing with the views presented by you of a determination of disability regarding you made by the Social Security Administration, health care providers treating you, or vocational professionals who evaluated you
- A discussion of the decision, including an explanation of the basis for disagreeing with or not following the views of medical or vocational experts whose advice was obtained on behalf of the plan in connection with your adverse determination, without regard to whether the advice was relied on in making the benefit determination

For all claims, your notice will also include the following:

- A free copy of any internal rule, guideline, protocol or other similar criterion relied on in denying your claim or a statement that such documents do not exist
- A statement that you are entitled to receive, upon request and without charge, access to and copies of all documents, records and other information relevant to your claim under applicable legal standards
- If the denial was based on medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination applying the terms of the plan to your medical circumstances, or a statement that a free explanation will be provided to you upon request

### **How do I make an appeal if my claim is denied?**

Your appeal must be in writing. Send a statement of why you believe your appeal should be granted,

along with all documentation that you consider relevant, to the Appeal Reviewer.

You will be provided, upon request and without charge, reasonable access to and copies of all documents, records and other information relevant to your claim under applicable legal standards. If the Morgan Stanley Benefit Plan Appeals Committee is the Appeal Reviewer, send your documentation to HR Services. If another person or entity is the Appeal Reviewer, see the *Legal Notices and Other Important Information* section of the Morgan Stanley Health Benefits and Insurance SPD (for Health Benefits and Insurance Plans) or call HR Services for the appropriate address.

- **For Health Care and Disability Plans:** The Appeal Reviewer will be someone other than the Claim Reviewer or its subordinate. The Appeal Reviewer will not give deference to the denial of your claim. If your claim was denied based on a medical judgment, the Appeal Reviewer will consult with a health care professional who has appropriate training and experience in the relevant field of medicine (and who was not consulted in connection with the denial of your first claim). The Appeal Reviewer also will identify, at your request, any medical or vocational expert consulted in connection with the denial of your claim. Prior to a decision of your appeal, to the extent required by law, you will be provided, free of charge, a copy of any new or additional evidence considered, relied upon or generated by (or at the direction of) the relevant plan in connection with your claim, and you will have a reasonable opportunity to respond to any new or additional evidence or rationale.

### **What happens if my appeal is denied?**

If your appeal is denied, in whole or in part, you will receive a written or electronic notice containing the following information:

- The specific reasons for the denial
- Reference to the specific plan provisions on which the denial is based
- A statement that you are entitled to receive, upon request and without charge, reasonable access to and copies of all documents, records and other information relevant to your claim under applicable legal standards

- A statement describing any Voluntary Third Level of Review procedures, if any, offered by the plan, and your right to obtain information about these procedures
- A statement of your right to file a lawsuit under ERISA

For appeals under the disability plan, your notice will also include the following:

- A discussion of the decision, including an explanation of the basis for not agreeing with the views presented by you of a determination of disability regarding you made by the Social Security Administration, health care providers treating you, or vocational professionals who evaluated you
- A discussion of the decision, including an explanation of the basis for disagreeing with or not following the views of medical or vocational experts whose advice was obtained on behalf of the plan in connection with your adverse determination, without regard to whether the advice was relied on in making the benefit determination
- The deadline for filing a lawsuit under ERISA and the specific date by which the lawsuit must be filed to be considered timely

For appeals under the health and disability plans, your notice will also include the following:

- A free copy of any internal rule, guideline, protocol or other similar criterion relied on in denying your appeal or a statement that such rules, guidelines, protocols, standards or other similar criteria do not exist
- If the denial was based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination applying the terms of the plan to your medical circumstances, or a statement that a free explanation will be provided to you on request

## **May I have my appeal reheard?**

Certain medical, dental and vision plan administrators offer a voluntary rehearing of your appeal by an independent third party. It is called a “Voluntary Third Level of Review” and is not conducted by Morgan Stanley. Each individual administrator will provide you details on how this process works. Not all health plan administrators offer the Voluntary Third Level of Review. Check with your health plan administrator for more information.

Voluntary Third Level of Review may be made only after your claim and appeal have both been denied. Your decision whether to submit an appeal to the Voluntary Third Level of Review will not affect any other rights you may have under the plan. There is no charge for filing a Voluntary Third Level of Review.

You do not have to ask for a Voluntary Third Level of Review to take legal action, even if the Voluntary Third Level of Review is made available. The period of time in which your Voluntary Third Level of Review is processed will not be counted against you in determining the timelines of any later legal action you may bring. Contact your health plan administrator for more information about the Voluntary Third Level of Review.

All decisions of the Appeal Reviewer (or Third Level of Review Reviewer, if applicable) are final, conclusive and binding. If, however, you believe that the Appeal Reviewer did not follow the terms of the plan or has violated the law, you may bring a legal action under ERISA. See the Your ERISA Rights section for details.

## **How do I contact the appropriate Claim and Appeal Reviewers?**

Send all correspondence and documents for the Claims Committee, Appeals Committee, Director of Retirement Benefits, Director of Health & Insurance Benefits or HR Services to:

### **Regular Mail**

Morgan Stanley HR Services: Claims and Appeals Management

P.O. Box 1407

Lincolnshire, IL 60069-1407

(877) MSHR-411 (877-674-7411)

Fax: 1-847-554-1306

### **Overnight Mail**

Morgan Stanley HR Services

Attn: Claims and Appeals Management

9501 Lakeside Boulevard

The Woodlands, TX 77381

(877) MSHR-411 (877-674-7411)

Send all correspondence directly to the other Claim Reviewers or Appeal Reviewers at the address listed in the relevant plan's summary plan description.

## **What else should I know about how the Reviewers make decisions?**

The administrators and fiduciaries of Morgan Stanley's benefit plans, including the Reviewers, have discretionary authority to interpret and make determinations under the Plans. Any decision made will be effective unless the review is found to be arbitrary or capricious. See the *Important Administrative Information* section of this SPD for more information.