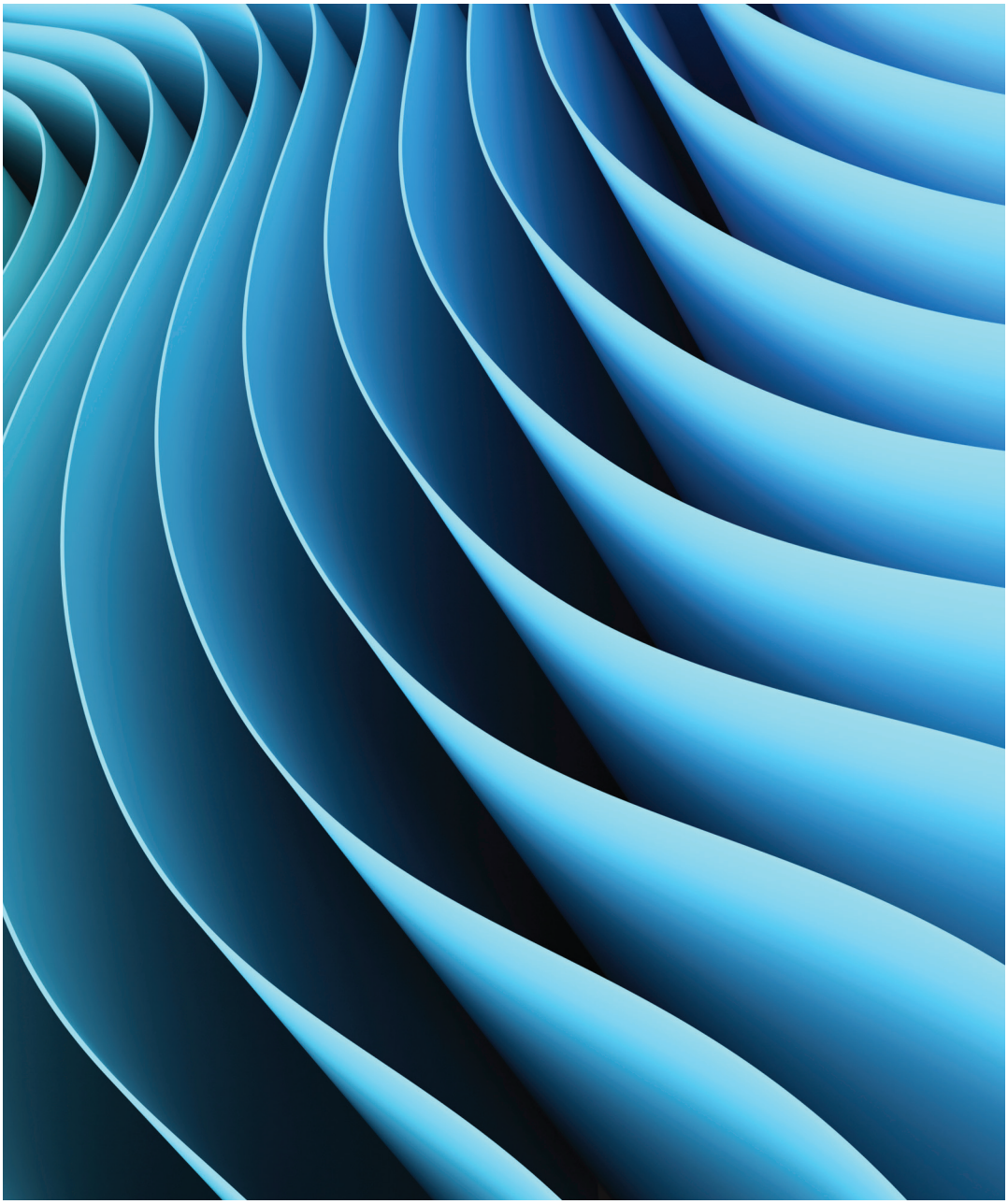
Morgan Stanley

Pension Benefits



2018 Summary Plan Description

The Morgan Stanley Employees Retirement Plan (the “Plan”) is designed to provide eligible employees with a benefit at retirement. In certain cases, the Plan provides death benefits to eligible employees’ spouses or eligible domestic partners. The Plan is “frozen”, meaning that no new benefits accrue (are earned) after December 31, 2010. All benefits accrued prior to that date are payable in accordance with the terms of the Plan, as summarized in this Summary Plan Description (“SPD”). This SPD is effective January 1, 2018.

The provisions of the Plan, in effect as of January 1, 2018, 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, including recouping any overpayment plus interest from future payments to be made to you until the overpayment plus interest are repaid.

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

Morgan Stanley and its affiliates (the “Company”) reserve the right to amend, modify, terminate or discontinue the Plan 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.

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.

Table of Contents

Introduction

This booklet is the Summary Plan Description ("SPD") for the Plan. Please read this SPD carefully and keep a copy with your other important papers. Additional information can be found on the Benefit Center website.

HR Services Contact Information
Benefit Center Website:
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.

- In the main part of this SPD, you will find the formula to determine benefits accrued (earned) from January 1, 2004 through December 31, 2010. Different provisions apply to certain "grandfathered" employees.
- In the Appendix, you will find historical provisions that applied before January 1, 2004 or that pertain to certain groups. The benefit formulas that apply to "grandfathered" employees are also described in the Appendix.

Eligibility

You are eligible to have accrued a benefit under the Plan if you were a U.S. benefits-eligible employee of a participating Morgan Stanley company hired before July 1, 2007 (July 1, 2004 in the case of hourly paid employees). If you were eligible and left the Firm before July 1, 2007 and were rehired within 12 months of your last day of employment, you are also eligible.

If you were eligible, your Plan participation began on the first day of the month on or after you attained age 21 and completed one year of Vesting Service (see *When You "Vest" in Your Pension Benefit* section).

You may be eligible to participate in Morgan Stanley's Pension Plan if you are actively employed and a U.S. benefits-eligible employee of Morgan Stanley, which is defined as someone that:

- Lives in the U.S. or
- Is a U.S. expatriate or U.S. benefits-eligible international employee.

The determination of whether an individual is a U.S. benefits-eligible employee shall be made by the Plan Administrator in its discretion.

You are **not** eligible for the Plan if you:

- Were not a U.S. benefits-eligible employee prior to July 1, 2007 (or July 1, 2004, in the case of hourly paid employees);
- Transferred from Citigroup Inc. or an affiliate to Morgan Stanley Wealth Management in connection with the formation or operation of Morgan Stanley Wealth Management unless you were previously employed by Morgan Stanley, eligible to participate in the Plan and transferred to Morgan Stanley Wealth Management within 12 months of your last day of employment with Morgan Stanley before becoming employed by Citigroup Inc. or an affiliate;
- Are classified by Morgan Stanley and its affiliates as an intern, summer associate, leased worker, independent contractor or consultant, regardless of whether or not such classification is subsequently upheld for any purpose by a court or a federal, state or local regulatory or administrative authority;
- Are employed by a business unit that performs a lower amount of services for a participating U.S. subsidiary than it does for a non-participating U.S. subsidiary that is a member of Morgan Stanley's affiliated group; or
- Were an employee of Ansett Worldwide Aviation Services, Inc., Heidmar, TransMontaigne, Saxon or their respective subsidiaries.

For more information, call HR Services.

When You "Vest" in Your Pension Benefit

Vesting refers to your right to receive a benefit from the Plan. You are fully vested after completing five years of Vesting Service. While you began earning a benefit as soon as you became a participant in the Plan, you have a right to receive that benefit only after you are vested.

Vesting Service

Vesting Service is used to determine Plan eligibility and vesting.

Vesting Service is your total period of employment with Morgan Stanley, generally from your first day of employment through your last day of employment.

While employed by Morgan Stanley or its affiliates, Vesting Service may generally continue for up to 12 months under the following circumstances:

- Employer-approved leave of absence, with or without pay;
- Periods of layoff;
- Periods that you are unable to work due to disability or sickness; and
- Jury duty, approved vacations or holidays.

Depending on your business unit, if you are receiving long-term disability benefits, you may be credited with Vesting Service for a longer period.

How Certain Situations May Affect Service

For more information about the following situations, call HR Services.

If You Were Previously a Leased/Contingent Worker
If you provided services to Morgan Stanley or its affiliates as an employee of a leasing agency or pursuant to a similar arrangement, you were not an independent contractor or consultant, and you were then hired as an employee of Morgan Stanley, you may be entitled to Vesting Service for that period of service to Morgan Stanley as a leasing company employee. You will not receive credit for the purpose of determining the amount of your benefit.

If You Have a Military Leave of Absence
Vesting Service includes all periods of qualified military leave, to the extent required by the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"). In general, qualified military leave includes periods of active duty with a U.S. uniformed service (including National Guard and reserve training) up to five years' duration, if you return to active employment with Morgan Stanley within the period defined by USERRA.

If You Worked for Another Firm
If you were employed by another firm immediately prior to the date the firm became affiliated with Morgan Stanley, generally, you will receive Vesting Service for your service (up to 5 years) with the other employer. You will not receive credit for purposes of determining the amount of your benefit.

When You Can Begin Your Pension

Your pension benefit can start:

- If you are no longer working for a Morgan Stanley company, at any time after you reach age 55; or
- If you are still working for a Morgan Stanley company, at any time on or after April 1 of the year following the year you reach age 70½.

Normal Retirement Date

You can start receiving your benefit on your Normal Retirement Date ("NRD"). Your NRD is the first day of the month following the later of:

- Your 65th birthday; and
- The date you complete five years of Vesting Service.

You generally may not start your benefit while employed by a Morgan Stanley company. (See *"In-Service Distributions After Age 70-½" below.)*

Early Retirement Date

If your employment ends before your NRD, you can also elect to start your benefits any time after you reach age 55 and before your

NRD. If the date you begin receiving your benefit is before your NRD, it is called your Early Retirement Date ("ERD").

Postponed Retirement Date

If you continue employment after your NRD, the first of the month following your last date of employment is considered your Postponed Retirement Date ("PRD"). Your pension benefit will not start until your PRD. Similarly, if you first became a Plan participant after your NRD, your payments will not start until after your PRD.

In-Service Distributions After Age 70½

Beginning April 1, 2014, if you attain age 70½ while employed by Morgan Stanley, you may, but are not required to, begin receiving your benefit on or after April 1 of the year following the year you attain such age, or any month thereafter. Any election to receive your benefit prior to retirement is irrevocable.

How Your Pension Benefit Is Calculated

Your benefit is based on your Annual Earnings and Covered Compensation while you participated in the Plan through December 31, 2010.

Important Terms

The following capitalized terms are used in the benefit formula and have specific meanings:

- **"Annual Earnings"** generally includes your base salary, cash bonus, commissions, overtime and other cash earnings (such as cash payouts from deferred compensation plans), for a given calendar year, up to an annual maximum of $170,000. Annual Earnings also includes your Roth after-tax, non-Roth after-tax and pre-tax contributions to the Morgan Stanley 401(k) Plan, Flexible Spending Accounts and the Commuter Benefits Program.
- Annual Earnings does **not** include moving expenses, awards under executive long-term incentive plans at the time of grant or deferral, expense allowances and similar amounts. Also, in general, Annual Earnings does not include any amount paid before you became a Participant, during a period you were not eligible to participate in the Plan or after your last day of employment with the Company. On or after June 1, 2009, Annual Earnings does not include any amount paid after the 10th day of the month following the month your employment with the Company ends. Annual Earnings also does not include any amount paid to you after December 31, 2010. The Plan Administrator's determination of Annual Earnings is final.
- **"Covered Compensation"** means the maximum wages taxed each year by the Internal Revenue Service ("IRS") for Social Security benefit purposes and averaged over a 35-year period. The 35-year period ends in the year you will first become entitled to receive full Social Security benefits. This is based on your year of birth, as shown in the following table:

Year of Birth	Full Social Security Benefit Age
1937 and before	65
1943 to 1954	66
1955 and after	67

Covered Compensation is calculated by using the actual wage base through the current year, and then projecting the current year's taxable wage base for future years up to the year you will reach your Social Security retirement age.

Based on IRS rules, the taxable wage base usually increases each year, and as a result, Covered Compensation (the 35-year average of these years) increases as well.

Note: Increases in Covered Compensation after December 31, 2010 do not apply.

Pension Benefit Formula

Your annual benefit is the sum of the annual benefit you earn under the Plan's benefit formula for each year (or portion of a year) that you participated in the Plan through December 31, 2010. This benefit is payable as a Single Life Annuity at your NRD; other payment dates and options are available.

Generally, for each Year of Service, you earn an annual pension benefit calculated as follows:

1% x Annual Earnings
Plus
½% x Annual Earnings in excess of Covered Compensation

Exceptions and limitations apply.

Pension Benefit Examples

Employee A: Age 53 when hired on January 2, 2004; started participating in the Plan on February 1, 2005

A Year	B Age	C Earnings	D Covered Compensation	E 1% of Earnings (.01 X C)	F ½ % of Earnings over Covered Compensation (.005 x (C-D))	G Annual Pension (E +F)
2/1/05-12/31/05	54	$82,500	$71,052	$825	$57	$882
1/1/06-12/31/06	55	91,800	72,492	918	97	1,015
1/1/07-12/31/07	56	93,636	73,524	936	101	1,037
1/1/08-12/31/08	57	95,509	74,820	955	103	1,058
1/1/09-12/31/09	58	97,419	76,044	974	107	1,081
1/1/10-12/31/10	59	99,367	76,044	994	117	1,111
H) Estimated Annual Single Life Annuity payable at NRD (Age 65): Total of column G						**$6,184**
I) Single Life Annuity payable monthly starting at NRD (H/12 months):						**$ 515**

Note: Employee A earned $90,000 in 2005 but did not enter the Plan until February 1, 2005. Therefore, only pay for the 11-month period from February 1, 2005 to December 31, 2005 or $82,500 ($90,000 x 11/12) is used in the formula. Benefits under the plan are frozen as of December 31, 2010. Employee A vested in the Plan on January 1, 2009.

Employee B: Age 35 when hired on March 10, 2004; started participating in the Plan on April 1, 2005

A Year	B Age	C Earnings	D Covered Compensation	E 1% of Earnings (.01 X C)	F ½ % of Earnings over Covered Compensation (.005 x (C-D), but not less than 0	G Annual Pension (E +F)
4/1/05-12/31/05	36	$45,500	$89,700	$450	$0	$450
1/1/06-12/31/06	37	61,200	93,420	612	0	612
1/1/07-12/31/07	38	62,424	96,252	624	0	624
1/1/08-12/31/08	39	63,672	99,984	637	0	637
1/1/09-12/31/09	40	64,946	103,824	649	0	649
1/1/10-12/31/10	41	66,244	103,824	662	0	662
H) Estimated Total Pension at Age 65 (total of column G)						**$3,634**
I) Estimated Monthly Single Life Annuity at Age 65 (H/12)						**$ 303**

Note: Employee B earned $60,000 in 2005 but did not enter the Plan until April 1, 2005. Therefore, the Plan only includes pay for the 9-month period from April 1, 2005 to December 31, 2005 or $45,000 ($60,000 x 9/12). Benefits under the plan are frozen as of December 31, 2010. Employee B became vested in the Plan on March 9, 2009.

Early Retirement Adjustment

Generally, if you choose to start your vested benefit on or after age 55 but before your NRD, your benefit is adjusted for early payment. The adjustment is made by reducing your pension by 6% for each year payments begin before your NRD. (The 6% is prorated for any partial year).

Example:

Assume that an employee earned a vested annual pension benefit of $15,000 payable at NRD and retires at age 62.

If the employee chooses to start payments immediately, the reduced monthly benefit paid at age 62 is calculated as follows:

Vested annual pension earned to age 62, payable at age 65	$15,000
Adjustment for payment starting three years early, at age 62 [100% - (6% x 3 years)]	82%
Vested annual pension payable at age 62 ($15,000 x 82%)	$12,300
Monthly pension benefit paid as a Single Life Annuity at age 62 ($12,300/12)	$1,025

Errors and Estimates

Despite the Plan Administrator's best efforts, in rare instances errors are made in estimates given to Plan participants or in the amounts paid. In addition, an estimate is not a guarantee of the amount stated; interest rates, mortality assumptions, a change in the date payments begin and other factors can affect the amounts due under the Plan.

The Plan may pay only the benefits provided for in the Plan. By law, the Plan Administrator is required to recoup any overpayments. This means that if an estimate is incorrect, only the correct amount can be paid to you. If you are overpaid, the Plan Administrator must ask you to repay the amount of the overpayment to the Plan (with interest) or deduct the overpayment from future payments. Similarly, if the Plan Administrator discovers that you have been underpaid, you will be paid the difference, with interest.

Although errors are rare, you should take the possibility of an error into account in your retirement planning. If you have questions about an estimate you have received or the amount of your payment, please call HR Services for a full review and explanation.

Payment Options

Before benefit payments begin, you can choose from various payment options.

- **If you are married** (as determined under applicable law) when your benefit payments begin, the Normal Form of payment will be a 50% Joint and Survivor Annuity.
- If you elect to receive your pension in a form **other than** a 50%, 75% or 100% Joint and Survivor Annuity with your spouse as your beneficiary, your spouse must consent in writing. A consent form will be sent to you by HR Services, and your spouse's signature must be witnessed by a notary public.
- **If you are not married** when your Plan benefit payments begin, the Normal Form of payment will be a Single Life Annuity.

Once your benefit payments start, you cannot change your payment option.

Other Forms of Payment Available

The following payment forms are available under the Plan.

Single Life Annuity
With a Single Life Annuity form of payment, you receive a monthly benefit for your lifetime only. After you die, payments stop. This payment method provides the largest monthly benefit.

50%, 75% or 100% Joint and Survivor Annuity
With a Joint and Survivor Annuity, your monthly benefit is reduced to reflect the death benefit protection provided to your eligible survivor. When you die, a benefit may be continued to the beneficiary you designated at the time payments began. Based on your payment choice, a portion (50%, 75% or 100%, as you elect) of your reduced benefit

will be paid to your designated beneficiary for the rest of his or her life. If your beneficiary dies before you, your reduced monthly benefit will continue without change for the rest of your lifetime and no benefit will be paid to any person after your death.

For a beneficiary other than a spouse, the survivor benefit percentage may be limited if the person is more than 10 years younger than you. You cannot change your beneficiary after your pension payments start, even if your designated beneficiary dies.

Five-Year or 10-Year Certain and Life Annuity
With a Certain and Life Annuity, you receive a reduced monthly benefit for your life with added protection that guarantees payments will be made for at least five or 10 years (based on your election). If you die within the guarantee period (five or 10 years), your beneficiary continues to receive the same monthly benefit you were receiving for the balance of the guarantee period. If you die after the guarantee period ends, your beneficiary receives no benefit payments.

Restrictions on Beneficiary Designations
Your designated beneficiary for the above annuity payment options can be any living person you choose, except:

- If you are married and you designate someone other than your spouse, your spouse must consent in writing, and his or her signature must be witnessed by a notary public; otherwise, your election will not be valid, or
- Any individual who is resident or located in an Office of Foreign Assets Control (OFAC) sanctioned country (or who is an OFAC "specially designated national"). Any designation of an individual resident or located in an OFAC sanctioned country or who is an OFAC specially designated national is treated as though he or she was not named a beneficiary and the attempted designation will be null and void.

Automatic or Voluntary Lump-Sum Payment
In certain situations a lump-sum payment of the value of your benefit is available.

- **If the total present value of your benefit is less than $1,000 after your employment ends,** you will automatically receive a lump-sum payment of your benefit as soon as administratively practicable after you leave. The annuity forms of payment are not available.
- **If the total present value of your benefit is between $1,000 and $25,000 after your employment ends or on or after the April 1 following the year you attain age 70½ while employed by Morgan Stanley,** you may elect to receive the value of your benefit as a single lump-sum payment instead of an annuity form of payment.

The total present value of your pension is calculated based on Plan terms and an IRS prescribed interest rate and mortality table.

Benefits paid as a lump sum on or after January 1, 2014 are calculated using the Pension Protection Act **(**"PPA") interest rates for the first month of the calendar quarter preceding the quarter in which your Benefit Commencement Date ("BCD") occurs and the applicable mortality table, as specified by the IRS.

Note:
- If you receive a lump-sum payment after your BCD, it will include interest from the BCD through the payment date based on the PPA interest rates used to calculate the lump sum.
- You may be eligible to roll over some or all of your lump-sum distribution to an Individual Retirement Account ("IRA") or another employer's qualified plan that accepts rollovers. (For details, see the "*Pension Plan Special Tax Notice Regarding Plan Payments*," available on the Benefit Center website. From the homepage, click on *Plan Documents and Forms* and then *Retirement & Savings*).

The normal form of payment is a monthly annuity payable at retirement. If you are eligible for a lump sum payment option at retirement, the amount paid is the present value of your expected future monthly annuity payments, based on the applicable interest rates and actuarial mortality tables in effect at the time the benefit is paid. If interest rates go up, the value of the lump sum option ordinarily will go down, and vice versa. If

interest rates do not change and you work past NRD, the number of your expected future monthly annuity payments will decrease, and accordingly the amount of your lump sum will decrease.

Restrictions on Lump-Sum Payments
The Plan limits your ability to receive any benefits in the form of a lump sum if the Plan's "adjusted funding target attainment percentage" ("AFTAP") falls below a certain level as stated in the following table:

AFTAP	Lump Sum Distributions > $5,000
< 60%	Lump sum not permitted
At least 60% but less than 80%	May pay a lump sum up to the **lesser** of: (1) 50% of the value of the benefit otherwise eligible for a lump-sum payment; or (2) 100% of the present value of your maximum Pension Benefit Guaranty Corporation ("PBGC") guaranteed benefit
≥ 80%	Lump sum permitted
Employer in bankruptcy	Lump sum not permitted unless the Plan's actuary certifies that the AFTAP for the current plan year is not less than 100%

To find out if this affects you or to obtain the Plan's current AFTAP, call HR Services.

The chart on the following page is for informational purposes only and shows the comparative values of a Single Life Annuity benefit of $1,000 payable at NRD and different payment options available under the Plan, assuming the participant and beneficiary are the same age.

Annuity Form of Payment	Monthly Benefit Paid During Employee's Life	Monthly Benefit Paid to Beneficiary After Employee's Death
Single Life Annuity	$1,000	No benefit
50% Joint and Survivor Annuity	$927	$464 for life of beneficiary
75% Joint and Survivor Annuity	$897	$673 for life of beneficiary
100% Joint and Survivor Annuity	$864	$864 for life of beneficiary
Five-Year Certain and Life Annuity	$987	$987 for the remainder (if any) of 60 months
10-Year Certain and Life Annuity	$956	$956 for the remainder (if any) of 120 months

Financial Considerations

Consult with a financial planner before you choose your form of pension benefit.

If You Die Before Receiving Your Benefit

If you are entitled to a vested pension benefit and die before you begin to receive your benefit, your eligible Surviving Spouse or Domestic Partner (as defined below) will be entitled to receive a survivor benefit for his/her life.

If you are not vested when you die or do not have an eligible Surviving Spouse or Domestic Partner as defined here, there is no benefit paid from the Plan after your death to any person.

Eligible Surviving Spouse

For your spouse to be an eligible Surviving Spouse, you and your spouse must have been married for at least one year at the time of your death.

Eligible Domestic Partner

For your domestic partner to be an eligible Surviving Domestic Partner, you and your domestic partner must meet at least one of the following requirements:

- Be registered through a governmental domestic partnership registry for at least one year at the time of your death; or
- Be registered with HR Services for at least one year at the time of your death.

In each case, your relationship must have continued to the date of your death.

Amount of Death Benefit

Your eligible Surviving Spouse or Domestic Partner will receive a monthly benefit equal to the survivor annuity he or she would have received under the 50% Joint and Survivor Annuity option. The monthly benefit is determined assuming your employment ended at the time of your death and you elected to begin your pension at that time, or at age 55, if later.

Payment of the monthly benefit begins at the time of your death or the date you would have attained age 55, if later.

If your eligible Surviving Spouse or Domestic Partner elects to defer payment, the monthly benefit paid at a later date will be adjusted upward to reflect that payment will start later and, therefore, be made for a shorter period of time. Payment cannot be deferred beyond the date that you would have turned 65. If your eligible Surviving Spouse or Domestic Partner dies before beginning to receive his or her benefit, a benefit is not paid to any person.

If the total present value of the benefit payable to your eligible Surviving Spouse or Domestic Partner is $1,000 or less, he or she will automatically receive a lump-sum payment, as soon as administratively practicable, calculated as of the first day of the month following your

death. In this case, your eligible survivor cannot receive an annuity.

If the total present value of the benefit payable to your Surviving Spouse or Surviving Domestic Partner is greater than $1,000 but less than or equal to $25,000, he or she may elect a single lump-sum payment instead of an annuity. The lump sum will be calculated as of the first day of the month following your death, or the date you would have attained age 55, if later.

How to Apply for Benefits

Contact HR Services at least 30 days, but no more than 90 days, before you want to begin your benefit payments.

Note: You may not begin your pension benefit before your employment with Morgan Stanley ends unless your benefit will begin on or after April 1 of the year following the year in which you attain age 70½.

Confirming Your Elections

The benefit election process is "paperless" if you make your elections on the Benefit Center website and are either (a) not married or (b) married and elect a 50%, 75% or 100% Joint and Survivor annuity with your spouse.

If you make your elections online, are married and elect a payment option other than a 50%, 75% or 100% Joint and Survivor annuity with your spouse, you must sign, date and return a Pension Election Authorization Form. This form must also be signed and dated by your spouse and witnessed by a Notary Public.

If you make your benefit elections on the phone with HR Services, you will be sent a Pension Election Authorization Form that you must sign, date and return. If you are married and elect a payment option other than a 50%, 75% or 100% Joint and Survivor annuity with your spouse, the Pension Election Authorization Form must also be signed and dated by your spouse and witnessed by a Notary Public.

The elections that you make under the Plan will become effective when the election is processed by the Plan Administrator.

If you make your benefit elections and die before a Confirmation Notice from HR Services is generated indicating that your signed Pension Election Authorization Form, (including your spouse's *notarized* consent if applicable), is complete and your benefit payments have not yet commenced, your elections will be revoked automatically and only the death benefits payable under the Plan will apply.

HR Services Assistance

HR Services is available to assist you:

- **Visit the Website: morganstanley.com/benefits** available 24 hours a day, where you can access information about your pension, obtain an estimate of your current accrued pension and project your future estimated pension.
- **Call HR Services at 1-877-MSHR-411 (1-877-674-7411, toll-free from within the U.S.). From outside North America call 1-718-354-1343 (toll).**
  A retirement specialist will be assigned to assist you with your retirement questions and perform certain transactions.

  Representatives are available from 9 a.m. to 7 p.m., ET, weekdays except certain U.S. holidays.

If you need to send correspondence to HR Services:

Regular Mail:
Morgan Stanley HR Services
PO Box 64079
The Woodlands, TX 77387-4079

Overnight Mail:
Morgan Stanley HR Services
9501 Lakeside Blvd
The Woodlands, TX 77381

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 REVIEWER1[1] (THIRD-LEVEL REVIEW)
Medical Plan:				
Cigna Options A and 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
Cigna Option C (includes prescription drug coverage)	Type or amount of benefits payable	Cigna	Cigna	Independent third-party administered through Cigna
UHC Options A, B and C (includes prescription drug coverage)	Type or amount of benefits payable	UHC or OptumRx	UHC or OptumRx	Independent third-party administered through UHC or OptumRx
HMSA Medical Plan	Type or amount of benefits payable	HMSA	HMSA	Independent third-party administered through HMSA
Kaiser Permanente HMO	Type or amount of benefits payable	Kaiser Permanente	Kaiser Permanente	Independent third-party administered through Kaiser Permanente
Cigna Global Health Medical Plan and Cigna Global Health Dental Plan	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
Dental Plan:				
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

[1] 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)
Vision Plan:			
VSP Vision Plan	Type or amount of benefits payable	VSP	VSP
Disability Plan:			
STD[1]	All	MetLife	MetLife
LTD	All	MetLife	MetLife
Life Insurance and Accident Plans:			
Life Insurance	All	MetLife	MetLife
AD&D Insurance	All	MetLife	MetLife
BTA Insurance Plan	All	Cigna	Cigna
Other Plans:			
LTC Insurance – Prudential	All	Prudential	Prudential
LTC Insurance – MetLife	All	MetLife	MetLife
LTC Insurance – Individual Insurance Program	All	John Hancock	John Hancock
HCFSA and DDCFSA	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
Critical Illness and Accident Insurance Plans	All	Aflac	Aflac
Medical, Dental, Vision, STD, FSAs, Legal Assistance	Eligibility of coverage, premiums and certain other matters	Morgan Stanley Benefit Plan Claims Committee	Morgan Stanley Benefit Plan Appeals Committee
Employees Retirement Plan, 401(k) Plan, EAP, Severance Pay Plan[1]	All	Morgan Stanley Benefit Plan Claims Committee	Morgan Stanley Benefit Plan Appeals Committee

[1] 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 Care, 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)[1]
Urgent Care Review:			
Medical, Dental and Vision Plans	• Immediately or within 72 hours of receipt • 48-hour extension after Reviewer receives any additional information	• Immediately or within 72 hours of receipt	• Check with the health plan administrator for specific details
Pre-Service Review:			
Medical, Dental and Vision Plans	• Up to 15 days • 15-day extension	• 30 days	• Check with the health plan administrator for specific details
Concurrent Care Review:			
Medical, Dental and Vision Plans	• Varies based on claim type	• Varies based on claim type	• Check with the health plan administrator for specific details
Post-Service Review:			
Medical, Dental and Vision Plans	• 30 days • 15-day extension	• 60 days	• Check with the health plan administrator for specific details
FSAs	• 30 days • 15-day extension	• 60 days	• Not applicable
STD	• 45 days • 45-day extension	• 45 days • 45-day extension	• Not applicable

[1] Certain health plans offer a voluntary Third-Level Review. Contact HR Services for more information.

LTD	• 45 days • 45-day extension	• 45 days • 45-day extension	• Not applicable
LTC	• 10 days • No extension	• 60 days • 60-day extension	• Not applicable
Accident, Critical Illness and Hospital Indemnity Insurance	• 30 days (Critical Illness & Hospital Indemnity) • 45 days (Accident) • 15-day extension (Critical Illness & Hospital Indemnity); Two 30 day extensions (Accident)	• 60 days (Critical Illness & Hospital Indemnity) • 45 days (Accident) • 45-day extension (Accident only)	• Not applicable

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 the disability plan, to the extent required by law, a discussion of the decision including an explanation of the basis for not agreeing with any determination of the Social Security Administration or health care providers treating you
- In the case of a health claim involving urgent care, a description of the expedited review process for these types of claims
- For health and disability plans, 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
- For health and disability plans, 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
- For health and disability plans, if the denial was based on a clinical judgment or experimental treatment or similar exclusion or limit, 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 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
- For the disability plan, to the extent required by law, a discussion of the decision including, an explanation of the basis for not agreeing with any determination of the Social Security Administration or health care providers treating you
- 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 of your right to file a lawsuit under ERISA
- For health and disability plans, a statement that a free copy of any internal rule, guideline, protocol or other similar criterion relied on in denying your appeal will be provided to you on request
- For health and disability plans, if the denial was based on a medical necessity or experimental treatment or similar exclusion or limit, 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.

The 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, even if the Voluntary Third Level of Review is made available, to take legal action. 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
PO Box 1407
Lincolnshire, IL 60069-1407
(877) MSHR-411 (877-674-7411)
Fax: 1-847-554-1306

Overnight Mail
Morgan Stanley HR Services: Claims and Appeals Management
9501 Lakeside Blvd
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.

Special Situations That May Affect Benefits

If Your Employment Is Interrupted

You will have a Break in Service if your employment is interrupted for more than 12 consecutive months.

If you are absent from work due to pregnancy, childbirth, adoption or childcare needs immediately following your child's birth or adoption, generally you will not have a Break in Service as long as you return to work within 12 months. A Break in Service interrupts your Plan participation. As described below, generally you will not receive Credited Service or Vesting Service for the period of a Break in Service.

Effect on Eligibility and Participation
If you were previously a participant in the Plan and are rehired within 12 months, you will immediately resume earning Vesting Service upon reemployment.

Restoration of Service
If you are rehired within 12 months of the date your employment ended, your Vesting Service will be determined as if you did not terminate and will include the period you were not employed.

Information for Employees Who Are Rehired After Retirement

If you are rehired in a U.S. benefits-eligible position by the Company, your pension benefit will take into account your service before and after rehire (up to December 31, 2010), and any amount previously paid to you from the Plan (as a lump sum or annuity).

If you were receiving a monthly pension benefit when rehired after December 31, 2010, your monthly benefit will continue during your rehire service unless you contact HR Services within 30 days of rehire

and request that your benefit be suspended. Upon your subsequent retirement, your pension will continue to be paid in the same form you were receiving prior to your rehire and you will not be able to elect a different payment form.

Information for Employees Who Were Reemployed On or Before December 31, 2010 While Receiving Pension Benefit Payments

Pre-2011 rehires were unable to continue monthly payments following rehire. This policy is based on specific provisions of the Plan and is called a "suspension of benefits" as described in the Department of Labor Regulations Section 2530.203-3. You may request a review of the suspension of your benefits under the Plan's claims and appeals procedures. (See the *Your Rights Under the Claims and Appeals Process* section).

How a Suspension of Benefits Works
If you are rehired or continue to work for a participating company after your NRD, you will continue to accrue additional pension benefits in accordance with the Plan's pension formula up to December 31, 2010. In general, no other adjustments are made to the amount of your monthly pension while you are actively working, unless you work less than 40 hours in a particular month, or if you work beyond attaining age 70½.

If you work less than 40 hours in a particular month you must notify the Company so that a special adjustment may be made. If you do not meet the verification requirements, the Company will assume that you are being paid for at least 40 hours of employment per month for purposes of this rule, and your pension benefit, at the time you retire, will be based on the Plan's normal formula.

In accordance with Department of Labor Regulations Section 2530.203-3(b)(6), as a participant in a plan that suspends pension payments during periods of employment described in Section 203(a)(3)(B) of ERISA, you may request a determination of whether specific contemplated employment will be counted as service during which the Plan may suspend and permanently withhold benefit payments.

To request a determination, call HR Services at 1-877-MSHR-411 (1-877-674-7411).

Information for Employees Who Continue to Work Past NRA

If you continue working between age 65 and 70½, the amount of your monthly pension benefit does not change, even though the longer you work, the fewer pension checks you will receive.

If you continue working past April 1 of the year following the year in which you reach age $70^1/_2$ and you do not begin receiving your pension benefit while still working, upon your retirement you will receive the greater of:

- Your pension benefit based on your continued accruals beyond April 1 following the year in which you attain age $70^1/_2$ in accordance with the Plan's pension formula or
- Your pension benefit accrued at April 1 following the year in which you attain age $70^1/_2$, actuarially increased to your Benefit Commencement Date, to reflect the later commencement.

Notwithstanding the foregoing, no additional pension benefits may accrue after December 31, 2010.

If You Are Transferred

If you were eligible to participate in the Plan and are transferred on or after July 1, 2007 to another Morgan Stanley business unit or an international location that does **not** participate in this Plan, you continue to earn Vesting Service after the date of your transfer. As a reminder, all pension benefit amounts are frozen and ceased accruing as of December 31, 2010.

How Pension Benefits May Be Lost or Reduced

Some situations could cause the loss or delay of your pension benefit.

Payment of your accrued pension benefits may be affected in the following situations:

- If you die or leave Morgan Stanley before you are vested, you are not entitled to a Plan benefit.
- If you are unable to care for your own affairs, the Plan Administrator may determine that your pension benefit will be paid to someone who is authorized to conduct your affairs. This may be an individual who has been appointed by a court as a guardian or otherwise. The Plan will not pay your pension benefit to a person claiming under a Power of Attorney, unless directed to do so by an appropriate court.
- If you do not notify HR Services of your intention to retire, your pension benefit may be delayed. Pension payments begin only after your request to receive your benefit is received and processed.
- If you or your eligible Surviving Spouse or Domestic Partner cannot be located, no Plan benefit is paid. Plan benefits will begin only if you or your eligible Surviving Spouse or Domestic Partner file a valid, timely request. Be sure to keep your address information updated with HR Services.
- If the Plan is required to withhold taxes under federal, state and/or local laws, your pension benefit may be adjusted.
- The Plan must comply with all applicable laws, including maximum benefit limitations under Internal Revenue Code section 415. As laws and regulations change, the Plan may change.
- If the Plan is terminated, pension benefits payable under the Plan are limited to those that can be provided by the assets of the Trust and those that are guaranteed and paid by the Pension Benefit Guaranty Corporation ("PBGC") (see the *Plan Insurance* section for details).

Important Administrative Information

This section provides details about the administration of the Plan.

Funding

The Company pays the full cost for providing your pension benefit. Employees cannot contribute to the Plan. The participating companies' contributions will be determined by Morgan Stanley, made to the extent they are required by Internal Revenue Code Section 412 and conditioned on their tax deductibility.

Administrative Details

Plan Name	Morgan Stanley Employees Retirement Plan
Employer Identification Number	20-8764829
Plan Number	001
Plan Sponsor	Morgan Stanley Domestic Holdings, Inc. c/o HR Services P.O. Box 64079 The Woodlands, TX 77387-4079 1-877-MSHR-411 (1-877-674-7411)
Plan Administrator	Morgan Stanley Chief Human Resources Officer c/o HR Services P.O. Box 64079 The Woodlands, TX 77387-4079 1-877-MSHR-411 (1-877-674-7411)

The Plan records are kept on a calendar-year basis, beginning January 1 and ending December 31. The Plan is a defined benefit pension plan.

Plan Trustee

The Northern Trust Company
50 S. 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 may also be made on the Plan Administrator or the Plan Trustee.

Participating Companies

Companies participating in the Plan include Morgan Stanley Domestic Holdings, Inc. and each affiliate that adopts the Plan with consent of the Plan Sponsor's Board of Directors. You or your beneficiary can review a complete list of companies participating in the Plan by written request to the Plan Administrator at the address shown above. You or your beneficiary may also receive, upon written request to the Plan Administrator, information as to whether a particular company participates in the Plan and if the company does participate, the company's address.

If the Plan Is Terminated or Modified

Although the Plan Sponsor expects to continue the Plan indefinitely, the Plan Sponsor by action of its Board of Directors (or its delegate) reserves the right to amend, modify or discontinue the Plan at any time and from time to time.

Freezing the Plan is not the same as terminating it. When the Plan is frozen, no further benefits accrue, but other provisions, such as involving the timing and form of payment, operate largely unchanged. When the Plan is terminated, it is wound up and, depending on circumstances, additional limits may apply.

If the Plan is terminated, you will have a vested and non-forfeitable right to your accrued pension to the extent the Plan is funded. Plan assets would be used first to provide the payment of pensions to participants through the purchase of guaranteed annuity contracts from a qualified insurer, in accordance with the provisions of law. 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. To the extent assets are not sufficient to fully provide for those pensions, some pension benefits may be payable by the PBGC. Note, that the PBGC protection is limited to certain types of pensions and that there is a maximum dollar amount of pension benefits guaranteed by the PBGC. In addition, the PBGC does not cover any pension benefits that became vested solely as a result of Plan termination (see the *Plan Insurance* section of this SPD for details).

In the event assets are more than sufficient to fully provide for Plan benefits, any residual assets may be returned to the Plan Sponsor. Prior to the termination of the Plan, no part of the trust fund may revert to any participating company nor be used for purposes other than the exclusive purpose of providing benefits to Plan participants and their beneficiaries and defraying reasonable administrative costs.

Plan Insurance

Your pension benefit under this Plan is insured by the PBGC, a federal pension insurance agency.

If the Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people will receive all of the pension benefits they would have received under the Plan, but some people may lose certain benefits.

The PBGC guarantee generally covers:

- Normal and early retirement benefits;
- Disability benefits if you become disabled before the Plan terminates; and
- Certain benefits for your survivors.

The PBGC guarantee generally does not cover:

- Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates;

- Some or all of the benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates;
- Benefits that are not vested because you have not worked long enough for the Company;
- Benefits for which you have not met all of the requirements at the time the Plan terminates;
- Certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal retirement age; and
- Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if certain of your benefits are not guaranteed, you may still receive some of those benefits from the PBGC depending on how much money your Plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, DC 20005-4026 or call 1-202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 1-202-326-4000.

Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at **http://www.pbcg.gov**.

Assignments or Pledges

Except in the case of certain judgments or settlements described in the Internal Revenue Code and under ERISA, your interest (and your beneficiary's interest) under the Plan cannot be assigned, pledged, alienated or subject to any lien. As a result, your interest cannot be used for collateral for a loan and generally is not 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 Qualified Domestic Relations Order ("QDRO"), as defined in ERISA and the Internal Revenue Code, and as determined by the Plan Administrator.

A copy of the 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.

The IRS has a right to attach some or all of your plan benefit in connection with a judgment resulting from an unpaid tax assessment.

Employment Is Not Guaranteed

Neither this SPD nor your participation in the Plan is a guarantee of your continued employment.

Plan Documents Govern

This SPD is a summary of certain provisions of the Plan. It is based on the legal Plan documents. If there is any difference between the information described here or any verbal or written representation (including information provided in any pension estimate) and the legal Plan documents, the legal Plan documents will govern.

Top-Heavy Rules

Certain alternate Plan provisions go into effect in the unlikely event that the 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.

Discretionary Authority of Plan Administrator and Other Plan Fiduciaries

In carrying out their respective responsibilities under the Plan, the Plan Administrator and other Plan fiduciaries shall have discretionary authority to make any

findings necessary or appropriate for any purpose under the Plan, including, to interpret the terms of the Plan and to determine 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 determination was arbitrary and capricious.

Your ERISA Rights

As a participant in the Morgan Stanley Employees Retirement Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974, as amended (ERISA). ERISA provides that all plan participants 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 these copies.
- 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.
- Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 65) and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide this statement free of charge.

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 employee benefit 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 pension benefit to which you are entitled under the Plan or by exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension 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 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, contact the nearest office of the Employee Benefits Security Administration ("EBSA"), U.S. Department of Labor, listed in your telephone directory, or write 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.

Appendices

Provisions for Eligible Prior Plan Participants

Introduction

These Appendices describe how certain provisions of the prior plans listed below may provide additional benefits and protection to you if you were a participant in a prior plan and meet the requirements indicated in these Appendices:

- **Morgan Stanley & Co. Incorporated Pension Plan Appendix**
- **Discover Financial Services Pension Plan Appendix**
- **Dean Witter Reynolds Inc. Pension Plan Appendix**

Morgan Stanley Pension Plan Appendix

Background

This Appendix describes the Morgan Stanley & Co. Incorporated Pension Plan (for purposes of this Appendix, the "MS Pension Plan") in effect prior to January 1, 2004. For periods after December 31, 2003, these provisions apply only to certain disabled or grandfathered participants, as described below. No benefits may be accrued under these provisions after December 31, 2010.

Note: Capitalized terms not defined in this Appendix are defined in the main part of this SPD.

- You are considered a Grandfathered MS Pension Plan participant if, on December 31, 2003, you were an Eligible Employee as described below and you met the following additional requirements:

  - You were an active participant in the MS Pension Plan
  - Your age plus completed years of Grandfather Eligibility Service totaled at least 65, and
  - You had at least five years of Grandfather Eligibility Service

- If you are a Grandfathered MS Participant and you transfer to another U.S. benefits-eligible position in a participating company, you will continue to be a Grandfathered MS Participant, as long as you remain employed in a U.S. benefits-eligible position at a participating company.

- If you are a Grandfathered MS Participant who left Morgan Stanley and were rehired into a U.S. benefits-eligible employee class before July 1, 2007, or after June 30, 2007 but within 12 months of your last day of employment, you will continue to be a Grandfathered MS Participant, as long as you remain employed in a U.S. benefits-eligible position at a participating company.

Who Is Eligible

If you were a salaried or hourly-paid employee of Institutional Securities, Institutional Investment Management, Private Wealth Management, Van Kampen Investments or Finance, Administration or Legal and Compliance supporting the foregoing, you were eligible to participate in the MS Pension Plan if you met the participation requirements below.

Interns, summer associates, and temporary employees, as well as employees classified by Morgan Stanley and its affiliates as PALs, leased employees, independent contractors or consultants, regardless of whether or not such classification is subsequently upheld for any purpose by a court or a federal, state or local regulatory or administrative authority, are not eligible to participate in the MS Pension Plan.

Eligibility and Vesting Service

If You Were an Hourly Employee

For hourly-paid employees, Years of Service, for eligibility and vesting purposes, means the sum of all calendar years in which you complete at least 1,000 Hours of Service with Morgan Stanley or an affiliate.

"Hour of Service" includes each hour for which you are paid or are entitled to payment by Morgan Stanley, including each hour for which back pay, vacation, holiday or sick pay is agreed to be paid by Morgan Stanley. You also will receive up to 501 Hours of Service for absences due to eligible service in the armed forces, jury duty and Morgan Stanley authorized leaves of absence.

Credited Service
Generally, for an eligible salaried employee, Credited Service is a Period of Service (as defined in the main part of this SPD) credited after you became a participant in the MS Pension Plan through December 31, 2003.

If you are a Grandfathered MS Participant, Credited Service counts service as a Grandfathered MS Participant through December 31, 2010. Generally, Credited Service for a Grandfathered MS Participant includes service while an employee of any participating company under the Plan through the earlier of your last day of employment or December 31, 2010.

A maximum of 35 years of Credited Service is used for calculating benefits under the MS Pension Plan.

Generally, you were credited with partial years of Credited Service for partial years of employment or service, calculated by the number of months worked in that year.

If you were paid as an hourly-paid employee, you were credited with a year of Credited Service for each year in which you had at least 1,800 Hours of Service. If you had between 1,000 and 1,800 Hours of Service, you were credited with a pro-rated portion of a year of Credited Service. If you had less than 1,000 Hours of Service, you were not credited with any Credited Service. Also, you were credited with a pro-rated portion of a year of Credited Service for the calendar year in which you become a participant or terminated service. Credited Service includes certain service prior to July 1, 1970.

As a participant in the MS Pension Plan, you may also have earned Credited Service up to December 31, 2010 if you were:

- Disabled or eligible for and receiving Social Security disability payments, and not receiving a pension under the MS Pension Plan prior to January 1, 2004, or while a Grandfathered MS Participant;
- On a Morgan Stanley authorized leave of absence up to one year; or
- On a qualifying military leave of absence, provided you returned to active employment with Morgan Stanley within the time period during which you had reemployment rights under federal law.

Credited Service is generally not credited during a Break in Service (as defined in the main part of this SPD).

No Credited Service may be earned after December 31, 2010.

Participation
If you were an Eligible Employee, first hired before January 1, 2003 and:

- ***A salaried employee***, you became a participant in the MS Pension Plan effective as of the first day of the month coincident with or next following a Period of Service of 12 months, provided you were employed by a participating company on that date.
- ***An hourly-paid employee***, you became a participant in the MS Pension Plan effective as of the first day of the month coincident with or next following a year in which you completed 1,000 Hours of Service (as defined above) during either the first 12 months of continuous employment or during any calendar year that began after your employment date, provided you were employed by a participating company on that date.

Examples
Here are some examples of how the eligibility and participation provisions of the MS Pension Plan work:

- **Employee A** began employment with the Company in an eligible salaried position on February 20, 2000, at age 33. Employee A was still employed with the Company on March 1, 2001 and was first eligible to participate in the MS Pension Plan as of that date.

  On January 1, 2004, Employee A did not have at least five years of Grandfather Eligibility Service at Morgan Stanley and her age plus completed years of Grandfather Eligibility Service did not total at least 65. She did not meet the requirements of a Grandfathered MS Participant. Therefore, the special rules under this Appendix A only apply to her service **prior to** January 1, 2004. Her benefits based on service after December 31, 2003 are calculated in accordance with the provisions set forth in the main part of the SPD.

- **Employee B** began employment with the Company in an eligible hourly-paid position on April 15, 1999, at age 28. During the period starting with her date of hire and ending on April 14, 2000, Employee B completed 850 Hours of Service. Employee B did not fulfill the one Year of Service requirement during her first 12 continuous months of employment with the Company. Therefore, Employee B was not eligible to participate in the MS Pension Plan on May 1, 2000.

  Employee B subsequently completed 1,000 Hours of Service during the 2000 calendar year. She was still employed with the Company on January 1, 2001 and was first eligible to participate in the MS Pension Plan on that date.

  On January 1, 2004, Employee B did not have at least five years of Grandfather Eligibility Service at Morgan Stanley and her age plus completed years of Grandfather Eligibility Service did not total at least 65. She did not meet the requirements of a Grandfathered MS Participant. Therefore, the special rules under this Appendix only apply to her service **prior to** January 1, 2004. Her benefits based on service after December 31, 2003 are calculated in accordance with the provisions set forth in the main part of the SPD.

- **Employee C** began employment with the Company in an eligible salaried position on November 22, 1985, at age 37. Employee C was employed in a U.S. benefits-eligible position with a participating company on December 1, 1986, she became eligible to participate in the MS Pension Plan on that date.

  On January 1, 2004, Employee C had at least five years of Grandfather Eligibility Service at Morgan Stanley and her age plus completed years of Grandfather Eligibility Service totaled at least 65. Therefore, she met the requirements of a Grandfathered MS Participant. Employee C will receive the **greater** of the benefit under: (1) the MS Pension Plan's special grandfather rules (as set forth in this Appendix) or (2) the **sum of** her benefit earned through December 31, 2003 under the MS Pension Plan (as set forth in this Appendix) and her benefit earned after December 31, 2003 under the Plan (as set forth in the main part of the SPD).

If You Are Disabled

If you were eligible to participate in the MS Pension Plan and were disabled or became disabled while employed by the Company on or before December 31, 2003, even if you are not a Grandfathered MS Participant, or you are a Grandfathered MS Participant, you will continue to accrue benefits under this Appendix until the earlier of: (1) the date you return to work, (2) your last day of employment with the Company, (3) attainment of age 65, or (4) December 31, 2010.

If You Return to Work from a Disability after December 31, 2003 and were Not a Grandfathered MS Participant

You began to accrue benefits during your period of employment in an eligible position in accordance with the rules set forth in the main part of the SPD, effective as of the date of your return, through December 31, 2010.

Upon reaching age 65 (or the first of the month following the last month in which you were entitled to Long Term Disability benefits under the Morgan Stanley Disability Plan, if later) you are eligible

for a disability pension of a single life annuity calculated in the same manner as your normal retirement pension. In calculating your disability pension, you will be treated as having salary equal to your rate of salary in effect prior to your disability for the period during which you continue to accrue Credited Service under the MS Pension Plan. You may elect to begin receiving payments earlier, subject to any spousal consent requirements, in accordance with the Plan's Early Retirement provisions (between age 55 and 65), but you should keep in mind that any Long-Term Disability benefits provided under the Morgan Stanley Disability Plan ("LTD") will be offset by the amount of pension benefits that you receive (see the Health and Insurance SPD for more information).

Loss or Reduction of Benefits
In addition to those situations noted in the main section of this SPD that could cause the loss or delay of your MS Pension Plan benefits, your disability retirement benefit will stop accruing if you recover or if you do not submit proof of your continuing disability when requested or if you begin to receive your pension.

How Your Pension Benefit Is Calculated

For purposes of the MS Pension Plan described in this Appendix, your pension benefit is based on your Annual Salary, Final Average Salary, Credited Service and Covered Compensation through December 31, 2010.

Important Terms

- **"Annual Salary"** in any calendar year:
  - If you are a salaried employee, is your base compensation;
  - If you are an hourly-paid employee, is the greater of (a) the amount paid to you at an hourly rate during the calendar year or (b) your hourly rate as of the first day of the calendar year times 1,800 hours.

  Annual Salary does not include any payment for overtime, shift differential, profit sharing distributions, supplemental compensation, quarterly compensation, severance pay, early retirement incentive, retirement benefit, pension or retainer or any other similar payment. Beginning in 2002, Annual Salary is limited to $170,000. Different limits apply to years before 2002. Call HR Services for additional information.

- **"Final Average Salary"** is your average Annual Salary earned during the highest paid 60 consecutive months out of your most recent 120 months of Credited Service through December 31, 2003 if you are not a Grandfathered MS Participant and through December 31, 2010 if you are a Grandfathered MS Participant. If you have less than 60 consecutive months of Credited Service under this Appendix, your average Annual Salary earned during all your months of Credited Service is your Final Average Salary.

  Your salary earned prior to a Break in Service will be considered in calculating your Final Average Salary. For example, suppose you had seven years (84 months) of Credited Service before your Break in Service and you complete four years (48 months) of Credited Service after your rehire. In that instance, the highest 60 consecutive months (including the 48 post-break and the last 72 pre-break months, as though they were consecutive) would be considered in calculating your Final Average Salary.

Benefit Formulas

If you are a Grandfathered MS Participant, you will receive the greater of:

1) your total benefit calculated under the MS Pension Plan (as set forth in this Appendix) **or**

2) (the **sum of** your benefit earned through December 31, 2003 under the MS Pension Plan (as set forth in this Appendix) and your benefit earned after December 31, 2003 under the Plan (as set forth in the main part of this SPD).

If you are not a Grandfathered MS Participant, your benefits based on service after December 31, 2003 will be calculated based on the provisions described in the main part of this SPD. However, your benefits based on service before January 1, 2004 will be calculated based on the provisions described in this Appendix. No benefits may be earned under the Plan or this Appendix after December 31, 2010.

Generally, your pension benefits under this Appendix are determined as follows:

1.15% of Final Average Salary up to Covered Compensation x Credited Service up to 35 years.

Plus

1.5% of Final Average Salary in excess of Covered Compensation x Credited Service up to 35 years

Minus

Any benefit payable to you under Aetna Group Annuity Contract, GA-325

Note:

If your Annual Salary exceeded legal limits in effect at certain dates, a special formula may apply to you.

If you were hired before October 1, 1976, another formula may apply to you to reflect benefits provided under the MS Pension Plan in effect prior to October 1, 1976.

Eligibility for Early Retirement Subsidy
If you attain age 55 (while working for Morgan Stanley) and have at least 10 years of Vesting Service (as defined in the main part of this SPD) your benefits earned under this Appendix are adjusted as shown on the following table.

If benefits begin at age:	Your benefits will be this percent of your normal retirement benefit[1]:
55	80%
56	84%
57	88%
58	92%
59	96%
60 and up	100%

If you do not meet the foregoing requirements, your benefits earned under this Appendix are adjusted as shown below.

If benefits begin at age:	Your benefits will be this percent of your normal retirement benefit[1]:
55	39.7%
56	43.3%
57	47.2%
58	51.6%
59	56.4%
60	61.8%
61	67.7%
62	74.4%
63	82.0%
64	90.4%
65	100%

[1] The adjustment will be prorated based on your exact age (in both years and months) on the date payment begins.

In-Service Distributions After Age 70½

Beginning April 1, 2014, if you attain age 70½ while employed by Morgan Stanley, you may, but are not required to, begin receiving your benefit on or after April 1 of the year following the year you attain such age, or any month thereafter. Any election to begin your benefit prior to your actual retirement is irrevocable.

To Receive a Benefit Estimate

To see an estimate of your pension benefit amount, visit the Benefit Center website or call HR Services.

A Benefits Estimate is not a guarantee of continued employment or a specific benefit amount. Morgan Stanley reserves the right to correct any errors in a Benefit Estimate. Specifically, if the Benefit Estimate conflicts with the benefit defined under the terms of the Plan, the Plan's provisions will prevail.

Discover Financial Services Pension Plan Appendix

Background

This Appendix describes historical provisions of the Discover Financial Services ("DFS") Pension Plan (formerly the NOVUS Credit Services Inc. Pension Plan) (for purposes of this Appendix, the "DFS Pension Plan") in effect prior to January 1, 2004. For periods after December 31, 2003, these historical provisions apply only to certain disabled or grandfathered participants, as described below. Capitalized terms not defined in this Appendix are defined in the main part of this SPD. No benefits may be accrued under these provisions after December 31, 2010.

- You are considered a Grandfathered DFS Participant if, on December 31, 2003, you were an Eligible Employee as described below and you met the following additional requirements:

  - You were an active participant in the DFS Pension Plan;
  - Your age plus completed years of Grandfather Eligibility Service totaled at least 65; **and**
  - You had at least five years of Grandfather Eligibility Service

- If you are a "Sears Family Grandfathered Employee," defined as an employee who was hired by Sears, Roebuck and Company or any of its wholly owned subsidiaries (the "Sears Family") on or before January 1, 1985, and employed by the company formerly known as Sears Consumer Financial Corporation on January 1, 1986, you are also a Grandfathered DFS Participant. Contact HR Services for the Sears Grandfathered Employees' Supplement benefit.

- If you are a Grandfathered DFS Participant and you transfer to another U.S. benefits-eligible position in a participating company on or after January 1, 2004, you will continue to be a Grandfathered DFS Participant, as long as you remain employed in a U.S. benefits-eligible position at a participating company.

- If you are a Grandfathered DFS Participant who left Morgan Stanley and were rehired into a U.S. benefits-eligible employee class before July 1, 2007, or after June 30, 2007 but within 12 months of your last day of employment, you will continue to be a Grandfathered DFS Participant, as long as you remain employed in a U.S. benefits-eligible position at a participating company.

Who Is Eligible

If you were a U.S. employee of DFS or a participating company, you were eligible to participate in the DFS Pension Plan if you met the participation requirements below.

Benefit Service

Generally, for purposes of this section, Benefit Service is a Period of Service (as defined in the DFS Pension Plan) credited after you became a participant in the DFS Pension Plan through December 31, 2003. However, if you are a Grandfathered DFS Participant, Benefit Service counts all service as a Grandfathered DFS Participant. For this purpose, a "Period of Service" is any period in which the employee maintains an employment relationship with any member of the DFS affiliated group.

Participation

You automatically became a participant in the DFS Pension Plan once you met the DFS Pension Plan's service and age requirements.

For employees first hired into a DFS Pension Plan participating company after January 1, 1991, you became a participant after you completed one year of Vesting Service. If, at your hire date, you had at least one year of Vesting Service at any Sears Company or after May 31, 1997, at Morgan Stanley, then the one-year waiting period was waived.

How Your Pension Benefit Is Calculated

For purposes of this Appendix, your pension benefit is based on your Final Average Monthly Earnings, Years of Benefit Service and Covered Compensation through December 31, 2010.

All DFS Pension Plan participants earned a Base Benefit. If your Final Average Monthly Earnings exceeded monthly Covered Compensation, you also earned an Additional Benefit. Final Average Monthly Earnings is defined below.

Benefit Formula

If you are a Grandfathered DFS Participant, you will receive the greater of:

1) Your total pension benefit calculated under the DFS Pension Plan (as set forth in this Appendix)
   or
2) The **sum of** your pension benefit earned through December 31, 2003 under the DFS Pension Plan (as set forth in this Appendix) and your benefit earned after December 31, 2003 under the Plan (as described in the main part of this SPD).

If you are not a Grandfathered DFS Participant, your benefits based on service after December 31, 2003 will be calculated based on the provisions described in the main part of this SPD. However, your benefits based on service before January 1, 2004 will be calculated based on the provisions described in this Appendix. No benefits may be earned under the Plan or this Appendix after December 31, 2010.

Here is how your monthly Base Benefit and Additional Benefit are calculated:

1.1%	X	Years of Benefit Service	X	Final Average Monthly Earnings	=	Base Benefit
PLUS						
0.65 %	X	Years of Benefit Service (up to 35 years)	X	Final Average Monthly Earnings in excess of monthly Covered Compensation	=	Additional Benefit
Base Benefit + Additional Benefit = Total Monthly Benefit (payable at age 65)						

How Final Average Monthly Earnings Are Determined

"Final Average Monthly Earnings" means the monthly average of your total eligible earnings in your highest-paid five consecutive full calendar years of employment at DFS through December

31, 2003 if you are not a Grandfathered DFS Participant and through December 31, 2010 if you are a Grandfathered DFS Participant. These years must be in your last 10 consecutive full calendar years of service while accruing benefits under this Appendix.

Earnings includes your salary, annual bonus, overtime and other cash earnings, pre-November 1, 2004 deferrals to the Morgan Stanley Voluntary Equity Incentive Compensation Plan ("VEICP") as well as your salary reduction contributions to the Morgan Stanley 401(k) Plan and Flexible Spending Accounts. For periods prior to November 1, 2004, any amounts deferred to the Dean Witter Capital Accumulation Plan ("CAP"), Equity Incentive Compensation Plan ("EICP"), and the Tax Deferred Equity Participation Plan ("TDEPP") were excluded in the years of deferral. Earnings on amounts deferred and distributions of benefits from VEICP, CAP, EICP and TDEPP were excluded from earnings for purposes of calculating DFS Pension Plan benefits. Expenses like moving expenses, awards under executive long-term incentive plans and expense allowances were also excluded from earnings.

For the purpose of calculating your benefit only, the DFS Pension Plan took into account periods of qualified military leaves of absence from a participating company in the DFS Pension Plan. The DFS Pension Plan assumed that your earnings would equal the earnings you would have received, including any merit, cost-of-living or seniority-based increases you would have reasonably been expected to receive, had you not been in military service.

Beginning January 1, 2002, the total amount of Earnings taken into account is limited to $170,000 per year.

Special Early Retirement Eligibility

Upon your last date of employment from the Company, you must meet one of the following criteria to be eligible for Special Early Retirement:

If you were first hired after January 1, 1991	Age 55 with 10 years of Vesting Service
If you were first hired on or before January 1, 1991	Age 55 with 20 years of Vesting Service
If you are a Sears Family Grandfathered Employee	Age 60, or Age 55 with 20 years of Vesting Service

Special Early Retirement Adjustments[4]

Special Early Retirement adjustments apply only to your pension benefit earned under this Appendix and only if you meet the Special Early Retirement Eligibility requirements. See the following charts for the percentage of your normal retirement benefit that is payable to you under the Plan at various ages.

[4] The reduction will reflect your exact age (in both years and months) on the date payment begins.

DFS Pension Plan Participants First Hired on or before January 1, 1991

Percentage of Your Age 65 Benefit Payable

Age When Benefit Payments Begin	Base Benefit	Additional Benefit
65	100.0%	100.0%
64	100.0%	92.0%
63	100.0%	84.0%
62	95.2%	76.0%
61	90.4%	72.0%
60	85.6%	68.0%
59	80.8%	64.0%
58	76.0%	60.0%
57	71.2%	56.0%
56	66.4%	52.0%
55	61.6%	48.0%

DFS Pension Plan Participants First Hired after January 1, 1991

Percentage of Your Age 65 Benefit Payable

Age When Benefit Payments Begin	Base Benefit	Additional Benefit
65	100.0%	100.0%
64	95.0%	92.0%
63	90.0%	84.0%
62	85.0%	76.0%
61	80.0%	72.0%
60	75.0%	68.0%
59	70.0%	64.0%
58	65.0%	60.0%
57	60.0%	56.0%
56	55.0%	52.0%
55	50.0%	48.0%

Sears Family Grandfather Employees

Benefits for Your Eligible Survivors

If you die before you have begun your pension, your eligible survivor may be eligible for special DFS Preretirement Death Benefits on the portion of your pension benefit that accrued through December 31, 2003 if you are not a Grandfathered DFS Participant and through December 31, 2010 if you are a Grandfathered DFS Participant**.**

You must be vested at the time you die for your eligible survivor to receive a Preretirement Death Benefit.

- **If you are employed by the Company and are eligible for normal retirement or special early retirement at your date of death,** your beneficiary will receive a death benefit from the DFS Pension Plan as follows:

If you have an eligible Surviving Spouse or an eligible Domestic Partner	An immediate life annuity benefit equal to the amount you would have received if your employment ended immediately prior to the date of your death and you elected to start payment of your monthly pension benefit in the form of a 100% Joint and Survivor Annuity
If your do not have an eligible Surviving Spouse or eligible Domestic Partner	A temporary annuity benefit for 120 months equal to the amount you would have received if your employment ended immediately prior to the date of your death and you elected to start your monthly pension benefit in the form of a 10 Year Certain and Life Annuity

- ***If you are employed by the Company and are not eligible for normal retirement or special early retirement at the date of your death***, your beneficiary will receive a death benefit from the DFS Pension Plan as follows:

If you have an eligible Surviving Spouse or an eligible Domestic Partner	An immediate life annuity benefit equal to 50% of the amount you would have received if your employment ended immediately prior to the date of your death and you elected to start payment of your monthly pension benefit in the form of a 50% Joint and Survivor Annuity
If you do not have an eligible Surviving Spouse or an eligible Domestic Partner	A temporary annuity benefit for 60 months equal to the amount you would have received if your employment ended immediately prior to the date of your death and you elected to start your monthly pension benefit in the form of a Life Annuity

Special DFS Post-Employment Death Benefits
If you have not begun your pension at your date of death and do not have an eligible Surviving Spouse or an eligible Domestic Partner, no post-employment death benefit is payable under the DFS Pension Plan. Otherwise, your beneficiary will receive a death benefit equal to the special DFS Preretirement Death Benefit, as described above.

Special Payment Provisions

Voluntary Lump-Sum Option
You have the option to have part or all of your DFS Pension Plan benefit paid to you in the form of a lump sum if you meet one of the following criteria:

- You were first hired on or before January 1, 1991, or
- You were first hired after January 1, 1991 and you meet one of the following requirements:
  - Your pension benefit payable at age 65 in the form of a Life Annuity is less than $150 per month, or
  - You are at least age 55 and have at least 20 years of Vesting Service, or
  - You are at least age 60 and have at least 10 years of Vesting Service or were born before January 1, 1930.

Special Voluntary Lump-Sum Payment
Generally, the special voluntary lump-sum payment option is only available on the portion of your pension benefit that accrued through December 31, 2002, unless your DFS Pension Plan benefit meets the Post-2002 Small Benefit rule described below. If the total benefit is less than or equal to $25,000, there is a lump sum permitted in accordance with regular Plan provisions.

Post-2002 Small Benefit
If, after December 31, 2002, the value of your pension benefit increased by a total of less than $150 per month, when expressed as a Single Life Annuity as of your Normal Retirement Date (or your actual retirement date, if later), then you may elect to receive the full value of your pension in a lump sum.

You cannot take the portion of your benefit accrued through December 31, 2002 as a lump sum without also commencing annuity payments on the portion of your benefit accrued after 2002.

The interest rate and mortality table used to calculate your lump-sum payment is determined under the main part of the SPD.

To see an estimate of your pension benefit, visit the Benefit Center website or call HR Services.

A Benefits Estimate is not a guarantee of continued employment or a specific benefit amount. Morgan Stanley reserves the right to correct any errors in a Benefit Estimate. Specifically, if the Benefit Estimate conflicts with the benefit defined under the terms of the Plan, the Plan's provisions will prevail.

In-Service Distributions After Age 70½
Beginning April 1, 2014, if you attain age 70½ while employed by Morgan Stanley, you may, but are not required to, begin receiving your benefit on or after April 1 of the year following the year you attain such age, or any month thereafter. Any election to begin your benefit prior to your actual retirement is irrevocable.

Dean Witter Reynolds Inc. Pension Plan (the "DWR Pension Plan") Appendix

Background

This Appendix describes historical provisions of the Dean Witter Reynolds Inc. Pension Plan (for purposes of this Appendix, the "DWR Pension Plan") in effect prior to January 1, 2004, and covers eligible employees of Morgan Stanley Wealth Management, formerly, the Individual Investor Group ("GWM"). As with the rest of this Plan, Smith Barney transfers to Morgan Stanley Wealth Management are not eligible, even if employed in the GWM business. For periods after December 31, 2003, the provisions set forth in the main part of this SPD apply. Capitalized terms not defined in this Appendix are defined in the main part of this SPD. No benefits may be earned under these provisions after December 31, 2010.

How Your Pension Benefit Is Calculated

Your pension benefit is calculated using the formula set forth in the main part of this SPD. All benefits earned under the Plan are frozen as of December 31, 2010.

Historically, benefits were updated on an ad hoc basis, known as a Past Service Update. The last such update was effective on December 31, 1996. For information about how a Past Service Update affects your accrued benefits, call HR Services.

Special Payment Provisions
Voluntary Lump Sum Payment Option
The special voluntary lump-sum payment option is only available on the portion of your DWR Pension Plan benefit that accrued through December 31, 2002, unless your DWR Pension Plan benefit meets the Post-2002 Small Benefit rule described below. If your employment with the Company ended before 1991, the special voluntary lump-sum payment option is not available to you. If the total benefit is less than or equal to $25,000, there is a lump sum permitted in accordance with regular Plan provisions.

If you qualify for early or normal retirement, you may take the entire portion of your DWR Pension Plan benefit that is eligible for a lump sum (as described above) in a lump sum or you may take part as a lump sum and the rest as a monthly annuity in one of the forms of annuity described in the main part of this SPD. The portion paid as a lump sum may be in the following increments: 100%, 75%, 50% or 25%.

The interest rate and mortality table used to calculate your lump-sum payment is determined under the main part of the SPD.

You or your eligible beneficiaries, if applicable, may be eligible to roll over some or all of your lump-sum distribution to an IRA or another employer's qualified plan that accepts rollovers. (See the "*Pension Plan Special Tax Notice Regarding Plan Payments*," available on the Benefit Center website).

Post-2002 Small Benefit
If, after December 31, 2002, the value of your pension benefit increased by a total of less than $150 per month, when expressed as a Single Life Annuity as of your NRD (or your actual retirement date, if later), then you may elect to receive the full value of your pension in a lump sum.

You cannot take the portion of your benefit accrued through December 31, 2002 as a lump sum without also commencing annuity payments on the portion of your benefit accrued after 2002.

To see an estimate of your benefit, visit the Benefit Center website or call HR Services.

A Benefits Estimate is not a guarantee of continued employment or a specific benefit amount. Morgan Stanley reserves the right to correct any errors in a Benefit Estimate. Specifically, if the Benefit Estimate conflicts with the benefit defined under the terms of the Plan, the Plan's provisions will prevail.

In-Service Distributions After Age 70½

Beginning April 1, 2014, if you attain age 70½ while you are employed by Morgan Stanley, you may, but are not required to, begin receiving your benefit on or after April 1 of the year following the year you attain such age, or any month thereafter. Any election to begin your benefit prior to your actual retirement is irrevocable.

Special DWR Death Benefit Lump Sum Option for Eligible Survivors

If you continue to work past age 65 and you die in service, your eligible Surviving Spouse or eligible Domestic Partner may receive a lump sum payment in the amount that would have been paid to you had you retired immediately prior your date of death and elected a lump sum on your DWR Pension Plan benefits accrued through December 31, 2002. In lieu of this lump sum payment, your eligible Surviving Spouse or eligible Domestic Partner is eligible to receive an actuarially equivalent Single Life Annuity. If the total benefit is less than or equal to $25,000, there is a lump sum permitted in accordance with regular Plan provisions.