

## **Morgan Stanley**

### **Policy Regarding Director Candidates Recommended by Shareholders**

As noted in its Corporate Governance Policies, Morgan Stanley seeks highly qualified director candidates from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. They should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated. Morgan Stanley selects Board members based upon contributions they can make to the Board and management and their ability to represent the interests of Morgan Stanley's shareholders, regardless of gender or race. Because of the potential for conflicts of interest, the Board does not seek members employed as attorneys, investment bankers, accountants or consultants. It also does not seek as members portfolio managers, representatives from its institutional shareholder base, competitors or any particular employee constituency. Morgan Stanley's Corporate Governance Policies provide that Morgan Stanley's Board should have a significant majority of independent directors.

The Board's Nominating and Governance Committee identifies and evaluates director candidates. The Committee accepts shareholder recommendations of director candidates and evaluates such candidates in the same manner as other candidates. Upon identifying a director candidate, the Committee initially determines the need for additional or replacement Board members and evaluates the director candidate under the criteria described above based on the information the Committee receives with the recommendation or otherwise possesses, which may be supplemented by certain inquiries. If the Committee determines, in consultation with other Board members, including the Chairman, that a more comprehensive evaluation is warranted, the Committee may then obtain additional information about the director candidate's background and experience, including by means of interviews. The Committee will then evaluate the director candidate further, again using the evaluation criteria described above. The Committee receives input on such director candidates from other directors, including the Chairman, and recommends director candidates to the full Board for nomination. The Committee may engage a third party to assist in the search for director candidates or to assist in gathering information regarding a director candidate's background and experience. If the Committee engages a third party, the Committee approves the fee that Morgan Stanley pays for these services.

Morgan Stanley shareholders who wish to recommend a candidate for the Committee's consideration must submit the recommendation in writing to the Committee in accordance with the Board's *Policy Regarding Shareholder Communication with the Board of Directors*. The recommendation must demonstrate that it is being submitted by a current Morgan Stanley shareholder and must include information about the candidate, including name, age, business address, principal occupation, principal qualifications and other relevant biographical information. Shareholders also must provide confirmation of the candidate's consent to serve as a director. Shareholders may make recommendations at any time, but recommendations for consideration for nominees at the annual meeting of shareholders must be received not less than 120 days before the first anniversary of the date of Morgan Stanley's proxy statement released to shareholders in conjunction with the previous year's annual meeting.