

403(b) Tax Sheltered Custodial Account Distribution Form

Instructions

- 403(b) account owner must complete sections 1-2, 5 and 7-11. Review section 3 and 4 and complete if applicable.
- Employer (including an account owner's former Employer sponsoring the Morgan Stanley 403(b) plan account to be distributed) must complete section 6 if applicable.
- **All applicable sections must be completed before a distribution can be processed.**
- Mail completed form to: Morgan Stanley Funds
c/o Boston Financial Data Services, Inc.
P.O. Box 219804
Kansas City, MO 64121-9804
Overnight Delivery: Morgan Stanley Funds
c/o Boston Financial Data Services, Inc.
430 West 7th Street
Kansas City, MO 64105
- **Fees:** A \$20 fee will be assessed per each fund account for all full liquidations, up to a maximum of \$40.
- For questions regarding this form, please contact our Client Relations Department at 800.548.7786. If you are requesting a transfer to a 403(b) with the same employer or requesting a direct rollover to a 403(b) with a different employer with another custodian, please complete our 403(b) Transfer Form. **You should consult a tax advisor as to the tax consequences of this distribution.**

1. Information About TSA Owner (please print clearly)

<input type="text"/>	<input type="text"/>	
Name (first, middle, last)	Date of birth (month/date/year)	
<input type="text"/>		
Address		
<input type="text"/>	<input type="text"/>	<input type="text"/>
City	State	Zip
<input type="text"/>	<input type="text"/>	
Daytime telephone number (include area code)	Evening telephone number (include area code)	
<input type="text"/>	<input type="text"/>	
Social Security number	Country of permanent residence	

2. Signature of TSA Owner/Alternate Payee/Beneficiaries (for death beneficiaries only)

I have read and understand the IRS notices on income tax withholding and rollover options. I have been informed of my right to receive a minimum of 30 days to decide whether or not to elect a direct rollover, and hereby affirmatively elect to make or not make a direct rollover as indicated in Section 11. If this election has been made prior to 30 days after the receipt of the special tax notice, I hereby waive my rights to the 30 day minimum decision period. I hereby authorize and request the Custodian to make distribution(s) according to the instructions given in Sections 1 through 11 of this form.

For death distributions only, I certify that the account owner is deceased.

<input type="text"/>	<input type="text"/>
Signature of TSA owner/beneficiary/alternate payee	Date

IMPORTANT: Be sure to review the instructions for Section 4 and determine if this signature must be guaranteed. Morgan Stanley cannot process your distribution if a signature/medallion guarantee is required but not obtained.

3. Signature of Beneficiary (for death benefits only)

Taxpayer Identification Number Certification (Substitute Form W-9)

Citizenship of beneficial owner:

U.S. citizen
 Resident alien
 Nonresident alien**

** In order to certify your status as a nonresident alien or foreign entity, you must complete and return the appropriate IRS Form W-8. If you have not obtained a U.S. taxpayer identification number you must provide and attach one of the following: 1) passport number and country of issuance; 2) alien identification card number; or 3) number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph.

Country of permanent residence (citizenship)

By signing this distribution form, I certify, under penalties of perjury, that (1) my Social Security provided in this distribution form is correct (or I am waiting for a number to be issued to me) and (2) I am not subject to backup withholding because (a) I am exempt from backup withholding or (b) I have been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified me that I am no longer subject to backup withholding and (3) I am a U.S. person (including a U.S. resident alien). (Please cross out item (2) above if it does not apply to you.)

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

X

Signature of beneficiary

Date

4. Signature/Medallion Guarantee

IMPORTANT: Signature/Medallion guarantee is only required if *any* of the following applies:

- Amount to be distributed is over \$100,000.
- Amount to be distributed/transferred is for death benefits or due to divorce.
- The payee is other than the shareholder on the account.
- This distribution is to be sent to any address other than the address we have had on our records for the past 15 days.
- If your name has changed from the name we have on record, we must have a one-and-the-same name signature guarantee. A one-and-the-same name signature guarantee must state “<Previous Name> is one-and-the-same as <New Name>.” You must sign your old and new name, and have your signature guaranteed.
- This distribution is being sent via WIRE/ACH according to instructions on this form.

Name of bank or firm providing signature/medallion guarantee

Signature of officer and title (be sure to affix a signature guarantee stamp)

Signature Guarantee
(affix medallion or signature guarantee stamp.)

STAMP HERE

Signature Guarantee may be obtained by an officer of a bank or trust company, an authorized signer of a brokerage firm, an officer of a credit union, a national securities exchange, a registered securities association or clearing agency, a savings and loan association, or a federal savings bank. Signatures may also be guaranteed with a medallion stamp. A signature/medallion guarantee may not be obtained through a notary public.

5. What Is The Type of Distribution?

See SUMMARY OF DISTRIBUTION TYPES on page 8 for further information.

- Mandatory Distribution** — (Required minimum distribution upon age 70½ or actual retirement, if later.)
- Normal Distribution** — (Age 59½ or older)
- Separated from Service and age 55-59½** — (You must have separated from sponsoring employer's service during the age of 55-59½ to qualify for this type of distribution.) Requires Employer's signature in Section 6.
- Separated from Service and under age 59½** — Requires Employer's signature in Section 6.
- Disability** — By checking this box, I certify that I am unable to engage in any substantial, gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration. If you do not know if your medical condition meets this specific definition of Disability, please obtain a medical opinion from a licensed physician. Requires Employer's signature in Section 6.

TSA account owner's signature

Date of initial determination of disability
(month/date/year)

- Divorce** — Attach certified copy of the Domestic Relations Order or Certified copy of Domestic Relations Order is on file. This type of distribution is for alternate payee(s) of the TSA owner.

Alternate payee's name

Relationship to account owner

Alternate payee's Social Security number**

Date of birth (month/date/year)

- Death** (For beneficiary use) Signature/Medallion guarantee required in section 4. Complete beneficiary* information below. Additional documents may be required for death distributions or when the beneficiary is a trust and you exercise the look-through provision for purposes of the life expectancy payout calculations. Please contact our Client Relations Department for more information at 800.548.7786.

First

M.I.

Last

Date of birth (month/date/year)

Mailing address

City

State

Zip

Relationship to TSA owner

Social Security number

Or legal entity (Trust, estate, corporation or tax-exempt organization)

Tax identification number, if beneficiary is a legal entity

* This beneficiary information must match the beneficiary information we currently have on record for the account owner. Please contact our Client Relations Department to confirm beneficiary information on file prior to completing this distribution form.

** We will require a W-9 to certify the Social Security Number for Divorce distributions.

6. Employer's Signature (required for separated from service and disability distribution types selected in section 5.)

I certify the following:

- I am an authorized representative of the employer sponsoring the 403(b) Plan of the participant named in Section 1 of this form.
- The participant separated from service with the employer sponsoring the plan on _____ (provide termination date as mm/dd/yyyy)
- If participant selected "Separated from Service and Age 55-59½" distribution type in Section 5 of this form, the participant's termination from employment occurred while the participant was age 55-59½.
- If participant selected "Disability" distribution type in Section 5 of this form, the participant has provided sufficient documentation to the Employer that participant is disabled as participant has indicated in Section 5 of the form.

Employer signature

Title

Date

7. Amount of Distribution (check one)

Please refer to your latest statement for fund and account number(s).

- Distribute 100% of the account(s) below (lump sum). Note: This will close out your fund/account(s)

Fund/account #

Fund/account #

- Distribute a partial/one-time distribution for the accounts listed below:

Fund/account #

Dollar amount

Fund/account #

Dollar amount

You will receive an amount equal to the amount requested LESS any withholding and applicable fees. If the amount indicated is greater than the total account(s) value on the date your request is received, your account(s) will be closed.

- I want periodic distributions for the account(s) listed below as specified in **Section 9**.

Fund/account #

Dollar amount

Fund/account #

Dollar amount

- I want my dividends and capital gains paid from the fund/account(s) listed below.** (Only available if you are over age 59½.)

Fund/account #

Fund/account #

I want my age 70½ required minimum distribution (RMD) as calculated by Morgan Stanley from the fund/account(s) listed below. Morgan Stanley calculates all RMDs based on the Uniform Lifetime method. However, if your sole primary beneficiary is your spouse and is more than ten years younger than you, you may use the Joint and Last Survivor expectancy of you and your spouse to calculate your RMD by checking YES in the box below, which may allow you to take a smaller amount.

Is the spouse the sole beneficiary? Yes No

My spouse's name* is (First, MI, Last): _____

My spouse's date of birth is (Month/day/year): _____/_____/_____

Fund/account #

Fund/account #

* This must match the beneficiary information we currently have on file for you. If you would like to change your beneficiary, please complete a Designation of Beneficiary form, which must be completed and received by Morgan Stanley prior to completion of this form.

** When declared by the fund.

8. Income Tax Withholding Election (You must make an election if 20% withholding does not apply.)

Please review the attached IRS notifications on withholding requirements for your distribution. If 20% mandatory withholding does apply to your distribution, Morgan Stanley will automatically withhold this amount unless you choose to roll over your distribution in accordance with Section 11. If 20% mandatory withholding does not apply to your distribution, 10% withholding will apply unless you indicate below a different percentage to withhold.

I do not want Federal Income Tax withheld from that portion, if any, of my distribution that is NOT subject to mandatory 20% withholding.

I want 10% Federal Income Tax withheld from my distribution.

I want Federal Income Tax at the rate of _____% withheld from my distribution (Percentage must be greater than 10% (or greater than 20%, if required rate is 20%).)

Important notes:

- We do not withhold for any applicable penalties.
- Types of Distributions that are not subject to 20 PERCENT MANDATORY WITHHOLDING include: (1) Required Minimum Distributions (RMDs—(a) the later of age 70½ or actual retirement or (b) certain death distributions; (2) Periodic distributions of equal size distributed at least annually over at least a 10-year period. See Special Tax Notice Regarding Plan Payments on pages 10-13.
- Morgan Stanley may withhold state income tax if, at the time of your distribution, your tax residence address is within certain states (AR, CA, DE, IA, KS, ME, MD, MA, MS, NE, NC, OK, OR, VT, VA) that impose an income tax and federal income tax is also being withheld from your distribution. The state listed above are subject to change and may not reflect the most recent state listings. Please contact your state for state withholding information. You may also refer to Tax Center on morganstanley.com/im or contact our Client Relations Department at 800.548.7786 for an up-to-date list of states for which this applies.
- If your address of record is a P.O. Box, we are required by law to withhold Federal Income Tax and state withholding, if applicable, at the required rates unless we are provided with a residence address below:

Residence address (include street, apartment, suite or rural route number. DO NOT USE P.O. Box or "in care of" addresses.)

City

State

Zip

Note: This address will not update your current address of record. Your distribution will be mailed to the address specified in Section 11.

9. Method of Distribution

Distribute the amount requested as follows:

- One-time distribution
- Periodic distributions. (See A and B below.)
- A. Frequency** Monthly Quarterly Annually

Beginning the month of _____ and date of* _____.

- B. Method**
- Each periodic payment equal to the amount specified in Section 7.
- Over _____ years.
- Over my life expectancy.
- Over the life expectancy of the beneficiary named in Section 5 (death benefits only).
- Over the life expectancy of my beneficiary and me.

Beneficiary name**

Beneficiary date of birth

* If you do not select a date, the redemption will be made on or about the 18th of the month, provided that the distribution amount requested does not exceed the market value of your account(s).

** This must match the beneficiary information we currently have on file for you. If you would like to change your beneficiary, please complete a Designation of Beneficiary form available at morganstanley.com/im which must be completed and received by Morgan Stanley prior to the completion of this form.

10. Who Should Receive This Distribution? (check one)

- The participant/account owner.
- The beneficiary (for death distribution only).
- The alternate payee specified in the attached original certified copy of a domestic relations order. I understand that this distribution can be made only if it is determined, in accordance with procedures adopted for administration of the TSA, that the order meets the requirements for a "qualified domestic relations order" contained in section 414(p) of the Internal Revenue Code and Regulations.

11. How Should We Distribute Your Account?

Your distribution will be mailed to the address of record, unless specified below:

- Send to me at my address of record.
- Direct rollover into an existing Morgan Stanley IRA account or into a new Morgan Stanley IRA account. (Completed MS IRA application is attached for new account. Assets must remain in the same share class.)
- Fund number(s)
- Account number(s)
- Direct rollover to an IRA or Qualified Plan custodian with another firm. (Custodial acceptance letter required.)
- Deposit into existing Morgan Stanley Voluntary or into a new Morgan Stanley Voluntary account. (Completed Voluntary Account Application is attached for new account. Assets must remain in the same share class.)
- Fund number(s)
- Account number(s)
- Convert/rollover to a Roth IRA account with a successor custodian (Custodial acceptance letter required).
- Fund number(s)
- Account number(s)
- Deposit into a 403(b) TSA beneficiary account. Complete beneficiary information in Section 3. Account application is not necessary. (Death distributions only.) **Signature/Medallion guarantee required in Section 4.**
- Deposit into an IRA Beneficiary Account. Completed IRA account application is required. (Only available for non-spouse beneficiary death distributions.) **Signature/Medallion guarantee required in Section 4.**

- Make distribution check payable to another party and/or mail distribution check to an address other than my address of record. **Note: All distributions will be reportable under the account owner's name and social security number unless this is a distribution due to death or to divorce. (IMPORTANT: Signature/Medallion guarantee required in section 4.)**

Addressee/payee

Address

City

State

Zip

- Direct deposit* into an account at (Signature/Medallion guarantee required in section 4):

WIRE**

Name of financial institution

ABA routing number

Account number

Registration on account

ACH**

Name of financial institution

ABA routing number

Account number

Registration on account

* Attach a voided check or deposit slip from your financial institution account.

** You can choose to have your distribution sent via WIRE (generally requires one-day processing) or ACH (Automatic Clearing House, generally requires two-day processing). Some financial institutions have different routing numbers for WIRE/ACH, please check with your financial institution to confirm. Check with your financial institution for any wire fees you may incur.

Summary of Distribution Types

(All distributions are subject to ordinary income tax unless rolled over).

Mandatory Distribution. You are generally required to take a minimum distribution from your TSA beginning April 1st following the later of the calendar year in which you attain age 70½ or the calendar year in which you retire from employment with the employer who is maintaining your plan. Failure to meet such minimum distribution requirements will subject you to a 50% excise tax on the amount which should have been distributed. Subsequent minimum distributions must be made by December 31st of each year. You must calculate the required minimum distribution separately for each plan you adopt. Additionally, you must meet minimum distribution requirements prior to any rollovers after your required beginning date. Morgan Stanley calculates all RMDs based on the Uniform Lifetime Table, regardless of who or what entity is your named beneficiary. If your sole primary beneficiary is your spouse and is more than ten years younger than you, you may calculate your RMD using the Joint and Last Survivor Table, which may allow you to take a smaller amount.

Age 59½ or Older. Your distribution is not subject to the additional 10% premature distribution tax.

Separated from Service. Your distribution is subject to the additional 10% premature distribution tax unless you were over age 55 when you separated from service with the employer on your TSA account or are taking your distributions as periodic distributions over your life expectancy.

Disability. You may receive a distribution due to disability if you meet the requirements of Internal Revenue Code Section 72(m)(7). An individual may be considered disabled if he/she is unable to engage in any substantial, gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or to be of long-continued and indefinite duration. Please be aware that such proof of the existence thereof may be required in a form and manner acceptable to the Department of Treasury. (If you are totally and permanently disabled, you are not subject to the additional 10% premature distribution tax).

Divorce—Qualified Domestic Relations Order (QDRO). In order to distribute all or a portion of an account due to a divorce, you will need to follow the steps outlined below.

1. Submit a Domestic Relations Order so that Morgan Stanley can determine if it is qualified. We will review and comment on a draft order submitted by an attorney, but no distribution may be made prior to receiving an original certified copy of an executed order.
2. If the Domestic Relations Order is qualified, the account will be separated according to the instructions of the Domestic Relations Order.
3. If the alternative payee wishes to redeem the account, then a Tax Sheltered Custodial Account Distribution form should be submitted. This distribution will be subject to the 20% mandatory withholding.
4. If the distribution pursuant to the Domestic Relations Order is to a spouse, he/she has the option to rollover the account into an IRA, thus avoiding the 20% mandatory withholding but may then be subject to premature distribution tax if under 59½. A completed IRA Application would be required if he/she wanted to establish the rollover account with Morgan Stanley. If the assets are going into an IRA, this will be coded as a direct rollover.

To find out more about the procedures and regulations relating to Qualified Domestic Relations Order, contact Morgan Stanley at 800.548.7786.

Death. If you die before your required beginning date and you have a designated beneficiary, the balance in your TSA will be distributed to your beneficiary over the beneficiary's single life expectancy. These distributions must commence no later than December 31st of the calendar year following the calendar year of your death. However, if your spouse is your sole beneficiary, these distributions are not required to commence until the December 31st of the calendar year you would have attained the age of 70½, if that date is later than the required commencement date in the previous sentence. If you die before your required beginning date and you do not have a designated beneficiary, the balance in your TSA must be distributed no later than the December 31st of the calendar year that contains the fifth anniversary of your death.

If you die on or after your required beginning date and you have a designated beneficiary, the balance in your TSA will be distributed to your beneficiary over the longer of the beneficiary's single life expectancy or your remaining life expectancy. These distributions must commence no later than December 31st of the calendar year following the calendar year of your death. If you die on or after your required beginning date and you do not have a designated beneficiary, the balance in your TSA must be distributed over a period that does not exceed your remaining single life expectancy determined in the year of your death. However, the required minimum distribution for the calendar year that contains the date of your death is still required to be distributed. Such amount is determined as if you were still alive throughout that year.

Plan Termination. Please call Morgan Stanley if you have been told by your employer that your 403(b) plan has been terminated. Plan terminations are complex in nature.

Morgan Stanley Sponsored Retirement Plans Notice of Federal Income Tax Withholding

(THIS NOTICE APPLIES ONLY TO DISTRIBUTIONS THAT ARE NOT SUBJECT TO THE 20% MANDATORY FEDERAL INCOME TAX WITHHOLDING.) The Tax Equity and Fiscal Responsibility Act of 1982 requires withholding of Federal Income Taxes from retirement plan distributions, unless the recipient elects not to have withholding apply. You may elect out of this withholding by checking the appropriate box in Section 8 of this form. You do not have to give a reason for claiming the exemption from withholding. IF NO ELECTION IS MADE, THE CUSTODIAN MUST WITHHOLD TAXES AT THE REQUIRED RATE. According to the IRS Regulations, penalties may be incurred under the estimated tax rules if your withholding and/or estimated tax payments are not sufficient. Even if you elect not to have the income tax withheld, you are liable for payment of income tax on the taxable portion of your distribution.

If the recipient's RESIDENCE address is not supplied or if the recipient's residence address is outside the United States, Morgan Stanley Sponsored Retirement Plans is required to withhold from the distribution regardless of the election made.

An election not to have withholding made remains effective until revoked. You may revoke such election at any time by sending written notice of such revocation to Morgan Stanley Sponsored Retirement Plans.

Morgan Stanley Sponsored Retirement Plans will withhold taxes on the gross amount of the distribution which may result in excess withholding if part of the distribution is not taxable. If you provide Morgan Stanley Sponsored Retirement Plans with the amount of the distribution which is not taxable, Morgan Stanley Sponsored Retirement Plans will not make withholding on such portion.

Your Rollover Options

You are receiving this notice because all or a portion of a payment you are receiving from the Morgan Stanley 403(b) TSA Plan account (the “Plan”) is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the “General Information About Rollovers” section. Special rules that only apply in certain circumstances are described in the “Special Rules and Options” section.

General Information About Rollovers

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½; (or after death)
- Hardship distributions
- ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

Special Rules and Options

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later

payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If you roll over your payment to a Roth IRA

You can roll over a payment from the Plan made before January 1, 2010 to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to payments made to you from the Plan after 2009. If you wish to roll over the payment to a Roth IRA, but you are not eligible to do a rollover to a Roth IRA until after 2009, you can do a rollover to a traditional IRA and then, after 2009, elect to convert the traditional IRA into a Roth IRA.

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan to a designated Roth account in an employer plan.

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required

minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

For More Information

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans). These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1.800.TAX.FORM.

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