

Annual Production	Tier I (registered under 6 years)	Tier I (over 6 years)	Tier II (under 6 years)	Tier II (over 6 years)
\$0 - \$149,999	33%	33%	30%	30%
\$150,000 - \$199,999	38%	35%	35%	32%
\$200,000 - \$249,999	39%	36%	36%	33%
\$250,000 - \$299,999	39%	37%	36%	34%
\$300,000 - \$349,999	39%	39%	36%	36%
\$350,000 - \$399,999	40%	40%	37%	37%
\$400,000 - \$599,999	41%	41%	38%	38%
\$600,000 - \$799,999	42%	42%	39%	39%
\$800,000 - \$899,999	42%	42%	40%	40%
\$900,000 - \$999,999	42%	42%	41%	41%
\$1,000,000 - \$2,999,999	43%	43%	41%	41%
\$3,000,000+	44%	44%	42%	42%

FAs registered for eight or more years and producing less than \$200,000 will receive a 20% payout; those producing \$200,000 to \$249,000 will receive a 25% payout.

Tier I: Mutual funds, investment advisory, 401(k), variable annuities, universal life insurance, bank deposits, managed futures, unit trusts, alternative investments, 529 plans, financial planning and personal trust fees, lending, structured products and initial purchases of Morgan Stanley's Strategic Equity Portfolio.

Reflects transactions with commission amount in excess of \$500.00

Tier II: Equities, fixed income, fixed annuities, and term, disability and long-term-care insurance, options, futures and foreign exchange.

The Net Acquired Assets Program

Net Acquired Assets	Rate
\$0 - \$10,000,000	22.5 bps
\$10,000,001 - \$25,000,000	25.0 bps
\$25,000,001 - \$50,000,000	27.0 bps
\$50,000,001 - \$100,000,000	34.5 bps

FAs must have a minimum of \$5,000,000 Qualifying Net Acquired Assets for the production year, a hire date before 11/24/06, and not be part of an associate program.

Promissory Note Program

FAs with five years-plus service and \$500,000 in FY 2008 annual gross revenue will be able to receive a cash payment, in the form of an eight-year loan, based on this grid.

2008 Annual Gross Revenue	Loan
\$500,000 - \$599,999	3.50%
\$600,000 - \$799,999	4.25%
\$800,000 - \$999,999	4.50%
\$1,000,000 - \$1,499,999	5.00%
\$1,500,000 - \$1,999,999	5.25%
\$2,000,000 +	6.00%

Productivity Bonus

FAs with less than five years of service or less than \$500,000 in 2008 production

Annual gross revenue	Bonus
less than \$199,999	0%
\$200,000 - \$299,999	2.75%
\$300,000 - \$399,999*	3.50%
\$400,000 - \$599,999	4.25%
\$600,000 - \$799,999	5.25%
\$800,000 - \$999,999	5.75%
\$1,000,000 - \$1,499,999	6.50%
\$1,500,000 - \$1,999,999	7.00%
\$2,000,000 +	8.00%

* Minimum gross revenue requirement is \$300,000 for FAs registered for eight years or more.

FAs with more than five years of service or greater than \$500,000 in 2008 production

Annual gross revenue	Bonus*	Bonus on excess revenue**
\$400,000 - \$599,999	0.75%	4.25%
\$600,000 - \$799,999	1.00%	5.25%
\$800,000 - \$999,999	1.25%	5.75%
\$1,000,000 - \$1,499,999	1.50%	6.50%
\$1,500,000 - \$1,999,999	1.75%	7.00%
\$2,000,000 +	2.00%	8.00%

*Based on gross revenue for FY 2009 up to the gross revenue for FY 08.

**Based on gross revenue for FY 09 in excess of gross revenue for FY 08.

The vesting period is eight years (50% vested at year four, then 25% vested at year six and 25% vested at year eight). Dividends for the productivity bonus paid quarterly in cash.

Wealth Creation Program

FAs who generated at least \$300,000 in gross production in the previous year may contribute up to 25% of their pre-tax earnings, by increments of 5%, to the Wealth Creation Program.

These contributions cannot exceed \$200,000 annually and must be made in the year immediately prior to the award year. FAs will be awarded bonus shares of Morgan Stanley common stock in accordance with their contribution amounts and length of service as follows:

Length of Service	Bonus shares per 100 base shares
0-5 years	20
6-8 years	25
9-11 years	30
12-14 years	35
15 years +	40

The base and bonus stock units will be awarded quarterly on the calendar year. Base units will vest three years after the award date, and bonus units will vest four years after the award date. Dividends will be paid quarterly in cash.