Morgan Stanley
AT WORK

Retirement

Participant Asset Allocation: Questionnaire and Core Models

Morgan Stanley: Aligning Investment Strategy With Long-Term Objectives

Asset Allocation Questionnaire

How you allocate your assets can significantly impact your portfolio's performance. No matter how far away you are from retirement, it is important to think about your long-term strategy. One of the best ways to plan for a comfortable retirement is by choosing the appropriate asset allocation mix, based on your risk tolerance and time horizon. The following questions are designed to assist you in understanding your attitude toward risk and return. Your results may help you consider an asset allocation strategy that is appropriate for your long-term investment objectives.

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Asset Allocation Questionnaire

Please answer the following questions.
Circle your choice for each question.

Scoring:

A = 4 points

B = 3 points

C = 2 points

D = 1 points

Total Score:

Match your score to the appropriate allocation models shown on the following page.

1. IN GENERAL, WHAT TYPE OF INVESTOR ARE YOU?

A. I feel very comfortable with investment volatility, and I am willing to take more risk over longer periods of time to pursue maximum growth of my retirement investment.

B. I am comfortable with investment risk, and have time to ride out the ups and downs in the market to help grow my money over time.

C. I am not comfortable with risk, but I realize that I need to potentially increase the value of my retirement investment over time.

D. I am very uncomfortable with investment risk.

2. WHAT IS YOUR PRIMARY FINANCIAL GOAL?

A. Long-term wealth accumulation.

B. Retirement income.

C. Current income.

D. Wealth preservation or emergency savings.

3. IN THE LONG TERM, HOW WOULD YOU LIKE YOUR RETIREMENT INVESTMENTS TO PERFORM?

A. Far exceed the rate of inflation.

B. Exceed the rate of inflation.

C. Keep pace with inflation.

D. Concerned more about protecting the value of my principal than the effects of inflation.

4. IF YOU COULD GREATLY INCREASE YOUR RETURN BY INCREASING YOUR RISK, WOULD YOU:

A. Take a great deal more risk with some or all of your money.

B. Take a little more risk with all of your money.

C. Take a little more risk with some of your money.

D. Not increase your risk at all.

5. WHICH SCENARIO DESCRIBES YOUR CAREER? DO YOU FORESEE THAT YOUR EARNINGS WILL:

A. Increase at a rate higher than inflation (new job, promotion, etc.).

B. Increase at the same rate as inflation.

C. Remain about the same.

D. Decrease (retirement, change to part-time job, etc.).

6. APPROXIMATELY HOW MANY MORE YEARS DO YOU PLAN TO WORK UNTIL YOU RETIRE?

A. 30 years or more.

B. 16 to 30 years.

C. 6 to 15 years.

D. 5 years or fewer.

7. DO YOU ANTICIPATE WITHDRAWING ANY MONEY FROM YOUR RETIREMENT PORTFOLIO (VIA A LOAN OR DUE TO RETIREMENT, ETC.)?

A. I do not intend to remove any money in the foreseeable future.

B. I intend to withdraw money within 10 years or more.

C. I intend to withdraw money within 5 to 10 years.

D. I intend to withdraw money within 5 years or fewer.

Sample Portfolio Mixes— Asset Allocation Models

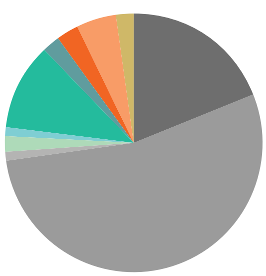
The following asset mixes are designed to provide the optimum level of risk and reward as balanced against the time you have until you retire. Obviously, the mix should be tailored according to your changing needs. When applying any asset allocation model to your retirement portfolio, you should consider your entire financial picture.

Model 1 – Capital Preservation

CONSERVATIVE 7–10 POINTS

SHORT TIME HORIZON AND/OR LOW RISK TOLERANCE:

WHY THIS MIX? If you're already in retirement or generally risk adverse, a portfolio allocated largely toward fixed income helps reduce overall portfolio volatility, providing a greater degree of capital preservation. Some equities remain appropriate to help your portfolio keep pace with inflation.



MAY BE APPROPRIATE FOR INVESTORS WHO:

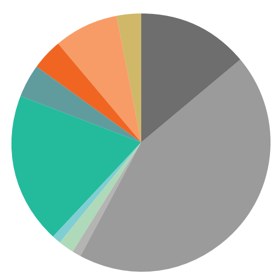
- Seek to preserve the real value of investment principal and maintain stability
- Are in retirement or generally risk adverse
- Want as little volatility as possible

Model 2 – Income

MODERATE 11–14 POINTS

MEDIUM TIME HORIZON AND/OR LOW TO MODERATE RISK TOLERANCE:

WHY THIS MIX? As your time horizon for retirement gets closer, your portfolio should begin to transition toward income-producing investments and away from more growth-oriented investments. A moderately conservative portfolio will have a slightly higher allocation to income-producing fixed income assets than a moderate portfolio.



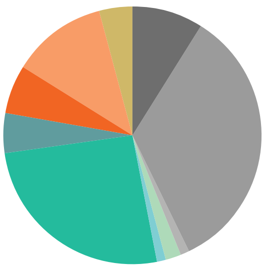
MAY BE APPROPRIATE FOR INVESTORS WHO:

- Seek to preserve investment principal and maintain stability, yet still need some growth
- Are relatively close to retirement
- Want lower levels of volatility

Model 3 – Balanced Growth

MODERATE 15–20 POINTS
MEDIUM TIME HORIZON AND/OR
MODERATE RISK TOLERANCE:

WHY THIS MIX? If you are a moderate investor with a substantial time horizon before you retire, investing in a balanced mix of stocks and fixed income assets continues to provide for long-term growth potential, while complementing that exposure with a healthy fixed income allocation helps reduce your portfolio's volatility.



9% Stable Value/Money Market
34% Investment Grade
1% TIPS
2% U.S. High Yield
1% Emerging Market Bond
26% U.S. Large Cap
5% U.S. Mid Cap
6% U.S. Small Cap
12% International
4% Emerging Markets Equity

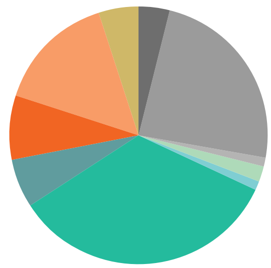
MAY BE APPROPRIATE FOR INVESTORS WHO:

- Seek capital appreciation and moderate levels of current income
- Can accept slightly higher risk

Model 4 – Market Growth

MODERATE 21–24 POINTS
MEDIUM TIME HORIZON AND/OR
MODERATE TO AGGRESSIVE RISK TOLERANCE:

WHY THIS MIX? If you still have a relatively long time before you retire and have a moderate risk tolerance, investing in stocks for long-term growth potential still makes sense; however, some fixed income component is useful to help reduce your portfolio's volatility.



4% Stable Value/Money Market
24% Investment Grade
1% TIPS
2% U.S. High Yield
1% Emerging Market Bond
34% U.S. Large Cap
6% U.S. Mid Cap
8% U.S. Small Cap
15% International
5% Emerging Markets Equity

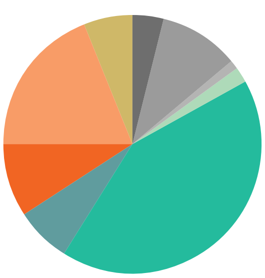
MAY BE APPROPRIATE FOR INVESTORS WHO:

- Seek capital appreciation over the long term with a degree of stability provided by fixed income
- Can accept increased risk

Model 5 – Opportunistic Growth

AGGRESSIVE 25–28 POINTS
LONG TIME HORIZON AND/OR
AGGRESSIVE RISK TOLERANCE:

WHY THIS MIX? If you have a long time horizon before you retire or have a high tolerance for risk, you may want to be more aggressive since your primary objective is to accumulate wealth for your retirement years. Your portfolio should favor stocks where return potential is greater over time, albeit at greater risk.



4% Stable Value/Money Market
10% Investment Grade
1% TIPS
2% U.S. High Yield
42% U.S. Large Cap
7% U.S. Mid Cap
9% U.S. Small Cap
19% International
6% Emerging Markets Equity

MAY BE APPROPRIATE FOR INVESTORS WHO:

- Seek maximum capital appreciation
- Have a long time until retirement
- Can accept high risk and market volatility

The asset allocation models are based on the analysis of the Morgan Stanley Wealth Management Global Investment Committee (the "Committee"). The models represent the blend of asset classes identified by the Committee, subject to various allocation constraints, that it believes over time have the potential to achieve the maximum return for a given level of risk. It is possible that these asset allocation models will change based on changes in the economy. Be sure to periodically check with your employer to make sure you have the most current version of the models.

Key Asset Class Risk Considerations

Depending on which asset classes are depicted within the models in this questionnaire, the following asset class risks may or may not be applicable to your plan. Further, please note that this is not intended to be a complete list of all possible risks that may apply to asset allocation models in the plan.

MONEY MARKET FUNDS: An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds generally seek to preserve the value of an investment at $1.00 per share, it is possible to lose money by investing in a money market fund.

INTERNATIONAL/EMERGING MARKETS: Foreign investing (including investing in particular countries or groups of countries) involves certain risks, such as currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, and the potential for political instability. In addition, the securities markets of many of the emerging markets are substantially smaller, less developed, less liquid and more volatile than the securities of the U.S. and other more developed countries.

SMALL/MID CAP STOCKS: Investments in small to midsized companies entail special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies.

BONDS: With respect to fixed income securities, please note that, in general, as prevailing interest rates rise, fixed income securities prices will fall. High-yield bonds are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues.

Now that you have identified your investor type and asset allocation strategy, it's time to take action. Talk to your plan provider about how you can apply your asset allocation mix to your retirement portfolio. Keep in mind, asset allocation does not assure a profit or guarantee that you will not incur a loss.

Glossary of Terms

ASSET ALLOCATION
The process of dividing a portfolio among major asset categories in order to help reduce risk.

DIVERSIFICATION
A risk management technique that mixes a variety of investments within a portfolio. It is intended to smooth out portfolio performance and mitigate overall portfolio risk.

STABLE VALUE FUND
An investment vehicle offered in a defined contribution plan that offers plan participants intermediate-term returns and liquidity (subject to plan rules) with low market-value risk. This is typically accomplished through a wrap contract or investment contract that guarantees the payment of plan-related benefits at book value (cost plus accrued interest), which enables the entire investment to be carried at its book value.

VOLATILITY
Volatility refers to the amount of change in a security's value. The price of highly volatile securities can change dramatically over a short time period in either direction.

