

ALL PRODUCERS

ANNUAL PRODUCTION	TIER I ¹	TIER II ²
\$0-\$149,999*	33%	30%
\$150,000-\$199,999*	35%	32%
\$200,000-\$249,999	36%	33%
\$250,000-\$299,999	37%	34%
\$300,000-\$349,999	39%	36%
\$350,000-\$399,999	40%	37%
\$400,000-\$599,999	41%	38%
\$600,000-\$799,999	42%	39%
\$800,000-\$899,999	42%	40%
\$900,000-\$999,999	42%	41%
\$1 million or more	43%	41%

¹ Mutual funds, investment advisory, fee-based brokerage accounts, annuities, insurance, bank deposits, managed futures, unit trusts, alternative investments, 529 plans, financial planning and personal trust fees, and lending. Reflects transactions with commission amount in excess of \$500.

² Equities, fixed income, fixed annuities, and term, disability and long-term-care insurance.

* Financial advisors with total annual gross production of less than \$200,000 during the previous year and who have been registered for eight or more years will receive a payout rate of 25%. However, once \$200,000 in gross production is reached, payout will be adjusted based on the payout grid retroactive to \$1.

PRODUCTIVITY BONUS

ANNUAL PRODUCTION	BONUS
\$0-\$199,999	0%
\$200,000-\$299,999	2.5%
\$300,000-\$399,999	3.25%
\$400,000-\$599,999	4%
\$600,000-\$999,999	5%
\$1 million-\$1,999,999	6%
\$2 million or more	6.5%

Productivity bonus will be payable in Morgan stock.

Actual payout is identical to previous years, in which displayed bonus rate was discounted to account for future appreciation over vesting period.

The bonus will vest 4.5 years following the grant date.

The minimum production required to get the bonus is \$300,000 for advisors registered eight or more years. For advisors registered less than eight years, the minimum production requirement is \$200,000.

WEALTH CREATION PROGRAM

Advisors who generated at least \$300,000 in gross production in the previous year may contribute up to 25% of their pretax commissions by increments of 5 percentage points to the Wealth Creation program.

These contributions cannot annually exceed \$200,000.

Contributions will be made in the year immediately prior to the award year.

Advisors will be awarded bonus shares of Morgan common stock based on the amount of their contribution and length of service as follows:

BONUS SHARE AWARD SCALE

LENGTH OF SERVICE	BONUS SHARES PER 100 BASE SHARES
15 years or more	40
12-14 years	35
9-11 years	30
6-8 years	25
0-5 years	20

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.