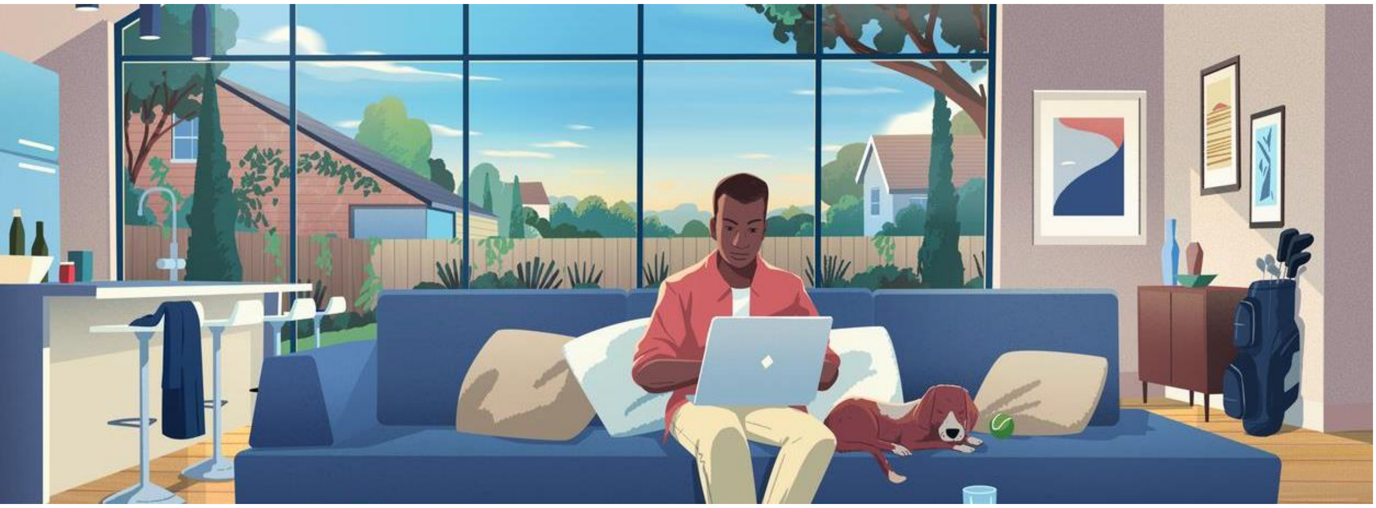
Morgan Stanley AT WORK



Tax Filing Basics for Stock Plan Transactions for E*TRADE from Morgan Stanley

For U.S. Participants

Tax reporting for stock plan transactions can be confusing, as you need to understand federal income tax laws and regulations, as well as know which Internal Revenue Service (IRS) forms must be filed.

If you sell stock as a result of participation in your company's stock plan, you may need to:

- Refer to the cost basis in your account
- Make any adjustments to it, if necessary
- Determine whether you have realized a capital gain or loss

To simplify the process, here is some basic information about stock sales that may help you have a less stressful tax season.

Important Note: Morgan Stanley and its affiliates do not provide tax advice. This guide is not intended to be comprehensive tax advice or to replace the advice of a tax advisor. We recommend you seek the counsel of a tax advisor to obtain personalized and comprehensive guidance.

Table of Contents

Tax Form Updates

In 2023 your stock plan with E*TRADE from Morgan Stanley has transitioned to become a part of Morgan Stanley at Work. As a result, you may receive multiple tax forms for 2023: tax forms for your original E*TRADE from Morgan Stanley account that reports any activity before the transition date, and additional tax forms for your account reporting activity after the transition date.

These tax statements contain information related to different transactions, and you and your tax advisor should consider and review all tax forms received when preparing your 2023 income tax return. Please NOTE: Not all Tax Forms may be received at the same time.

Tax forms will be issued by Morgan Stanley Capital Management, LLC but you may see different names such as:

- E*TRADE from Morgan Stanley
- E*TRADE Securities
- Morgan Stanley Capital Management, LLC

A Stock Plan Transaction Supplement will also be available with additional details as in years past.

Tax Documents You Will Need

You may need various documents and forms to report your sales of stock related to a stock plan on your tax return. The table below lists the common tax forms, what they're used for and how to obtain them.

	FORMS	WHAT IS THE FORM FOR?	HOW DO I OBTAIN?
Company Form	Form W-2[1]	Form W-2 is the Wage and Tax Statement that your employer uses to report employee wage and salary information and the amount of taxes withheld from an employee's paycheck for the year to the IRS	Your Company will send this to you.
	Form 3921	IRS Form 3921 is a form you receive from your employer typically when you acquire or sell shares of incentive stock options	
	Form 3922	IRS Form 3922 is a form you receive from your employer typically when you purchase shares through your qualified Employer Stock Purchase Plan (ESPP)- not applicable for a non-qualified ESPP	
IRS Forms	Form 8949	Form 8949 is used to report sales and other dispositions of capital assets to the IRS.	Visit your local IRS office or call 800-TAXFORM.
	Schedule D (Form 1040)	Schedule D (Form 1040) is used to report your capital gains and losses to the IRS.	Go to www.irs.gov
Morgan Stanley at Work	Form 1099-B[2]	Form 1099-B reports any sale transactions completed during the year and backup withholding applied to the transaction (if any). You may receive more than one Form 1099-B from Morgan Stanley at Work and/or E*TRADE from Morgan Stanley.	We generally send this to you by February 15 of the year following your transaction Go to etrade.com/tax Select the desired tax year and account.
	Stock Plan Transaction Supplement	The Stock Plan Transactions Supplement provides information like adjusted gain/loss that may be needed to prepare your income tax return.	

Note: If you've received a distribution from a cash-settled award, such as a restricted cash plan, the ordinary income and taxes will generally be reported on your Form W-2 provided by your company. Morgan Stanley at Work does not report on this type of transaction. This summary does not address tax forms and reporting applicable to U.S. non-residents, such as Form 1042-S or state tax reporting. Please contact your company with any questions.

[1] If you are not an employee but received compensation, the company may send Form 1099-NEC instead of Form W-2. You will also receive information about your exercise of an ISO on Form 3921 and your transfer of stock acquired through an ESPP on Form 3922. These statements include exercise date, exercise price and fair market value at exercise, as well as additional information.

[2] Keep in mind, not all transactions generate a Form 1099-B.

* Stock plan participants may receive multiple tax forms from Morgan Stanley, including E*TRADE from Morgan Stanley, E*TRADE Securities, and Morgan Stanley Capital Management, LLC. These tax statements contain information related to different transactions and you and your tax advisor should consider and review all tax forms received when preparing your 2023 income tax return.

Any gain or loss you realize from the sale of shares from an equity compensation plan will need to be reported on your federal income tax return. To determine if you had a gain or a loss, you will need to know the cost basis of the shares. When available, we will provide the original purchase price plus any applicable fees to assist in making this calculation. In addition, you may need to adjust the cost basis to reflect any compensation income reported by your employer.

It is important to understand how to calculate and report cost basis when filing your taxes. We will report cost basis information to the IRS for securities considered "covered" under IRS cost basis reporting regulations. Whether a security is "covered" or "noncovered" is generally determined by the type of security and when and how it was acquired. You will see this identified on Form 1099-B. It is possible to have both covered and noncovered shares of the same security.

Regardless of the covered or noncovered status of a security, an adjustment to cost basis may need to be reported on IRS Form 8949 and Schedule D of Form 1040. Refer to the instructions on the next page for assistance in calculating cost basis.

Tax Reporting on Shares Transferred Out of Your Stock Plan Account

Shares transferred out of your stock plan account and into another account are still subject to cost basis reporting rules. It's important that you maintain the details of your stock plan transactions (Confirmation, Statements and Forms W-2 or Form 1099-NEC) in preparation for future tax reporting years. It's important that you remember to adjust the cost basis for future transactions involving lots for which income was reported in prior years.

What is "cost basis"?

"Cost basis" refers to the cost of shares plus any adjustments under the tax rules and is used to calculate gains or losses for tax purposes.

What does "covered" versus "noncovered" mean?

"Covered" means the security's cost basis must be reported to the IRS by Morgan Stanley at Work. If "noncovered," Morgan Stanley at Work is not required to report the cost basis.

You will receive multiple Forms 1099

Note: You should ensure you've received a Form 1099-B or Form 1099-DIV for all reportable transactions.

Instructions for Calculating Cost Basis

1 Find your Grant/Award type and transaction type in Column A.

2 Refer to Column B to see the cost basis reported on Form 1099-B

3 Determine if an adjustment is necessary in Column C and how it is calculated. (The "full" cost basis is determined by adding Column B and C together.)

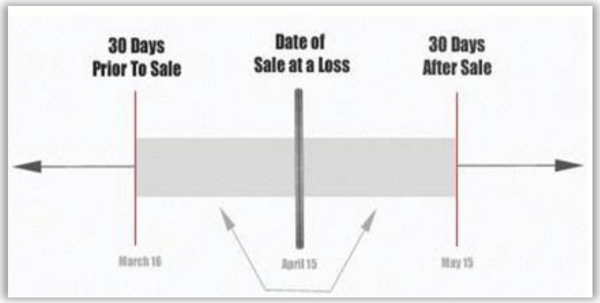
4 Consider if the "wash sale" rule applies to you.

Column A Grant/Award Type and Transaction Taking Place in Your Stock Plan Account	**Column B** Cost Basis Shown on Form 1099-B (Include this amount in the amount reported in column (e) on Part I or Part II of Form 8949 and Schedule D of Form 1040)	**Column C** How to Adjust Cost Basis for Form 8949 and Schedule D (Include this amount in the amount reported in column (g) on Part I or Part II of Form 8949 and Schedule D of Form 1040)
Restricted Stock and Performance Stock Where Grant Price = $0.00		
Sell-to-Cover (STC)/Sell-All-Shares (SAS) at the time the shares vest	$0	Fair Market Value (FMV) at Vest:[3] (Number of shares sold x FMV at vest)[4] + Fees to Acquire Shares
Sell long shares post-vest	$0	FMV at Vest:[3] (Number of shares sold x FMV)[4] + Fees to Acquire Shares
Incentive Stock Options		
Qualifying Disposition	Grant Price: (Number of shares sold x Grant Price) + Fees to Acquire Shares	Not Applicable
Disqualifying Disposition	Grant Price: (Number of shares sold x Grant Price) + Fees to Acquire Shares	Lesser of: 1. The spread between the grant price and the FMV on exercise date multiplied by the number of shares sold; or 2. The actual gain (amount realized on the sale less the aggregate grant price).
Nonqualified Stock Options (Cashless Exercise or Same Day Sale, Sell to Cover)		
Cashless Exercise or Same day Sale[5]	Grant Price: (Number of shares sold x Grant Price) + Fees to Acquire Shares	Calculate the difference between the FMV at exercise and the Grant Price multiplied by the number of shares sold.
Sell to Cover (STC)	Grant Price: (Number of shares sold x Grant Price) + Fees to Acquire Shares	Calculate the difference between the FMV at exercise and the Grant Price multiplied by the number of shares sold.
Employee Stock Purchase Plan		
Qualifying Disposition (§ 423 Plan)	Purchase Price: (Number of shares sold x Purchase Price) + Fees to Acquire Shares	Lesser of: 1. The Grant Date FMV multiplied by Discount Percent, multiplied by the number of shares sold; or 2. The sales price per share minus the Purchase price paid per share, multiplied by the number of shares (or total gain).
Disqualifying Disposition (§ 423 Plan) or sale of shares acquired under a non-§ 423 Plan with a discount	Purchase Price: (Number of shares sold x Purchase Price) + Fees to Acquire Shares	The spread between the purchase price and the FMV of the stock on the purchase date multiplied by the number of shares sold.
Sale of shares acquired under a Nondiscounted Plan	Purchase Price: (Number of shares sold x Purchase Price) + Fees to Acquire Shares	Not Applicable
Stock Settled SARs		
Sell to Cover (STC) Net Exercise and Remaining Shares Sold	$0	Number of shares sold multiplied by Exercise Date FMV + Fees to Acquire Shares

3 Assuming no Section 83(b) election was made.
4 Assuming you did not make a payment in exchange for the restricted stock.
5 If your company relies on IRS relief from Form 1099-B reporting for cashless exercise, you will not receive a Form 1099-B for your cashless exercise(s). Your company will report your taxable income on your Form W-2. Please consult with your employer to determine if this exception applies to your specific situation.

Don’t Forget About Wash Sales

Wash sales need to be reported on IRS Form 8949. A wash sale occurs when shares or securities are sold at a loss and “substantially identical” shares or securities are purchased within 30 days before or after the sale. The loss is disallowed and must be added to the cost basis of the newly purchased shares or securities.



[3] Your actual cost basis for your shares may differ from the cost basis reported on Form 1099-B depending on your particular facts and circumstances, including whether a section 83(b) election was made or the timing of vesting. Please consult your tax advisor to determine the accurate cost basis in your particular circumstances.

In general, a reportable wash sale occurs when covered shares are sold at a loss and identical shares are repurchased in the same account within 30 days before or after the sale. As a broker-dealer we are required to report certain wash sales. In the event of a reportable wash sale, we will report the loss as a “disallowed loss” on Form 1099-B and adjust the basis and holding period of the replacement shares. Note that shares you acquired in your E*TRADE with Morgan Stanley stock plan account prior to your account transitioning to be part of Morgan Stanley at Work were not captured for wash sales. After the transition, however, these shares will be evaluated for possible wash sale treatment, and if a reportable wash sale occurs, the loss on the initial sale will be reported as a disallowed loss, and the cost basis and holding period of the shares acquired will be adjusted. As a result, in upcoming years, you may see more wash sale-related adjustments reported on your Form 1099-B in your Morgan Stanley account.

You may still be obligated to report wash sales that are not reported on Form 1099-B on your tax return. You should consult their own tax advisors regarding their own reporting obligations. Covered and non-covered securities generally include:

Covered Securities	Non-Covered Securities
• Shares acquired via ESPP post January 1, 2011 • Shares acquired via Stock Options post January 1, 2011 • Shares acquired via Restricted Stock Awards acquired for cash after January 1, 2011 • Shares acquired via Dividend Reinvestment post January 1, 2012	• Shares acquired via Restricted Stock Awards not acquired for cash • Shares acquired via SARs • Long shares acquired prior to January 1, 2011

Reportable Wash Sale Examples

Buy, Sell, Buy Example:

A participant purchases 100 shares of ABC for $2,000 on October 3, 2023. On April 15, 2025, the participant sells those shares for $1,600 at a $400 loss. On May 5, 2025, the participant purchases 100 shares of ABC for $1,500 in the same account. The repurchase on May 5, 2025, causes the sale on April 15, 2025, to be treated as a wash sale. In addition to reporting the sales proceeds, cost basis, and holding period for the 100 shares sold on April 15, 2025, $400 is reported on Form 1099-B as a disallowed loss. The cost basis of the replacement ABC shares is increased by the amount of the disallowed loss from $1,500 to $1,900, and the holding period should be adjusted to reflect the adjusted acquisition date from May 5, 2025, to October 23, 2023. *Note: Refer to the prior page for how your account transition to Morgan Stanley at Work affects wash sale reporting*

Buy, Buy, Sell Example:

A participant purchases 100 shares of ABC for $2,000 on October 3, 2023. On April 15, 2025, the participant purchases 100 more shares for $1,500 in the same account. Then on May 5, 2025, the participant sells the shares acquired on October 3, 2023, for $1,600 at a $400 loss. The 100 shares purchased on April 15, 2025, are considered replacement shares and cause the sale on May 5, 2025, to be treated as a wash sale. In addition to reporting the sales proceeds, cost basis and holding period for the 100 shares sold on May 5, $400 is reported on Form 1099-B as a disallowed loss. The cost basis of the replacement ABC shares is increased by the amount of the disallowed loss from $1,500 to $1,900 and the holding period should be adjusted to reflected the adjusted acquisition date from April 15, 2025, to September 13, 2023. *Note: Refer to the prior page for how your account transition to Morgan Stanley at Work affects wash sale reporting*

You will likely need the following information for each exercise of options and sale of shares. If you made a single sale that included shares purchased as the result of different exercises, you would need this information for each group of shares. The steps below will help assist you with this process. **Please note that not all of the items below may apply to you.**

Step 1: Purchase Date

This is the date you exercised the option. The purchase date is displayed as Date Acquired on Box 1b of Form 1099-B. This information is also included in the Stock Plan Transactions Supplement under the “Date Acquired” column. Tax software may ask for “Date option exercised” or “Date of acquisition.”

Where to find it: On your 1099-B

2023 FORM 1099–B: PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS, CONTINUED **OMB**

Noncovered Long–Term Gains or Losses on Gross Proceeds
Report on **Form 8949, Part II** with **Box E** checked
Box 6: Gross Proceeds **Box 5:** Box Checked (Noncovered Security) **Box 3:** Basis Not Reported to the IRS **Box 2:** Type of Gain or Los

The 1099–B data referenced by a Box Number is reported to the IRS. The additional information not referenced by a Box Number is not reported to the IRS, but may be helpful to complete your return.

Security Description CUSIP (Box 1a)	Quantity Sold	Date Acquired	Date Sold or Disposed (Box 1c)	Proceeds/ Reported to IRS (Box 1d)	Cost or Other Basis	Accrued Market Discount	Wash Sale Loss Disallowed	Gain/Loss Amount	Add
DemoCorp CUSIP: 123456789	56.00000	10/15/2014	3/27/2023	$7,890.10	$0.00	$0.00	$0.00	$7,890.10	
	65.00000	10/15/2014	3/27/2023	$9,158.15	$0.00	$0.00	$0.00	$9,158.15	
	79.00000	10/15/2014	3/27/2023	$11,130.68	$0.00	$0.00	$0.00	$11,130.68	
	38.00000	10/15/2014	3/27/2023	$19,443.46	$0.00	$0.00	$0.00	$19,443.46	
Subtotals	338.00000			$47,622.39	$0.00	$0.00	$0.00	$47,622.39	

Where to find it: On your Stock Plan Transaction Supplement (for E*TRADE)

Stock Plan Transactions Supplement

This document provides you with additional information about your 2023 Stock Plan Transactions that is not reported on your Form 1099-B.

John Smith
Account number ending in: XXXX

Reporting Period: January 1, 2020 - December 31, 2023 Download Date:

Symbol	Qty.	Date Acquired	Date Sold or Disposed	Total Proceeds	Cost Basis	Adjustment Amount (Ordinary Income)	Adjusted Cost Basis	Adjusted Gain (Loss)	Capital Gain Status	Covered/ Non-Covered	Grant Type	Grant Number
JSK	68	05/13/2009	03/15/2023	$8,897.80	$4,925.72	--[1]	--[1]	$3,972.08	Long	Non-Covered	ISO	SO1038584
JSK	5	11/25/2012	03/15/2023	$655.60	$433.76	$0.00	$433.76	$221.85	Long	Covered	ISO	SO1038584
JSK	5	11/25/2012	03/15/2023	$654.25	$0.00	$510.30	$510.30	$143.95	Long	Non-Covered	PSA	PS136586
JSK	10	11/25/2012	03/15/2023	$1,355.50	$0.00	$1,020.60	$1,020.60	$334.90	Long	Non-Covered	RSU	RS176468
JSK	10	11/25/2012	03/15/2023	$1,311.20	$0.00	$1,020.60	$1,020.60	$290.60	Long	Non-Covered	RSU	RS176468
JSK	32	10/02/2019	03/15/2023	$3,975.04	$3,432.91	$605.81	$4,038.72	($63.68)	Short	Covered	ESPP	--

Step 2: Sale Date

This is the date you sold the shares. You should have received a trade confirmation for this transaction. Sale date is displayed as “Date Sold or Disposed” on Box 1c of Form 1099-B. The information is also included in the Stock Plan Transactions Supplement under the “Date Sold or Disposed” column.

Where to find it: On your 1099-B

2022 FORM 1099–B: PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS, CONTINUED **OMB**

Noncovered Long–Term Gains or Losses on Gross Proceeds
Report on **Form 8949, Part II** with **Box E** checked
Box 6: Gross Proceeds **Box 5:** Box Checked (Noncovered Security) **Box 3:** Basis Not Reported to the IRS **Box 2:** Type of Gain or Los

The 1099–B data referenced by a Box Number is reported to the IRS. The additional information not referenced by a Box Number is not reported to the IRS, but may be helpful to complete your return.

Security Description CUSIP (Box 1a)	Quantity Sold	Date Acquired	Date Sold or Disposed (Box 1c)	Proceeds/ Reported to IRS (Box 1d)	Cost or Other Basis	Accrued Market Discount	Wash Sale Loss Disallowed	Gain/Loss Amount	Add
DemoCorp CUSIP: 123456789	56.00000	10/15/2014	03/27/2022	$7,890.10	$0.00	$0.00	$0.00	$7,890.10	
	65.00000	10/15/2014	03/27/2022	$9,158.15	$0.00	$0.00	$0.00	$9,158.15	
	79.00000	10/15/2014	03/27/2022	$11,130.68	$0.00	$0.00	$0.00	$11,130.68	
	38.00000	10/15/2014	03/27/2022	$19,443.46	$0.00	$0.00	$0.00	$19,443.46	
Subtotals	**338.00000**			**$47,622.39**	**$0.00**	**$0.00**	**$0.00**	**$47,622.39**	

Where to find it: On your Stock Plan Transaction Supplement (for E*TRADE)

Stock Plan Transactions Supplement

This document provides you with additional information about your 2023 Stock Plan Transactions that is not reported on your Form 1099-B.

John Smith
Account number ending in: XXXX

Reporting Period: January 1, 2020 - December 31, 2023 Download Date:

Symbol	Qty.	Date Acquired	Date Sold or Disposed	Total Proceeds	Cost Basis	Adjustment Amount (Ordinary Income)	Adjusted Cost Basis	Adjusted Gain (Loss)	Capital Gain Status	Covered/ Non-Covered	Grant Type	Grant Number
JSK	68	05/13/2009	03/15/2023	$8,897.80	$4,925.72	--[1]	--[1]	$3,972.08	Long	Non-Covered	ISO	SO1038584
JSK	5	11/25/2012	03/15/2023	$655.60	$433.76	$0.00	$433.76	$221.85	Long	Covered	ISO	SO1038584
JSK	5	11/25/2012	03/15/2023	$654.25	$0.00	$510.30	$510.30	$143.95	Long	Non-Covered	PSA	PS136586
JSK	10	11/25/2012	03/15/2023	$1,355.50	$0.00	$1,020.60	$1,020.60	$334.90	Long	Non-Covered	RSU	RS176468
JSK	10	11/25/2012	03/15/2023	$1,311.20	$0.00	$1,020.60	$1,020.60	$290.60	Long	Non-Covered	RSU	RS176468
JSK	32	10/02/2019	03/15/2023	$3,975.04	$3,432.91	$605.81	$4,038.72	($63.68)	Short	Covered	ESPP	--

Step 3: Amount Paid for the Stock You Sold

This is your exercise price. Shortly after exercising, you should have received a confirmation of exercise or a similar document from your employer. Your exercise price is also displayed as the cost basis for the security on Box 1e of Form 1099-B and on the Stock Plan Transactions Supplement under the "Cost Basis" column. Tax software may ask for "Exercise price paid."

Where to find it: On your 1099-B

ORIGINAL: 09/26/2022

2023 FORM 1099–B: PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS, CONTINUED **OMB NO. 1545–0715**

Noncovered Long–Term Gains or Losses on Gross Proceeds
Report on **Form 8949, Part II** with **Box E** checked

Box 6: Gross Proceeds **Box 5:** Box Checked (Noncovered Security) **Box 3:** Basis Not Reported to the IRS **Box 2:** Type of Gain or Loss – Long–Term

The 1099–B data referenced by a Box Number is reported to the IRS. The additional information not referenced by a Box Number is not reported to the IRS, but may be helpful to complete your return.

Security Description CUSIP (Box 1a)	Quantity Sold	Date Acquired	Date Sold or Disposed (Box 1c)	Proceeds/ Reported to IRS (Box 1d)	Cost or Other Basis	Accrued Market Discount	Wash Sale Loss Disallowed	Gain/Loss Amount	Additional Information
DemoCorp CUSIP: 123456789	56.00000	10/15/2014	3/27/2023	$7,890.10	$0.00	$0.00	$0.00	$7,890.10	
	65.00000	10/15/2014	3/27/2023	$9,158.15	$0.00	$0.00	$0.00	$9,158.15	
	79.00000	10/15/2014	3/27/2023	$11,130.68	$0.00	$0.00	$0.00	$11,130.68	
	38.00000	10/15/2014	3/27/2023	$19,443.46	$0.00	$0.00	$0.00	$19,443.46	
Subtotals	**338.00000**			**$47,622.39**	**$0.00**	**$0.00**	**$0.00**	**$47,622.39**	
4 ITEMS – TOTAL				**$47,622.39**	**$0.00**	**$0.00**	**$0.00**	**$47,622.39**	

Step 4: Adjustment to cost basis

You may need to identify how much of the ordinary (compensation) income reported on your Form(s) W-2 is attributable to the stock you sold in order to calculate your cost basis for those shares. Depending on the award and transaction type, cost basis for shares acquired through an exercise may include the amount paid for the stock plus the difference between the fair market value at exercise and the exercise price.

On the W-2 or 1099-NEC, the compensation income for the shares sold is combined with your wages and other compensation in the year of purchase and/or sale.

Because it may be difficult to determine how much of the income in Box 1 of Form W-2 is attributable to the stock you sold, your employer may have given you a separate statement detailing this information or may have listed this income separately for you in Box 14. This information can also be found in the Stock Plan Transactions Supplement under "Adjustment Amount (Ordinary Income)." If you engaged in more than one transaction during the year, you would need to know this amount for each separate transaction. Tax software may ask for "Compensation income" or "Ordinary income."

Where to find it: On your W-2 from your employer (Box 14, if included)

9 Verification code
10 Dependent care benefits
Suff. 11 Nonqualified plans
12a See instructions for box 12
13 Statutory employee / Retirement plan / Third-party sick pay
12b
14 Other
12c
12d
ips, etc. 17 State income tax
18 Local wages, tips, etc.
19 Local income tax
20 Locality name

Where to find it: On your Stock Plan Transaction Supplement (for E*TRADE)

Stock Plan Transactions Supplement

This document provides you with additional information about your 2023 Stock Plan Transactions that is not reported on your Form 1099-B.

John Smith
Account number ending in: XXXX

Reporting Period: January 1, 2020 - December 31, 2023 **Download Date:**

Symbol	Qty.	Date Acquired	Date Sold or Disposed	Total Proceeds	Cost Basis	Adjustment Amount (Ordinary Income)	Adjusted Cost Basis	Adjusted Gain (Loss)	Capital Gain Status	Covered/ Non-Covered	Grant Type	Grant Number
JSK	68	05/13/2009	03/15/2023	$8,897.80	$4,925.72	--[1]	--[1]	$3,972.08	Long	Non-Covered	ISO	SO1038584
JSK	5	11/25/2012	03/15/2023	$655.60	$433.76	$0.00	$433.76	$221.85	Long	Covered	ISO	SO1038584
JSK	5	11/25/2012	03/15/2023	$654.25	$0.00	$510.30	$510.30	$143.95	Long	Non-Covered	PSA	PS136586
JSK	10	11/25/2012	03/15/2023	$1,355.50	$0.00	$1,020.60	$1,020.60	$334.90	Long	Non-Covered	RSU	RS176468
JSK	10	11/25/2012	03/15/2023	$1,311.20	$0.00	$1,020.60	$1,020.60	$290.60	Long	Non-Covered	RSU	RS176468
JSK	32	10/02/2019	03/15/2023	$3,975.04	$3,432.91	$605.81	$4,038.72	($63.68)	Short	Covered	ESPP	--

Step 5: Sale proceeds

Your sale proceeds are the amount received from the sale of shares, less any applicable fees, commissions, or taxes. This amount is displayed in Box 1d of Form 1099-B and is also included in the Stock Plan Transactions Supplement under "Total Proceeds." Tax software may ask for "Gross proceeds from the sale."

Where to find it: On your 1099-B

ORIGINAL: 09/26/2022

2023 FORM 1099-B: PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS, CONTINUED **OMB NO. 1545-0715**

Noncovered Long-Term Gains or Losses on Gross Proceeds
Report on **Form 8949, Part II** with **Box E** checked

Box 6: Gross Proceeds **Box 5:** Box Checked (Noncovered Security) **Box 3:** Basis Not Reported to the IRS **Box 2:** Type of Gain or Loss – Long-Term

The 1099-B data referenced by a Box Number is reported to the IRS. The additional information not referenced by a Box Number is not reported to the IRS, but may be helpful to complete your return.

Security Description CUSIP (Box 1a)	Quantity Sold	Date Acquired	Date Sold or Disposed (Box 1c)	Proceeds/ Reported to IRS (Box 1d)	Cost or Other Basis	Accrued Market Discount	Wash Sale Loss Disallowed	Gain/Loss Amount	Additional Information
DemoCorp CUSIP: 123456789	56.00000	10/15/2014	3/27/2023	$7,890.10	$0.00	$0.00	$0.00	$7,890.10	
	65.00000	10/15/2014	3/27/2023	$9,158.15	$0.00	$0.00	$0.00	$9,158.15	
	79.00000	10/15/2014	3/27/2023	$11,130.68	$0.00	$0.00	$0.00	$11,130.68	
	38.00000	10/15/2014	3/27/2023	$19,443.46	$0.00	$0.00	$0.00	$19,443.46	
Subtotals	**338.00000**			**$47,622.39**	**$0.00**	**$0.00**	**$0.00**	**$47,622.39**	
4 ITEMS – TOTAL				**$47,622.39**	**$0.00**	**$0.00**	**$0.00**	**$47,622.39**	

Where to find it: On your Stock Plan Transaction Supplement (for E*TRADE)

Stock Plan Transactions Supplement

This document provides you with additional information about your 2023 Stock Plan Transactions that is not reported on your Form 1099-B.

John Smith
Account number ending in: XXXX

Reporting Period: January 1, 2020 - December 31, 2023 **Download Date:**

Symbol	Qty.	Date Acquired	Date Sold or Disposed	Total Proceeds	Cost Basis	Adjustment Amount (Ordinary Income)	Adjusted Cost Basis	Adjusted Gain (Loss)	Capital Gain Status	Covered/ Non-Covered	Grant Type	Grant Number
JSK	68	05/13/2009	03/15/2023	$8,897.80	$4,925.72	--[1]	--[1]	$3,972.08	Long	Non-Covered	ISO	SO1038584
JSK	5	11/25/2012	03/15/2023	$655.60	$433.76	$0.00	$433.76	$221.85	Long	Covered	ISO	SO1038584
JSK	5	11/25/2012	03/15/2023	$654.25	$0.00	$510.30	$510.30	$143.95	Long	Non-Covered	PSA	PS136586
JSK	10	11/25/2012	03/15/2023	$1,355.50	$0.00	$1,020.60	$1,020.60	$334.90	Long	Non-Covered	RSU	RS176468
JSK	10	11/25/2012	03/15/2023	$1,311.20	$0.00	$1,020.60	$1,020.60	$290.60	Long	Non-Covered	RSU	RS176468
JSK	32	10/02/2019	03/15/2023	$3,975.04	$3,432.91	$605.81	$4,038.72	[illegible]	Short	Covered	ESPP	--

When I sold my stock, the sale price was below the FMV of the stock on the purchase date. Why did my employer report ordinary (compensation) income based on the FMV?

When you engage in a disqualifying disposition of shares from a plan that is qualified under Section 423, your employer is required by tax law to report the difference between the fair market value of the stock on the purchase date and the amount you paid for the stock as ordinary (compensation) income. This is required even if the stock was sold for less than the FMV on the purchase date. If the sale price is lower than the FMV, the difference may be reportable as a capital loss, subject to the wash sale and other rules.

The same is required for ESPP shares purchased from a plan that is not tax-qualified under Section 423. For these shares, your employer is also required to report the difference between the FMV of the stock on the purchase date and the amount you paid for the stock as ordinary income. This amount is reported on Form W-2 or 1099-NEC in the year of the purchase. If the sale price is lower than the FMV, the difference may be reportable as a capital loss, subject to the wash sale and other rules.

How could I have a long-term capital gain or loss on a sale that is a disqualifying disposition?

The holding periods to qualify for favorable tax treatment under Section 423 are different than the holding period for long-term capital gains purposes. It is possible to meet the long-term capital gains holding period but still not have met the holding period for the disposition to qualify for favorable tax treatment.

To qualify for favorable tax treatment under Section 423, you must hold the stock for more than two years from the grant date and more than one year from the date of purchase.

However, for the gain or loss on your sale to be taxed as long term, you only need to hold the stock for more than one year after purchase. For example, an individual enrolls in his employer's qualified employee stock purchase plan on January 1, 2023, and purchases stock under the plan on June 30, 2023. For the sale to be a qualifying disposition, they must hold the stock until January 2, 2025 (more than two years after grant date). But for the gain or loss on the sale to be considered long term, they only need to hold the stock until July 1, 2024 (more than one year after the purchase date). If they sell stock at any time between July 1, 2024, and January 1, 2025, the sale will be considered a disqualifying disposition, but any capital gain or loss reported on the sale will generally be considered long term.

Does the cost basis that appears on the Form 1099-B reflect all necessary adjustments?

No, the cost basis that appears on Form 1099-B does not reflect any ordinary income adjustments that may apply because you recognized ordinary (compensation) income when you acquired or sold shares attributable to stock plan awards from your employer. As a result, you may want to consider whether an adjustment to the cost basis is applicable when you complete your tax return(s). For additional information on your cost basis and possible cost basis adjustments, refer to the Stock Plan Transactions Supplement available through E*TRADE Securities. This can be found at etrade.com/tax. Please also consult your tax advisor to determine how to prepare and file your tax return.

What happens if I don't sell the stock on the same day I exercise it?

For ISOs, ordinary income is not recognized until you sell the resulting shares. If you decide to hold the shares, this typically allows you to defer any ordinary income recognition until the sale date. Furthermore, if your sale is a qualifying disposition there will typically be no ordinary income recognized.

If the shares are held for more than one year from the exercise date and more than two years from the grant date, any gain will typically be taxed as long-term capital gains. If you sell shares from your ISO exercise within one year of the exercise date, any gains or losses from the sale will be considered short-term, and gains will be taxed at ordinary income tax rates (as the sale of shares was a disqualifying disposition due to not meeting the ISO holding requirements).

The following example shows the implications of exercising incentive stock options and holding the resulting shares beyond the exercise date:

EXAMPLE: An employee exercises 1,000 shares of an incentive stock option on July 15. His option price was $10 per share (his total exercise price was $10,000). The fair market value of the stock on the exercise date was $15 per share. Because this was an ISO exercise, he did not recognize any ordinary income at the time of the exercise.

Later, he sells the stock when the fair market value of the stock is $20 per share (his total sale price was $20,000). He paid fees and commission of $100 for the sale.

If the sale occurs within one year of the exercise date, the sale will be considered a disqualifying disposition, and his capital gain will be considered short-term. In a disqualifying disposition, he would recognize $5,000 in ordinary income ($15 FMV on date of exercise – $10 exercise price = $5 x 1,000 shares = $5,000). He would have recognized a short-term capital gain of $4,900: sales price of $19,900 ($20,000 - $100) less the exercise price of $10,000 ($100 x 1,000 shares) less the ordinary income amount of $5,000.

If the sale occurs more than two years after the grant date and more than one year after the exercise date, the sale will be a qualifying disposition, and his capital gain will be considered long-term. Because the sale is considered a qualifying disposition, he would not recognize any ordinary income. He would recognize long-term capital gains of $9,900: Sales price of $19,900 ($20,000 - $100) less his exercise price of $10,000 ($100 x 1,000 shares).

The income that my employer reported on Form W-2 does not equal the difference between my total exercise price and sales price. Did my employer report the wrong amount of income for my exercise on my Form W-2?

Typically, the amount of income reported on your Form W-2 is the difference between your exercise price and the value of the stock on the date of exercise. If you sold your stock on a date after the date of exercise, the W-2 income will not include any gain or loss from the date of exercise through the date of sale. Even if you sell your stock on the date of exercise, the price used for your W-2 income may be different than the price at which the stock is sold. When determining the value of the stock for W-2 income purposes, some employers use the closing or average price on the day the exercise occurred. Other employers use the closing price of the preceding day, while others may use the actual sales price. These could be the reason for any difference. For further information, contact your employer.

The 1099-B that I received from E*TRADE does not reflect federal withholding for the purchase of my option shares. Is this an error?

No, the withholding for the transaction should be included on the W-2 you received from your employer.

What happens if I don't sell the stock on the same day I exercise it?

Typically, for non-qualified stock options ordinary income is recognized at the time of exercise and a capital gain or loss is recognized at the time of sale. If you sell your exercised shares within one year of exercise, your capital gain or loss is considered short term. However, if you hold the exercised shares for more than a year before selling them, the gain or loss is considered long term and long-term capital gains may be taxed at a lower rate.

The following example shows the potential implications of exercising non-qualified stock options and holding the resulting shares beyond the exercise date:

EXAMPLE. An employee exercises 1,000 non-qualified stock options on July 15. His option price was $10 per share (his total option price was $10,000). The fair market value of the stock on the exercise date was $15 per share. In the year he exercises the stock options, his Form W-2 would report $5,000 of ordinary income ($15 – $10 = $5 x 1,000 shares = $5,000).

Does the cost basis that appears on the Form 1099-B reflect all necessary adjustments?

No, the cost basis that appears on Form 1099-B does not reflect any ordinary income adjustments that may apply because you recognized ordinary (compensation) income when you acquired or sold shares attributable to stock plan awards from your employer. As a result, you may want to consider whether an adjustment to the cost basis is applicable when you complete your tax return(s). For additional information on your cost basis and possible cost basis adjustments, refer to the Stock Plan Transactions Supplement available through E*TRADE Securities. This can be found at etrade.com/tax. Please also consult your tax advisor to determine how to prepare and file your tax return.

What is restricted stock?

In an equity compensation context, restricted stock generally refers to restricted stock awards and restricted stock units. A restricted stock award is stock that is issued to employees (and directors or other independent contractors) but is subject to certain temporary restrictions. The most common of these is that the stock must be returned to the employer (i.e., forfeited) if employment is terminated prior to a specified date. Further, the stock may not be sold, pledged, transferred or assigned during the period of the restriction. Restricted stock units are similar to restricted stock awards, but the stock is not issued until the units are converted into shares after vesting. Because the stock is not issued prior to vesting, recipients do not hold voting or dividend rights in the stock prior to vesting.

What is performance stock?

In an equity compensation context, performance stock generally refers to performance stock awards and performance stock units. A performance stock award is a type of restricted stock award in which rights to the shares are contingent upon the achievement of certain pre- established performance goals. If the performance goals are met, the employee (or service provider) has a right to receive stock associated with the award.

When is ordinary (reported on Form W-2 or 1099-NEC) income for the stock award recognized?

Generally, a restricted or performance stock award is taxable as ordinary income at the time that the award vests. The amount of income will typically be the difference between the fair market value (FMV) of the stock at the time of vesting over the amount paid for the stock, if any. The ordinary income recognition may be accelerated to the grant date with a timely Section 83(b) election for restricted or performance stock or deferred with a timely Section 83(i) election for restricted or performance stock units. Note, however, that a Section 83(i) election is only available in limited circumstances. Consult your tax advisor.

EXAMPLE: Jane Doe is awarded 1,000 shares of restricted stock on December 5, 2023. She does not file a Section 83(b) election. The stock vests in three years on December 5, 2025, when it is trading at $30 per share. She will recognize $30,000 in ordinary income in 2025 .

How will my employer report ordinary income from the restricted stock or performance stock award?

Your employer should report the ordinary income on your Form W-2, Wage and Tax Statement. It should be included in Box 1 as part of your total wages and compensation, Box 3 (Social Security wages) as applicable, and Box 5 (Medicare wages). Also, your employer may include it in Box 14. In the case of non-employees, the income will be reported on Form 1099- NEC in Box 1.

Does the cost basis for the stock award appear on the Form 1099-B?

No, since restricted and performance awards generally involve non-covered securities, cost basis will not be reported on Form 1099-B for those awards.

How is dividend income paid on unvested awards reported?

Dividends on unvested restricted stock units are known as "dividend equivalents." Dividends on unvested restricted stock awards are actual dividends. Morgan Stanley will not report dividend equivalents or dividends on unvested awards on Form 1099-DIV. They will instead be reported by your company on Form W-2.

What is my cost basis for the restricted stock or performance stock?

Your total cost basis for the stock is equal to your acquisition cost—the amount you paid for the stock, if any—plus the amount of ordinary (compensation) income you recognized with respect to those shares. You may want to consider whether an adjustment to the cost basis is applicable when you complete your tax return(s). For additional information on your cost basis and possible cost basis adjustments, refer to the Stock Plan Transactions Supplement available through E*TRADE Securities. This can be found at etrade.com/tax. Please also consult your tax advisor.

If I sell my restricted stock or performance stock immediately once its restrictions lapse, do I need to report the sale on my tax return?

Yes. Even though the income recognized from the restricted stock or performance stock will be included on Form W-2, the sale of the stock is a separate transaction for tax purposes. In most cases, the sale would need to be reported on Form 1040, Schedule D and Form 8949.

In determining whether the sale of the restricted stock or performance stock generated a short- or long-term capital gain or loss, when does the holding period begin: when the stock was issued to me or when it vested?

In most cases, the holding period for restricted or performance stock awards begins when the shares vest. Therefore, you would need to hold the shares for more than a year after vest for any gains to qualify for long-term capital gains treatment. In the case of restricted or performance stock units, the holding period begins when the stock is released to you, which may be after the vesting date. In the case of a Section 83(b) election for a restricted or performance stock award, the holding period begins on the date when the stock is awarded, rather than the date when it vests. When a Section 83(i) election for a restricted or performance stock unit has been made, the holding period for capital gain begins on the date the stock eligible for this type of election (qualified stock) is converted to deferral stock (stock being deferred).

Can you provide an example showing taxation for a SAR exercise and the subsequent sale of shares acquired through that exercise?

Jane Doe, is granted 3,000 SARs by her company on September 5, 2023, when the value of the company stock is $20/share. Jane exercises all 3,000 SARs when they vest two years later, on September 5, 2025. On that date, the company stock is valued at $30/share. The appreciation value for her SARs is therefore $10/SAR ($30 – $20 = $10), for a total of $30,000 ($10 x 3,000 SARs). Jane receives 1,000 shares of stock as a result of the exercise (appreciation value of $30,000/per-share market value of $30 = 1,000 shares). Jane immediately sells all shares from the exercise. She recognizes ordinary (Form W-2 or Form 1099-NEC) income equal to the appreciation value of $30,000 but recognizes no capital gain or loss from the sale, because the proceeds from the sale were equal to her cost basis (the ordinary income amount reported on Form W-2 or Form 1099-NEC).

Is the amount of taxable ordinary (Form W-2 or 1099-NEC) income based on the value of the stock on the grant date for my SARs or the exercise date?

You need to know both values to determine the amount of ordinary (compensation) income. In most cases, you will recognize as ordinary (compensation) income an amount that is equal to the difference between the value of the employer's stock on the date of exercise and the value on the date of grant. See example above.

Is the income I recognize from SAR considered a capital gain or ordinary income?

The full value (fair market value less price paid, if any) of the shares you receive from a SAR exercise is taxed as ordinary income in the year of the exercise. Any appreciation or depreciation in value of the stock from the exercise date through the sale date would be capital gain or capital loss, respectively.

What is my cost basis for SAR shares?

Although there is no acquisition cost for shares acquired through a SAR exercise, you may be able to report the full fair market value of the shares at the time of the exercise as the cost basis, as long as you recognized the full amount as ordinary (compensation) income. Your acquisition cost of $0 is displayed on Form 1099-B provided by E*TRADE. You can visit the Stock Plan Gains & Losses page on etrade.com to find both your acquisition cost and the amount of ordinary income recognized for the shares, as provided to E*TRADE by your employer. This information can also be found in the Stock Plan Transactions Supplement under "Adjustment Amount (Ordinary Income)." Because shares acquired through the exercise of a SAR are considered non-covered securities1, cost basis is not reported to the IRS by E*TRADE.

If I sell my SAR shares immediately upon exercise, do I need to report the sale on my tax return?

Yes, even though the income recognized from the SAR exercise will be included on Form W-2, the sale of the resulting shares is a separate transaction for tax purposes. Generally, the sale should be reported on your US Individual Income Tax Return (Form 1040), Schedule D and Form 8949 in the year of sale.

Is the income from a SAR exercise subject to payroll taxes?

Yes, ordinary income recognized from exercising the SAR is subject to income tax withholding and payroll taxes such as Social Security and Medicare.

How will the income from a SAR exercise be reported to me?

Your employer should report the ordinary income on your Form W-2, Wage and Tax Statement. In the case of non-employees, the income should be reported on Form 1099-NEC in Box 1.

In determining whether the sale of the stock generated a short- term or long-term capital gain or loss, when does the holding period begin: When the SAR was granted or when it was exercised?

The holding period for shares acquired through a SAR exercise begins on the exercise date. You would need to hold the shares for more than a year after your exercise date for any gains upon sale to qualify for long-term capital gains or loss treatment.

I also received cash-settled SARs. Why didn't I receive a Form 1099-B after I exercised those?

With cash settled SAR transactions, you receive the cash value of the stock. There is no sale of stock and therefore a Form 1099-B would not be generated. Instead, the cash value you receive would reflect on your Form W-2 or Form 1099-NEC, similar to a bonus payment.

Disclosures

This information should not be construed as legal, accounting, or tax advice. You should review your personal circumstances with your legal, accounting, or tax advisor. E*TRADE Financial Corporate Services, Inc. and its employees do not provide legal, accounting or tax advice.

The information contained in this document applies only to persons who are subject to tax in the US and it applies only to your US federal income tax return. Purchases of stock under an employee stock plan and sales of that stock are reported differently in non-US tax jurisdictions and may be reported differently on your state income tax return. Tax laws are complex and subject to change. This information is based on current federal tax laws in effect at the time this was written.

The information contained in this document assumes that any fees or commissions associated with the sale are deducted from the sales proceeds reported on Form 1099-B. Morgan Stanley Smith Barney LLC ("MSSB") always deducts the fees and commissions from the sales proceeds reported on your Form 1099-B; consult a tax advisor if your broker did not.

The information contained in this document assumes that your employer has properly reported the income from your exercise and sale on your Form W-2. If your employer did not do this, or if you have any questions concerning the information on your Form W-2, you should consult your employer and/or tax advisor.

The information published herein is of a general nature and has been summarized for presentation to a large audience. It is not a complete discussion of all aspects of the laws, rules, regulations, standards, and principles that govern how employee stock option information is reported on tax documents provided to you and how it should be reported on your tax re- turn. The contents are neither designed nor intended to be relied upon, and should not be considered legal, accounting or tax advice. Your specific situation may involve circumstances that cause the laws, rules, regulations, standards, and principles described herein to apply differently. You should consult your own legal, accounting and tax advisors before deciding what, if any, course of action to take.

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