

Thomas R. Nides
Managing Director
Chief Administrative Officer

1585 Broadway
New York, NY 10036

Morgan Stanley

March 27, 2009

Dear []:

The Board of Directors is asking shareholders to approve an additional 25 million shares for issuance under our 2007 Equity Incentive Compensation Plan at our annual shareholders meeting. The Board strongly believes that approval of these additional shares is crucial to the Firm's ongoing success.

We realized a tremendous opportunity when we announced the joint venture early this year combining our global wealth management business with Citigroup's Smith Barney unit, thus advancing our long-term corporate strategy, with more than 20,000 high-quality financial advisers and \$1.4 trillion in client assets.

As a result of this transaction, thousands of employees will be joining our workforce and we need to reevaluate the sufficiency of shares available for grant under the 2007 Plan. In order to continue to grant equity awards through the next year – to Morgan Stanley as well as to joint venture employees – the Board is asking shareholders to approve an additional 25 million shares for issuance under our 2007 Plan.

The use of equity is critically important for several reasons:

- At Morgan Stanley, equity awards help to foster an ownership culture and are a critical tool in driving shareholder value and in recruiting, retaining and motivating top talent.
- As stated above, the remaining shares under the 2007 Plan are not expected to cover equity awards that might be made through the next year, including among the additional Smith Barney employees joining our wealth management joint venture.
- The additional shares requested are intended to cover grants through the next year, at which point we expect to come back to shareholders for approval of additional shares for the following year.

Additional information is provided in the attached document. Please support our efforts by voting FOR amendment of the Plan, as well as by following the Board's voting recommendations on the other agenda items. If you need assistance in voting your shares, please contact our proxy solicitors at (800) 487-4870 or (877) 750-5837. Thank you.

Sincerely,

