

Morgan Stanley

Memorandum

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January 9, 2009

To: Employee Shareholders

From: John Mack

Morgan Stanley will hold a special meeting of shareholders at 10:30 a.m. Eastern Standard Time (EST) on February 9th at our headquarters in New York, NY. As a shareholder, you will be able to vote on:

- approving the conversion terms of Morgan Stanley's Series B Non-Cumulative Non-Voting Perpetual Convertible Preferred Stock, the issuance of Morgan Stanley's common stock pursuant to such terms and the potential equity issuances contemplated by the Investor Agreement, dated as of October 13, 2008, as amended, by and between Morgan Stanley and Mitsubishi UFJ Financial Group, Inc.; and
- approving the adjournment of the Special Meeting, if necessary or appropriate, to solicit additional proxies if (a) there are insufficient votes at the time of the Special Meeting to adopt Proposal 1 or (b) a quorum is not present at the time of the Special Meeting.

Our Board of Directors recommends that shareholders vote **“FOR”** both proposals. The Board's rationale for these recommendations is set forth in our proxy statement. Detailed instructions for voting your shares are provided below.

Thank you for your continued support of and investment in Morgan Stanley.

To vote your shares held in the Firm's employee plans, click on _____. Alternatively, you may vote by touch-tone telephone. If you are located in the U.S., dial _____. If you are located outside the U.S., dial _____. When voting by telephone, enter the following 11-digit control number: “#####”. Your vote regarding plan shares must be received by 11 p.m. EST on February 4, 2009.

To vote through the website, use the same authentication you use to log into the Morgan Stanley systems (Note: Kerberos ID for ISG, Windows login ID for GWMG). For technical assistance, please contact your regular help desk.

If you also hold shares in a brokerage account and/or in your own name, you will receive separate proxy card(s) to vote those shares. To ensure that *all* of your shares are

voted at the meeting, follow the instructions on each proxy card that you receive.

To view or print a copy of the proxy statement, go to www.morganstanley.com/2009specialmeeting. To request a copy of the proxy statement or a proxy card for your shares in employee plans, call _____.