Notice

The information provided herein may include certain non-GAAP financial measures. The reconciliation of such measures to the comparable GAAP figures are included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2010 (“Annual Report on Form 10-K”), the Company’s Quarterly Reports on Form 10-Q and the Company’s Current Reports on Form 8-K, including any amendments thereto, which are available on www.morganstanley.com.

This presentation may contain forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made, which reflect management’s current estimates, projections, expectations or beliefs and which are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of risks and uncertainties that may affect the future results of the Company, please see the Company’s Annual Report on Form 10-K, the Company’s Quarterly Reports on Form 10-Q and the Company’s Current Reports on Form 8-K. This presentation is not an offer to buy or sell any security.
Topics for Discussion

• Execution progress across businesses
• Legacy issues addressed
• Fortified foundation – capital, liquidity, risk management
• Further enhancing execution and efficiency – technology, cost re-engineering
Delivering On Our Strategy

**Institutional Securities**

“Leading position in Investment Banking, Equities, Commodities, and Credit Products with upside in Rates and EM from more broadly leveraging our client franchise”

**Wealth Management**

“World’s largest wealth management firm, with upside from integration and expanded client offering”

**Asset Management**

“Institutional asset management focus, with upside from ongoing optimization”

**Key Performance Goals**

**Strengthen Institutional Securities**
- Maintain leadership position in Investment Banking, Equities, Commodities, and Credit Products
- Deepen client coverage to close footprint gaps
  - Drive 2% market share increase in Fixed Income

**Integrate and build MSSB**
- One MSSB platform with industry-leading capabilities
- Build MS Private Bank
- 20+% PBT margin post-integration (market / rate dependent)

**Rebuild Asset Management**
- 70+% of strategies at or above benchmark
- Leverage strong performance with robust distribution / sales
Strategically Repositioned: Addressed Legacy Issues, Exiting Non-Core, Focusing on Core Businesses

<table>
<thead>
<tr>
<th>Actions Taken</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Spun-off Discover Financial Services (3Q 2007)</td>
<td>✓</td>
</tr>
<tr>
<td>Strategic investment from CIC (4Q 2007)</td>
<td>✓</td>
</tr>
<tr>
<td>Sold MSCI (4Q 2007 – 2Q 2009)</td>
<td>✓</td>
</tr>
<tr>
<td>Strengthened risk management and increased headcount (2008 – 2009)</td>
<td>✓</td>
</tr>
<tr>
<td>MUFG investment and Strategic Alliance (4Q 2008)</td>
<td>✓</td>
</tr>
<tr>
<td>Created Morgan Stanley Smith Barney (MSSB) (2Q 2009)</td>
<td>✓</td>
</tr>
<tr>
<td>Reconstituted Operating, Management and Risk Committees (2010)</td>
<td>✓</td>
</tr>
<tr>
<td>Created joint ventures with MUFG Securities (2Q 2010)</td>
<td>✓</td>
</tr>
<tr>
<td>Sold Retail Asset Management (2Q 2010)</td>
<td>✓</td>
</tr>
<tr>
<td>CIC conversion of Preferred to Common (3Q 2010)</td>
<td>✓</td>
</tr>
<tr>
<td>Restructured all proprietary desks (including PDT)</td>
<td>✓</td>
</tr>
<tr>
<td>Addressed merchant banking portfolio, including real estate, limited future capital (2010)</td>
<td>✓</td>
</tr>
<tr>
<td>Sold Invesco equity stake (4Q 2010)</td>
<td>✓</td>
</tr>
<tr>
<td>Sale of CICC (4Q 2010)</td>
<td>✓</td>
</tr>
<tr>
<td>Signed Morgan Stanley – Huaxin joint venture agreement (4Q 2010)</td>
<td>✓</td>
</tr>
</tbody>
</table>
Fortified Our Foundation

### Increased Capital and Liquidity; Diversified Funding

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Built strong capital position</td>
<td>• Pro-forma Tier 1 Common Ratio of 14.5% in 1Q11</td>
</tr>
<tr>
<td>• Enhanced robust liquidity position</td>
<td>• Global Liquidity Reserve of $172Bn, 21% of assets in 1Q11, vs. 11% of assets in 1Q08</td>
</tr>
<tr>
<td>• Restructured approach to secured funding</td>
<td>• Secured funding: improved governance, diversification and WAM</td>
</tr>
<tr>
<td>• Further diversified unsecured funding</td>
<td>• Unsecured funding: increased diversification by geography and distribution</td>
</tr>
</tbody>
</table>

**Meaningfully Strengthened Risk Management: People, Analytics & Governance**

Source: Morgan Stanley SEC Filings

Note: Tier 1 common ratio is a non-GAAP financial measure that the Firm considers to be a useful measure that the Firm and investors use to assess operating performance and capital adequacy. The Tier 1 common ratio equals Tier 1 capital less qualifying perpetual preferred stock, qualifying trust preferred securities and qualifying restricted core capital elements, adjusted for the portion of goodwill and non-servicing intangible assets associated with MSSB non-controlling interests divided by risk-weighted assets.

This slide is part of a presentation by Morgan Stanley and is intended to be viewed as part of that presentation. The presentation is based on information generally available to the public and does not contain any material, non-public information. The presentation has not been updated since it was originally presented.
**MUFG Conversion: Financial and Strategic Upside**

<table>
<thead>
<tr>
<th>Financial</th>
<th>Strategic</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Industry-leading Proforma Tier 1 Common Ratio; well positioned for Basel 3</td>
<td>• MUFG better aligned with interests of common shareholders</td>
</tr>
<tr>
<td>• Elimination of approximately $800 million in annual preferred dividends</td>
<td>• MUFG to hold two seats on the Morgan Stanley board</td>
</tr>
<tr>
<td>• Simplified financials</td>
<td>• Continuing to capitalize on already announced initiatives, e.g. lending joint venture</td>
</tr>
<tr>
<td>• Stronger counterparty</td>
<td></td>
</tr>
</tbody>
</table>
Funding: More Durable and Diversified

- Secured funding decreased from 52% of our overall funding mix in 4Q 2007 to 39% in 1Q 2011
- WAM of Non-Highly Liquid assets exceeded 120 days in 1Q 2011 vs. less than 30 days in 1Q 2008
- Managing asset-based model to obtain appropriate term funding consistent with liquidity profile of underlying assets
  - Assets tiered by fundability
  - Maturity targets and limits set for each tier

Strengthened, Diversified Composition of Funding (%)

4Q07

- 52% Secured Funding
- 32% Deposits
- 5% CP and Other Short-Term Borrowings
- 5% Long-Term Debt

1Q11

- 39% Secured Funding
- 12% Deposits
- 11% CP and Other Short-Term Borrowings
- 10% Long-Term Debt

Increased Weighted Average Maturity of Secured Book By Fundability Bucket (days)

- 1Q08 1Q11
- 1Q08 1Q11
- 1Q08 1Q11
- 1Q08 1Q11

Source: Morgan Stanley SEC Filings
Notes: (1) 4Q07 figures as reported on a fiscal-year basis.
(2) 1Q08 and 1Q11 figures as reported on a calendar-year basis.

This slide is part of a presentation by Morgan Stanley and is intended to be viewed as part of that presentation. The presentation is based on information generally available to the public and does not contain any material, non-public information. The presentation has not been updated since it was originally presented.
## Portfolio Level Limits

| Stress Testing (S-VaR) & Aggregate Exposures | 15 Limits |

- Comprehensive aggregate risk measurement
- Stress testing for Firm and key product areas
- S-VaR stress testing methodology since 2009

## Credit Limits

### Credit Portfolios
- ~250 Limits

- Multiple limit frameworks managed for Firm and by legal entity
- Assigned at single product level and in aggregate across products
- Managed by credit professionals and by governance committees

### Single Name Exposures
- ~54,000 Limits

## Market Limits

### Trading VaR
- ~20 Limits

- Comprehensive market risk sensitivity limits
- Daily monitoring by risk professionals
- Daily sign-off on key limits

### Key Trading Greeks
- ~32,000 Limits

---

Morgan Stanley
Driving Execution & Efficiency To Deliver For Clients & Shareholders

- Execution
- Efficiency

- Technology & Innovation
- Expense Re-engineering

Morgan Stanley
Focus: Achieve “Run the Bank” cost efficiencies to support / fund “Change the Bank” initiatives

Run The Bank
- Normal activity to maintain existing operations
- Use partners and strategic vendors to drive efficiencies and eliminate redundant spending

Change The Bank
- Invest to meet client needs driven by competitive and regulatory change
  - History of innovation: MSET, Prime Brokerage
  - Future: central clearing, SEFs, Single FA platform

- Technology is core to the execution of our strategy
  - Over 14,000 technology-related employees and consultants globally
  - 2007-2010 technology spend CAGR of 7% vs. industry CAGR of 2%\(^{(1)}\)
- Strong and disciplined technology management team with an average of 24 years of experience

Note: (1) Aite “2011 Capital Markets Technology Spending”, Company data
Key Technology Initiatives – Institutional Securities

Leveraging historical strengths to drive the future

- Electronic trading: MSET is flagship electronic trading brand
  - Built in-house with consistent investment over many years by Institutional Equities and FX
  - Leveraging MSET technology deeper into Fixed Income
  - Over the last two years, our electronic trading volumes have grown at a CAGR of more than 100% in FX and 60% in Rates

- Central Clearing: on track; fully functional clearing platform in 3Q 2011

- Operations: investments in straight-through processing will increase scalability, reduce costs and operational risk and make systems more fungible

- System & Data Model: working towards a single data model, with unified architecture from front to back across silos, to generate operational efficiencies
Key Technology Initiatives – Global Wealth Management

Building a best-in-class platform to improve Financial Advisors’ ability to access intellectual capital and serve clients effectively

- Will merge three legacy platforms into single FA platform

- Key enhancements include
  - “Center for Investment Excellence” for investment insights from analysts, money managers and other FAs
  - Sophisticated risk management / analysis tools
  - Improved Client Relationship Management (CRM) system, including click-to-dial and inbound call recognition
  - Mobile capabilities
  - Integrated search capabilities
  - Recommendation engine to deliver customized insights to each FA
Key Technology Initiatives – Asset Management

**Targeted enhancement of technology platform**

- Improved analytic capabilities for Fixed Income and Liquidity front-office platforms
- Leverage service provider technology to deliver added functionality to MSIM Operations (enhanced settlements, reporting and record-keeping)
- Augment CRM / workflow platform in support of sales and marketing efforts
- Focus on Real Estate and Merchant Banking technology platforms to further streamline fund accounting processes
Expense Re-engineering Overview

- In February 2011, announced an Office of Re-engineering and Expense Management under the COO
- Commenced a three-year program targeting $1+ billion in annual run-rate savings
- Re-engineering effort is comprehensive
  - Improve processes and reduce layers of complexity built over time
  - Execute numerous cross-divisional projects
  - Includes process optimization, vendor and demand management, location strategy and outsourcing, operating model renovation
- Meaningful gross run-rate savings beginning in 2012 (~$500 million)
- Cumulative net run-rate savings expected to build quickly and steadily from 2012 to 2014
Cost Re-engineering Initiatives Over the Next Three Years to Drive $1+ Billion Run-Rate Savings

<table>
<thead>
<tr>
<th>Illustrative Actions</th>
<th>Additional Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tech &amp; Data / Operations</strong></td>
<td><strong>Optimize Server Utilization</strong></td>
</tr>
<tr>
<td>Operating Model Renovation</td>
<td>Decommission Obsolete Systems</td>
</tr>
<tr>
<td>Technology and Process Optimization</td>
<td>Data Center Strategy</td>
</tr>
<tr>
<td>Vendor and Demand Management</td>
<td></td>
</tr>
<tr>
<td><strong>Administrative Projects</strong></td>
<td><strong>Effective Use of Offshore and Nearshore Locations</strong></td>
</tr>
<tr>
<td>Location Strategy</td>
<td>Identify and Implement New Outsourcing Opportunities</td>
</tr>
<tr>
<td>Space and Occupancy</td>
<td></td>
</tr>
<tr>
<td><strong>MSSB</strong></td>
<td></td>
</tr>
<tr>
<td>Shared Efficiencies with ISG</td>
<td></td>
</tr>
<tr>
<td>E-Delivery of Statements and Confirms</td>
<td></td>
</tr>
<tr>
<td><strong>Finance</strong></td>
<td><strong>Legal Entity Consolidation, Streamlined Process and Reporting</strong></td>
</tr>
<tr>
<td>Finance Efficiencies</td>
<td>Continue Execution of Change the Bank Project</td>
</tr>
<tr>
<td>Moving Certain Derivatives to the Bank</td>
<td></td>
</tr>
<tr>
<td>Further Optimizing Deposit Use</td>
<td></td>
</tr>
</tbody>
</table>

Morgan Stanley

This slide is part of a presentation by Morgan Stanley and is intended to be viewed as part of that presentation. The presentation is based on information generally available to the public and does not contain any material, non-public information. The presentation has not been updated since it was originally presented.
Conclusion

• Client-centric, global and diversified business
  – Well positioned for regulatory reform
  – Well positioned for Basel 3 requirements – capital and liquidity

• Executing across businesses

• Driving added effectiveness and efficiency
  – Technology-related
  – Expense re-engineering
2011 Deutsche Bank Global Financial Services Investor Conference

Ruth Porat, Executive Vice President and Chief Financial Officer

June 7, 2011