Bank of America Merrill Lynch Banking and Financial Services Conference

Paul J. Taubman
Co-President
Institutional Securities
November 15, 2011
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.
### Actions Taken

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<table>
<thead>
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<tbody>
<tr>
<td>Strengthened capitalization</td>
<td>✓</td>
</tr>
<tr>
<td>Enhanced liquidity</td>
<td>✓</td>
</tr>
<tr>
<td>Diversified funding</td>
<td>✓</td>
</tr>
<tr>
<td>Streamlined, refocused business model</td>
<td>✓</td>
</tr>
<tr>
<td>Reinvigorated core businesses</td>
<td>✓</td>
</tr>
</tbody>
</table>
Fixed Income

- Investments in flow businesses yielding positive results
- Improving client dialogue and penetration…
  - Senior Relationship Management and Priority Account initiatives
- …driving share gains across geographies and products
  - Greenwich Associates surveys indicate more share gain than any other dealer vs. 2010

Equities

- Sustained market share gains in cash equities across geographies
- Significant growth in derivatives
- Continued growth in electronic trading platform
- A market leader in prime services
...Resulting in Substantial Share Gains in Fixed Income and Equity Sales & Trading

Fixed Income and Equity Sales & Trading Ex-DVA Revenue Growth (1)
3Q11 YTD vs. 3Q10 YTD (%)

<table>
<thead>
<tr>
<th>Morgan Stanley</th>
<th>Peer Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>(13)</td>
</tr>
</tbody>
</table>

Source: Company SEC Filings and Earnings Release Supplement

(1) Ex-DVA Revenue 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. On a reported (GAAP) basis, MS Equity and Fixed Income Sales and Trading revenues increased 37% 3Q11 YTD vs. 3Q10 YTD. This compares with about 9% decline for the peers during the same time period.

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Investment Banking “Multiplier Effect”

2011 YTD Revenue Contribution (1)

Global Wealth Management
- Retail distribution
- Wealth management introductions
- Deposits

Investment Banking

Fixed Income Sales and Trading
- Credit flow trading
- Corporate derivatives
- SRM

Equity Sales and Trading
- Equity flow trading
- Corporate derivatives
- SRM

Source:
Company SEC Filings

(1) Excludes DVA, Other Sales and Trading, intersegment eliminations and MUMSS loss in 1Q11. Ex-DVA Revenue 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. On a reported (GAAP) basis but excluding Other Sales and Trading, intersegment eliminations and MUMSS loss in 1Q11, revenue split would be 12% for Investment Banking, 27% for Fixed Income Sales & Trading, 19% for Equity Sales & Trading, 2% for Other ISG, 5% for Asset Management and 35% for GWM

(2) Represents the total of investments and other revenues for Institutional Securities

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Premier Investment Banking Franchise

- **Consistent Leader in Global M&A**
  - #1 in Global Announced M&A in 2009 and 2010
  - #1 in Global Completed M&A in 2011 YTD

- **Leading Equity and IPO Franchise**
  - #1 in Global Equity and Equity-Linked since 2010 \(^{(1)}\)
  - #1 in IPOs since 2010

- **Enhanced Fixed Income Underwriting Franchise**
  - Highest reported six-month Fixed Income Underwriting revenues 1H2011
  - Significantly expanded Leveraged & Acquisition Finance capabilities

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\(^{(1)}\) Includes Rights and Excludes Self-Issuance
# Investment Banking Revenues Have Outpaced Volumes

<table>
<thead>
<tr>
<th></th>
<th>3Q11 vs. 3Q10 (% Δ)</th>
<th>3Q11 YTD vs. 3Q10 YTD (% Δ)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Market Volumes</td>
<td>Morgan Stanley Revenue</td>
</tr>
<tr>
<td>Advisory</td>
<td>6% (1)</td>
<td>11%</td>
</tr>
<tr>
<td>Equity Underwriting</td>
<td>(45)</td>
<td>(8)</td>
</tr>
<tr>
<td>Debt Underwriting</td>
<td>(47)</td>
<td>(44)</td>
</tr>
</tbody>
</table>

Source: Company SEC Filings, Thomson Reuters

(1) Global Completed M&A Volumes

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# Relative Outperformance and Absolute Share Gains

<table>
<thead>
<tr>
<th>IBD Market Share (%)</th>
<th>3Q11 YTD vs. FY 2008</th>
<th>Industry Share Declines (1)</th>
<th>Morgan Stanley Share Gains</th>
</tr>
</thead>
<tbody>
<tr>
<td>M&amp;A – Announced</td>
<td>(5.3)</td>
<td></td>
<td>+ 2.4</td>
</tr>
<tr>
<td>M&amp;A – Completed</td>
<td>(3.4)</td>
<td></td>
<td>+ 8.8</td>
</tr>
<tr>
<td>Equity and Equity-Linked (2)</td>
<td>(0.1)</td>
<td></td>
<td>+ 0.3</td>
</tr>
<tr>
<td>Equity IPOs</td>
<td>(1.0)</td>
<td></td>
<td>+ 2.7</td>
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**Source:** Thomson Reuters

(1) Decline in market share of #1 ranked firm
(2) Includes Rights and Excludes Self-Issuance

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Significant YoY Wallet Share Gains in Investment Banking

3Q11 YTD vs. 3Q10 YTD (%)

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<thead>
<tr>
<th></th>
<th>20</th>
<th>16</th>
<th>12</th>
<th>9</th>
<th>6</th>
<th>4</th>
<th>2</th>
</tr>
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<tbody>
<tr>
<td>Morgan Stanley</td>
<td></td>
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<td>Peer Average</td>
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Source: Company SEC Filings and Earnings Release Supplement

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Building the Franchise: Strategic Investments

1. "Recent" Investments
   - Footprint expansion
     - Talent additions
     - Subsector build-outs
   - Enhanced and expanded client solutions

2. Long-standing Investments
   - Globalization
     - Established a presence in numerous markets in key growth regions
     - Built leading emerging market franchises
Building the Franchise: Strategic Investments

1. “Recent” Investments
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“Recent” Strategic Franchise Investments

Key Investments Since the Financial Crisis

• Expanded client footprint
  - Cover more clients than 5 years ago

• Filled “White Space” through strategic hires
  - Filled footprint gaps in key products, geographies, and industry segments

• Continued investment in leading industry verticals
Continued Reinvestment in Leading Industry Verticals

- Morgan Stanley has premier franchises where most of the fastest growing companies are: Technology and Healthcare (1)

Source: Fortune, September 2011

(1) Ranked by a composite of EPS, Revenues and Total Return growth
Expanding Client Solutions – Then and Now

**Debt**
- Investment Grade Offerings
- High Yield Offerings
- Liability Management
- Interest Rate and FX Swaps

**Equity**
- IPOs
- Follow-on Offerings
- Convertibles
- Share Repurchase Programs

**Advisory**
- Strategic Advisory
- Mergers
- Acquisitions (Buy-side)
- Divestitures (Sell-side)
- Defense

**Now**
- Corporate Derivatives
- Leveraged Loans
- Acquisition Finance
- Project Finance
- Debt Private Placements
- Pension Advisory

**Then**
- Private Placements / Pre-IPO Financings
- MLPs
- ASR
- Margin Loans
- Hedging

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# Building the Franchise: Strategic Investments

## “Recent” Investments
- **Footprint expansion**
  - Talent additions
  - Subsector build-outs
- **Enhanced and expanded client solutions**

## Long-standing Investments
- **Globalization**
  - Established a presence in numerous markets in key growth regions
  - Built leading emerging market franchises
Early Investments in Key Growth Regions

- China – 1993
- South Africa – 1994
- Argentina – 1999
- India – 1999
- Dubai – 2006

49% of Institutional Securities Revenue Now Comes From Outside the Americas (1)

Source: Company data
(1) 2011 YTD as of September 30, 2011. Excludes DVA and MUMSS loss in 1Q11. Ex-DVA Revenue 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. On a reported (GAAP) basis but excluding MUMSS loss in 1Q11, 49% of Institutional Securities Revenues came from outside the Americas.
Expanded Footprint in Key Growth Regions

Largest International Headcount Investments (1)

Brazil  
Australia

China  
Mexico

India  
Singapore

Russia  
UAE

BRIC Countries  
Other Strategic Geographies

Source: Company data  
(1) Since 2002
BRIC – An Important Growth Driver

International Cross Border Flows
2010 – 2011 YTD

Non-U.S. Global Equity Issuance
2010 – 2011 YTD

Source: Thomson Reuters, as of September 30, 2011

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Morgan Stanley is the Leading BRIC M&A Advisor...

BRIC M&A Market Share (1)

Market Share % and # of Deals By Advisor

Source: Thomson Reuters, 2010 – 3Q11

(1) BRIC any involvement announced deals of $100 million or more

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...and the Leading BRIC Equity Underwriter

BRIC Equity Market Share (1)
Market Share % and # of Deals by Underwriter

Source: Thomson Reuters, 2010 – 3Q11
(1) BRIC Equity & Equity-related excluding A shares

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Morgan Stanley forged a strategic partnership with Mitsubishi UFJ Financial Group (“MUFG”) in the Fall of 2008

MUFG has invested $9.5Bn in Morgan Stanley
- 22.4% common shareholder
- Two representatives on the Board

Strong partnership across institutional businesses

Initiatives include:
- Japan JV
- Business Referral Agreements
- Morgan Stanley / BTMU Loan Marketing JV
MUFG is the second largest deposit-gathering institution in the world (1)

Bank of Tokyo Mitsubishi UFJ ("BTMU"), a subsidiary of MUFG, and Morgan Stanley entered into a loan marketing JV in the Americas in June 2009

On a combined basis, BTMU and Morgan Stanley constitute one of the largest lenders to major U.S. corporations with total loan commitments in excess of $100Bn

Beyond our successful U.S. collaboration, Morgan Stanley and BTMU continue to find ways to work together outside the Americas

Source: SNL Financial and Company Websites
(1) As of latest annual reports; excluding Japan Post Bank
Japanese cross-border flows are likely to increase significantly, given the strengthening Yen.

Our Joint Venture with MUFG provides us with differentiated access to the largest Japanese corporates.
Franchise Well-Positioned to Capitalize On Macro Trends

1. Globalization / Cross-border
2. Deleveraging / Equitization
3. Shift From Bank to Bond Funding
4. Restructuring / Recapitalizations
5. Technological Innovation
Summary

- Premier Investment Banking Franchise
- Enhanced success due to long range investment
- Additional wallet and market share opportunities remain
- Strategically well-positioned to capture future flows
- “Multiplier Effect” will continue to feed other Firm businesses
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