Morgan Stanley

Barclays Financial Services Conference

James P. Gorman, Co-President

Colm Kelleher, Chief Financial Officer

September 15, 2009

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 fiscal year ended November 30, 2008, the Company's 2009 Quarterly Reports on Form 10-Q and the Company's 2009 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 for the fiscal year ended November 30, 2008 the Company's 2009 Quarterly Reports on Form 10-Q and the Company's 2009 Current Reports on Form 8-K.

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Colm Kelleher
Chief Financial Officer

Agenda

- Macro Environment
- Morgan Stanley Strategic Priorities
- Institutional Securities Going Forward
- Capital and Funding
- Morgan Stanley Smith Barney Integration Update
- Asset Management Update
- Closing Remarks

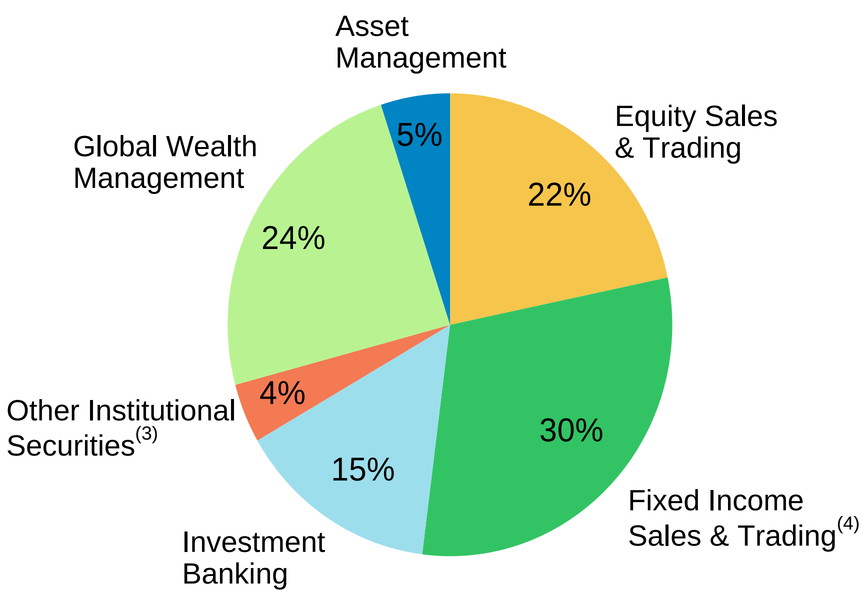
Macro Environment

- Global capital markets is a secular growth business
  - Current market environment showing signs of recovery and stability
  - While new issues markets strong, global M&A volumes still challenged
- Financing markets are reopening
  - U.S. investment grade and high-yield debt markets rebounding
- Regulatory landscape is evolving
- Global financial industry experiencing cyclical and structural changes
- Recapitalization of banking industry underway
- Consumer de-leveraging to take time

Financial Highlights – Diverse Revenue Mix

First Half 2009 U.S. GAAP Net Revenues of $8.4Bn

Product Mix – First Half 2009 (1,2)



Highlights – First Half 2009

- Delivered strong results in Investment Banking, and in Commodities, Rates & Credit Products but overall Fixed Income underperformed peers
  - Currently, ranked # 1 in announced and completed global M&A by Thomson Reuters
  - Morgan Stanley credit spread improvement resulted in negative revenues of $3.9bn
- Closed the Joint Venture (JV) with Smith Barney ahead of schedule on May 31. As of June 30,
  - 18,444 global financial representatives
  - $1.4tr in total client assets
  - $106bn - JV Bank Deposit Program
- Core Asset Management returned to profitability
- Expanded strategic alliance with Mitsubishi UFJ Financial Group

Source: Morgan Stanley SEC Filings

(1) Revenues are pro-forma to exclude negative impact of tightened credit spreads on certain long-term debt
(2) Excludes intersegment eliminations of ($76) million
(3) Excludes principal investment losses of ($974) million
(4) Represents combined revenues from Fixed Income Sales and Trading and Other Sales and Trading

Morgan Stanley Strategic Priorities

- Optimization of Institutional Securities
- Successful execution and integration of the Morgan Stanley Smith Barney Joint Venture
- Restructuring Asset Management
- Investing and growing talent while leveraging client franchise and brand
- Developing strategic alliance with MUFG

Business Overview – Strategic Priorities

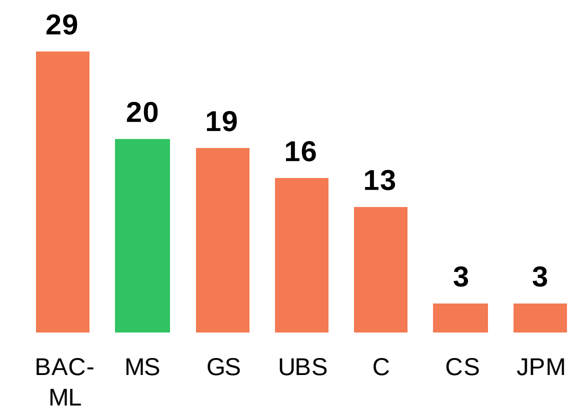
Improve Institutional Securities	**Execute Global Wealth Management**	**Optimize Asset Management**
• Refocusing the business and building client footprint and product scale • Significant market share opportunities • Disciplined operating approach with superior risk analytics – Risk-adjusted returns • Investing in intellectual leadership and talent	• Integrate Morgan Stanley Smith Barney joint venture • Generate cost and revenue synergies • Grow net new money and deposits • Drive banking product suite • Low capital usage	• Redefine the business • Improve investment performance • Reduce cost base • Restructure Institutional and Retail businesses • Re-align Merchant Banking

Morgan Stanley League Table Positions

Number of Years in Top Three vs. Competitors (1) 1970–2009 YTD

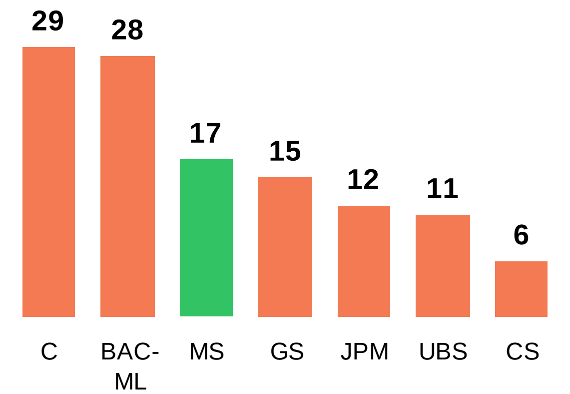
Global Equity and Equity-Linked

Number of Years



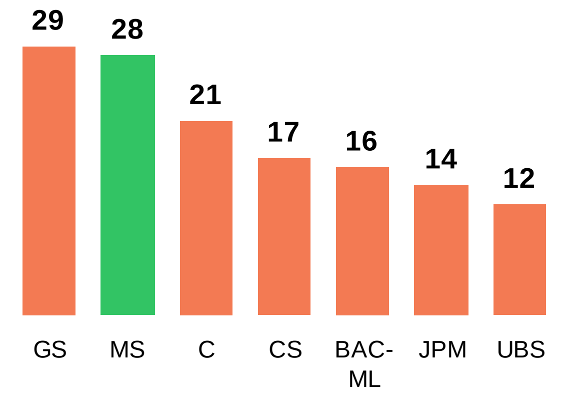
U.S. Investment Grade Debt

Number of Years



Global Completed M&A (2)

Number of Years



Source: Thomson Financial

(1) Includes all acquisitions pro forma. 2009 YTD is 1/1/09 – 9/14/09

(2) Global Completed M&A rankings are from 1980-2009 YTD

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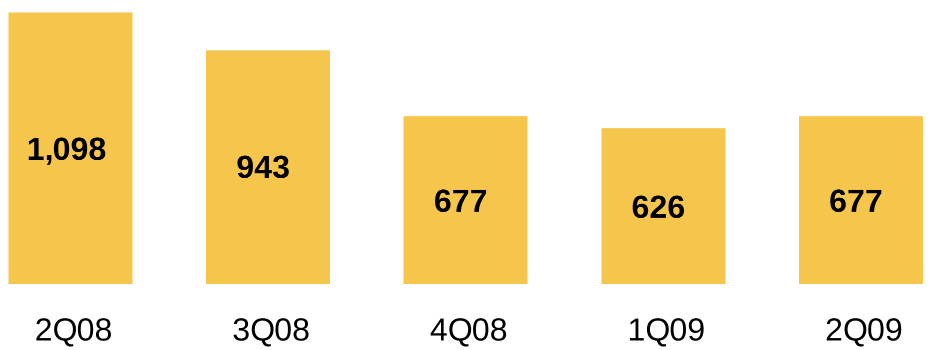
Institutional Securities Going Forward

- Improve value of pre-eminent client franchise by refocusing the business
  - Increase client footprint and build scale
  - Capture significant market share opportunities
- Disciplined operating approach
  - Focused on attractive risk adjusted return on capital (RAROC) businesses
  - Created capital efficient trading backed by superior risk analytics
- Investing and growing human capital
  - Fixed Income (Rates, FX, Commodities, Derivatives)
  - Equities (Prime Brokerage, Derivatives)
  - Research

Capital Management

Total Assets

($Bn)



Tangible Common Equity ($Bn) (1)

30.6	**36.8**	**26.6**	**26.4**	**29.3**

Leverage Ratio (2)

26.1x	**19.8x**	**12.1x**	**11.2x**	**13.7x**

2Q09 Key Capital Ratios
Basel I

Tier 1 Capital	**15.8%**
Tier 1 Common	**8.4%**
TCE to RWA (1)	**10.6%**

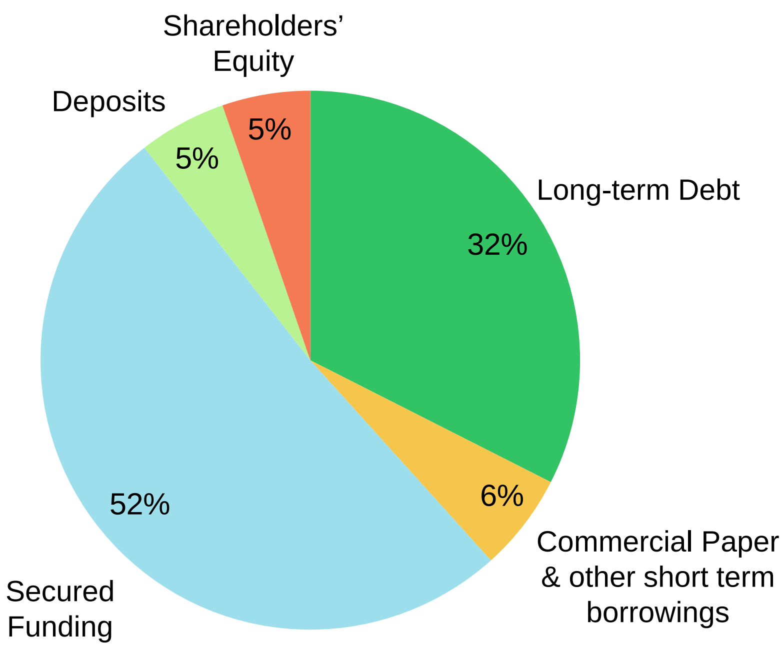
Source: Morgan Stanley SEC Filings

(1) Tangible Common Equity equals common equity less goodwill and intangible assets excluding mortgage servicing rights. The balance for the quarter ended 2Q09 includes the Company's preliminary estimate of only its share of MSSB's goodwill and intangible assets

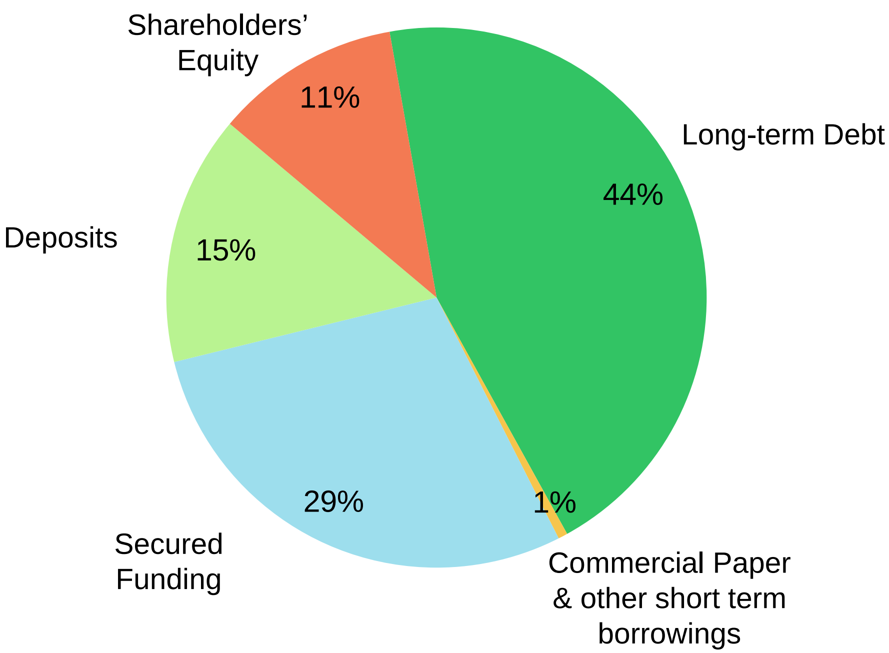
(2) Leverage ratio equals period-end total assets divided by tangible Morgan Stanley shareholders' equity

Funding Diversification

Composition of Funding Liabilities and Equity



4Q 2007 (1)



2Q 2009

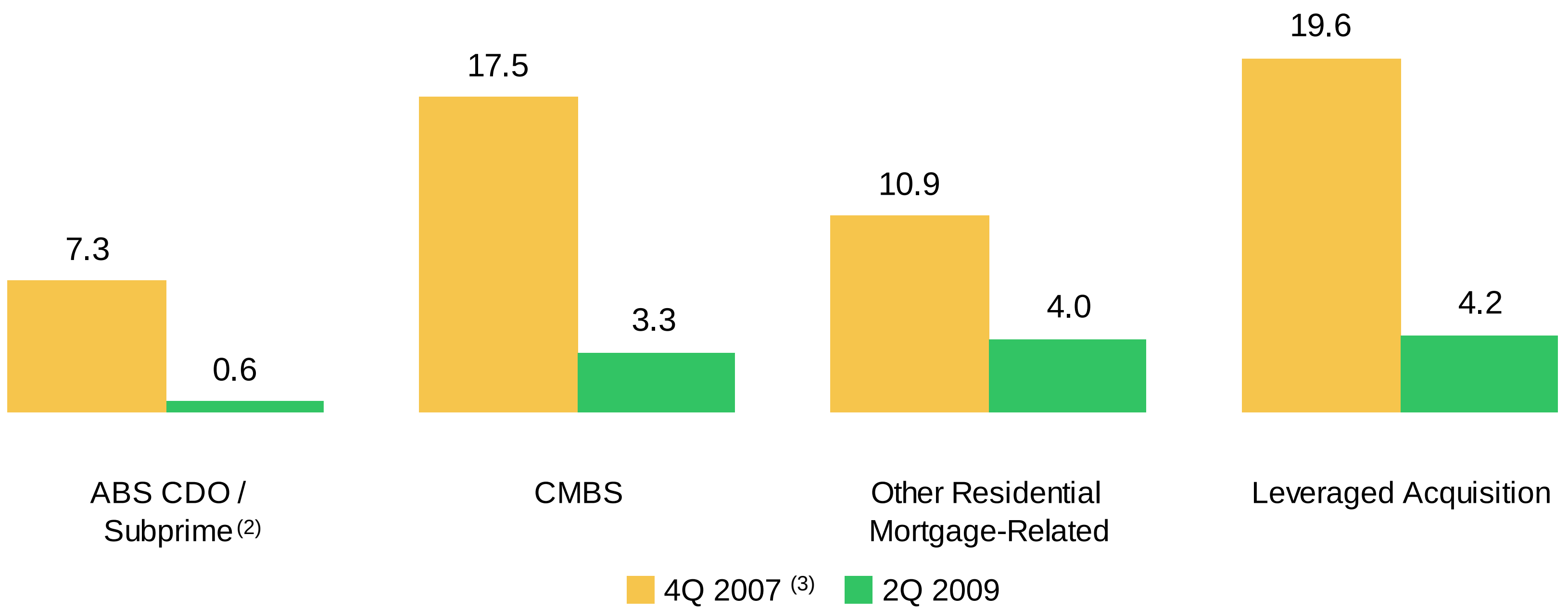
Source: Morgan Stanley SEC Filings

(1) 4Q 2007 reported on a fiscal year basis, as of November 30, 2007

Reduction in Risk Positions

Net Exposure [1]

($Bn)



Source: Morgan Stanley SEC Filings

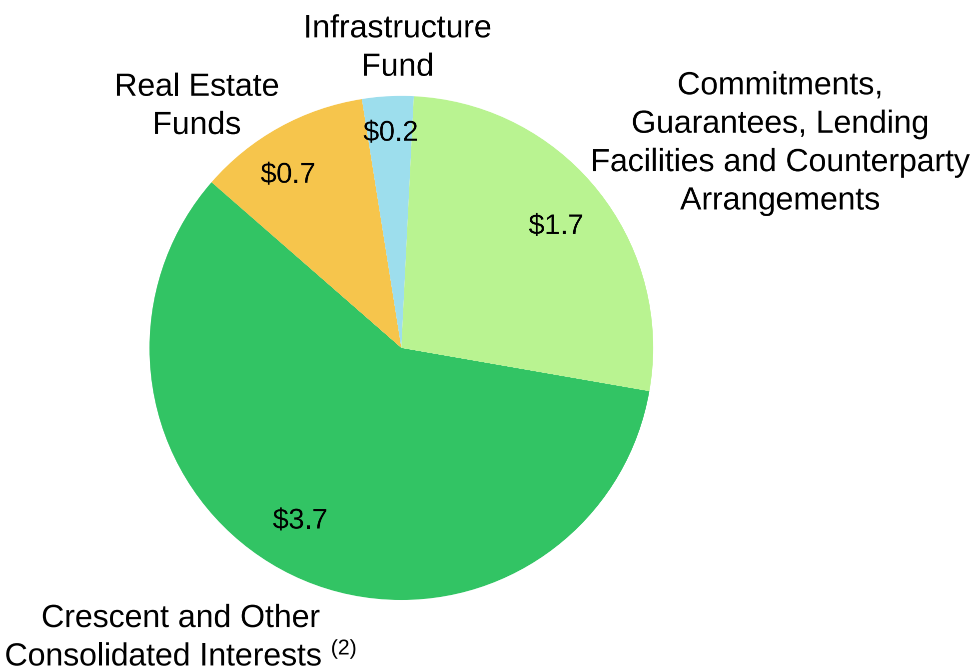
(1) Net Exposure is defined as potential loss to the Firm in an event of 100% default, assuming zero recovery, over a period of time. The value of these positions remains subject to mark-to-market volatility. Positive amounts indicate potential loss (long position) in a default scenario. Negative amounts indicate potential gain (short position) in a default scenario

(2) Includes subprime securities held by the investment portfolios of Morgan Stanley Bank N.A. and Morgan Stanley Trust FSB (collectively, the “Subsidiary Banks”). The securities in the Subsidiary Banks’ portfolio are part of the Company's overall Treasury liquidity management portfolio. The market value of the Subsidiary Banks' subprime-related securities, most of which are investment grade-rated residential mortgage-backed securities, was $1.3 billion at June 30, 2009 and $5.5 billion at November 30, 2007.

(3) 4Q 2007 risk positions reported on a fiscal year basis, and are as of November 30, 2007

Real Estate Investments

Total Real Estate Investments of $6.3bn [(1)]



June 30, 2009

- Industry-wide decline in Commercial Real Estate market negatively impacted revenues by $1.3bn and expenses by $400mm for first half of 2009

Source: Morgan Stanley SEC Filings

(1) Total balances exclude investments that benefit certain deferred compensation and employee co-investment plans. Morgan Stanley has $4.6 billion in direct real estate investments and $1.7 billion in contractual capital commitments, guarantees, lending facilities and counterparty arrangements with respect to total real estate investments as of June 30, 2009.

(2) As of June 30, 2009, consolidated statement of income amounts directly related to investments held by consolidated subsidiaries are condensed in this presentation and include principal transactions, net operating revenues and expenses and impairment charges.

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James P. Gorman
Co-President

Executive Summary

Morgan Stanley Smith Barney

- Morgan Stanley Smith Barney well-positioned as the largest retail brokerage firm and on track to achieve industry-leading margins
- Integration process ahead of schedule
- Financial Advisor headcount declined on the Smith Barney side pre-close, but now stabilized
- Specifically identified and begun to capture in excess of $1.1 billion in cost synergies, and additionally identified $275 million in revenue synergies
- Expect to achieve pretax margins of 20%+ by 2011

Asset Management

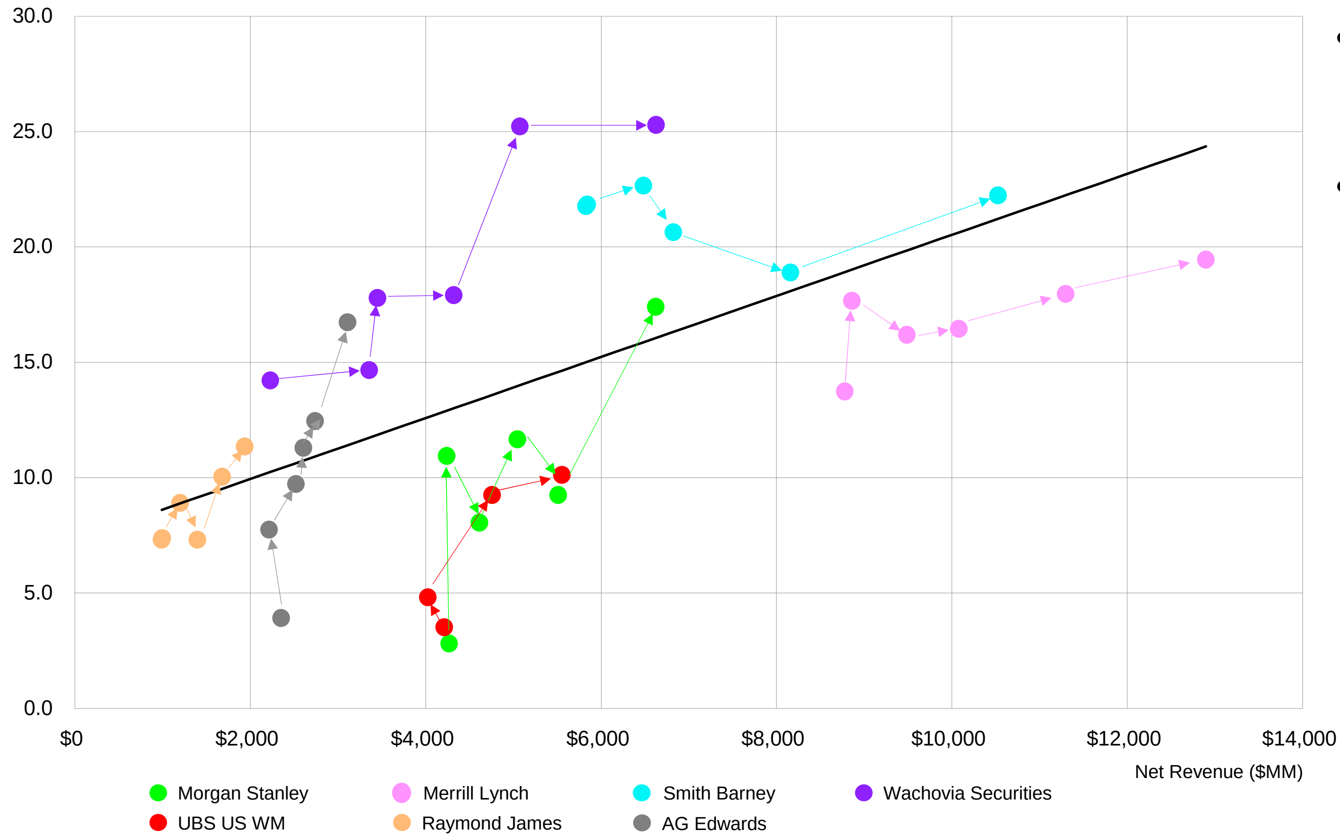
- Progress within each business segment

Strategic Context:
Historical Returns to Scale in Brokerage Industry

Scale Benefits based on Revenue

US Brokerage Net Revenue vs. Pretax Profit Margin

Pretax Margin (%), 2002-07



- Retail brokerage is a scale business
- Larger firms could earn pretax margins of 20%+

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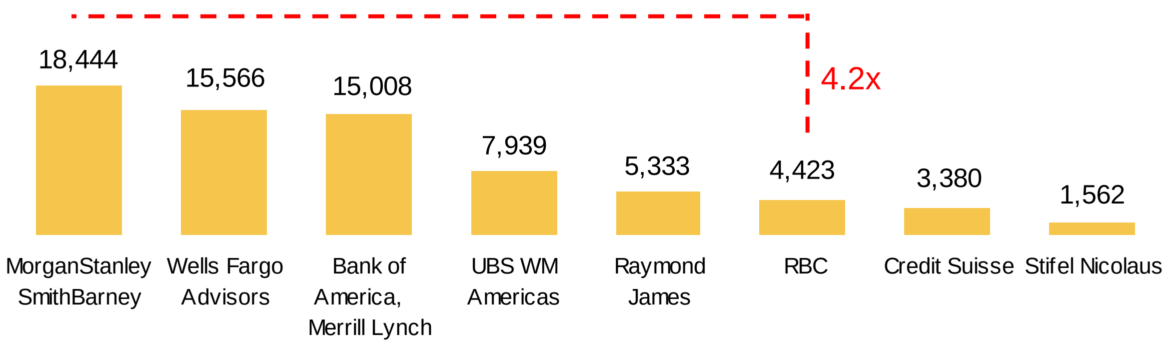
Source: SEC Filings and Presentations

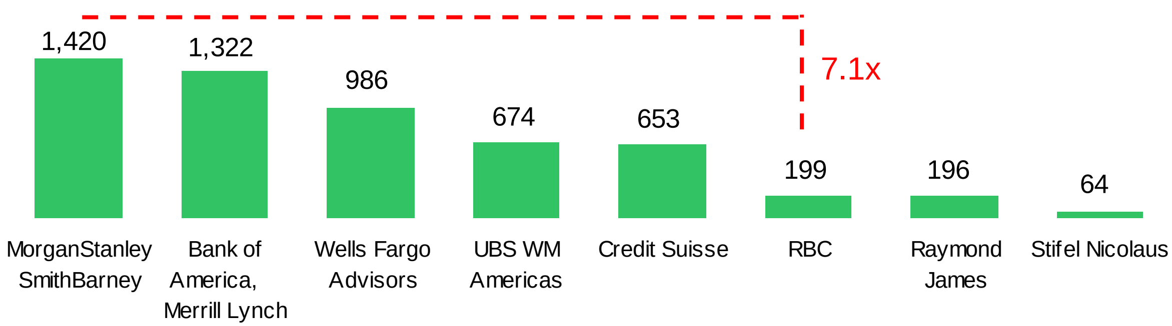
Strategic Context:
2009 Competitive Ranking U.S. Full Service Brokers

2Q09 Wealth Management Operations

FA Headcount by Firm



Client Assets by Firm
($Bn)



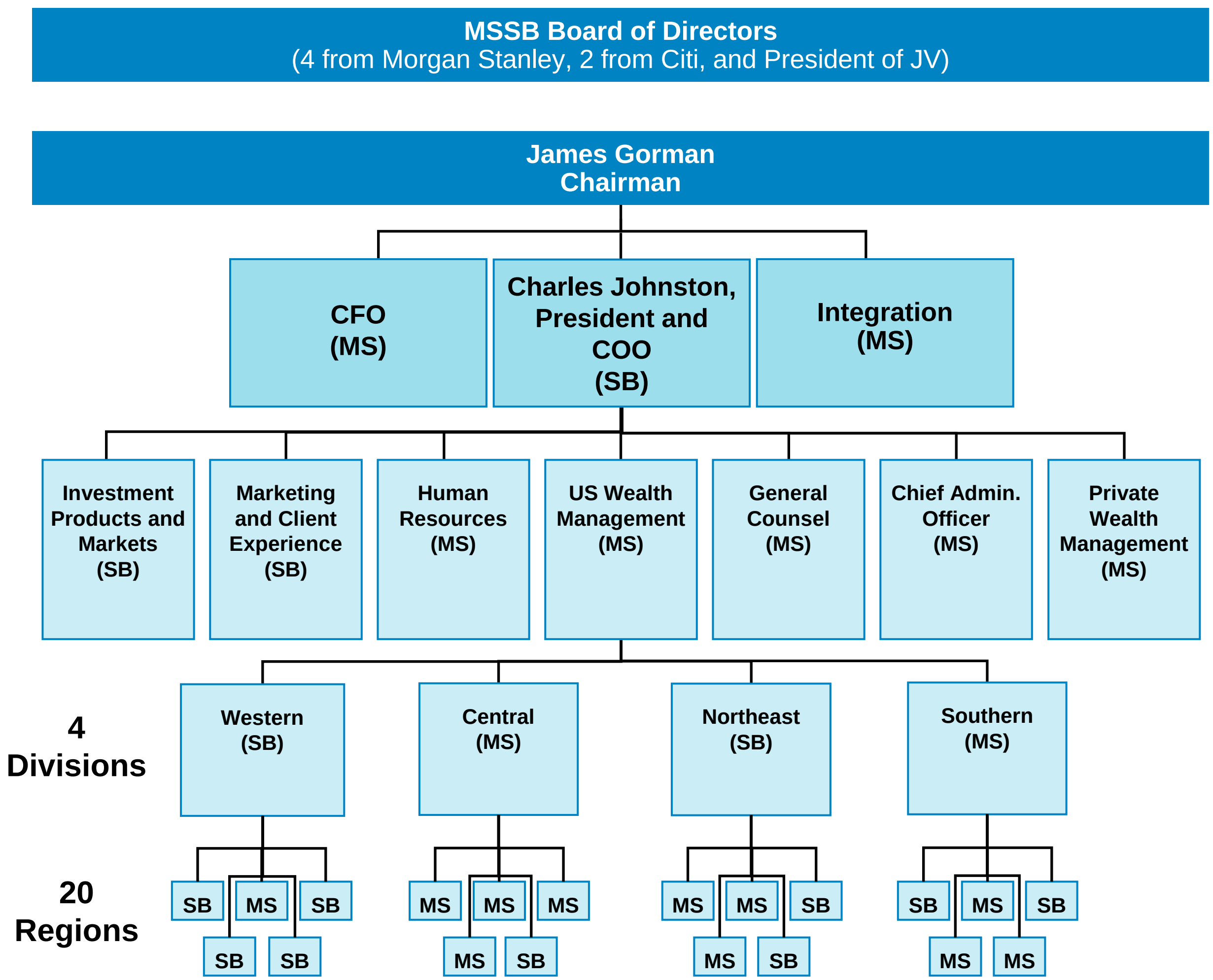
- Unprecedented consolidation has swept our industry, dramatically altering the competitive landscape
- MSSB is now the largest firm in the industry both in FAs and client assets
- MSSB will be able to leverage its position to capture substantial scale advantages

Source: SEC Filings and Presentations

Performance to Date:
Achieved Early Close for MSSB

- Closing targeted for 3Q 2009
- Achieved June 1, with:
  - 11 Federal regulatory approvals in 7 countries
  - 150 US state/territory approvals
  - 1,500 Transition Services Agreements
  - 1,000+ employees on 16 teams
  - 500+ IT and Ops personnel that completed 1500 tasks over the weekend before close

Performance to Date: Established Management Infrastructure



Management Team

- Senior team named 7 weeks before close
- Field leadership named 5 weeks before close
- Third layer of 93 appointments announced June 8^{th}
- No regretted senior management departures
- Balanced distribution of legacy MS and SB senior management
- Functioning as integrated team

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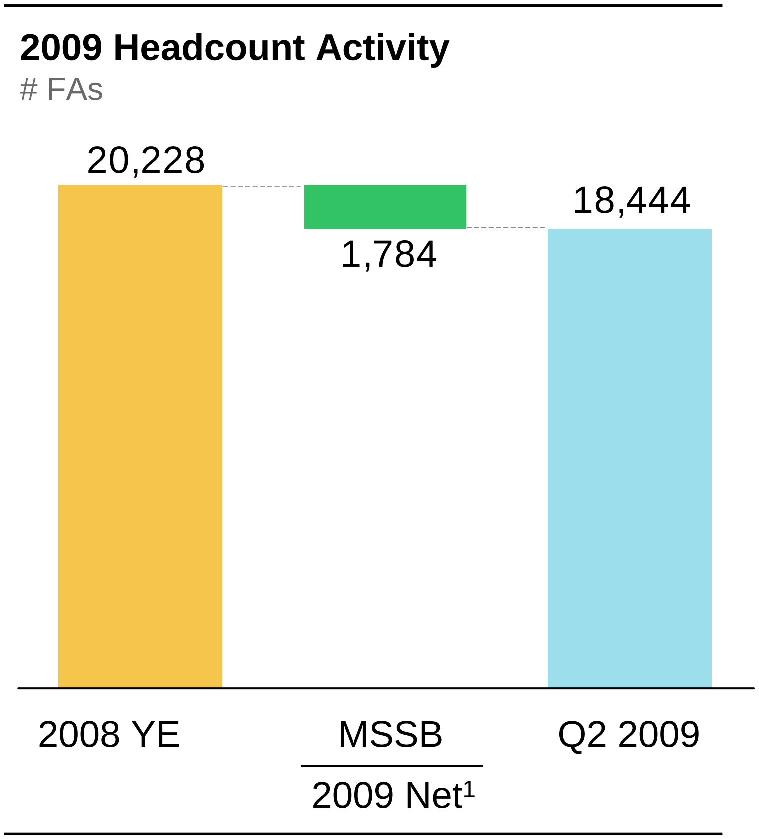
Performance to Date:
FA Headcount Has Declined in 2009



- 85% of all FAs lost had below average T-12 production
- Since deal closed, FA attrition has stabilized, due in part to
  - Closing JV deal ahead of schedule
  - Early identification of a strong management team
  - Delivering on commitments
- Attrition reduced by 75% since closing to normal levels

Source: SEC Filings

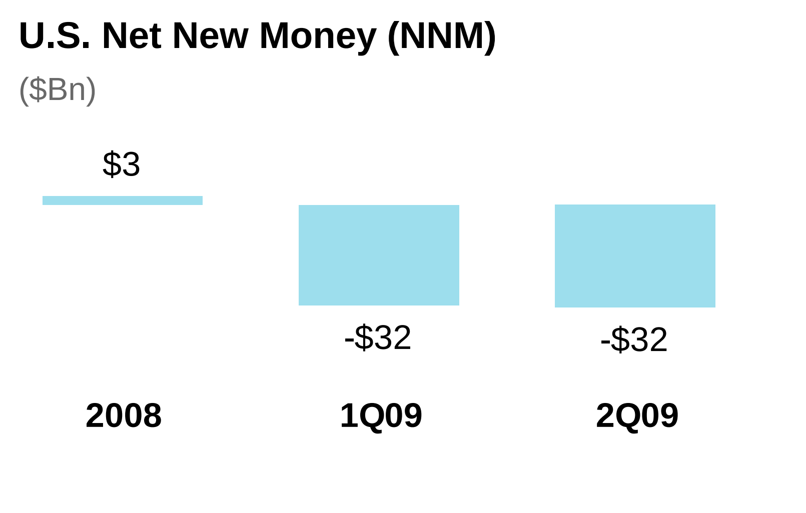
(1) Net activity includes all losses (to competition and other), gains (recruit and trainee hiring), as well as all other headcount activity including transferring in and out of FA roles.

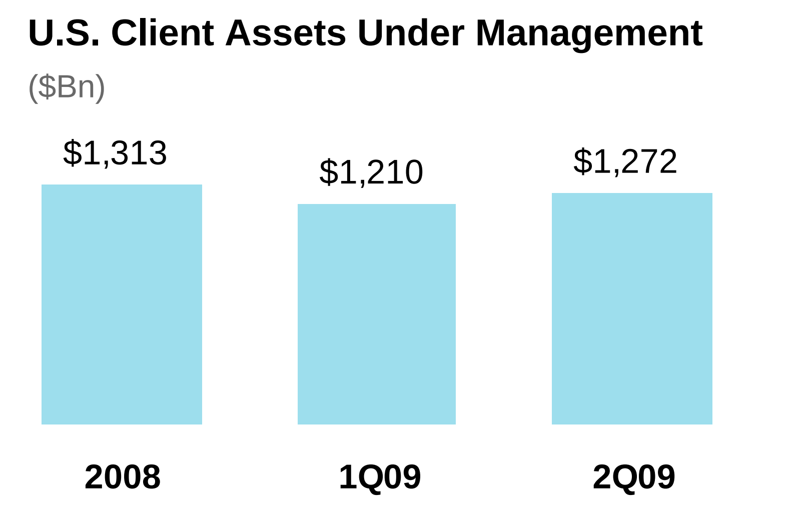
Performance to Date: Headcount Management

We expect to maintain about 18,000 Financial Advisors

- Recognize and support **our top performing FAs**
  - Fund retention awards in Jan 2010
  - Offer world class professional development opportunities
- Target **2,000 trainee hires** for 2010
  - Offer best-in-class training
  - Implement robust, competency-based sourcing & selection process
  - Continue rigorous performance management reviews for trainees
- Leverage **centralized recruiting model** to selectively attract best talent
  - As the industry has consolidated, the recruiting war has abated. Deals have dramatically decreased from the early 2009 highs to normal levels

Performance to Date:
Net New Money – U.S. Branches





Areas of Focus: Merger Related Synergies Overview

Area	Expected Cost Synergy
Operations and Technology	~$425MM
Field Management	~$300MM
Products	~$80MM
Vendor/Occupancy/Other Support	~$300MM
Total	**~$1.1Bn**

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Areas of Focus:
One Time Costs of $1.1Bn for Full Integration

Expenses	Amount
Platform Conversion	~$500MM
Severance Costs	~$100MM
Transaction costs, legal, real estate write-offs, advertising, rebranding, registration fees, other	~$500MM
Total	**~$1.1Bn**

Areas of Focus:
Key Alignments

Several Key Alignments across Fundamentals of Business Completed So Far

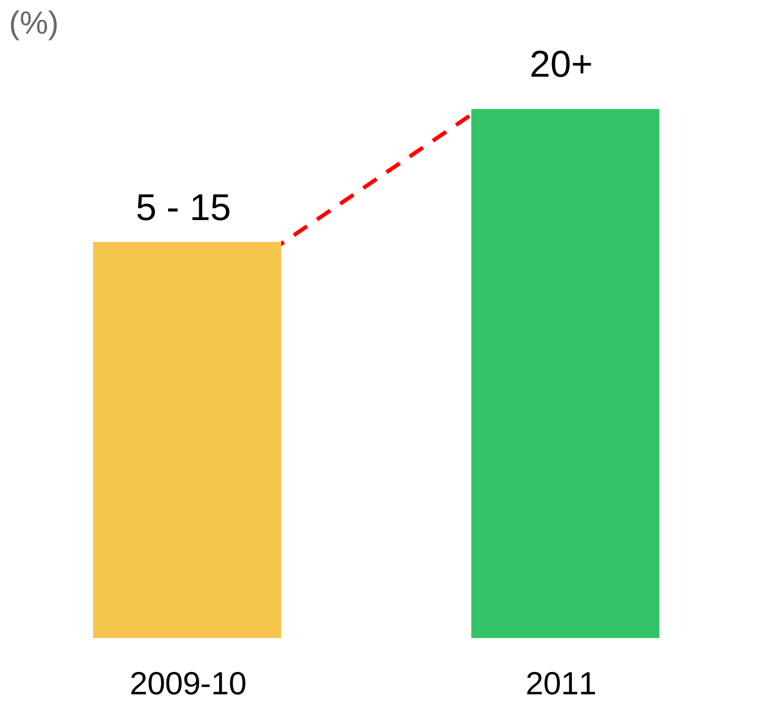
- Field
  - Complexed branch locations and alignment into 4 divisions & 20 regions
  - Harmonized Financial Advisor & Branch Manager compensation plans for 2010
  - Reduced headcount consistent with new management alignment
- Home Office
  - Integrated and aligned functional support groups including Compliance, Legal, and Human Resources
  - Streamlined dual sets of policies and procedures into unified systems of operation
- Morgan Stanley Smith Barney
  - Created and publicized single brand
  - Broadened product availability to legacy customers via select cross-offerings
  - Finalized senior management organization structure

Future Plans:
Q4 will be Choppy … but 2010 will see Improvements

- Client assets balances have rebounded somewhat
- Flows negative (lag effect of earlier FA attrition), but moderating
- Markets continue to be volatile
- Bank deposit balances expect to increase

Future Plans:
2009 – 2011 Pretax Margin Projection

Pretax Margin



- In the 2009-10 transition period, restructuring costs will drive down pretax margins
- In 2011, pretax margins will rise to 20+% as revenue grows, and we capture key cost and revenue synergies

Future Plans:
Integration – “Metrics that Matter”

Metric	Amount	Timing
Cost Synergies	$1.1Bn	2011
One-time Costs	$1.1Bn	2011
Number of FAs	~18,000	2011
PBT Margin	20 – 25%	2011
Net New Money	$50Bn	2011
Net FA Attrition to Competition, Top 2 Quintiles	5%	2011
Integration		3Q 2011

Asset Management Update

Line of Business	Assets ($Bn)	Actions
1. Fund of Funds	$16	• Consolidated AIP and Graystone Research
2. Retail	$151	• Explore strategic moves that optimize the value of the business
3. MS Institutional / Hedge Funds / Minority Stakes	$169	• Continue to expand global footprint and scale • Solid investment performance
4. Real Estate	$17	• Hold ~$800MM equity capital position • Continued fundraising • Changed management
5. Private Equity / Infrastructure / Other Merchant Banking	$8	• Exploring mezzanine investment opportunities • Continue to invest in private equity • Continue to invest infrastructure fund

Closing Remarks

- 2009 continues to be a year of transition
- Capitalizing on opportunities in the current marketplace
- Focused on improving operating performance
  - Increasing trading revenues
  - Allocating capital on a risk adjusted basis
  - Integrating Morgan Stanley Smith Barney joint venture
  - Returning Asset Management to profitability
  - Investing in human talent and hiring opportunistically
  - Maximizing our relationship with Mitsubishi UFJ
  - Continuing to reduce recurring non-compensation expenses
  - Reducing risk assets as market conditions allow

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