Morgan Stanley

Bank of America Merrill Lynch 2009 Banking and Financial Services Conference

Colm Kelleher, Chief Financial Officer

November 10, 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.

Agenda

- Macro Environment
- Morgan Stanley Strategic Priorities
- Institutional Securities Going Forward
- Global Wealth Management Group Update
- Asset Management Update
- Regulatory Outlook
- Capital and Funding
- Closing Remarks

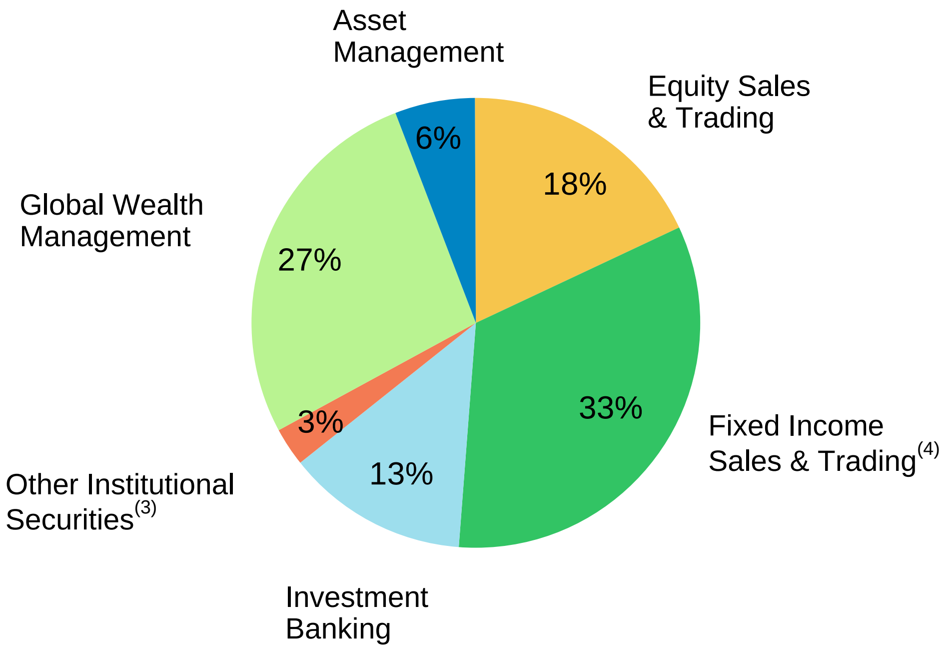
Macro Environment

- Global capital markets is a secular growth business
- Global economic conditions have improved, and market conditions are normalizing
  - Financing markets are reopening with U.S. investment grade and high-yield debt markets rebounding
  - Global M&A market picking up and IPO market is open
- 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

Nine Months 2009 U.S. GAAP Net Revenues of $17.0Bn

Product Mix – Nine Months 2009 (1,2)



Highlights – Nine Months 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 $4.8bn
- Closed the Joint Venture (JV) with Smith Barney ahead of schedule on May 31. As of September 30,
  - 18,160 global financial representatives
  - $1.5tr in total client assets
  - $110bn - JV Bank Deposit Program
- Core Asset Management profitable
- Expanded strategic alliance with Mitsubishi UFJ Financial Group, Inc. (MUFG)

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 ($102) million
(3) Excludes principal investment losses of ($937) million
(4) Represents combined revenues from Fixed Income Sales and Trading and Other Sales and Trading

Morgan Stanley Strategic Priorities

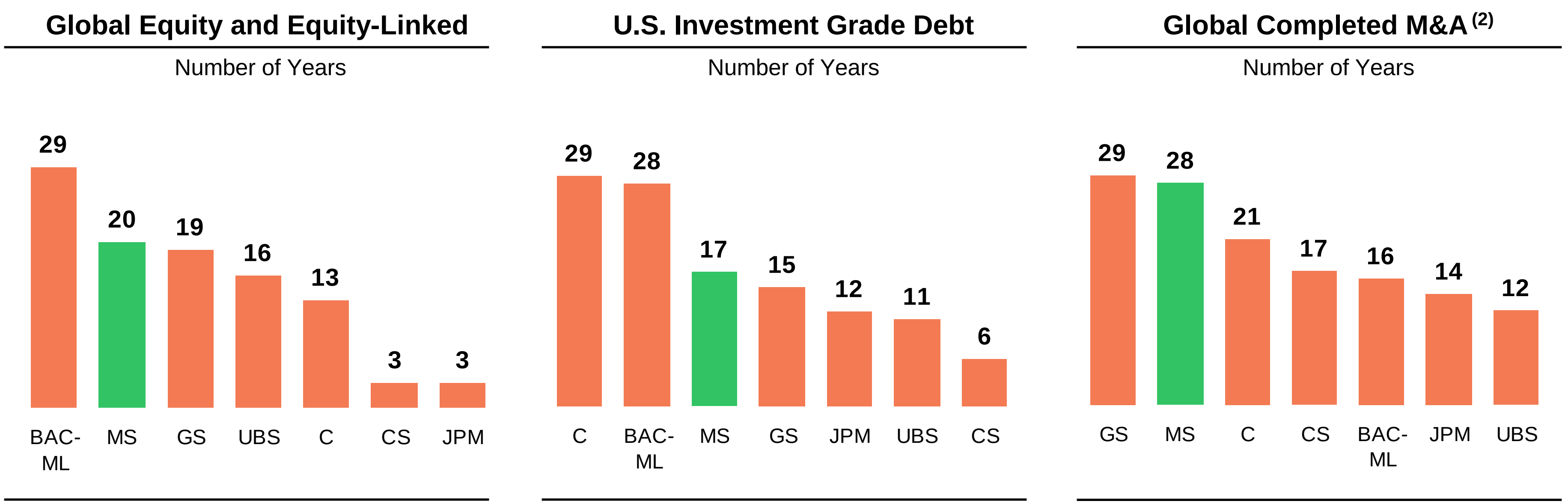
- Successful execution and integration of the Morgan Stanley Smith Barney Joint Venture
- Optimization of Institutional Securities
- Restructuring Asset Management
- Investing and growing talent while leveraging client franchise and brand
- Developing strategic alliance with MUFG

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 business • Complete sale of Retail business • Re-align Merchant Banking

Morgan Stanley League Table Positions

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



Source: Thomson Financial

(1) Includes all acquisitions pro forma. 2009 YTD is 01/01/09 – 09/30/09

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

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

Global Wealth Management Group Update

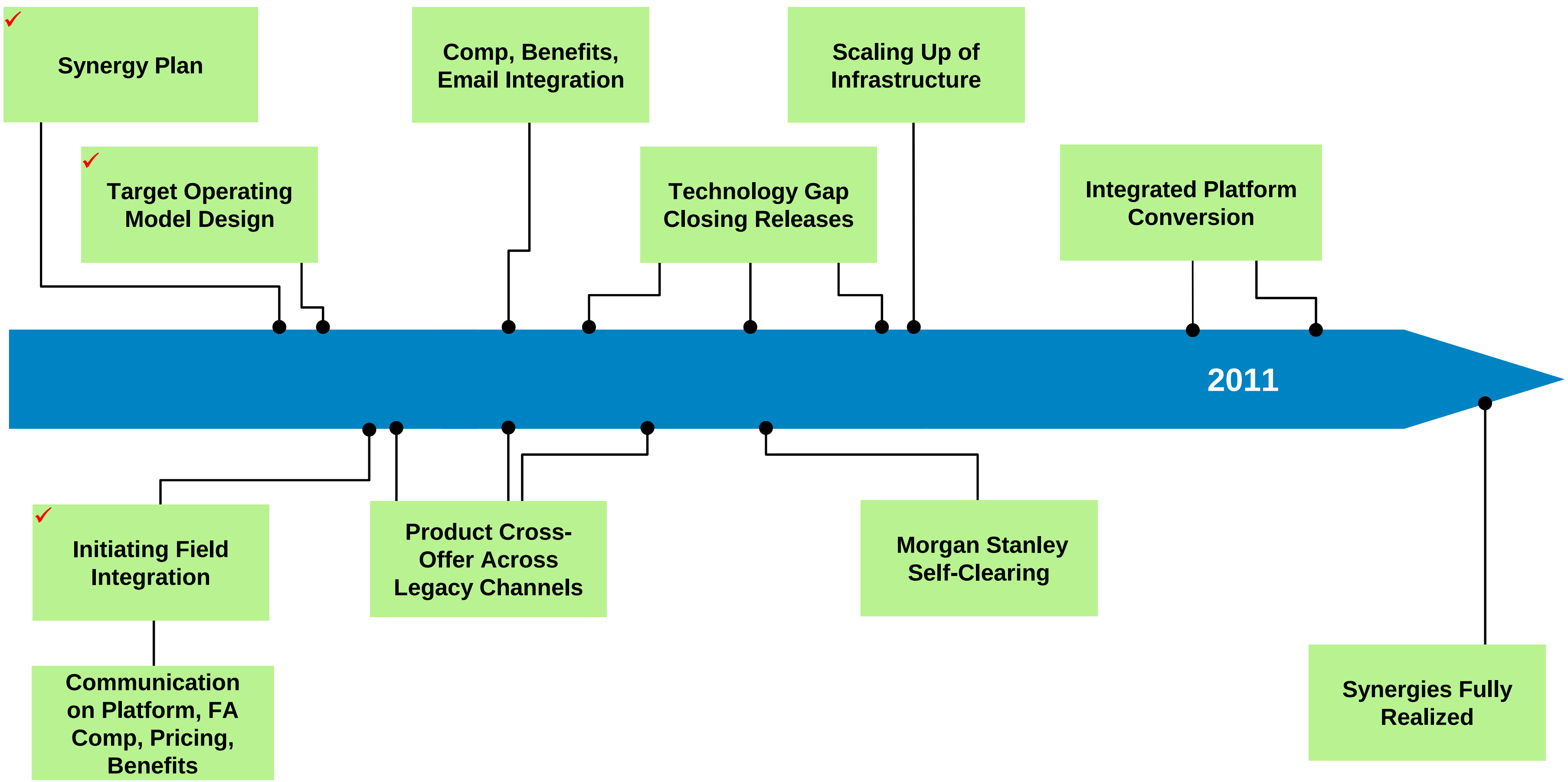
<u>MSSB JV Integration</u>

- On schedule, focus is on
  - Field integration
  - Conversion planning
  - Cost and revenue synergies

<u>Financial Performance</u>

- 4Q expected to be choppy
- Expect improvements in 2010 and pretax margins of 20%+ by 2011

MSSB JV Integration: Milestones



MSSB JV 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

- Assets Under Management have stabilized; investment performance continues to improve
- Continued progress on key initiatives
  - Retail transaction
  - Restructuring of the Institutional business
  - Realignment of Merchant Banking

Asset Management Update

Line of Business	Assets ($Bn)	Actions
1. Retail (Sold)	$119	• Sold to Invesco; minority stake retained • Expected to close mid-2010
2. MS Institutional / Liquidity / Hedge Funds / Fund of Funds	$244	• Continue to expand global footprint & scale • Solid investment performance • Consolidated AIP and Graystone Research
4. Real Estate Merchant Banking	$15	• 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

Asset Management: Retail Transaction

Transaction Structure

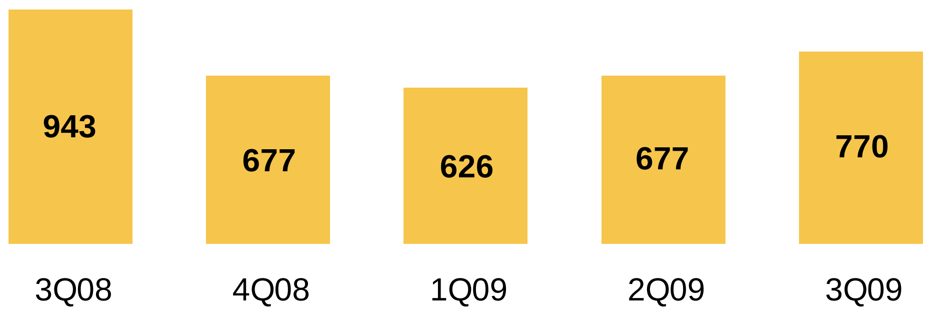
- Retail asset management business, including Van Kampen Investments, sold to Invesco
- Stock and cash transaction valued at $1.5Bn
- Morgan Stanley to receive a 9.4% minority stake in Invesco
- Approved by Board of Directors of both companies
- Expected to close by mid-2010

Strategic Rationale

- Allows the Firm to focus on its institutional client base
- Mitigates affiliate product sales restrictions faced by Van Kampen since closing of the MSSB JV
- Allows realization of significant value from partnership with a world-class, scale player

Capital Management

Total Assets
($Bn)



Tangible Common Equity ($Bn) (1)

36.8	**26.6**	**26.4**	**29.3**	**28.9**

Leverage Ratio (2)

19.8x	**12.1x**	**11.2x**	**13.7x**	**15.7x**

3Q09 Key Capital Ratios Basel I	
Tier 1 Capital	**15.4%**
Tier 1 Common	**8.2%**
TCE to RWA (1)	**9.6%**

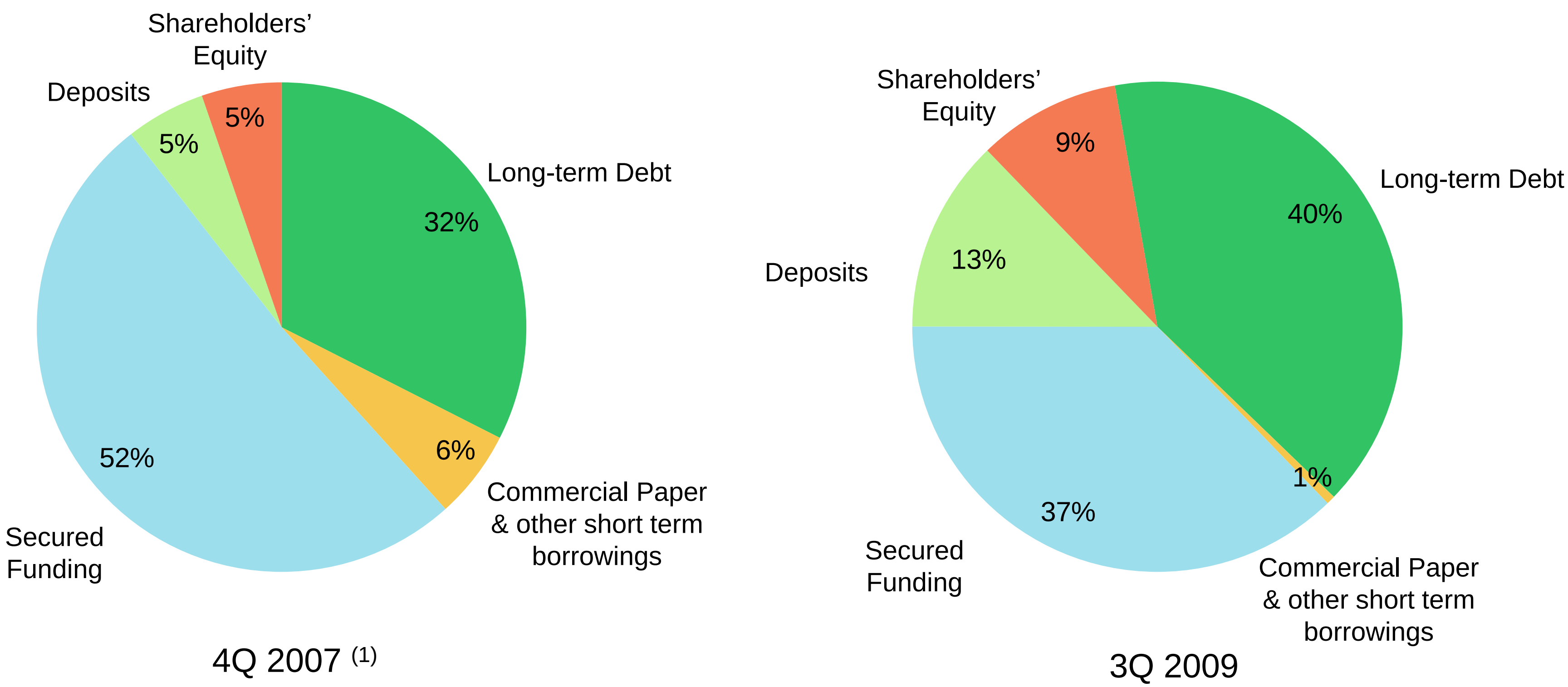
Source: Morgan Stanley SEC Filings

(1) Tangible Common Equity equals common equity less goodwill and intangible assets excluding mortgage servicing rights. The balance for the quarter ended 3Q09 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



Source: Morgan Stanley SEC Filings

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

Closing Remarks

- 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 MUFG

Appendix

Conversion of CIC Investment into Common Equity

- In December 2007, the Company sold Equity Units that included contracts to purchase Company common stock to a wholly owned subsidiary of CIC for approximately $5,579 million. CIC's ownership in the Company's common stock, including the number of shares of common stock to be received by CIC upon settlement of the stock purchase contracts, will be 9.9% or less of the Company's total shares outstanding based on the total shares that were outstanding on November 30, 2007. CIC is a passive financial investor and has no special rights of ownership nor a role in the management of the Company. A substantial portion of the investment proceeds was treated as Tier 1 capital for regulatory capital purposes.
- As a result of the Company's transaction with MUFG on October 13, 2008, and as contractually required by the terms of the securities purchase agreement for the sale of Equity Units to CIC, the Company will issue 116,062,911 shares of common stock upon settlement of the stock purchase contracts on August 17, 2010 based on the reference price of $48.07.

Source: Morgan Stanley SEC Filings

Conversion of MUFG Investment into Common Equity

- On October 13, 2008, the Company issued to MUFG 7,839,209 shares of Series B Non-Cumulative Non-Voting Perpetual Convertible Preferred Stock (“Series B Preferred Stock”) for an aggregate purchase price of $7.8 billion.
- The Series B Preferred Stock is convertible at MUFG’s option (at a conversion price of $25.25) into 310,464,033 shares of the Company’s common shares.
- One-half of the Series B Preferred Stock will mandatorily convert into the Company’s common shares when, at any time on or after October 13, 2009, the market price of the Company’s common shares exceeds 150% of the $25.25 conversion price for twenty trading days within any period of thirty consecutive trading days beginning on or after October 13, 2009.
- The remainder of the Series B Preferred Stock will mandatorily convert on the same basis on or after October 13, 2010.

Source: Morgan Stanley SEC Filings

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