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, Definitive Proxy Statement, Quarterly Reports on Form 10-Q and the Company’s Current Reports on Form 8-K, as applicable, including any amendments thereto, which are available on www.morganstanley.com.

This presentation may contain forward-looking statements including the attainment of certain financial and other targets and goals. 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. The Company does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of forward-looking statements. For a discussion of risks and uncertainties that may affect the future results of the Company, please see the Company’s most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as applicable, which are available on www.morganstanley.com. This presentation is not an offer to buy or sell any security.

Please note this presentation is available at www.morganstanley.com.
Wealth Management Has Achieved Demonstrable Scale and Size

Financial Snapshot

<table>
<thead>
<tr>
<th>Revenues ($Bn)</th>
<th>Pre-Tax Margin(^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010(^{(2)})</td>
<td>2016</td>
</tr>
<tr>
<td>11.9</td>
<td>22%</td>
</tr>
<tr>
<td>15.4</td>
<td></td>
</tr>
</tbody>
</table>

Net Interest Income ($Bn)

<table>
<thead>
<tr>
<th>2010(^{(2)})</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Fee-Based Assets as % of Total Client Assets

<table>
<thead>
<tr>
<th>2010(^{(2)})</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>28%</td>
<td>42%</td>
</tr>
</tbody>
</table>

1. Pre-tax margin represents income (loss) from continuing operations before taxes divided by Net Revenues. Pre-tax margin is a non-GAAP financial measure that the Company considers useful for investors and analysts to assess operating performance.

2. 2010 data has been recast to exclude the Managed Futures and International Wealth Management businesses, which are now reported in the Investment Management and the Institutional Securities business segments, respectively.
Significant Progress Since JV, Digital Next Step In the Evolution

1. Merge with Smith Barney
2. Capture Merger Cost Economics
3. Build Revenues Through the Bank
4. Annuitize Revenues
5. Expand Digital Strategy
6. Stronger Franchise
What Do We Ask Ourselves When We Say Digital?

1. How Can Our Financial Advisors Be More Effective and Efficient?

2. How Can We Attract New Client Assets?

3. If We Designed Our Branch Processes Today, How Would They Be Different?
What Do We Ask Ourselves When We Say Digital?

How Can Our Financial Advisors Be More Effective and Efficient?

FA Productivity Has Improved…

Annualized Revenue Per WM Representative

$664,000

2010(1)

$1,029,000

1Q 2017

…But Service Remains Dominant Part of Day

1. 2010 data has been recast to exclude the Managed Futures and International Wealth Management businesses, which are now reported in the Investment Management and the Institutional Securities business segments, respectively.
What Do We Ask Ourselves When We Say Digital?

We Are The Largest US Wealth Manager\(^{(1)}\)...

How Can We Attract New Client Assets?

...But Asset Gathering Opportunity Exists

$2.2 \text{ Trillion}$

Morgan Stanley Client Assets

$2.3 \text{ Trillion}$

Estimated MS Clients’ Assets Held Away\(^{(2)}\)

$2.9 \text{ Trillion}$

Estimated US Intergenerational Wealth Transfer Over Next 10 Years\(^{(3)}\)

2. Client Assets Held Away is sourced from IXI Corporation data as of June 2016.
3. Data sourced from Accenture’s “The ‘Greater’ Wealth Transfer” report.
What Do We Ask Ourselves When We Say Digital?

If We Designed Our Branch Processes Today, How Would They Be Different?

Consolidated Branches, Expense Focus...

Total Retail Locations

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>822</td>
<td>601</td>
</tr>
</tbody>
</table>

Non-Compensation Expenses As % of Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29%</td>
<td>21%</td>
</tr>
</tbody>
</table>

...But Efficiency Opportunity Remains

For FY 2016, Our Branch System Had:

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service and Operation Roles</td>
<td>~7,000</td>
</tr>
<tr>
<td>Paper Documents Processed</td>
<td>~4,000,000</td>
</tr>
<tr>
<td>Client Journals Processed Manually</td>
<td>~5,000,000</td>
</tr>
</tbody>
</table>

Footnotes:

1. 2010 Retail Branch Locations has been recast to exclude global offices outside of the US.
2. Non-compensation expenses as % of revenues represents a non-GAAP financial measure that the company considers useful for investors and analysts to assess operating performance.
3. 2010 data has been recast to exclude the Managed Futures and International Wealth Management businesses, which are now reported in the Investment Management and the Institutional Securities business segments, respectively.
Digital Proposition: For Our Current Clients and The Future

1. Drive Client Engagement
   - Predictive Analytics and Machine Learning For Timely and Relevant Advice

2. Target New Client Assets
   - Leverage Digital Products to Build New and Deepen Existing Client Relationships

3. Digitize Branch System and FA Operations
   - Digital Self-Service and Centralized Model To Drive FA Efficiency

Benefit

Cost

Value
Predictive Analytics: Identify Engagement Opportunities

**Opportunity Types**

- Investment & Liability Related
- Life Events
- Service Alerts

**Examples**

- Security Upgrades / Downgrades
- Portfolio Allocation Recommendations
- Lending / Refinancing Opportunities
- Birth of Child
- Estate Planning
- Elder Care
- Margin Call
- Maturing Bond
- Required Minimum Distribution
## Predictive Analytics: Investment Recommendation Example

### Example: Research Upgrades Key Sector

<table>
<thead>
<tr>
<th>Steps</th>
<th>Today: FA Driven</th>
<th>Future: Analytics Enhanced</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FA Reads Research Report &amp; Identifies Impacted Clients</td>
<td>System Identifies Impacted Clients</td>
</tr>
<tr>
<td>2</td>
<td>FA Develops Recommendation</td>
<td>System Generates Product Recommendation</td>
</tr>
<tr>
<td>3</td>
<td>Limited Comparison to Other Potential Events Affecting Client</td>
<td>System Compares Impact to Other Potential Events Affecting Client and Prioritizes</td>
</tr>
<tr>
<td>4</td>
<td>FA Begins Calling Largest Clients</td>
<td>System Drafts Email to Client for FA To Send</td>
</tr>
<tr>
<td>5</td>
<td>No Systematic Capture of Client Response</td>
<td>System Monitors Client Response</td>
</tr>
</tbody>
</table>
1 Digitally Scaled Outreach: Multichannel Communication

- **Text**: Launched
- **Social**: Launched
- **Custom Email**: 2H17
- **Video Collaboration**: 2H17

Morgan Stanley Financial Advisor
2 Targeting New Asset Growth Opportunities

A Intergenerational Wealth Transfer

B Morgan Stanley Corporate Plans

C Prospects Who Require Digital Advice Capabilities

Connect Stock Plan Experience with MSWM Platform to Drive Conversions

Vested Shares of MS Stock Plan Participants

- $46Bn

- MSWM Relationship
- No MSWM Relationship

Investable Assets Held Away of Stock Plan Clients with No MSWM Relationship(1)

- $528Bn

1. Investable Assets Held Away of Stock Plan Clients with No MSWM Relationship is sourced from IXI Corporation data as of June 2016.
Morgan Stanley Automated Investing Platform

Key Features

- Goals Based Investing Approach
- Thematic Investment Overlays
- Automated Tax Loss Harvesting
- Simple Account Opening & Funding

Launch
2H 2017
Morgan Stanley Digital Mortgage Platform For Clients

98% of Clients Do Not Have A Mortgage With Us Today

**Current Mortgage Process**

- Product Introduced By FA Referral
- Paper Application
- Indicative Pricing Available via FA
- Document Submission by Mail / Fax / Email

**Digital Mortgage: 1H 2018 Launch**

- Product Available Digitally & By FA Referral
- Digital Application
- Dynamic Rate Calculators
- Digital Document Submission
### Digitizing Branch System and FA Operations

**Automate & Centralize Branch Processes**

- E-Authorization For Wires
- Mobile Equity Trading

**Enhance Client Self-Service**

- Debit Card & Check Ordering
- Retirement Distribution
- New Account Opening
- eDelivery Enrollment
- Person-to-Person Payments
- Asset Transfers
- IRA Beneficiary Changes
- Address & Phone Changes

**Digital Enhancements Underway**

- +30 Self-Service Enhancements Planned

**Maximize Time Spent on Advice versus Client Servicing**
Digitizing Branch Processes: E-Authorization Example

### Prior to E-Authorization for Wires

**Number of Steps:**

1. CSA Receives Wire Request
2. CSA Asks Client to Fax / Scan LOA
3. Client Faxes / Scan LOA
4. CSA Inputs Transaction
5. Routes for Approval & Verification
6. CSA Scans Forms
7. Transaction Executed

### Post E-Authorization for Wires

**Number of Steps:**

1. CSA Receives Wire Request
2. CSA Keys in Details
3. Client Receives Alert
4. Client Approves Movement
5. Transaction Executed

### Manual Branch Processes

- Paper Faxes or Scans: 2
- Minutes Servicing: 20
3. Branches Have Evolved, Digital Promises More Progress

<table>
<thead>
<tr>
<th>Today's Branch Support</th>
<th>Future Branch Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disconnected and Paper-Based</td>
<td>Automated and Integrated Workflow</td>
</tr>
<tr>
<td>Reactive</td>
<td>Proactive</td>
</tr>
<tr>
<td>Transactional Client Support</td>
<td>Sales Support to Grow Business</td>
</tr>
</tbody>
</table>

 Processes

Client Interactions

Purpose
Morgan Stanley 2017 U.S. Financials Conference

Naureen Hassan, Chief Digital Officer for Wealth Management

June 13, 2017