

Morgan Stanley

Morgan Stanley 2014 U.S. Financials Conference

James P. Gorman, Chairman and Chief Executive Officer

June 10, 2014

Notice

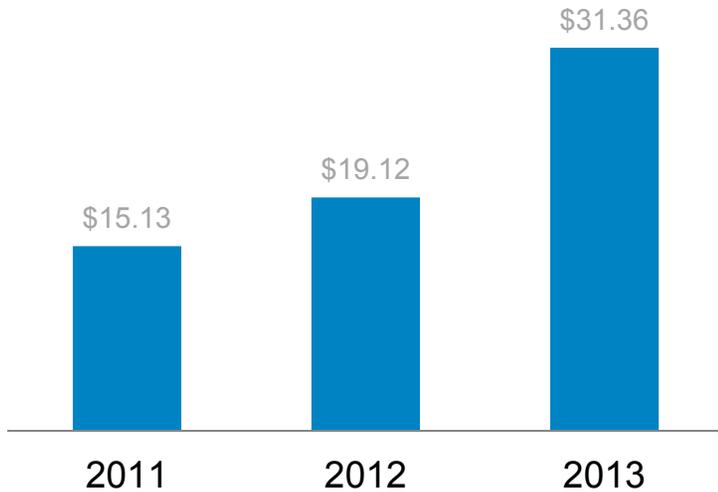
The information provided herein may include certain non-GAAP financial measures. The reconciliation of such measures to the comparable GAAP figures are included in this presentation and in the Company's most recent Annual Report on Form 10-K, Definitive Proxy Statement, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as applicable, 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. 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.

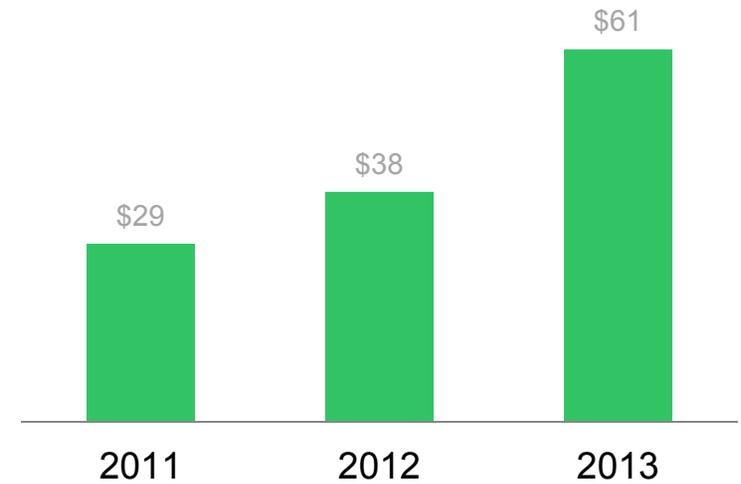
Please note this presentation is available at www.morganstanley.com.

Morgan Stanley Then and Now

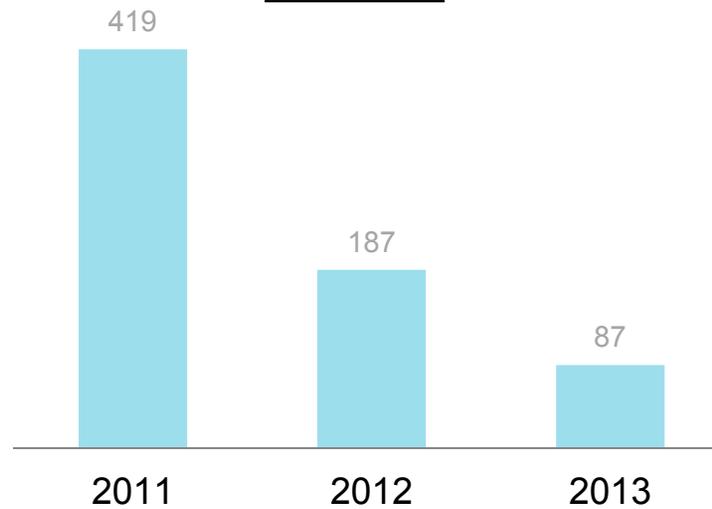
Stock Price (\$)⁽¹⁾



Market Cap (\$Bn)⁽¹⁾



CDS (bps)⁽¹⁾

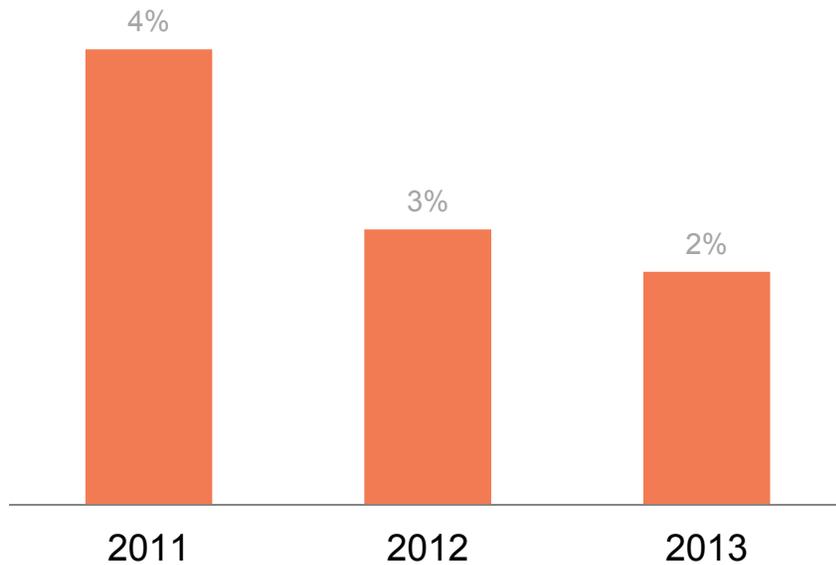


Morgan Stanley

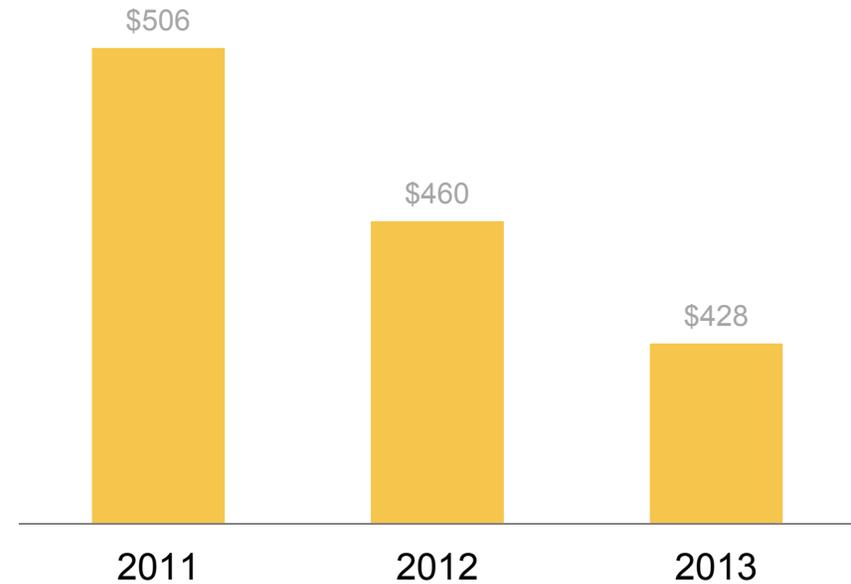
(1) As of December 31st for each year noted. Data sourced from Bloomberg.

Morgan Stanley Then and Now

Level 3 Assets as % of Total Assets⁽¹⁾



Basel III Risk-Weighted Assets (\$Bn)⁽²⁾

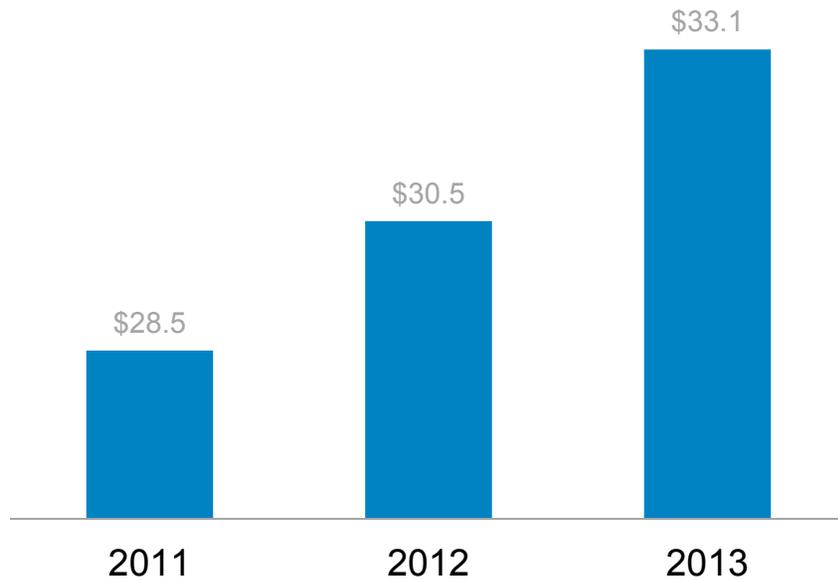


(1) Level 3 Assets under the 'Fair Value Hierarchy' represent assets where valuation techniques incorporate significant unobservable inputs, and as such, require the greatest use of judgment. Level 3 Assets as a % of Total Assets at December 31st of each year is a non-GAAP financial measure the Company considers useful for investors to obtain further transparency regarding the Company's financial condition.

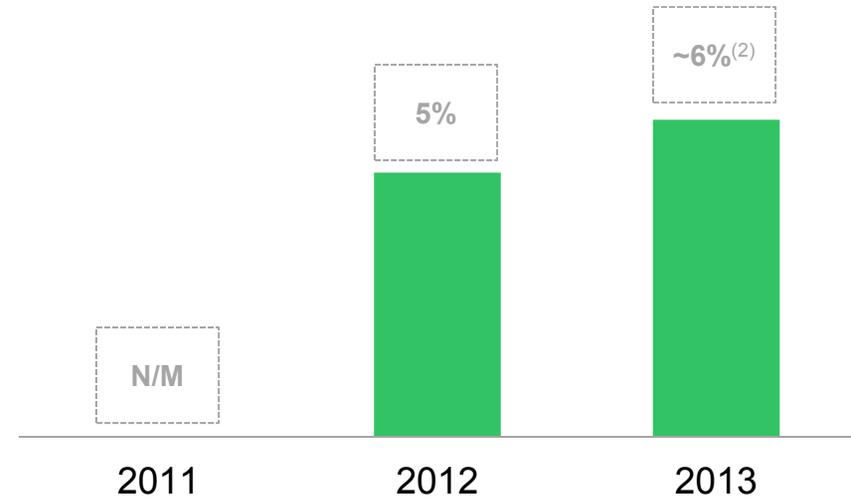
(2) December 31, 2011 Basel III risk-weighted assets reported under the then proposed Federal Reserve guidelines. December 31, 2012 and 2013 Basel III risk-weighted assets reported under final Federal Reserve guidelines. The Company estimates its risk-weighted assets based on the Company's analysis of the Basel III guidelines published to date and other factors. This estimate is as of 1Q14 and may change.

Morgan Stanley Then and Now

Net Revenues ex-DVA (\$Bn)⁽¹⁾



Return On Equity ex-DVA⁽¹⁾



(1) Net revenues and return on equity exclude the impact of DVA for all periods. These metrics excluding DVA are non-GAAP financial measures the Company considers useful for investors to allow comparability of period to period operating performance.
(2) Return on equity for 2013 excludes litigation expenses of \$1.2Bn (after-tax) related to residential mortgage-backed securities and credit crisis matters, and an aggregate discrete tax benefit of \$407MM. The return on equity excluding DVA and certain litigation expenses is a non-GAAP financial measure that the Company considers useful for investors to assess operating performance.

Morgan Stanley Has Evolved Significantly

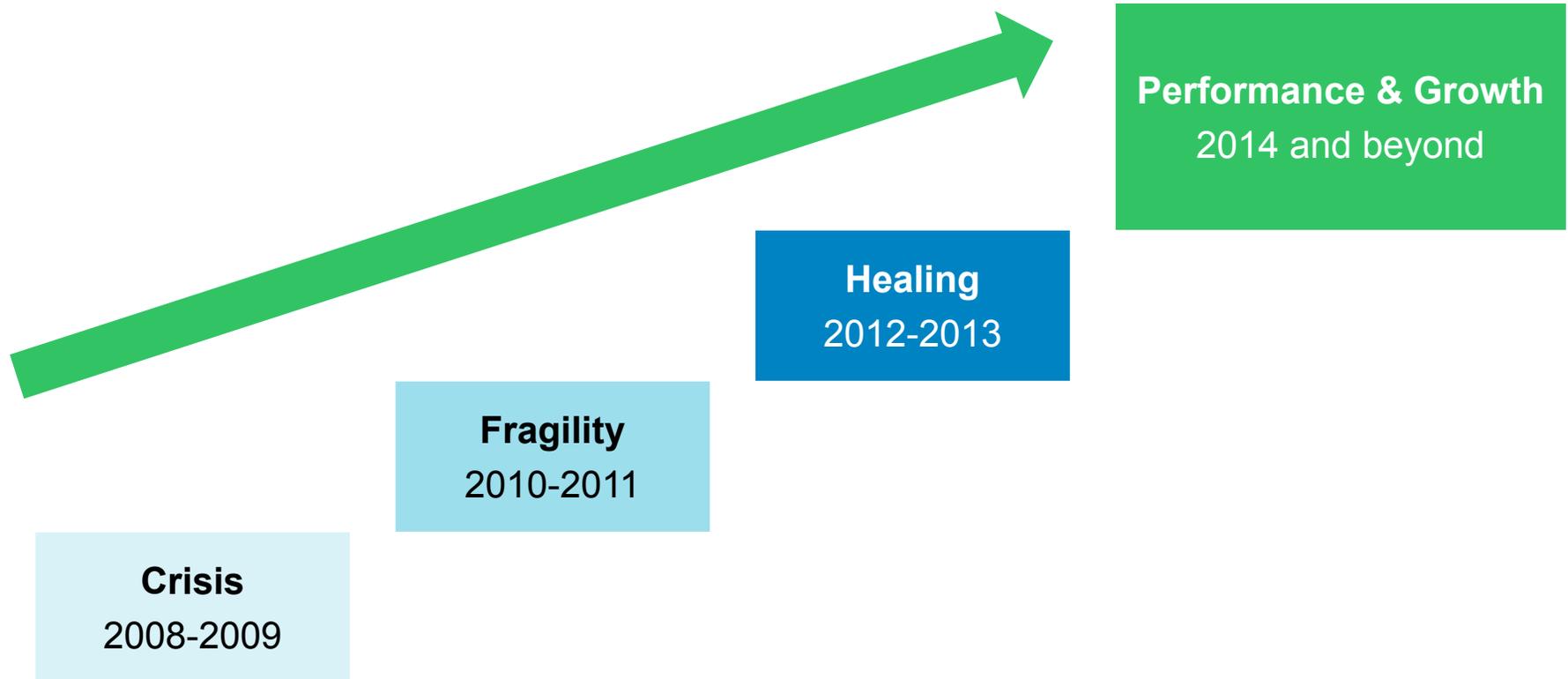
From

- Fast, but vulnerable
- “Collection” of businesses
 - Discover
 - Dean Witter
 - Institutional Securities
 - Investment Management
 - MSCI
- Fewer checks and balances

To

- More deliberate, but decisive
- Less complex
- Integrated model focused on clients
- Business mix provides ballast and upside
- Risk management focused
- Returns-driven

We Are Now In A Stage of Performance and Growth



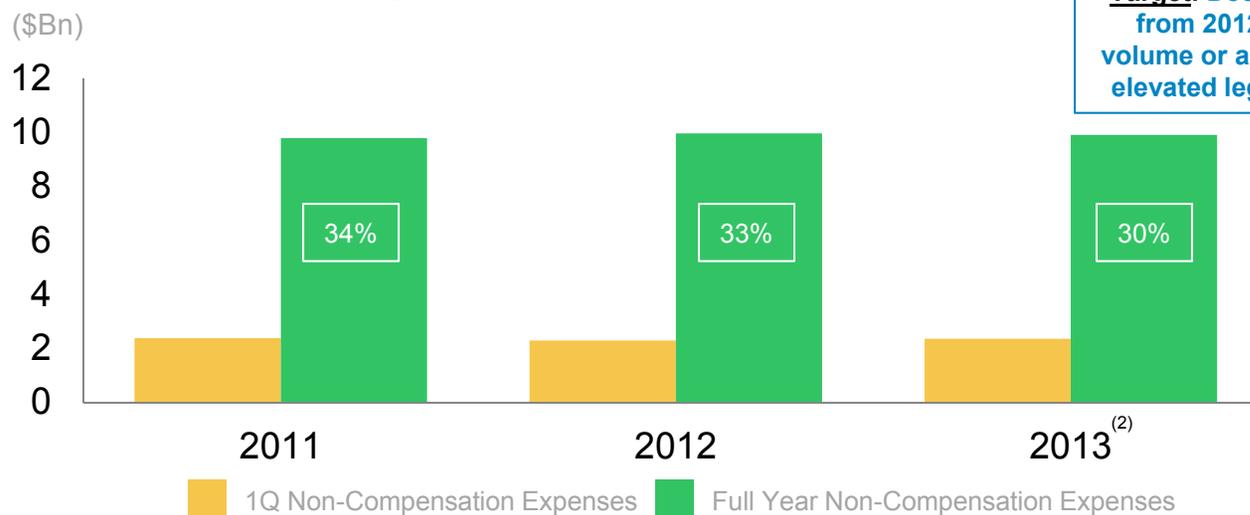
Earnings Upside Will Be Driven By Greater Efficiency and Revenue Growth

Compensation Metrics Will Continue to Improve

- Target Compensation/Net Revenue ratios:
 - Institutional Securities \leq 40%
 - Wealth Management \leq 55%
 - Investment Management \leq 40%

Non-Compensation Ratios Declining

Non-Compensation Efficiency Ratio⁽¹⁾



Target: Decline in absolute terms⁽²⁾ from 2012 excluding increased volume or activity related costs, and elevated legal; lower expense ratio

(1) Non-compensation efficiency ratio is calculated as non-compensation expenses, or adjusted non-compensation expenses, divided by net revenues excluding DVA. Non-compensation efficiency ratio is a non-GAAP financial measure the Company considers useful for investors to allow comparability of period to period operating performance.
 (2) 2013 non-compensation expenses exclude \$1.4Bn of increased legal expenses versus 2012 levels and investments/impairments/write-offs of ~\$300MM ('adjusted non-compensation expenses').

Significant Revenue Potential and Productivity Drivers in Wealth Management

Drivers of Wealth Management Upside

Managed account
“revolution”

Harnessing technology
to drive growth

Lower attrition

Development of lending
product suite

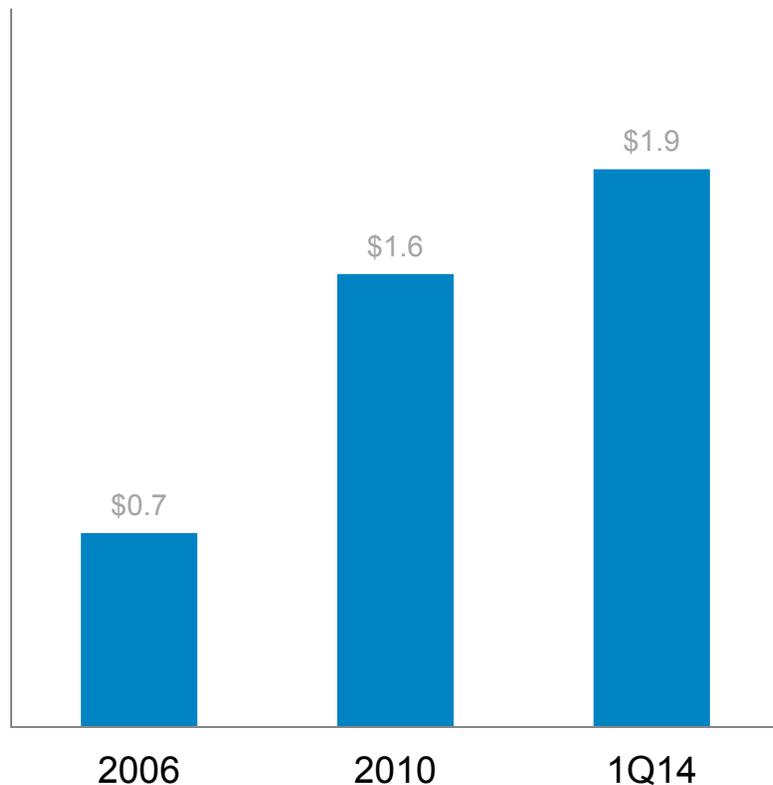
Best Practices:
– Teaming of FAs
– “Insights Engine”

Better aligned
compensation model

Under-Utilized Deposit Base

Wealth Management Benefits From Scale, Revenue Consistency and Significant Asset Growth in Our Core

Total Client Assets (\$Tn)⁽¹⁾



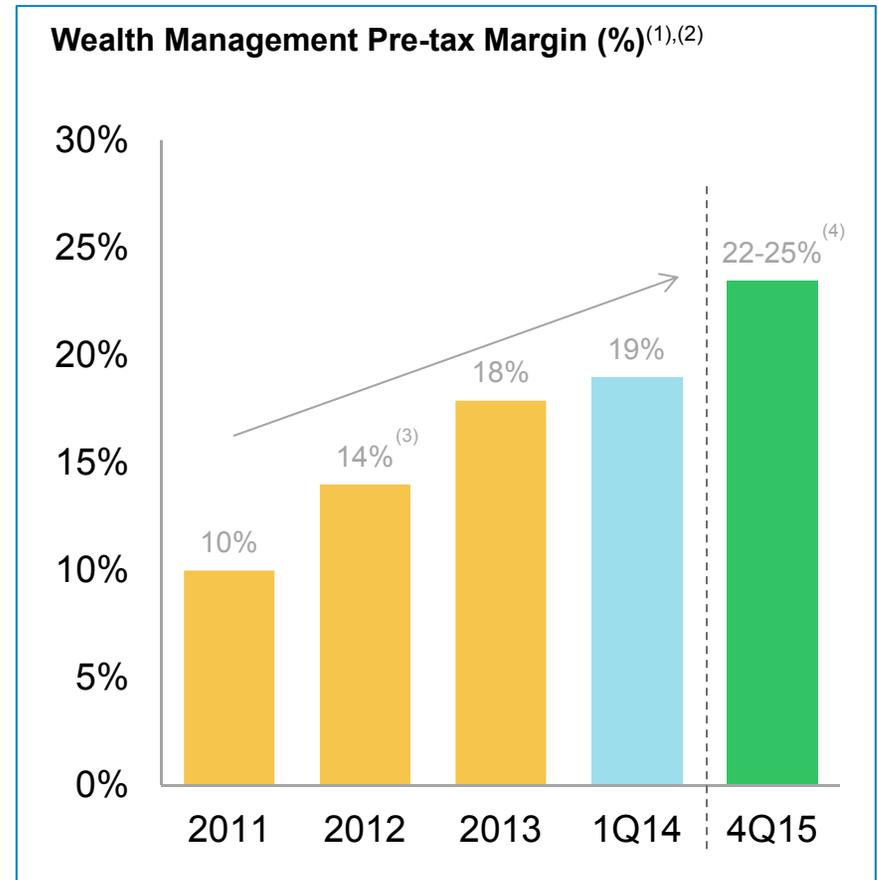
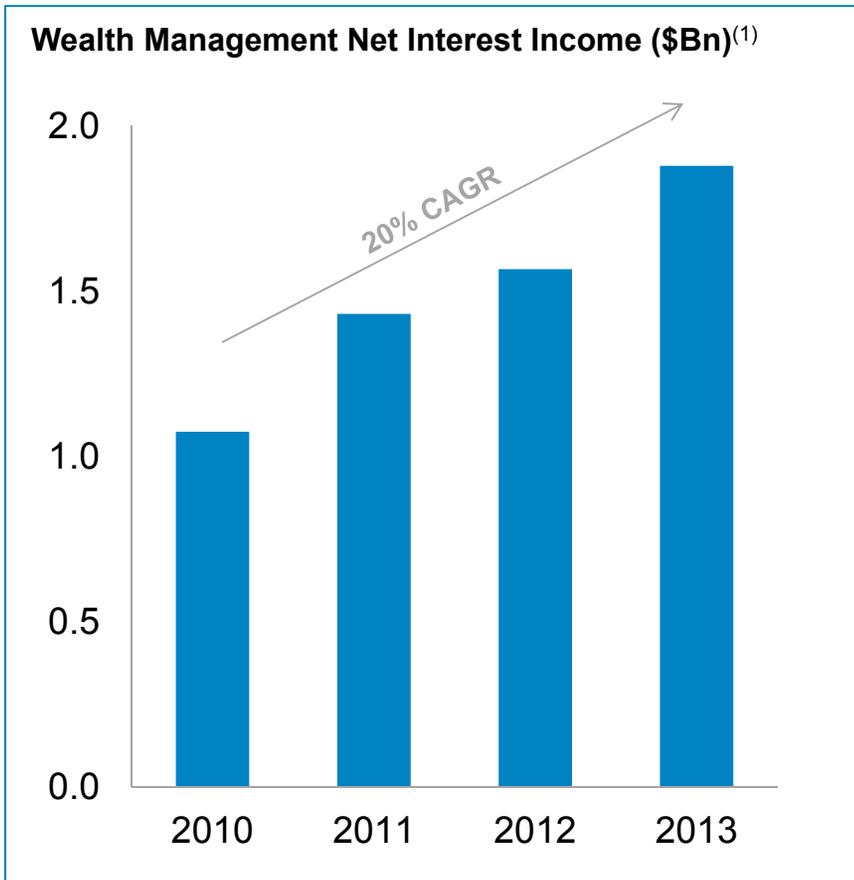
Assets by Client Segment (\$Bn)

	4Q09	1Q14	% Δ
\$10MM or more	410	701	+71%
\$1MM - \$10MM	613	789	+29%
\$100K - \$1MM	408	412	+1%
<\$100K	51	41	-20%

Wealth Management Approximate Daily Revenue Distribution

	2013	1Q14
\$40MM - \$50MM	7%	0%
\$50MM - \$60MM	73%	67%
\$60MM - \$70MM	17%	30%
\$70MM+	3%	3%

Revenue Mix Shift and Expense Discipline Will Drive Margins Higher



(1) The periods 2010-2013 have been recast to exclude the International Wealth Management business, currently reported in the Institutional Securities business segment.

(2) 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 to assess operating performance.

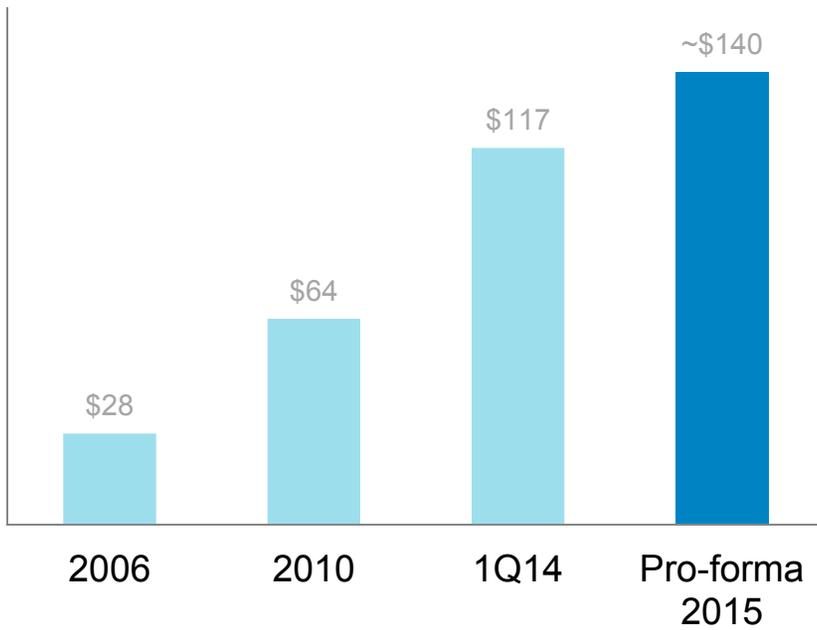
(3) Pre-tax margin for 2012 excludes \$193 million of non-recurring costs in 3Q12 associated with the Morgan Stanley Wealth Management integration and the purchase of an additional 14% stake in the joint venture.

(4) The attainment of these margins in 2015 may be impacted by external factors that cannot be predicted at this time, including macroeconomic and market conditions and future regulations. Assumes flat markets and no increase in interest rates.

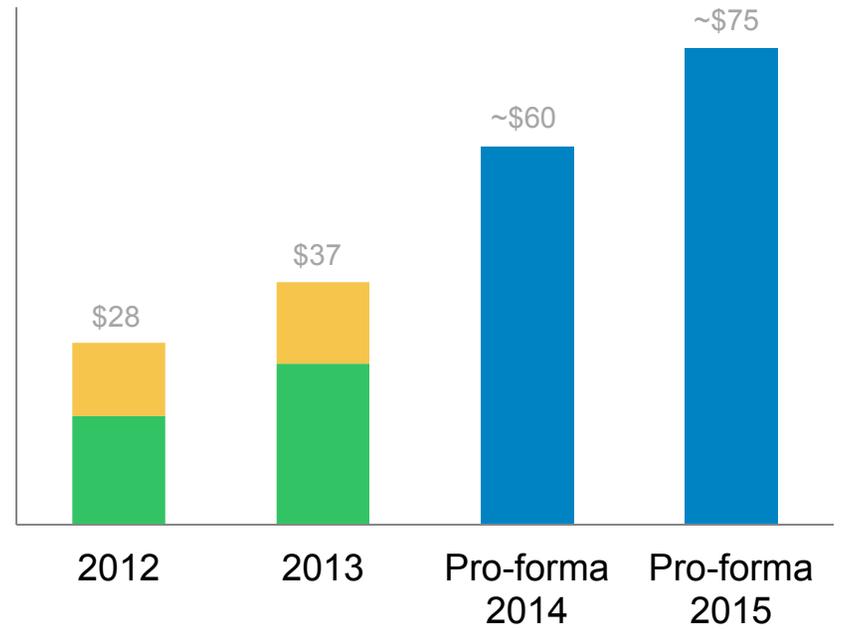
Powerful Growth Opportunity As We Execute Bank Strategy In Wealth Management & Institutional Securities

Lending growth will enhance the stability of revenues and earnings

Firmwide Deposits (\$Bn)^{(1),(2)}



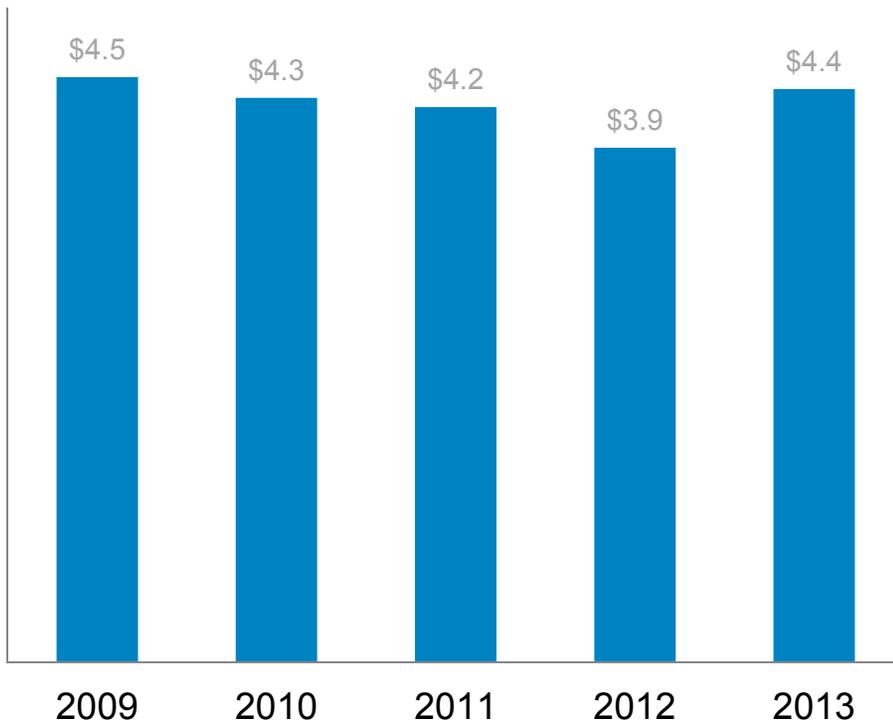
Funded Bank Loans (\$Bn)⁽³⁾



(1) Firmwide pro-forma deposit growth reflects the contractual transfer of deposits from Citi to Morgan Stanley after the closing of the joint venture acquisition. Organic account balance growth is assumed to be flat.
 (2) Firmwide deposits for 2006 represent deposits for fiscal year ending November 30th. Firmwide deposits for 2010 and 1Q14 represent deposits for fiscal years ending December 31st or the respective quarters therein.
 (3) Bank loan growth represents loans in MSBNA & MSPBNA. Pro-forma 2014 and 2015 lending balances are the Company's best estimates based on full year projections of deposit deployment and asset optimization.

Investment Banking Revenues Have Been Stable in Low Growth Environment – Upside As Pipelines Strengthen

Total Investment Banking Revenues (\$Bn)



Growth Opportunities

Increased activity in areas of strength

- Large transactions
- Cross-border deals
- Situations requiring complex advisory and financing solutions

Corporate derivatives

Focus on Japan / MUFG partnership

Synergies with Wealth Management

Investment Banking: World Class Franchise

Ongoing Strength in Core, Success with Recent Investments

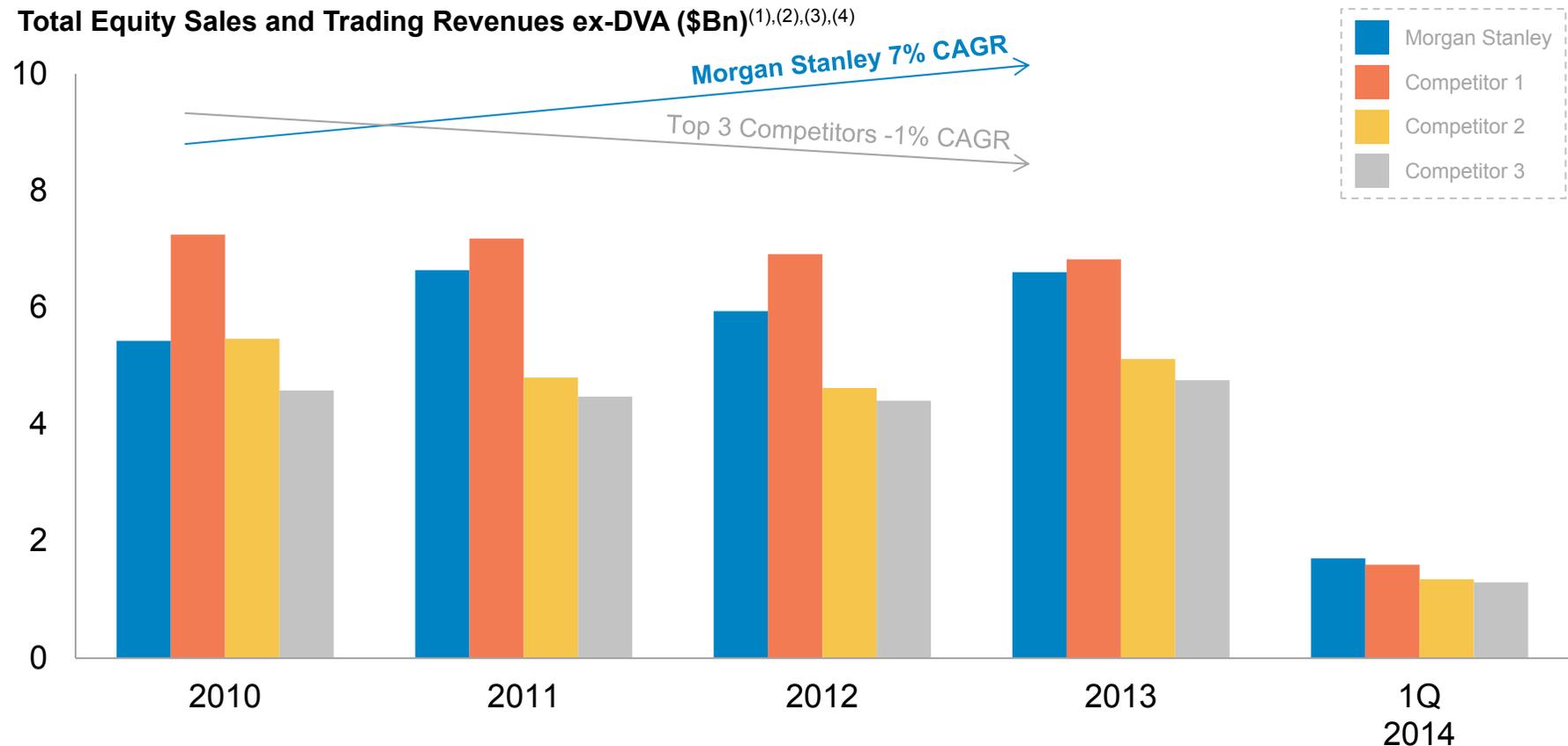
Franchise Strength

- Leading M&A and Equity Underwriting franchises
 - 2014 YTD Announced M&A⁽¹⁾:
 - Global: #2
 - EMEA: #1
 - Asia: #1
 - #1 in Cross-Border 2014 YTD⁽¹⁾
 - Advisor on 6 of the Top 10 Announced M&A Transactions in 2014 YTD⁽¹⁾
 - #2 in both Equity & Equity-Linked and IPOs in 2014 YTD⁽¹⁾
- #4 in Global High Yield 2014 YTD⁽¹⁾
- Morgan Stanley transaction volumes up YoY⁽¹⁾ in:
 - Announced M&A
 - Equity & Equity-Linked
 - IPOs
 - High Yield Debt

Landmark Transactions

- Mergers & Acquisitions
 - Lead Advisor to TWC on \$71.0Bn sale to Comcast
 - Lead Advisor to Altice / Numericable on \$23.0Bn acquisition of SFR
 - Sole Advisor to WhatsApp on \$19.5Bn sale to Facebook
 - Sole Advisor to Suntory on \$15.7Bn acquisition of Beam
- Equity Underwriting
 - Joint Global Coordinator on the \$3.5Bn Capital Increase for National Bank of Greece
 - Joint Global Coordinator on the \$2.0Bn IPO of Altice Group
 - Lead Left Bookrunner on the \$1.1Bn Follow-on for ING
 - Lead Left Bookrunner on the \$945MM Follow-on for Arthur J Gallagher
- Debt Underwriting
 - Active Bookrunner on the €16.8Bn Financing for Numericable / Altice
 - Active Bookrunner on the \$5.5Bn Debt IPO of Exxon Mobil
 - Active Bookrunner on the \$4.8Bn Bond Offering for MetLife

Market-leading Equity Sales and Trading...



Morgan Stanley Rank

3

2

2

2

1

- (1) Revenues ex-DVA for fiscal years ending December 31st, or the respective quarters therein. Data sourced from each company's published financial statements. Equity sales and trading revenues ex-DVA is a non-GAAP financial measure the Company considers useful for investors to allow comparability of peers operating performance from period to period.
- (2) 2010-2013 Morgan Stanley equity sales and trading revenues ex-DVA have been recast to include the International Wealth Management business, previously reported in the Wealth Management business segment.
- (3) Competitors listed include Goldman Sachs, JP Morgan and Credit Suisse. Results for Credit Suisse were converted to USD using average exchange rates in each period.
- (4) Revenues ex-DVA for Goldman Sachs exclude Reinsurance revenues in all periods. 2012 also excludes gains from the sale of a hedge fund administration business.

Morgan Stanley

... Built On Balanced Growth Across Products and Regions

Equity Sales and Trading Strategy

Overall

- Client-centric business strategy
- Scale and scope across products and regions
- Intense focus on operating leverage and returns

Product

- Content, platform and access to liquidity
- Adjacencies from client partnerships
- Opportunistic growth

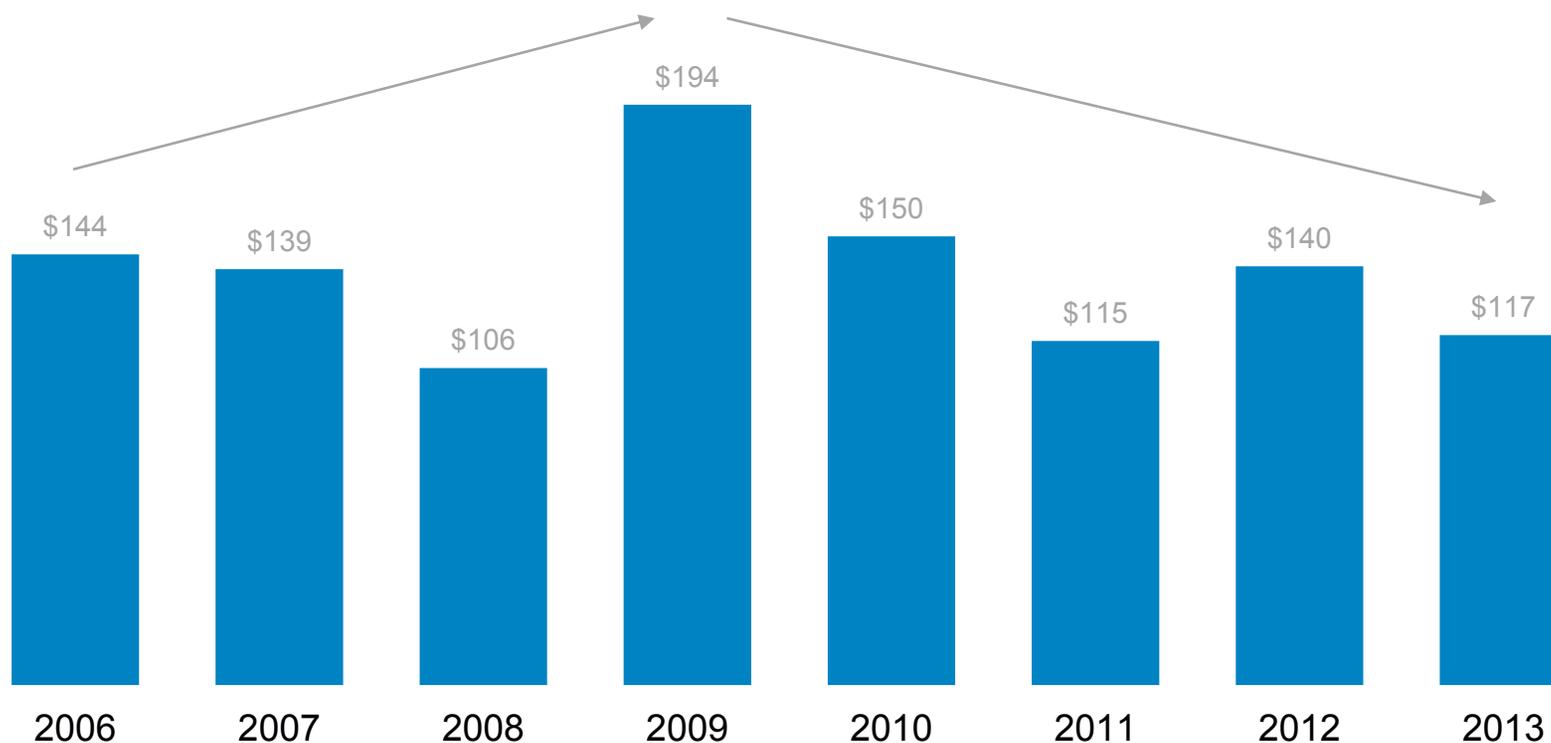
Regions

- Global footprint
- Upside with Wealth Management domestically
- Unique MUFG relationship in Japan

Focusing on Capital Efficiency and Returns in Fixed Income and Commodities as Industry Revenues Have Declined

Industry revenues down vs. pre-crisis, driven by macro environment challenges and regulatory changes

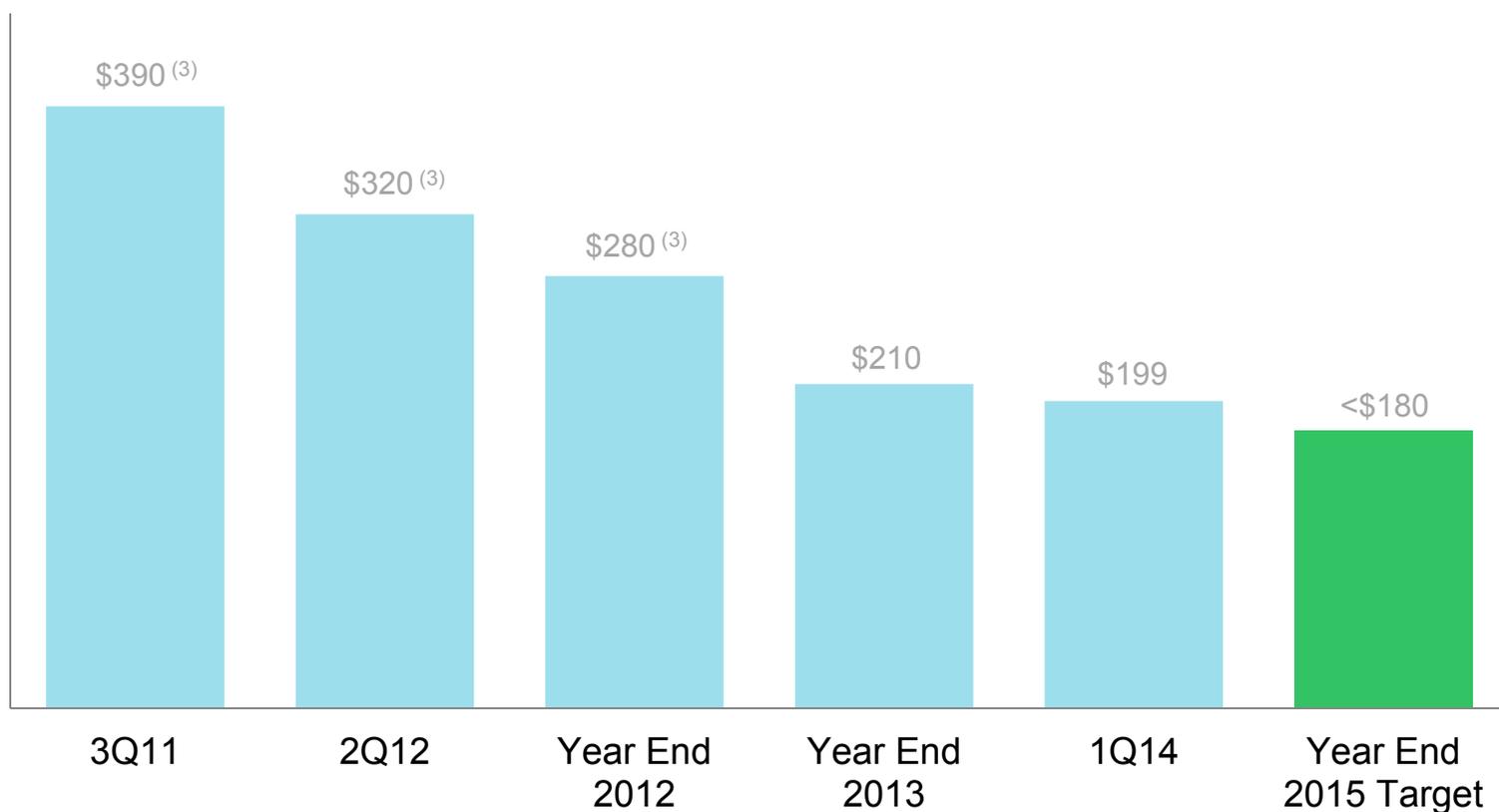
Fixed Income and Commodities Industry Revenues (\$Bn)⁽¹⁾



We Have Successfully Reduced RWAs and Capital In Certain Areas of Fixed Income...

RWAs down by ~50% since 3Q11

Fixed Income and Commodities Basel III Risk-Weighted Assets (\$Bn)^{(1),(2)}



(1) The Company estimates its risk-weighted assets based on the Company's analysis of the Basel III guidelines published to date and other factors. This estimate is as of 1Q14 and may change.
(2) RWAs presented exclude RWAs associated with lending.
(3) Fixed Income and Commodities RWAs for 3Q11, 2Q12 and Year End 2012 include RWAs associated with lending of ~\$20Bn.

... And Are Taking Significant Steps in Commodities to Improve Returns...

Progressing with sales of Global Oil Merchanting business and TransMontaigne (TMG)

Balance will look similar to franchise in 1990s

- Oil: Facilitation and customer demand
- Power & Gas: Client risk management and structured trading
- Metals: Enhance through electronic delivery

Upside in Investor Products by working with Wealth Management

Target ROE >10%⁽¹⁾ with remaining business

... While We Continue to Have Excellent Credit and Securitized Products Franchises...

Superior normalized⁽¹⁾ returns in Credit Products and Securitized Products (SPG)

Businesses represent the best of Morgan Stanley – content, client service, and execution

- Upside from bank strategy
- Support strong investment banking franchise
- Synergies with Wealth Management

2013 normalized⁽¹⁾:

- Credit Products ROE of >15%
- SPG ROE of >15%

(1) "Normalized" ROEs are a non-GAAP financial measure that the Company considers useful for investors to assess operating performance. Normalized ROEs are based on the Firm's internal managed view of revenues, expenses and allocated equity by segment and business area. Normalized ROE reflects the impact of RWA mitigation, and excludes the impact of changes in the fair value of net derivative contracts attributable to movements in the Company's credit default swap spreads and severance. Fixed Income normalized ROEs include a portion of underwriting revenues which are externally reported in Investment Banking.

... Though We Continue to Optimize Resources In Our Macro Businesses

Fundamental market structure and regulatory changes require us to run the businesses differently

Optimizing front and back office headcount for the current opportunity set

Maintaining global franchise with a lower balance sheet by leveraging clearing and electronic capabilities

Changes will modestly impact revenues, but enhance ROEs and benefit SLR

FXEM

- G10 cyclical challenges: volumes/volatility low, spreads compressed
- Adjacencies with other Institutional Securities businesses
- Leveraging technology from leading MSET platform to efficiently service global clients

Rates

- Parts of the business play to Morgan Stanley's competitive advantages – content, execution, and client service
- Other areas not core to us or our clients
- Regulatory changes require focus on core global products
- Strong adjacencies to other businesses

Fixed Income and Commodities Remains Important to the Firm And Is Appropriately Sized

We will continue to have a global platform to meet client demands

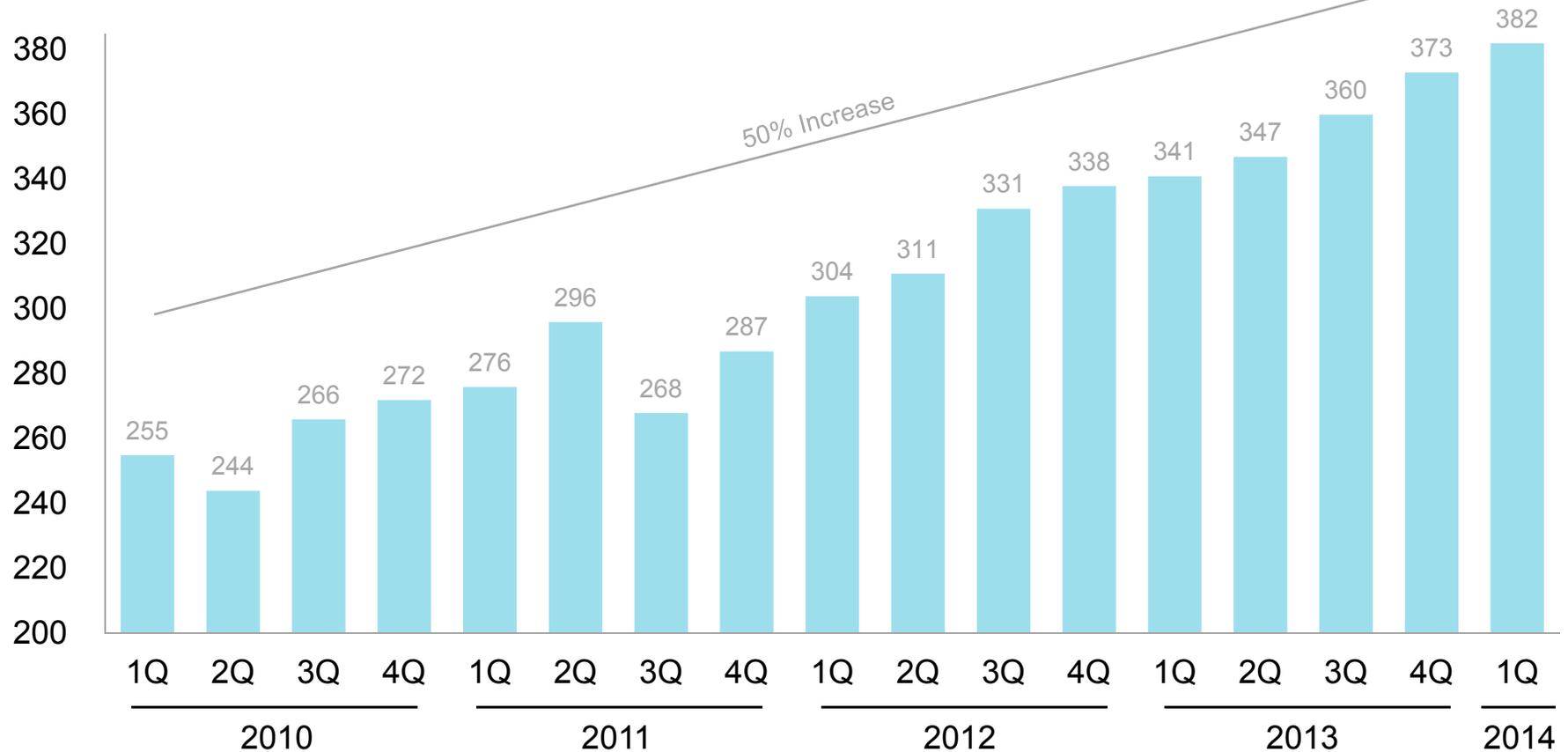
There are synergies and significant client overlap across Fixed Income and Commodities with Wealth Management, Investment Banking, and Equity Sales and Trading

However, as the regulatory landscape evolves, we continue to optimize resources - balance sheet, capital, and people - needed to achieve our objective of delivering a global offering to the Firm's clients and an attractive return for shareholders

Investment Management: Steady Growth in AUM...

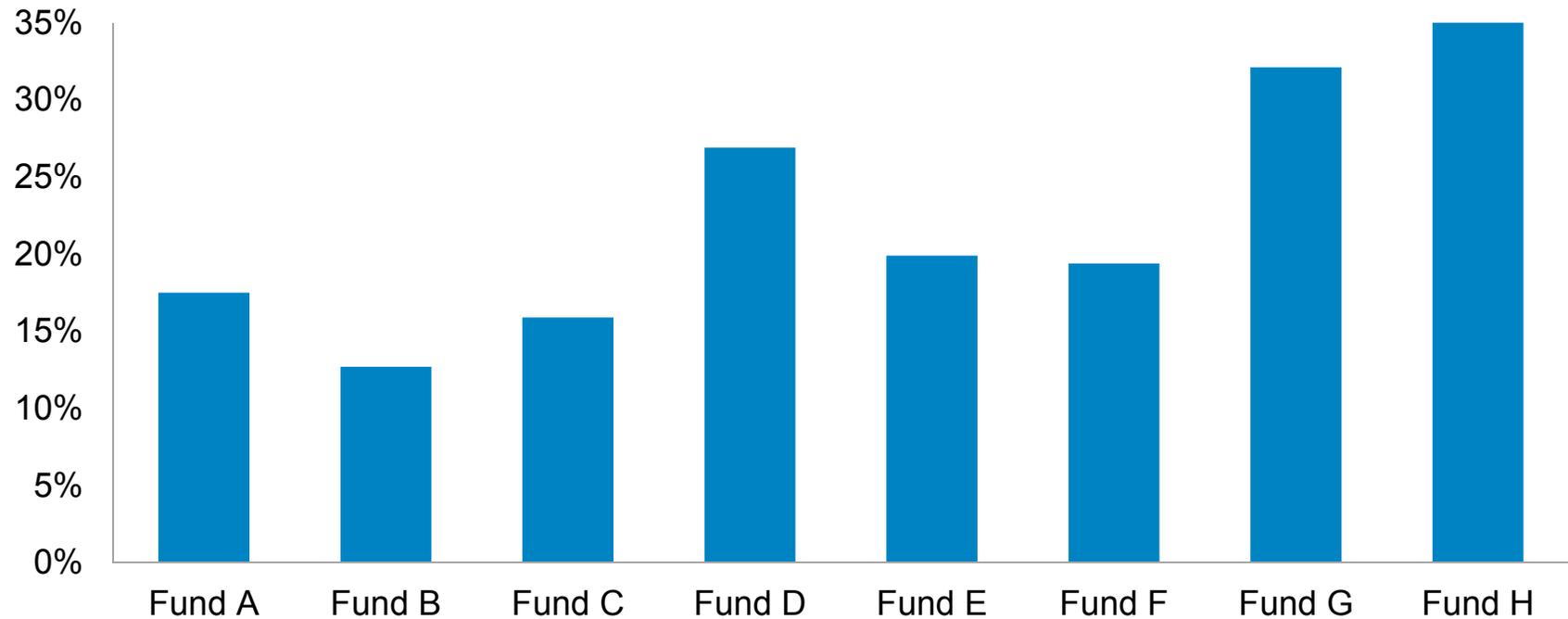
Increased AUM driven by higher flows and markets

Total Assets Under Management or Supervision (\$Bn)



... With Strong Performance In Merchant Banking and Real Estate Investing...

Primary Fund Performance and Summary Information⁽¹⁾



Vintage Year ⁽²⁾	Fund A	Fund B	Fund C	Fund D	Fund E	Fund F	Fund G	Fund H
	N/A	2007	2007	2008	2008	2010	2011	2013

(1) Performance information presented gross, which reflects returns before deducting certain expenses including management fees and carried interests, if any.
 (2) Vintage year is defined as the legal inception date as noted in the fund's financial statement.

... And Robust Performance in Traditional Asset Management...

85% of Long-Only strategies beating benchmarks on a 5-year basis⁽¹⁾

Long-Only

- Dennis Lynch and Growth Team named Morningstar's 2013 U.S. Domestic-Stock Fund Manager of the Year⁽²⁾
- 2014 Lipper Fund Awards recognize Morgan Stanley Bond Funds⁽³⁾
 - Global Fixed Income Opportunities Fund, Best Global Income Fund over 3 and 5 Years
 - US Government Securities Trust, Best General U.S. Government Fund over 3 Years
- Global Tactical Asset Allocation strategy ranked top decile on a one and three-year basis⁽⁴⁾
- Absolute Return strategy ranked top decile on a one and three-year basis⁽⁴⁾
- Frontier Emerging Markets ranked #1 on a one and three-year basis⁽⁵⁾
- Global Infrastructure ranked #1 on a three-year basis⁽⁵⁾
- High Yield ranked #2 on a one-year basis⁽⁵⁾
- Global Fixed Income Opportunities ranked #1 on a one and three-year basis⁽⁵⁾

Liquidity

- Top 10 Liquidity player in domestic US by AUM; Ranked #1 in US Institutional flows as of 1Q 2014⁽⁶⁾

Alternative Investment Partners

- 2013 InvestHedge Fund of Hedge Fund Group of the Year⁽⁷⁾
- Global Macro Fund Awarded 2013 InvestHedge's "Global Macro and Managed Futures" Five-Year Award⁽⁷⁾
- Private Equity Fund of Funds group named the "most consistent fund of funds manager" by Prequin⁽⁸⁾

(1) As of March 31, 2014.

(2) Morningstar, January 2014.

(3) Lipper, March 2014.

(4) eVestment Alliance, March 2014.

(5) Morningstar, March 2014.

(6) iMoneyNet, March 2014.

(7) InvestHedge Awards, September 2013.

(8) Prequin, July 2013.

(9) Past performance is not indicative of future results.

... With Continued Upside From Fundraising and Asset Gathering

Raising New Funds in Merchant Banking and Real Estate

Wide range of products

Several important second generation funds

Leveraging Morgan Stanley global platform and relationships

Restructured fundraising team playing key role

Strong Performance & Investments in Distribution to Drive Traditional AUM

Developing holistic solutions to meet client demand for new/innovative products

Investments in North American distribution

Wealth Management / MUFG cross-selling efforts

At Morgan Stanley We Have Made Significant Progress

Regulatory & Other Requirements		
	Requirement	Morgan Stanley
Basel III CET1, pro-forma	8.5% ⁽¹⁾	11.6% ⁽²⁾
LCR, pro-forma	100%	>100% ⁽³⁾
2013 CCAR	Unqualified Non-Objection	
Governance	Significant investments	
Risk Management	Exponential increases in number of limits and significant increases in headcount	

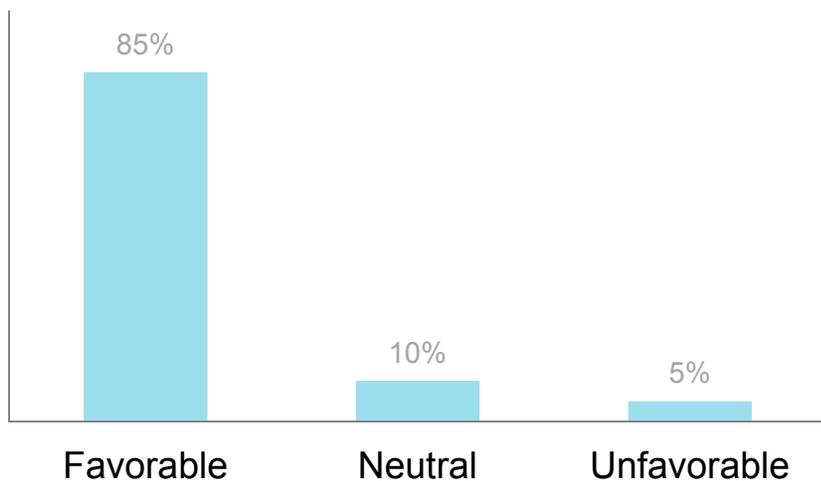
- (1) Under final U.S. Basel III rules, the Company is subject, on a fully phased-in basis, to a minimum Common Equity Tier 1 risk-based capital ratio of 4.5%, plus 2.5% Common Equity Tier 1 capital conservation buffer and an additional 1.5% G-SIB buffer.
- (2) As of March 31, 2014 based on the Firm's best assessment and expectations of the final Basel III rules under the fully phased-in Advanced Approaches and is based on the Company's expectations and interpretations of the proposed requirements. This is a preliminary assessment and is subject to change. Basel III pro-forma Common Equity Tier 1 Common ratio is a non-GAAP financial measure that the Company considers to be a useful measure to the Company and investors to evaluate compliance with future regulatory capital requirements.
- (3) The Company estimates its pro-forma LCR based on a preliminary analysis of the Basel Committee guidelines published to date and other factors. This is a preliminary estimate and may change based on final rules to be issued by the Federal Reserve. In October 2013, the U.S. banking regulators proposed a rule to implement the LCR in the United States. The Company continues to evaluate the U.S. LCR proposal and its potential impact on the Company's current liquidity and funding requirements. The LCR is a non-GAAP financial measure that the Company considers to be a useful measure to the Company and investors to gauge future regulatory requirements.

While Morgan Stanley Has Come Far, Challenges Remain

Recognizing the value the Firm places on human capital, our employees have embraced our strategy and are well prepared to meet challenges

Culture Supports Talent Retention...

Proud to Work at Morgan Stanley – 2014 Employee Survey



... Which Makes Any Future Challenges Easier to Meet

2015

Plans to increase capital return⁽¹⁾

Reach 5% SLR target

2015 and Beyond

Sustainably drive ROE >10%

Morgan Stanley Summary

Most levers have a stable/upward bias

- Ballast in the business model
- Increasing capital returns, subject to regulatory approval
- Stability in signature Institutional franchises – Investment Banking and Equity Sales and Trading
- Organic growth in Wealth Management and Investment Management
- Upside from the bank strategy across the Firm
- Aligning Fixed Income and Commodities balance sheet and capital with the regulatory environment
- Continued expense discipline
- Significant upside from higher rates

Morgan Stanley

Morgan Stanley 2014 U.S. Financials Conference

James P. Gorman, Chairman and Chief Executive Officer

June 10, 2014