Morgan Stanley

1585 Broadway
New York, NY 10036

May 5, 2015

Dear Fellow Morgan Stanley Shareholder:

Morgan Stanley's Board of Directors recommends that you vote:

- **FOR** the Advisory Vote on Compensation of Named Executive Officers ("Say on Pay")
- **FOR** the Election of the Nominees to the Board of Directors
- **FOR** the 25 Million Increase in Shares Available per the 2007 Equity Incentive Compensation Plan (EICP)
- **FOR** the Ratification of Deloitte & Touche as the Firm's Independent Auditor
- **AGAINST** the Shareholder Proposals: (1) To Exclude Abstention Votes from Vote Counts and (2) To Publish a Report Identifying "Senior Officers" Eligible for Vesting of Deferred Equity Compensation for Government Service. A third proposal to publish a special annual report on lobbying expenses was withdrawn by the proponent in a letter received by the Company on May 5, 2015.

Like last year, the proxy advisory firm Institutional Shareholder Services has recommended that shareholders vote for "Say on Pay" because of the Company's alignment of compensation with shareholder performance and overall strategic progress. However, also like last year, the proxy advisory firm Glass Lewis has recommended against "Say on Pay". In 2014, 92% of shares voted for "Say on Pay". Both proxy advisory firms recommended voting for all of the Director nominees and for the Equity Incentive Compensation Plan.

Advisory "Say on Pay" Proposal

The "Say on Pay" proposal centers on CEO compensation in relation to Company performance on both an absolute and relative basis. The Board of Directors believes that performance and pay were properly aligned for 2014:

- In 2014, for the second consecutive year, Morgan Stanley's annual performance for shareholders outperformed all its competitors; 25% total return versus 3% peer average and 15% S&P Financials Index.
- In 2014, the Firm also achieved several important strategic priorities including: increasing Wealth Management's pre-tax margin from 18% to 20%, reducing Basel III Risk Weighted Assets in Fixed Income and Commodities from $210 billion to $188 billion (excluding lending), obtaining CCAR approval in the first half of 2014 to increase dividend by 100% and launching $1 billion in share buybacks (the firm also received CCAR approval in early 2015 based on 2014 operating results to increase the dividend by an additional 50% and launch $3.1 billion in share buybacks), making strong progress in improving ROE toward the 10% + goal.
- As a result, the CEO's total 2014 pay opportunity was set at $16 million, with an additional 2015-2017 long-term incentive award of $6.5 million if performance targets are met over the next three years, with several shareholder aligned features: 72% is deferred over three years and subject to clawback; 67% of deferred compensation is equity based and subject to the 75% retained ownership commitment.

Accordingly, we urge you to vote FOR the advisory "Say on Pay" proposal.

Shareholder Proposals

1. Proposal to amend company bylaws to exclude votes to abstain from vote counts

    - Morgan Stanley's treatment of abstentions is consistent with the default treatment under Delaware law and applies identically and equally to shareholder proposals and company proposals. The treatment and effect of abstentions is clearly disclosed in the proxy statement and, as such, the vote count methodology honors the intent of shareholders who cast abstaining votes.

2. Proposal to publish a report identifying "senior officers" eligible for vesting of deferred equity compensation for government service and related dollar amounts

    - Morgan Stanley's government service clause reinforces Morgan Stanley's culture of public service and is aligned with shareholders' interests in attracting and retaining talented employees. Morgan Stanley permits all employees to enter government service without forfeiting deferred compensation that was previously awarded based on past performance, when the government position prohibits the employee from continuing to hold Morgan Stanley stock. In that event, the deferred compensation vests, but proceeds remain subject to cancellation and clawback over the original deferral period. Morgan Stanley already fully discloses in the proxy statement the equity awards, and their potential estimated dollar amounts, held by its named executive officers that would vest due to government service.

Accordingly, we urge you to vote AGAINST the shareholder proposals.

Conclusion

I hope that this letter, together with the more detailed information in the attached presentation and in the Compensation Discussion & Analysis section of our proxy statement, will help you make a fully informed decision.

Very truly yours,

Jim Rosenthal

Chief Operating Officer