Morgan Stanley

2011 Deutsche Bank Global Financial Services Investor Conference

Ruth Porat, Executive Vice President and
Chief Financial Officer

June 7, 2011

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 year ended December 31, 2010 ("Annual Report on Form 10-K"), the Company's Quarterly Reports on Form 10-Q and the Company's Current Reports on Form 8-K, including any amendments thereto, which are available on www.morganstanley.com.

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Topics for Discussion

- Execution progress across businesses
- Legacy issues addressed
- Fortified foundation – capital, liquidity, risk management
- Further enhancing execution and efficiency – technology, cost re-engineering

Delivering On Our Strategy

Institutional Securities	Key Performance Goals
"Leading position in Investment Banking, Equities, Commodities, and Credit Products with upside in Rates and EM from more broadly leveraging our client franchise"	**Strengthen Institutional Securities** • Maintain leadership position in Investment Banking, Equities, Commodities, and Credit Products • Deepen client coverage to close footprint gaps – Drive 2% market share increase in Fixed Income
Wealth Management	
"World's largest wealth management firm, with upside from integration and expanded client offering"	**Integrate and build MSSB** • One MSSB platform with industry-leading capabilities • Build MS Private Bank • 20+% PBT margin post-integration (market / rate dependent)
Asset Management	
"Institutional asset management focus, with upside from ongoing optimization"	**Rebuild Asset Management** • 70+% of strategies at or above benchmark • Leverage strong performance with robust distribution / sales

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Strategically Repositioned: Addressed Legacy Issues, Exiting Non-Core, Focusing on Core Businesses

Actions Taken	
Spun-off Discover Financial Services (3Q 2007)	✓
Strategic investment from CIC (4Q 2007)	✓
Sold MSCI (4Q 2007 – 2Q 2009)	✓
Strengthened risk management and increased headcount (2008 – 2009)	✓
MUFG investment and Strategic Alliance (4Q 2008)	✓
Created Morgan Stanley Smith Barney (MSSB) (2Q 2009)	✓
Reconstituted Operating, Management and Risk Committees (2010)	✓
Created joint ventures with MUFG Securities (2Q 2010)	✓
Sold Retail Asset Management (2Q 2010)	✓
CIC conversion of Preferred to Common (3Q 2010)	✓
Restructured all proprietary desks (including PDT)	✓
Addressed merchant banking portfolio, including real estate, limited future capital (2010)	✓
Sold Invesco equity stake (4Q 2010)	✓
Sale of CICC (4Q 2010)	✓
Signed Morgan Stanley – Huaxin joint venture agreement (4Q 2010)	✓

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Fortified Our Foundation

Increased Capital and Liquidity; Diversified Funding

Initiatives	Implications
Built strong capital position	Pro-forma Tier 1 Common Ratio of 14.5% in 1Q11
Enhanced robust liquidity position	Global Liquidity Reserve of $172Bn, 21% of assets in 1Q11, vs. 11% of assets in 1Q08
Restructured approach to secured funding	Secured funding: improved governance, diversification and WAM
Further diversified unsecured funding	Unsecured funding: increased diversification by geography and distribution

Meaningfully Strengthened Risk Management: People, Analytics & Governance

Source: Morgan Stanley SEC Fillings

Note: Tier 1 common ratio is a non-GAAP financial measure that the Firm considers to be a useful measure that the Firm and investors use to assess operating performance and capital adequacy. The Tier 1 common ratio equals Tier 1 capital less qualifying perpetual preferred stock, qualifying trust preferred securities and qualifying restricted core capital elements, adjusted for the portion of goodwill and non-servicing intangible assets associated with MSSB non-controlling interests divided by risk-weighted assets.

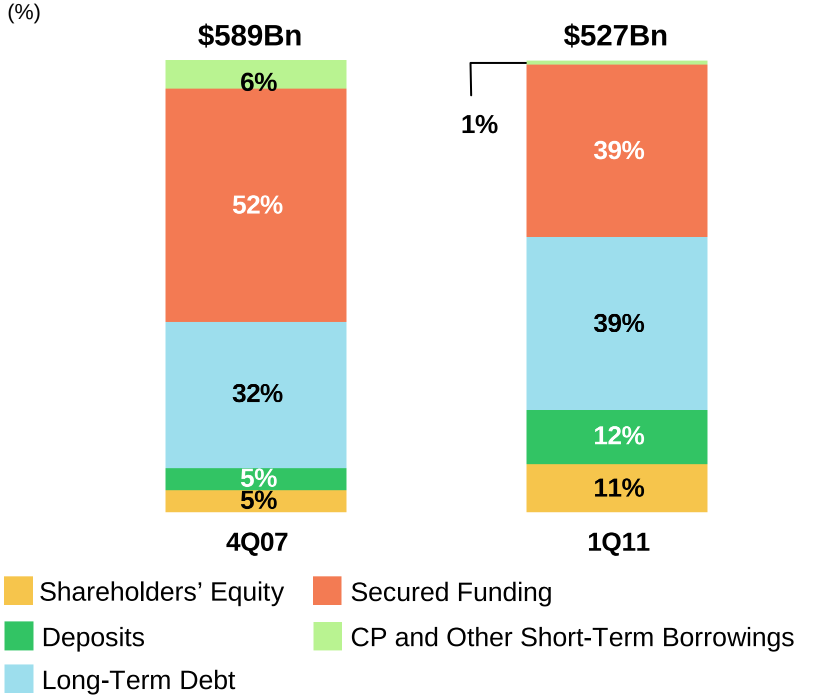
MUFG Conversion: Financial and Strategic Upside

Financial	• Industry-leading Proforma Tier 1 Common Ratio; well positioned for Basel 3 • Elimination of approximately $800 million in annual preferred dividends • Simplified financials • Stronger counterparty
Strategic	• MUFG better aligned with interests of common shareholders • MUFG to hold two seats on the Morgan Stanley board • Continuing to capitalize on already announced initiatives, e.g. lending joint venture

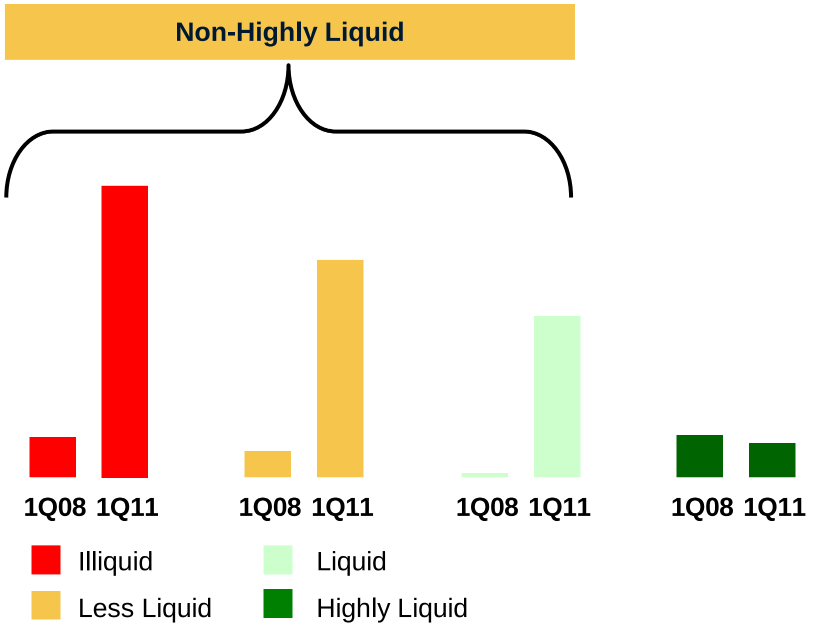
Funding: More Durable and Diversified

- Secured funding decreased from 52% of our overall funding mix in 4Q 2007 to 39% in 1Q 2011
- WAM of Non-Highly Liquid assets exceeded 120 days in 1Q 2011 vs. less than 30 days in 1Q 2008
- Managing asset-based model to obtain appropriate term funding consistent with liquidity profile of underlying assets
  - Assets tiered by fundability
  - Maturity targets and limits set for each tier

Strengthened, Diversified Composition of Funding
(%)



Increased Weighted Average Maturity of Secured Book
By Fundability Bucket (days)



Source: Morgan Stanley SEC Fillings
Notes: (1) 4Q07 figures as reported on a fiscal-year basis.
(2) 1Q08 and 1Q11 figures as reported on a calendar-year basis.

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Enhanced Risk Management: People, Analytics, Governance

Portfolio Level Limits

Stress Testing (S-VaR) & Aggregate Exposures	15 Limits

Portfolio Level Limits

- Comprehensive aggregate risk measurement
- Stress testing for Firm and key product areas
- S-VaR stress testing methodology since 2009

Credit Limits

Credit Portfolios	~250 Limits
Single Name Exposures	~54,000 Limits

Credit Portfolio

- Multiple limit frameworks managed for Firm and by legal entity
- Assigned at single product level and in aggregate across products
- Managed by credit professionals and by governance committees

Market Limits

Trading VaR	~20 Limits
Key Trading Greeks	~32,000 Limits

Trading Exposure

- Comprehensive market risk sensitivity limits
- Daily monitoring by risk professionals
- Daily sign-off on key limits

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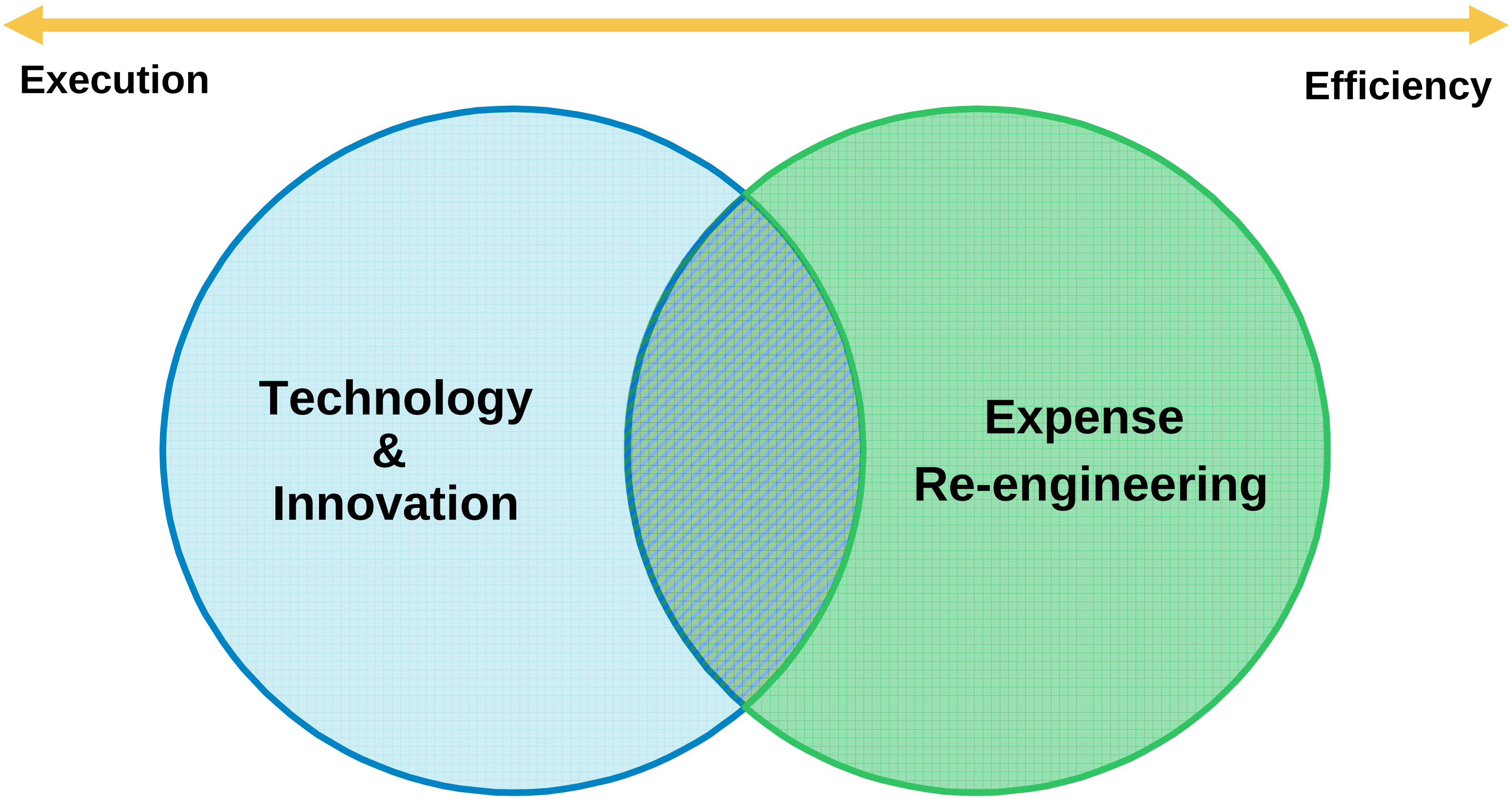
Driving Execution & Efficiency
To Deliver For Clients & Shareholders



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Morgan Stanley Technology Investments

Focus: Achieve "Run the Bank" cost efficiencies to support / fund "Change the Bank" initiatives

Run The Bank

- Normal activity to maintain existing operations
- Use partners and strategic vendors to drive efficiencies and eliminate redundant spending

Change The Bank

- Invest to meet client needs driven by competitive and regulatory change
  - History of innovation: MSET, Prime Brokerage
  - Future: central clearing, SEFs, Single FA platform

- Technology is core to the execution of our strategy
  - Over 14,000 technology-related employees and consultants globally
  - 2007-2010 technology spend CAGR of 7% vs. industry CAGR of 2%(1)
- Strong and disciplined technology management team with an average of 24 years of experience

Note: (1) Aite "2011 Capital Markets Technology Spending", Company data

Key Technology Initiatives – Institutional Securities

Leveraging historical strengths to drive the future

- Electronic trading: MSET is flagship electronic trading brand
  - Built in-house with consistent investment over many years by Institutional Equities and FX
  - Leveraging MSET technology deeper into Fixed Income
  - Over the last two years, our electronic trading volumes have grown at a CAGR of more than 100% in FX and 60% in Rates
- Central Clearing: on track; fully functional clearing platform in 3Q 2011
- Operations: investments in straight-through processing will increase scalability, reduce costs and operational risk and make systems more fungible
- System & Data Model: working towards a single data model, with unified architecture from front to back across silos, to generate operational efficiencies

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Key Technology Initiatives – Global Wealth Management

Building a best-in-class platform to improve Financial Advisors' ability to access intellectual capital and serve clients effectively

- Will merge three legacy platforms into single FA platform
- Key enhancements include
  - "Center for Investment Excellence" for investment insights from analysts, money managers and other FAs
  - Sophisticated risk management / analysis tools
  - Improved Client Relationship Management (CRM) system, including click-to-dial and inbound call recognition
  - Mobile capabilities
  - Integrated search capabilities
  - Recommendation engine to deliver customized insights to each FA

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Key Technology Initiatives – Asset Management

Targeted enhancement of technology platform

- Improved analytic capabilities for Fixed Income and Liquidity front-office platforms
- Leverage service provider technology to deliver added functionality to MSIM Operations (enhanced settlements, reporting and record-keeping)
- Augment CRM / workflow platform in support of sales and marketing efforts
- Focus on Real Estate and Merchant Banking technology platforms to further streamline fund accounting processes

Expense Re-engineering Overview

- In February 2011, announced an Office of Re-engineering and Expense Management under the COO
- Commenced a three-year program targeting $1+ billion in annual run-rate savings
- Re-engineering effort is comprehensive
  - Improve processes and reduce layers of complexity built over time
  - Execute numerous cross-divisional projects
  - Includes process optimization, vendor and demand management, location strategy and outsourcing, operating model renovation
- Meaningful gross run-rate savings beginning in 2012 (~$500 million)
- Cumulative net run-rate savings expected to build quickly and steadily from 2012 to 2014

Cost Re-engineering Initiatives Over the Next Three Years to Drive $1+ Billion Run-Rate Savings

	Illustrative Actions	Additional Detail
Tech & Data / Operations	• Operating Model Renovation • Technology and Process Optimization • Vendor and Demand Management	• Optimize Server Utilization • Decommission Obsolete Systems • Data Center Strategy
Administrative Projects	• Location Strategy • Space and Occupancy	• Effective Use of Offshore and Nearshore Locations • Identify and Implement New Outsourcing Opportunities
MSSB	• Shared Efficiencies with ISG • E-Delivery of Statements and Confirms	
Finance	• Finance Efficiencies • Moving Certain Derivatives to the Bank • Further Optimizing Deposit Use	• Legal Entity Consolidation, Streamlined Process and Reporting • Continue Execution of Change the Bank Project

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Conclusion

- Client-centric, global and diversified business
  - Well positioned for regulatory reform
  - Well positioned for Basel 3 requirements – capital and liquidity
- Executing across businesses
- Driving added effectiveness and efficiency
  - Technology-related
  - Expense re-engineering

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