

Morgan Stanley

Free Writing Prospectus
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Morgan Stanley Third Quarter 2009 Overview

November 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, 2009 Quarterly Reports on Form 10-Q and 2009 Current Reports on Form 8-K, including any amendments thereto, all of 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, 2009 Quarterly Reports on Form 10-Q and 2009 Current Reports on Form 8-K.

The issuer has filed a registration statement (including a prospectus) with the SEC for any offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and any other documents the issuer has filed with the SEC for more complete information about the issuer and any offering to which this communication relates. You may get these documents for free by visiting EDGAR on the SEC global web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in such an offering will arrange to send you the prospectus if you request it by calling toll-free 1-800-584-6837.

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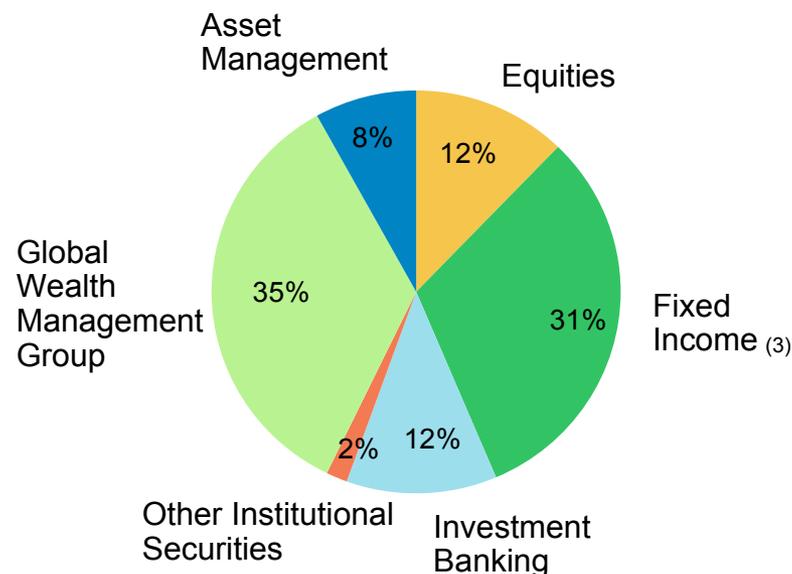
Consolidated Financial Highlights

3Q09 Highlights

Net Revenues (\$Bn)	8.7
PBT (\$Bn)	1.2
Net Income (\$Bn)	0.76
Diluted EPS from Continuing Operations (\$)	0.38
Adjustment from Debt-Related Credit Spreads (\$)	(0.36)
Book Value per Share (\$)	27.05
Tangible Book value per common share ⁽¹⁾	21.23
TARP Warrant Repurchase (\$mm)	950

3Q09 Net Revenues of \$8.7 Bn ⁽²⁾

Business Mix 3Q09



Source:

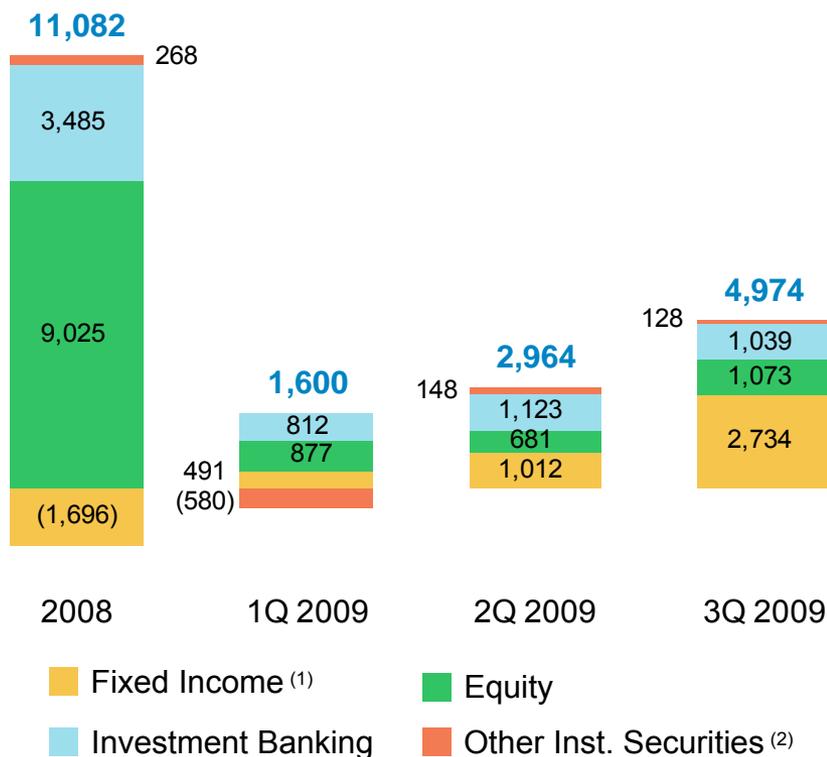
Morgan Stanley Earnings Conference Call, SEC Filings

- (1) Tangible Book value per common share equals tangible common equity divided by period end common shares outstanding.
- (2) The quarter ended September 30, 2009 includes results from the Morgan Stanley Smith Barney joint venture effective from May 31, 2009.
- (3) Represents combined revenues from Fixed Income Sales and Trading and Other Sales and Trading.

Institutional Securities

Net Revenue

(\$MM)



3Q 2009 Highlights

- Investment Banking delivered strong results
 - Ranked # 1 in Global Announced and Completed M&A
 - # 1 in Global IPOs
 - \$1.0 billion in revenues up 28% vs. 1Q09
- Delivered strong Net Revenues in Investment Grade and Distressed Debt Trading
- Morgan Stanley Credit Spread Improvement negatively impacted Net Revenues by (\$0.9 billion) ⁽³⁾

Source:

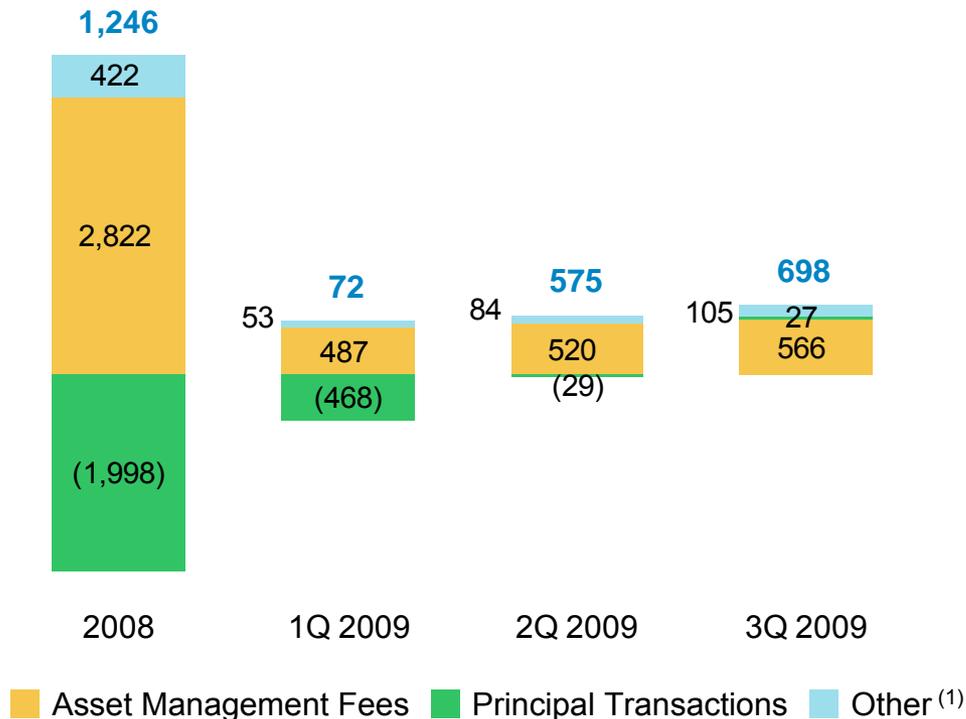
Morgan Stanley Earnings Conference Call, SEC Filings, Thomson Reuters – for the period of January 1, 2009 to September 30, 2009

- (1) Represents combined revenues from Fixed Income Sales and Trading and Other Sales and Trading. Other sales and trading net revenue primarily includes net gains/losses from the mark-to-market of loans and closed and pipeline commitments and related hedges, and results related to Investment Banking and other activities.
- (2) 2008 includes pre-tax gains of \$1,489 million related to the follow-on offerings of MSCI Inc. 1Q09, 2Q09, 3Q09 includes Investment losses, fees and other revenues.
- (3) For the quarter ended September 30, 2009, continued improvement in debt-related credit spreads reduced sales and trading net revenues by \$0.9 billion (fixed income: \$0.6 billion, equity: \$0.2 billion, other: \$0.1 billion).

Asset Management

Net Revenue

(\$MM)



3Q 2009 Highlights

- Core business⁽²⁾ – net revenues of \$600 million, up from \$308 million in 3Q08
- Announced agreement to sell retail asset management business to Invesco Ltd.
 - Stock and cash transaction valued at approximately \$1.5 billion
 - Morgan Stanley receives 9.4% minority interest
 - Expected to close in mid-2010
- Going forward Asset Management will be comprised of Long-only Institutional Businesses:
 - Direct hedge fund business, fund of funds business, liquidity business, and merchant banking business
- Remaining Asset Management business would have approximately \$267 billion in assets under management on a pro-forma basis as of September 30, 2009
- Crescent Impairment – (\$251 million)

Source:

Morgan Stanley Earnings Conference Call, SEC Filings

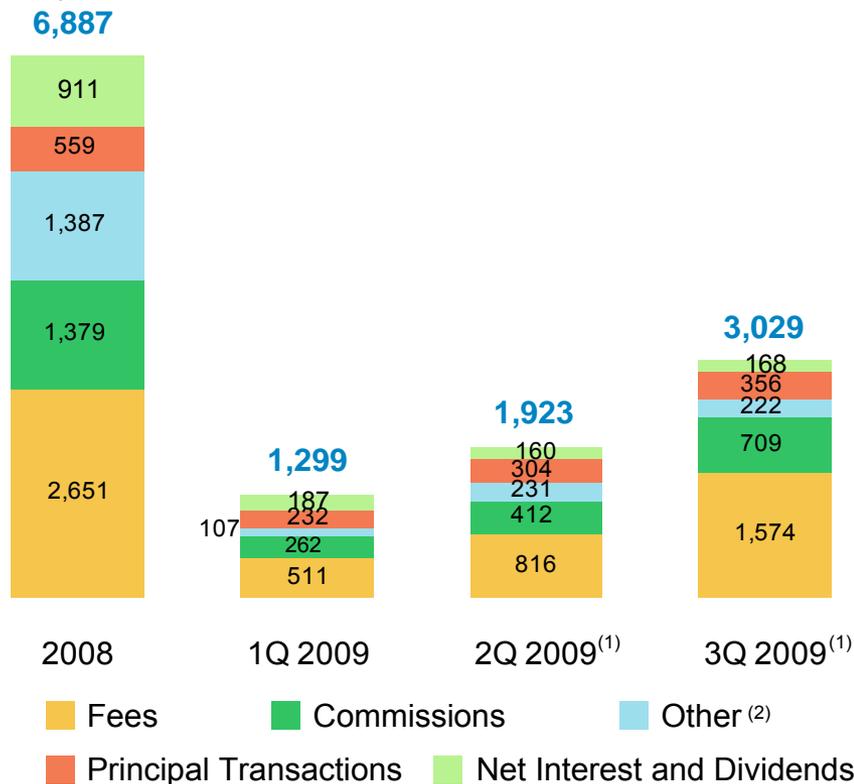
(1) "Other" includes Investment Banking, Net Interest and Dividends, Commissions and Other revenues.

(2) "Core business" includes traditional, hedge funds and fund of funds asset management.

Global Wealth Management Group

Net Revenue

(\$MM)



3Q 2009 Highlights

- Solid Performance with 11% PBT margin (ex-joint venture integration costs)
- \$110 billion - JV Bank Deposit program
 - \$52 billion is held at MS banks
 - Total Firm-wide Deposits up to \$62 billion
- 18,160 global financial representatives
- \$662,000 average annualized revenue per global representative
- Client assets per global representative of \$84 million
- \$1.5 trillion in total client assets

Source:

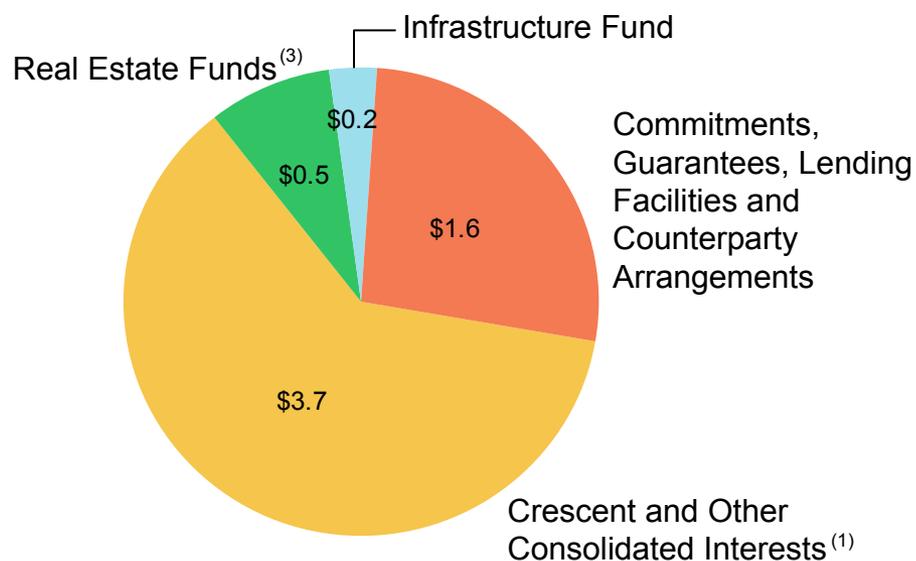
Morgan Stanley Earnings Conference Call, SEC Filings

(1) The quarters ended June 30, 2009 and September 30, 2009 include results from Morgan Stanley Smith Barney joint venture effective from May 31, 2009.

(2) "Other" includes Investment Banking and Other revenues. 2008 includes a pre-tax gain of \$743 million on the sale of the Spanish wealth management business, Morgan Stanley Wealth Management S.V., S.A.U.

Firmwide Real Estate Investments

Total Real Estate Investments of \$6.0bn⁽²⁾



September 30, 2009

- Crescent and Other Consolidated Interests represents the assets of consolidated subsidiaries, certain of which are subject to non-recourse debt of \$2.5 billion provided by third party lenders

Source:

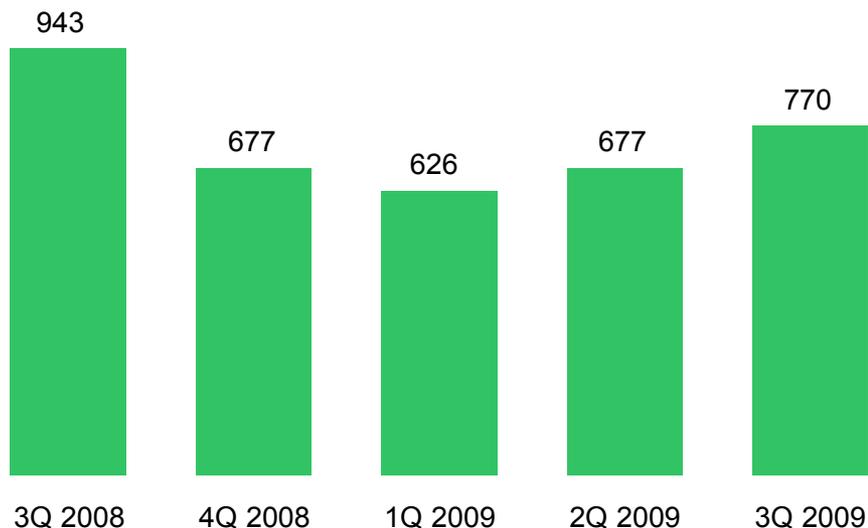
Morgan Stanley Earnings Conference Call, SEC Filings

- (1) As of September 30, 2009, consolidated statement of income amounts directly related to investments held by consolidated subsidiaries are condensed in this presentation and include principal transactions, net operating revenues and expenses and impairment charges.
- (2) Total balances exclude investments that benefit certain deferred compensation and employee co-investment plans. Morgan Stanley has \$4.4 billion in direct real estate investments and \$1.6 billion in contractual capital commitments, guarantees, lending facilities and counterparty arrangements with respect to total real estate investments as of September 30, 2009.
- (3) In the third quarter, Morgan Stanley consolidated certain real estate funds. This resulted in a transfer of investment assets of \$0.2 billion, which is net of non-controlling interests of \$0.6 billion, from Real Estate Funds to Consolidated Interests. The results for the three months ended September 30, 2009 for these newly consolidated subsidiaries, net of non-controlling interests, were not significant.

Strong Capital Position

Total Assets

(\$Bn)



3Q09 Key Capital Ratios (Basel I)

Tier 1 Capital Ratio **15.4%**

Tier 1 Common Ratio ⁽¹⁾ **8.2%**

Tangible Common Equity to Risk Weighted Assets ⁽²⁾ **9.6%**

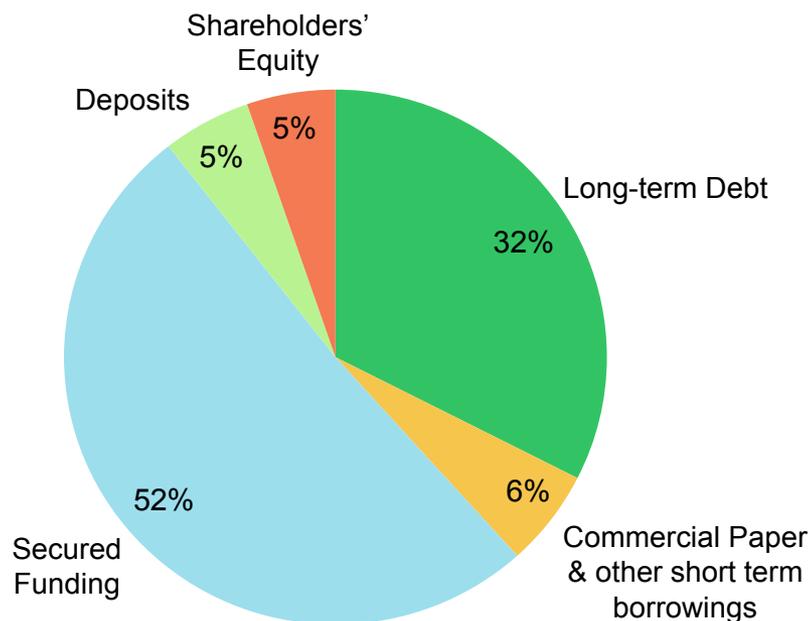
Source:

SEC Filings and estimates from 10-Q

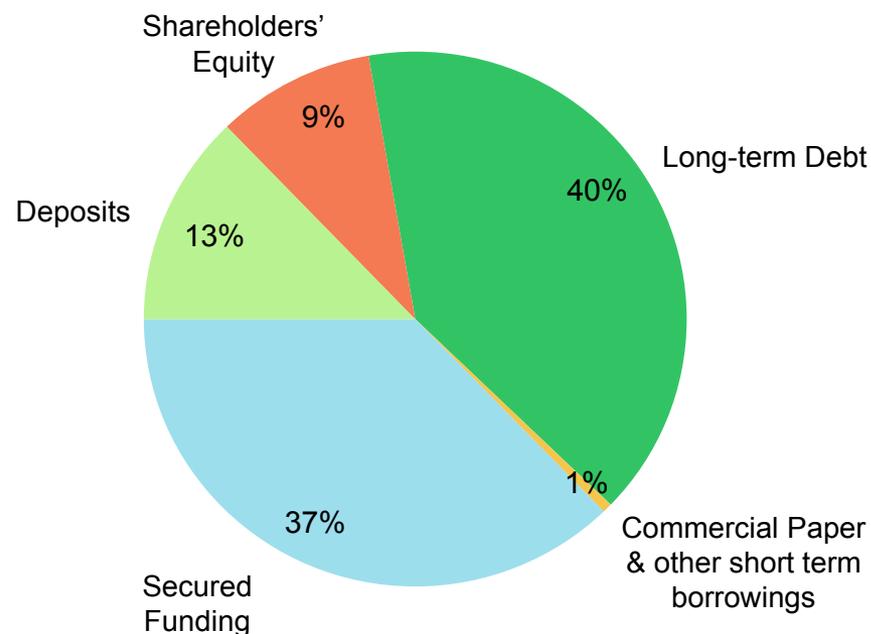
- (1) The Tier 1 common ratio equals Tier 1 Common equity divided by risk-weighted assets. Tier 1 common equity equals Tier 1 Capital less qualifying preferred stock, qualifying mandatorily convertible trust preferred securities and qualifying restricted core capital elements, adjusted for the portion of goodwill and non-servicing intangible assets associated with non-controlling interests. The Company views the Tier 1 common ratio as a useful measure for investors because it is a commonly utilized metric.
- (2) Tangible common equity to risk-weighted assets ratio equals tangible common equity divided by total risk-weighted assets of \$299,416 million.

Funding Diversification

Composition of Funding Liabilities and Equity



4Q 2007 (1)



3Q 2009 (2)

Source: Morgan Stanley SEC Filings

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

(2) 3Q09 numbers as reported on a calendar-year basis. 3Q09 Liabilities and Equity – Commercial Paper & Other Short-Term Borrowings - \$3.0, Long-Term Debt - \$196.4, Secured Financing - \$183.8, Deposits - \$62.4, Shareholders Equity - \$46.3