Form **8937**
(December 2017)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

OMB No. 1545-0123

Part I Reporting Issuer

1 Issuer's name Morgan Stanley, as successor to E*TRADE Financial Corporation		2 Issuer's employer identification number (EIN) 36-3145972
3 Name of contact for additional information Investor Relations	4 Telephone No. of contact (212) 762-8131	5 Email address of contact investorrelations@morganstanley.com
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 1585 Broadway		7 City, town, or post office, state, and ZIP code of contact New York, NY 10036
8 Date of action October 2, 2020	9 Classification and description See attachment	

10 CUSIP number See attachment	11 Serial number(s)	12 Ticker symbol See attachment	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► See attachment.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► See attachment.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► See attachment.

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

Sections 354(a), 358(a), 368(a) and 1001 of the Internal Revenue Code.

18 Can any resulting loss be recognized? ▶ See attachment.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶

The Mergers (as defined as in the attached response to box 14) were consummated on October 2, 2020. Consequently, the reportable year of holders of E*TRADE stock (as defined in the attached response to box 14) for reporting the tax effect of the Mergers is the taxable year that includes the October 2, 2020 date.

Former holders of E*TRADE stock are urged to consult with their own tax advisors with respect to their individual tax consequences of the Mergers.

PROTECTIVE FILING. ISSUER UNCERTAIN WHETHER THE MERGERS "AFFECT" HOLDERS' BASIS IN SHARES OF E*TRADE STOCK SINCE BASIS CARRIED OVER TO SHARES OF MORGAN STANLEY STOCK (AS DEFINED IN THE ATTACHED RESPONSE TO BOX 14).

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ [signature] Date ▶ 10-02-2020

Print your name ▶ Humberto Reboredo Title ▶ Managing Director

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

Morgan Stanley, as successor to
E*TRADE Financial Corporation
EIN 36-3145972
Attachment to Form 8937

Form 8937, Part I, Box 9:
E*TRADE common stock
E*TRADE Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A
E*TRADE Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series B

Form 8937, Part I, Box 10 (CUSIP Number):
E*TRADE common stock: 269246401.
E*TRADE Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A: 269246 BN3.
E*TRADE Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series B: 269246BR4.

Form 8937, Part I, Box 12 (Ticker Symbol):
E*TRADE common stock: ETFC.
E*TRADE Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A: N/A
E*TRADE Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series B: N/A.

Form 8937, Part II, Box 14:

On October 2, 2020, pursuant to the Agreement and Plan of Merger, dated as of February 20, 2020, by and among Morgan Stanley, E*TRADE Financial Corporation ("E*TRADE") and Moon-Eagle Merger Sub, Inc. ("Merger Sub") (a wholly owned subsidiary of Morgan Stanley), Merger Sub merged with and into E*TRADE with E*TRADE surviving (the "First Merger") and E*TRADE thereafter merged with and into E*TRADE Financial, LLC ("Merger Sub II") (a wholly owned subsidiary of Morgan Stanley that is treated as a corporation for U.S. federal income tax purposes) with Merger Sub II surviving (the "Second Merger", and the First Merger and Second Merger together, the "Mergers").

At the closing of the First Merger, (i) each outstanding share of E*TRADE common stock, par value $0.01 per share ("E*TRADE common stock"), was converted into the right to receive 1.0432 shares of Morgan Stanley common stock, par value $0.01 per share ("Morgan Stanley common stock"), provided that if the aggregate number of shares of Morgan Stanley common stock a E*TRADE shareholder was entitled to receive included a fraction of a share of Morgan Stanley common stock, cash was paid in lieu of that fractional share based on a per share price of $47.26; (ii) each share of E*TRADE's Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series A, par value $0.01 per share ("E*TRADE Series A Preferred Stock") was converted into the right to receive one share of a newly created series of Morgan Stanley's Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series M, par value $0.01 per share (all shares of such newly created series, the "New Morgan Stanley Replacement Series M Preferred Stock"); and (iii) each share of E*TRADE's Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series B, par value $0.01 per share ("E*TRADE Series B Preferred Stock," and together with E*TRADE common stock and the E*TRADE Series A Preferred Stock, "E*TRADE stock") was converted into the right to receive one share of a newly created series of Morgan Stanley's Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series N, par value $0.01 per share (all shares of such newly created series, the "New Morgan Stanley Replacement Series N Preferred Stock," and together with Morgan Stanley common stock and the New Morgan Stanley Replacement Series M Preferred Stock, "Morgan Stanley stock").

Form 8937, Part II, Box 15:

The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders.

Further discussion of material U.S. federal income tax consequences of the Mergers can be found in the Form S-4 for Morgan Stanley as filed with the Securities and Exchange Commission on June 12, 2020, under the heading "U.S. Federal Income Tax Considerations" (available at: https://www.sec.gov/Archives/edgar/data/895421/000120677420001847/etrade3750091-s4a.htm) (the "Form S-4").

Consistent with the Form S-4, the Mergers will be reported as, and Morgan Stanley believes that the Mergers qualified as, a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). No ruling from the Internal Revenue Service has been requested or is intended to be obtained as to the U.S. federal income tax consequences of the Mergers. Assuming that the Mergers constitute a reorganization, with respect to holders of E*TRADE stock that are U.S. taxpayers not in a special class of holders subject to special rules as described further in the Form S-4 ("U.S. holders"):

- The exchange of shares of E*TRADE stock for shares of Morgan Stanley stock will be tax-free to U.S. holders, except with respect to cash received in lieu of a fractional share of Morgan Stanley common stock as discussed below.
- The aggregate tax basis of the shares of each class of Morgan Stanley stock received in the Mergers (including any fractional share of Morgan Stanley common stock deemed received and exchanged for cash, as discussed below) will be the same as the aggregate tax basis of the shares of E*TRADE stock exchanged therefor.

If holders of E*TRADE stock acquired different blocks of E*TRADE stock at different times or at different prices, the tax basis of the shares of each class of Morgan Stanley stock received in the Mergers will be determined separately with respect to each block of the E*TRADE stock.

A holder of E*TRADE common stock who receives cash instead of a fractional share of Morgan Stanley common stock will generally be treated as having received the fractional share pursuant to the Mergers and then as having sold to Morgan Stanley that fractional share of Morgan Stanley common stock for cash. As a result, a holder of E*TRADE common stock will generally recognize gain or loss equal to the difference between the amount of cash received and the tax basis allocated to such fractional share of Morgan Stanley common stock.

Form 8937, Part II, Box 16:

See response to Box 15, above.

Form 8937, Part II, Box 18:

The Mergers were intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Code. As described in the response to Box 15, if the Mergers are respected as a "reorganization" within the meaning of Section 368(a) of the Code, a U.S. holder of E*TRADE stock will not recognize any loss upon receipt of Morgan Stanley stock in the Mergers, except with respect to any cash received in lieu of a fractional share of Morgan Stanley common stock. A U.S. holder of E*TRADE common stock who receives cash in lieu of a fractional share of Morgan Stanley common stock in the Mergers generally will be treated as having received such fractional share in the Mergers and then as having received cash in redemption of such fractional share, and may recognize a taxable loss as a result of such redemption.