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Morgan Stanley Fixed Income Investor Conference Call

August 3, 2012

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, Quarterly Reports on Form 10-Q and the Company's Current Reports on Form 8-K, as applicable, including any amendments thereto, 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, the Company's Quarterly Reports on Form 10-Q and the Company's Current Reports on Form 8-K, as applicable, including any amendments thereto. This presentation is not an offer to buy or sell any security.

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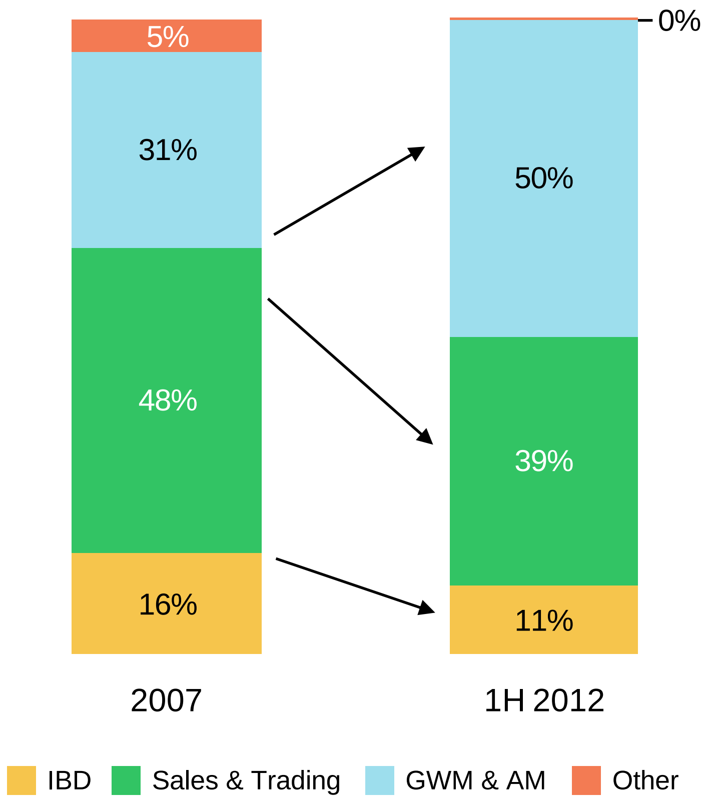
Agenda

1. Business strategy
2. Capital
3. Asset funding model
4. Deposits
5. Long-term debt
6. Secured funding
7. Liquidity reserve
8. Funding plan

1 Strategic Moves Enhance Business Outlook and Funding Profile

2007–2012 Revenue Split [1] [2]



Key Drivers

- **ISG**
  - Cohesive set of products across divisions
  - Leadership position in IBD
  - Balanced product and geographic mix in Equities
  - Continued focus on market share gains and capital management in Fixed Income
- **GWM**
  - Fully integrated, well positioned
  - Revenue stability, growth in deposit funding
- **MUFG**
  - Strategic partnership with the world's third largest depository
- **Strong risk discipline and tight governance**
  - Institutionalization of processes ensures durability
  - Decreased percentage of Level 3 assets: currently 3% vs. 97% more liquid assets [3]

Source: Morgan Stanley SEC Filings and Company data

(1) 2007 figures on a fiscal-year basis with a year ending on November 30.
(2) Revenues adjusted for DVA (2007: ($843)MM; 1H12: $1.6Bn) and mortgage losses in 2007 ($9.4Bn).
(3) Assets at fair value, as a percentage of total assets.

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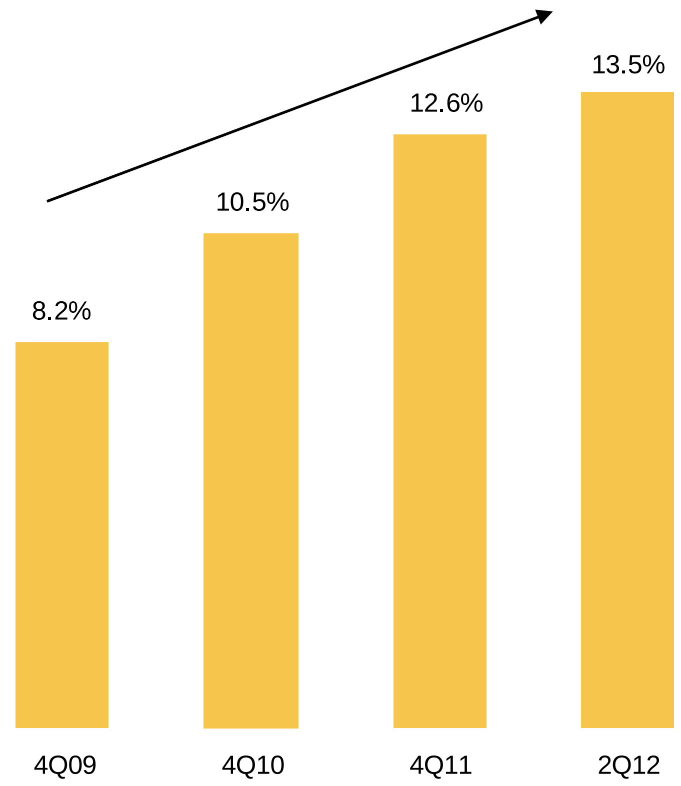
2 Strong Capital Under Basel 1 and Basel 3 Regimes

Basel I Tier 1 Common Ratio

(Common Less Tier 1 Deductions) / RWA (%)



- Under Basel I, Tier 1 Common ratio is 13.5%
  - Tier 1 Capital ratio is 17.1%
- Subject to final rulemaking, but incorporating the recently codified Basel 2.5 guidance and our best estimate of the new Basel 3 NPR; does not assume CRM model approval
  - June 30th spot Tier 1 Common ratio is just under 8.5%
  - Year end 2012 around 9%
    - Reflecting mitigation and consensus earnings

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Source: Morgan Stanley SEC Filings and conference call transcripts

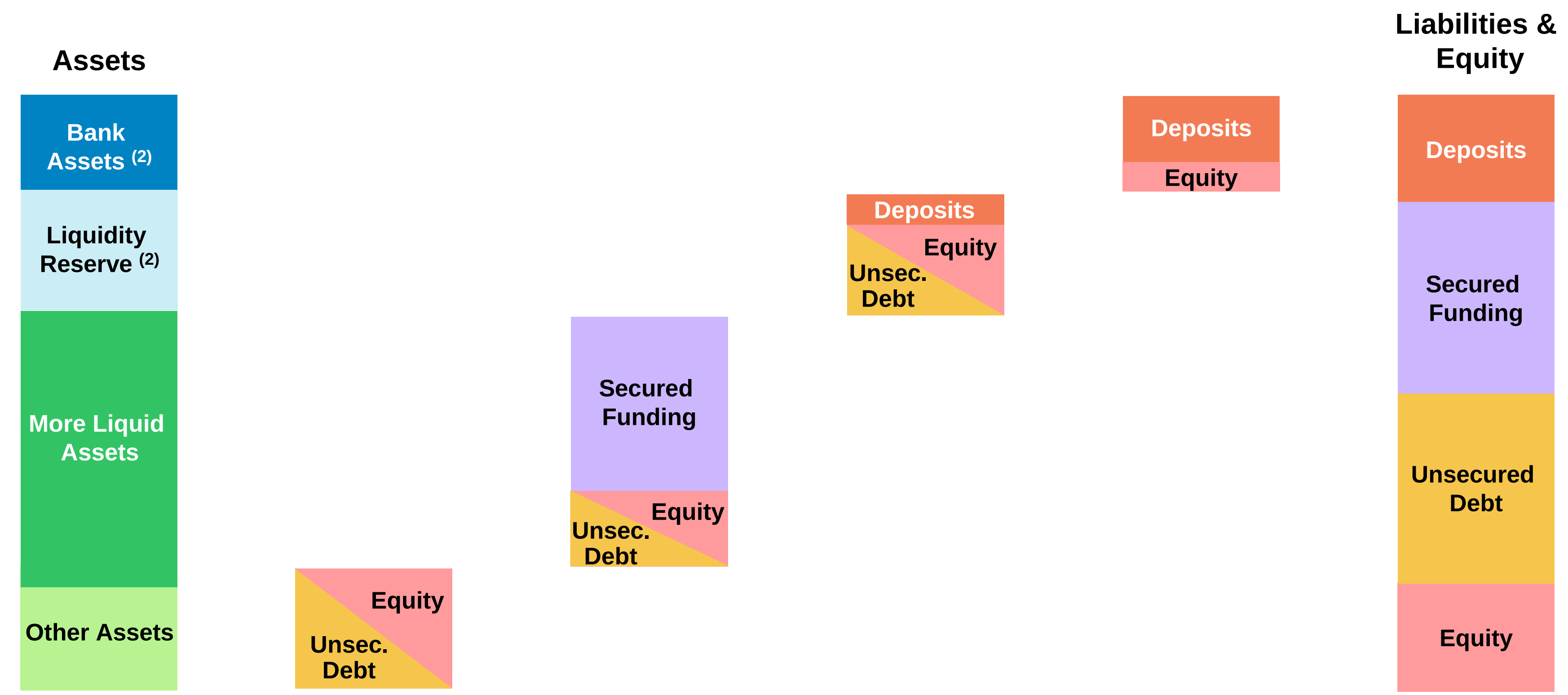
Durable Funding and Strong Liquidity Through Balance Sheet Management

($Bn) Events	4Q07 [(1)]	2Q12	(%) Change [(2)]
Balance Sheet: Significant decline in size	$1,045	$754	(28)
Short-Term Borrowings: Not reliant on 2a-7 funds or commercial paper for funding	34	2	(94)
Secured Funding: Major decline in balance since 4Q07, with significant WAM extension	301	157	(48)
Long-Term Debt [(3)]: 37% of total funding, up from 32%; expanded global diversification	191	168	(12)
Deposits: Transformed deposit-taking capability; 1Q12 pro forma, 11th largest depository in U.S.,[(4)] with MSSB JV total deposits of $112bn. 1Q12 Morgan Stanley only deposits, 15th largest [(4)]	31	68	119
Shareholders' Equity: Doubled equity	31	63	101
Global Liquidity Reserve: Significant increase	$118	$173	47

Source: Morgan Stanley SEC Filings and SNL Financial

(1) 4Q07 figures as reported on a fiscal-year basis with a year ending on November 30.
(2) Percent change represents change from 4Q07 to 2Q12.
(3) Long-term debt percentage represents percentage of total funding liabilities. Total funding liabilities = CP + Secured Funding + Long-Term Debt + Deposits + Shareholders' Equity.
(4) Excludes foreign banks' U.S. Bank Holding companies.

3 Illustrative Asset-Liability Funding Model [1]



Less liquid assets are funded by unsecured debt and equity.	Liquid assets are funded through the secured channel. Haircuts are funded by unsecured debt and equity.	Liquidity reserve funded by unsecured debt, equity, and deposits.	Loans and bank assets funded by deposits and equity.

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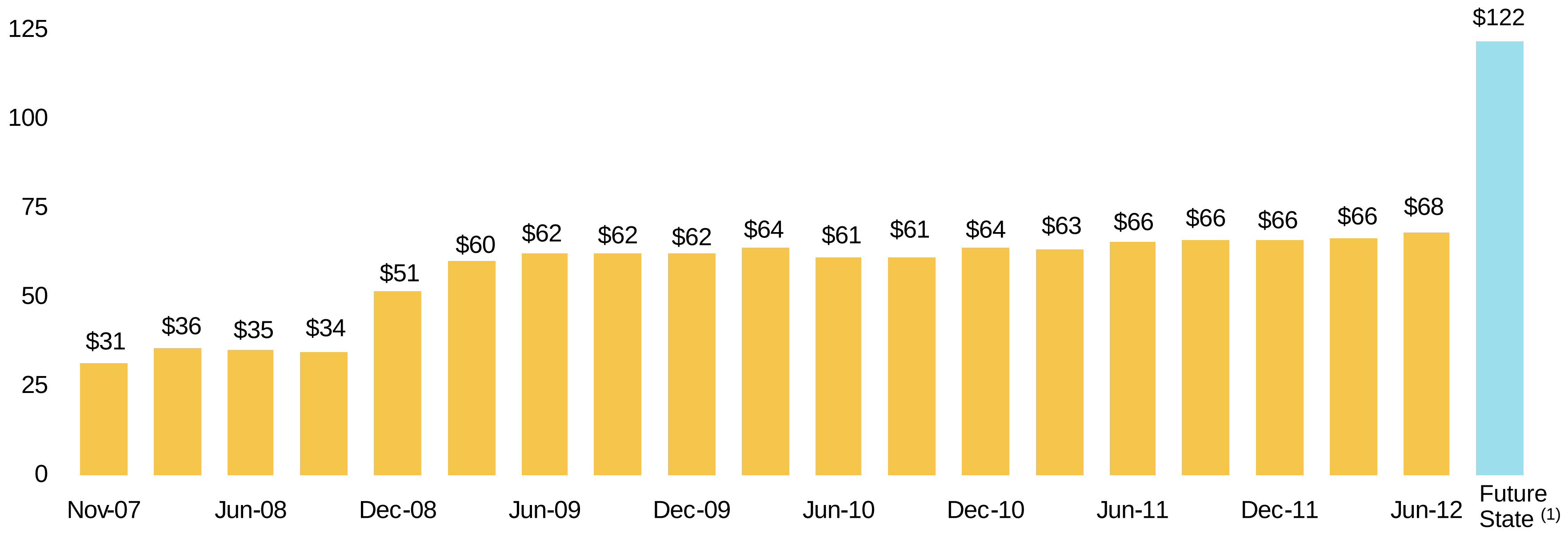
(1) Illustrative; not to scale.
(2) AFS portfolio a component of both Bank Assets and Liquidity Reserve.

4 Deposits: Past, Present and Future State

- Our deposits are primarily sourced from relationships with wealth management clients
  - Broad suite of product offerings in our retail and institutional businesses contributes to deposit stability
- Our deposits are consistent with the growth of our bank assets and offer lower cost funding across economic cycles

Deposits

($Bn)

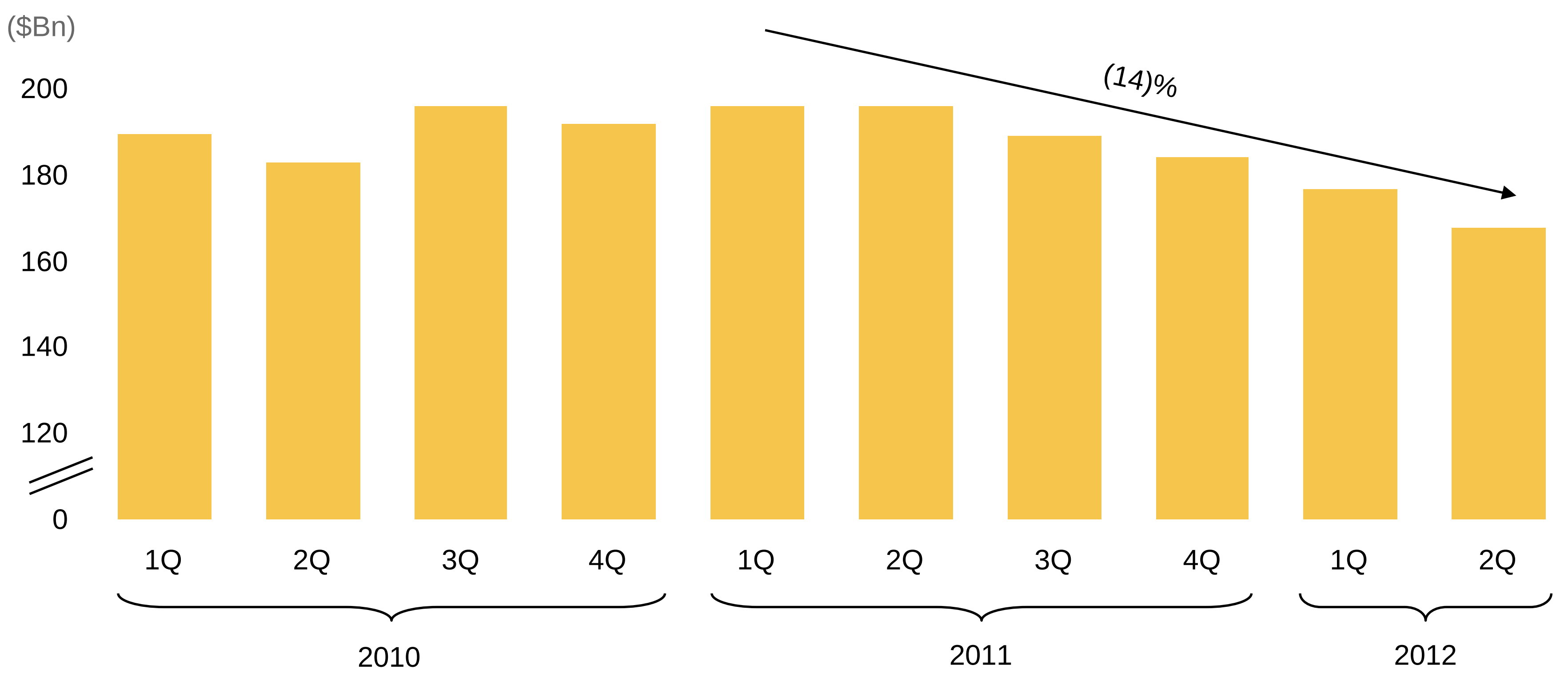


Source: Morgan Stanley SEC Filings and Company data

(1) On June 1, 2012, Morgan Stanley advised of its intention to exercise its right to purchase an additional 14% of MSSB. Future State deposit figures include values for all combined deposits in the Bank Deposit Program ($112.4Bn) plus those deposits outside of the joint venture as of June 30, 2012. In connection with the 14% call option, approximately $5.4Bn of deposits will be transferred to Morgan Stanley to reflect the resulting change in relative percentage ownership interests.

5 Execution of Funding Plan Drove Decline in Debt Outstanding

- At June 30, 2012, weighted average maturity of ~5.3 years; excluding current portion of long-term debt, 6.2 years (1)
- Long-term debt outstanding of $168Bn, down from $196Bn at 1Q11



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Source: Morgan Stanley SEC Filings

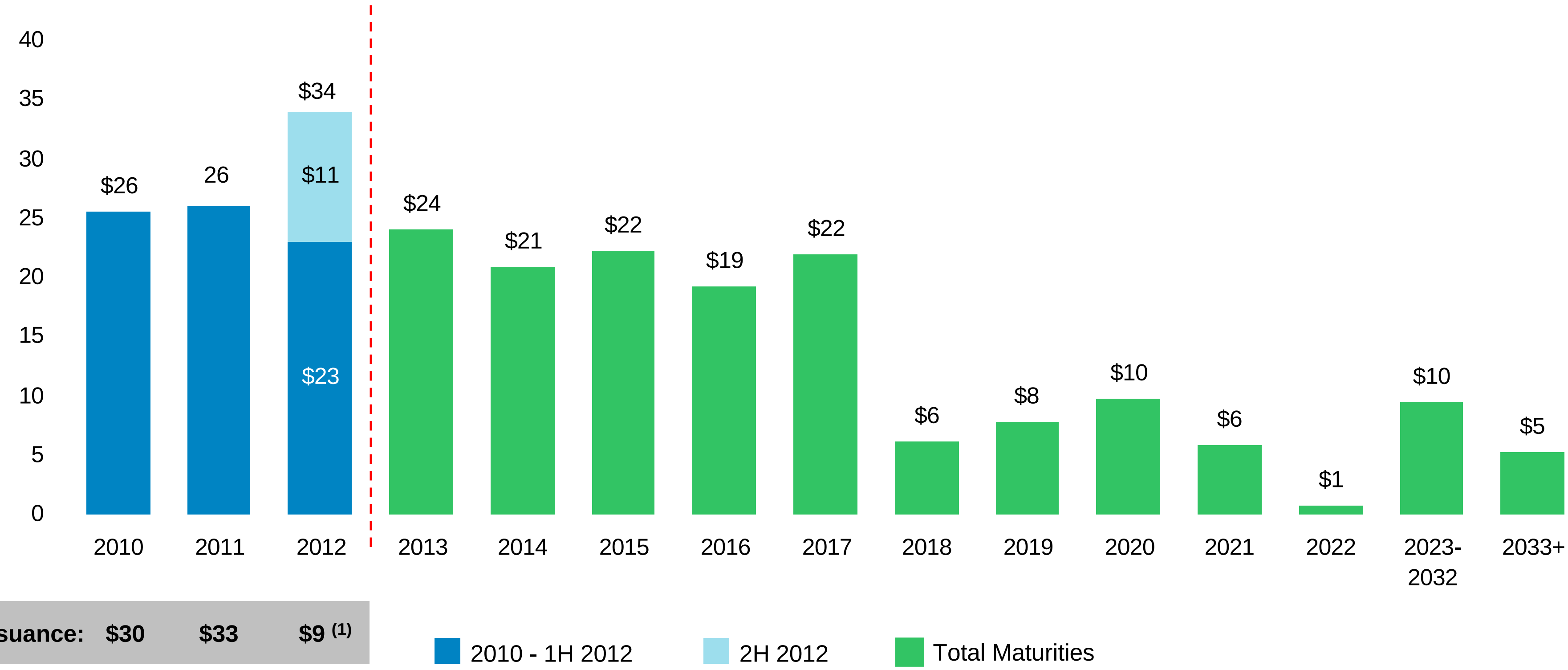
(1) Reflecting 30-year benchmark issuance in July 2012: ~5.7 years; excluding current portion of long-term debt, 6.5 years.

Debt Maturity Profile: Significant Reduction

Elevated 2012 Maturities Addressed by 2010 and 2011 Issuance

Total Short-Term and Long-Term Maturities (1) (2) (3)

($Bn)



Issuance:	**$30**	**$33**	**$9 (1)**

Source: Company Data

(1) As of June 30, 2012. Issuance in 1H12 includes $3Bn of Plain Vanilla.

(2) Total short-term and long-term maturities include Plain Vanilla (Senior Unsecured Debt, Subordinated Debt, Trust Preferred Securities), Structured Notes and Commercial Paper. Structured Notes maturities are based on contractual maturities.

(3) Excludes assumptions for secondary buyback activity.

6 Strict Governance Around Secured Funding

Rules-Based Criteria Determines Asset Fundability…

- **Highly Liquid (Governments, Agencies, Open Market Operations and Central Clearing Counterparty eligible collateral)**
- **Liquid (AAA or AA bonds, Supranationals, Primary Index Equities and Sovereigns)**
- **Less Liquid (Sub-Investment Grade debt, Investment Grade Convertibles, Emerging Market Sovereigns)**
- **Illiquid (Sub-Investment Grade ABS, Unrated and Sub-Investment Grade Convertible Bonds, Non Index Equities, Non-Rated Debt)**

Fundability Criteria

- Eligible for financing through Open Market Operations (OMO) and/or 23A Exempt and Fed Discount Window eligible
- Central Counterparty Clearing (CCP) eligible
- Government securities or other securities with full faith and credit of the Government
- Market haircuts
- Investor depth (number of investors who accept the asset class)
- Capacity in secured financing market, consistent with term limits

Fundability Definition

Fundability	OMO Eligible and / Or 23A Exempt and Fed DW Eligible	CCP Eligible	Govt. Sec / Govt. Full Faith and Credit	Market Haircut	Counterparty Depth	Secured Financing Capacity	% of Total Book
Super Green	✓	✓	✓	< 10%	> 50	100%	49%
Green				<= 15%	>= 15	>= 95%	38%
Amber				> 15%	>= 7	>= 60%	8%
Red				> 20%	< 7	< 60%	5%

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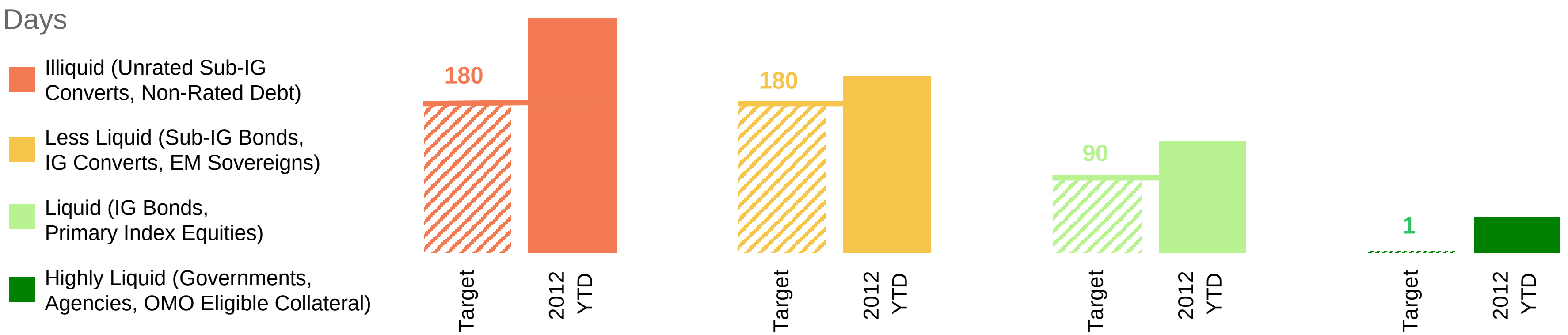
Durable Secured Funding

…Fundability Category Determines Required Weighted Average Maturity: >120 Days (1)

- Established criteria-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
  - Dynamic measurement of asset composition
  - Cost to fund assets allocated to corresponding desks
- Execution
  - **2010:** Extended WAM significantly across fundability buckets
  - **2011:** Achieved investor and maturity diversification, further strengthening liquidity durability
    - Target less than 15% of non-SG liabilities maturing in any given month
    - Target maximum investor concentration of 25% of the maximum maturities allowed in any given month
  - **2012:** Maintained WAM above targets, notwithstanding market uncertainty

Weighted Average Maturity and 2012 Targets by Fundability Bucket (2)



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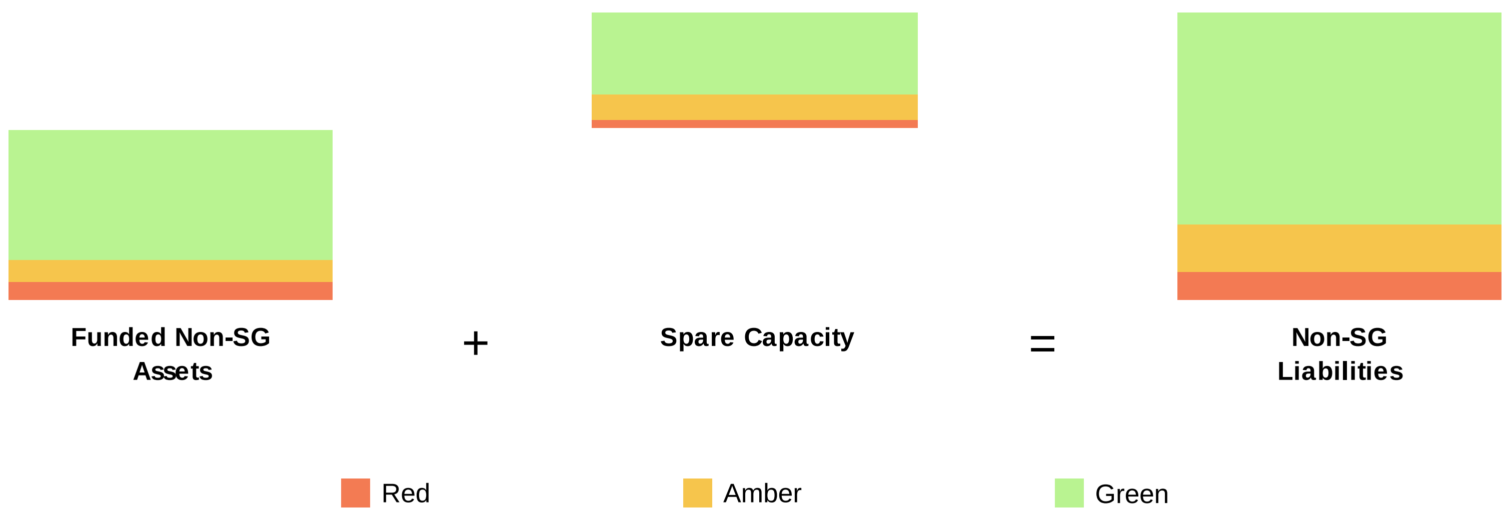
(1) As of 1Q12, the weighted average maturity of secured financing, excluding Super Green assets, was greater than 120 days.
(2) Illustrative; not to scale.

Durability Further Strengthened by Ongoing Governance Enhancements: "Spare Capacity"

- Spare Capacity is equivalent to total liabilities in excess of inventory
- Spare Capacity has created excess contractual term-funding, which serves as an additional risk mitigant to accommodate various market environments

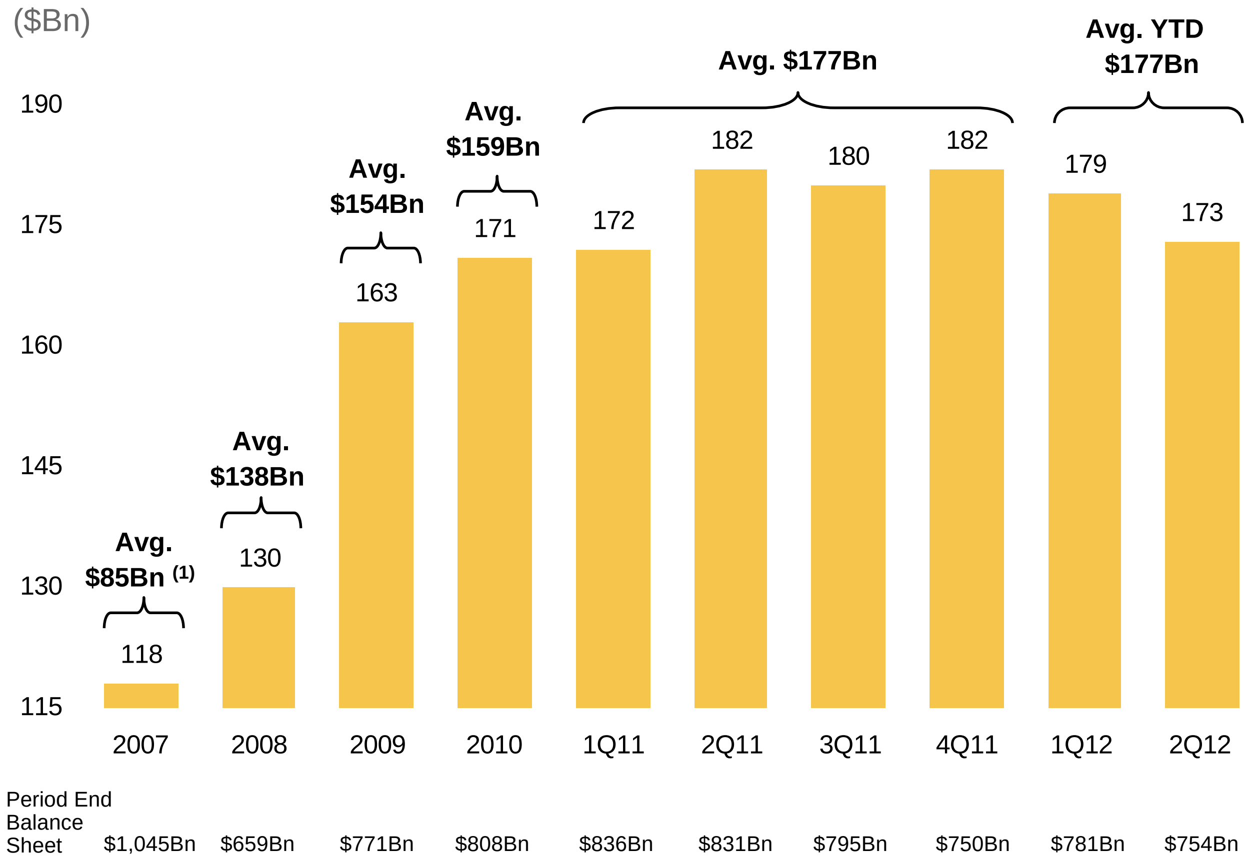
Non-Super Green Spare Capacity [(1)]



(1) Illustrative; not to scale.

7 Global Liquidity Reserve

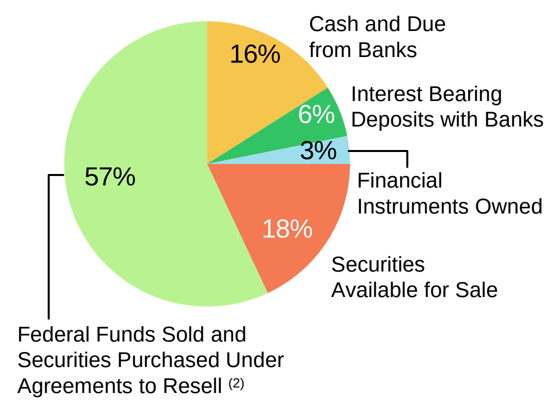
Highly Liquid and Unencumbered



Composition of the Liquidity Reserve at 2Q12

Type of Investment	($Bn)
Cash / Cash Equivalents	$37
Unencumbered Liquid Securities	136
Total	**$173**

Balance Sheet Components



Source: Morgan Stanley SEC Filings

(1) 2007 figures on a fiscal year basis with a year ending on November 30. The Firm switched from fiscal year reporting to calendar year reporting at the end of 2008.

(2) Primarily overnight reverse repurchase agreements that unwind to cash.

Sizing the Global Liquidity Reserve

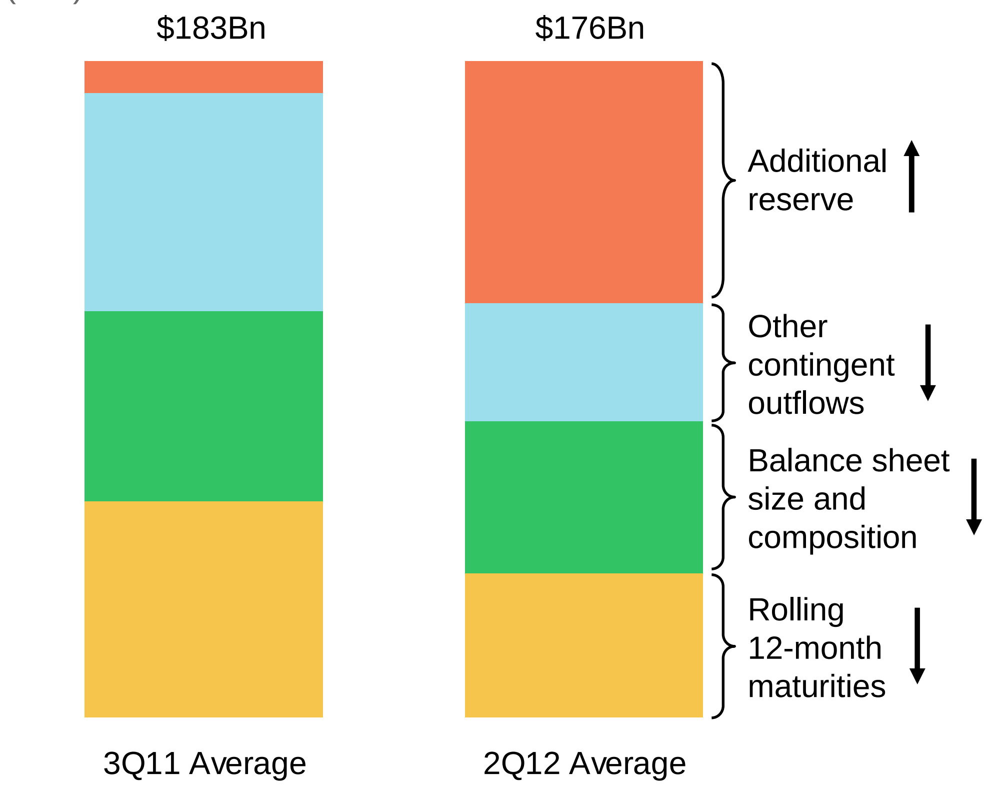
Stress Testing Sizes Contingency Outflow Requirements

Four Building Blocks

1. **Rolling 12-month maturities**
   - Peaked September 2011, subsequently declined
2. **Balance sheet size and composition**
   - More liquid assets
3. **Other contingent outflows (including collateral requirements)**
4. **Additional reserve**
   - Primarily discretionary surplus
   - Increase reflects declining maturities and balance sheet size and composition

Illustrative Drivers of Liquidity Sizing

($Bn)



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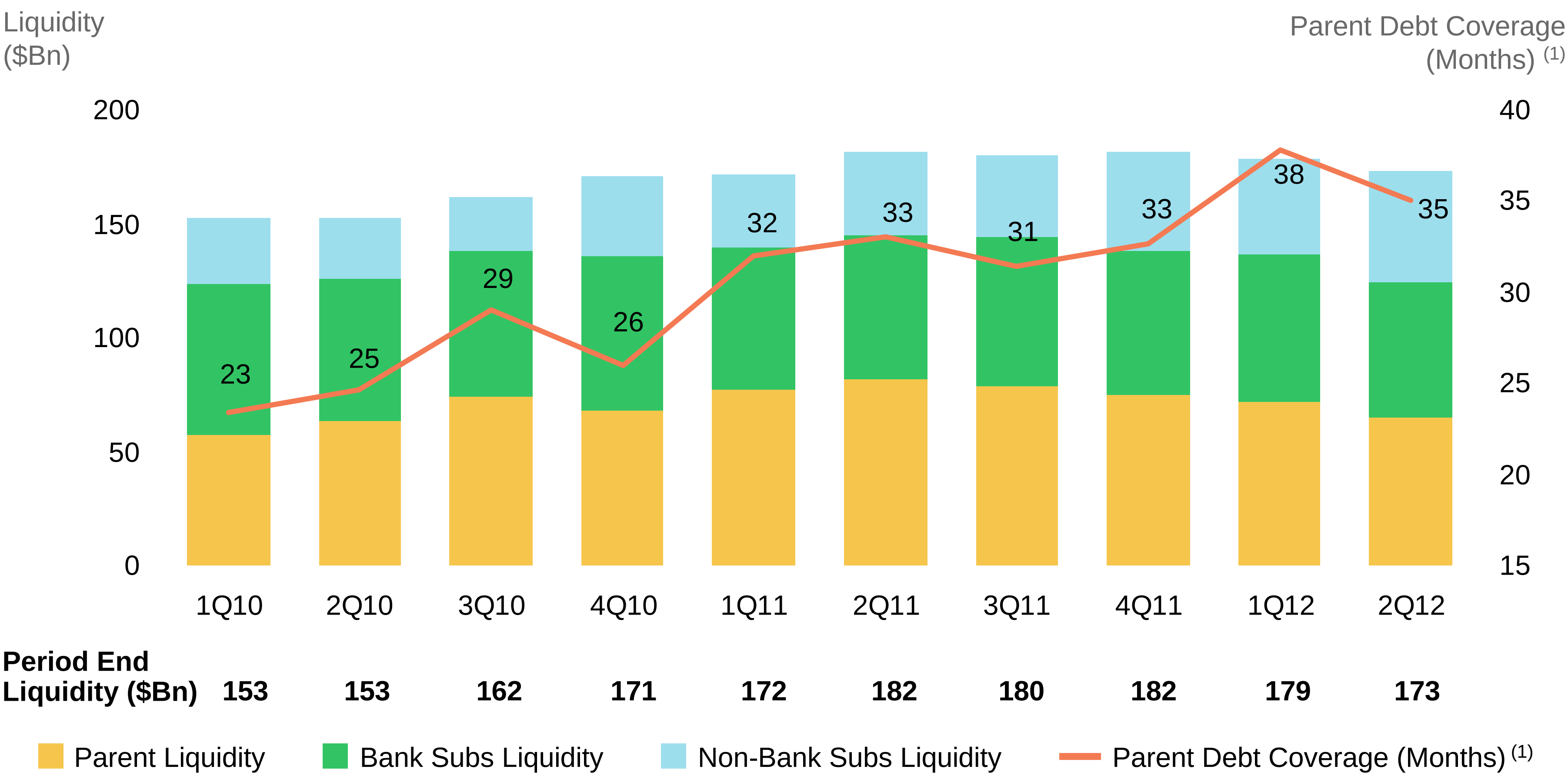
Source: Morgan Stanley SEC Filings and Company Data

Meaningful Improvement in Parent Debt Coverage While Reducing Net Debt



Source: Morgan Stanley SEC Filings and Company Data

(1) Number of months Parent Liquidity can meet non-bank unsecured long-term maturities without issuance or other available liquidity from non-bank subsidiaries.

Liquidity Coverage Ratio Estimate Shows Funding Diversification and Stability

Basel III Liquidity Coverage Ratio (LCR) Proposal

- Objective: to promote the short-term resilience of the liquidity risk profile of banks and bank holding companies
  - Specifically, to ensure banks have sufficient high-quality liquid assets to cover net outflows arising from significant stress lasting 30 calendar days
- The standard requires that the LCR be no lower than 100%
  - LCR rules are currently under regulatory review and will be introduced on January 1, 2015

Morgan Stanley's Position (1)

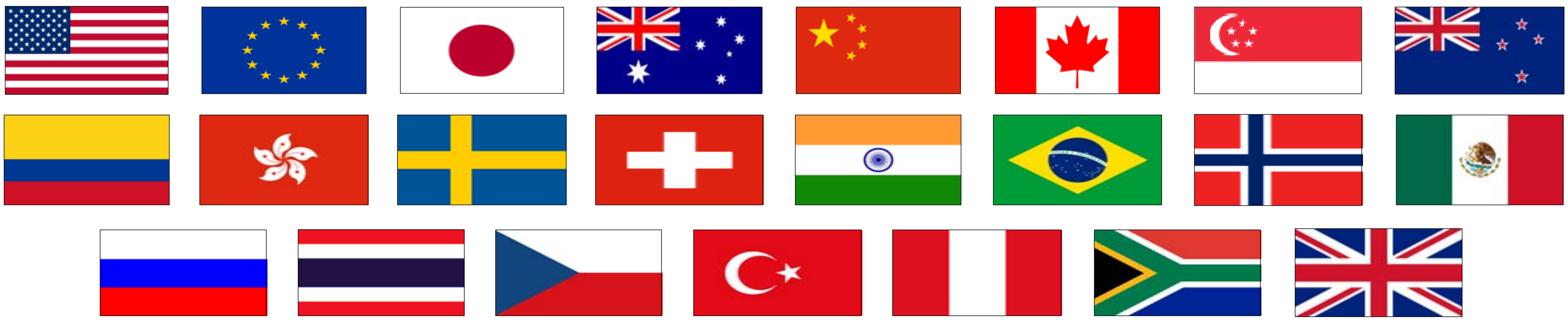
- Current LCR estimate is <u>well in excess of 100%</u>
  - We believe that our stress test scenarios incorporate and build on the current Basel requirements
- Key drivers of Morgan Stanley's LCR ratio:
  - Extension of weighted average maturity of secured funding
  - Size of liquidity reserve
  - Limited reliance on commercial paper and short duration commercial deposits
  - Size and composition of unfunded lending portfolio

Source: Morgan Stanley SEC Filings and conference call transcripts

(1) The Company estimates its LCR based on a preliminary analysis of the Basel III 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.

8 Funding Plan has Multiple Levers that Provide Significant Flexibility; Diversified, Global Investor Base

2011 – 2012 YTD (1)



Issuance Benefits from Multiple Funding Channels

- **USD plain vanilla:** Access institutional markets across a variety of tenors
  - Issued a $2Bn 30-year bond in July 2012
- **Non-USD plain vanilla**: Broad access to diverse investor base, driven by global footprint
- **Uridashi:** Collaboration with our strategic partner MUFG
- **Structured notes:** Broad distribution capability provides consistent access to market

Examples of Other Funding Sources

- **Deposit funding:** Consistent with bank strategy
- **Balance sheet composition:** More liquid products, fewer cash-intensive assets
- **Continued refinement of business model:** Sale of non-strategic assets (e.g., Quilter, Saxon)

Source: Company Data

(1) As of June 30, 2012.

Appendix

Securities Available for Sale

As of 1Q12

	At March 31, 2012 ($MM)				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Other-than Temporary Impairment	Fair Value
Debt Securities Available for Sale					
Total U.S. Government and Agency Securities	$30,032	$198	$18	–	$30,212
Corporate and Other Debt					
Auto Loan Asset-Backed Securities	237	–	–	–	237
Corporate Bonds	631	1	1	–	631
FFELP Student Loan Asset-backed Securities (1)	1,431	4	1	–	1,434
Total Corporate and Other Debt	$2,299	$5	$2	–	$2,302
Equity Securities Available for Sale	$15	–	$1	–	$14
Total ($MM)	**$32,346**	**$203**	**$21**	–	**$32,528**

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Source: Morgan Stanley SEC Filings

(1) Amounts are backed by a guarantee from the U.S. Department of Education of at least 95% of the principal balance and interest on such loans.

European Peripherals and France

Country Risk Exposure [1] – European Peripherals and France

June 30, 2012 – (Unaudited, Dollars in Millions)

($)	Net Inventory [2]	Net Counterparty Exposure [3]	Funded Lending	Unfunded Commitments	CDS Adjustment [4]	Exposure Before Hedges	Hedges [5]	Net Exposure
Greece								
Sovereigns	24	13	–	–	–	37	–	37
Non-Sovereigns	86	5	34	–	–	125	(34)	91
Sub-Total	**110**	**18**	**34**	**–**	**–**	**162**	**(34)**	**128**
Ireland								
Sovereigns	34	10	–	–	4	48	(2)	46
Non-Sovereigns	103	96	73	3	16	291	(18)	273
Sub-Total	**137**	**106**	**73**	**3**	**20**	**339**	**(20)**	**319**
Italy								
Sovereigns	(610)	279	–	–	279	(52)	(183)	(235)
Non-Sovereigns	322	668	426	1,406	166	2,988	(505)	2,483
Sub-Total	**(288)**	**947**	**426**	**1,406**	**445**	**2,936**	**(688)**	**2,248**
Spain								
Sovereigns	(336)	16	–	–	506	186	(16)	170
Non-Sovereigns	225	472	77	777	184	1,735	(306)	1,429
Sub-Total	**(111)**	**488**	**77**	**777**	**690**	**1,921**	**(322)**	**1,599**
Portugal								
Sovereigns	(285)	29	–	–	26	(230)	(83)	(313)
Non-Sovereigns	66	33	127	–	54	280	(85)	195
Sub-Total	**(219)**	**62**	**127**	**–**	**80**	**50**	**(168)**	**(118)**
Total Euro Peripherals [6]								
Sovereigns	(1,173)	347	–	–	815	(11)	(284)	(295)
Non-Sovereigns	802	1,274	737	2,186	420	5,419	(948)	4,471
Sub-Total	**(371)**	**1,621**	**737**	**2,186**	**1,235**	**5,408**	**(1,232)**	**4,176**
France [6]								
Sovereigns	(1,879)	237	–	–	11	(1,631)	(319)	(1,950)
Non-Sovereigns	11	2,060	258	1,718	326	4,373	(1,071)	3,302
Sub-Total	**(1,868)**	**2,297**	**258**	**1,718**	**337**	**2,742**	**(1,390)**	**1,352**

Source: Morgan Stanley SEC Fillings.

(1) Country risk exposure is measured in accordance with the Firm's internal risk management standards and includes obligations from sovereign and non-sovereigns, which includes governments, corporations, clearinghouses and financial institutions.

(2) Net inventory representing exposure to both long and short single name and index positions (i.e., bonds and equities at fair value and CDS based on notional amount assuming zero recovery adjusted for any fair value receivable or payable).

(3) Net counterparty exposure (i.e., repurchase transactions, securities lending and OTC derivatives) taking into consideration legally enforceable master netting agreements and collateral.

(4) CDS adjustment represents credit protection purchased from European peripheral banks on European peripheral sovereign and financial institution risk, or French banks on French sovereign and financial institution risk. Based on CDS notional amount assuming recovery adjusted for any fair value receivable or payable.

(5) Represents CDS hedges on net counterparty exposure and funded lending. Based on the CDS notional amount assuming zero recovery adjusted for any fair value receivable or payable.

(6) In addition, at June 30, 2012, the Firm had European Peripherals and French exposure for overnight deposits with banks for approximately $84 million and $19 million, respectively.

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August 3, 2012