UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant To Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): July 16, 2020

Morgan Stanley
(Exact Name of Registrant
as Specified in Charter)

Delaware	1-11758	36-3145972
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1585 Broadway, New York, New York	10036
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 761-4000

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	MS	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series A, $0.01 par value	MS/PA	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series E, $0.01 par value	MS/PE	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series F, $0.01 par value	MS/PF	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series I, $0.01 par value	MS/PI	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, $0.01 par value	MS/PK	New York Stock Exchange

Depositary Shares, each representing 1/1,000th interest in a share of 4.875% Non-Cumulative Preferred Stock, Series L, $0.01 par value	MS/PL	New York Stock Exchange
Global Medium-Term Notes, Series A, Fixed Rate Step-Up Senior Notes Due 2026 of Morgan Stanley Finance LLC (and Registrant's guarantee with respect thereto)	MS/26C	New York Stock Exchange
Morgan Stanley Cushing® MLP High Income Index ETNs due March 21, 2031	MLPY	NYSE Arca, Inc.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On July 16, 2020, Morgan Stanley (the "Company") released financial information with respect to its quarter ended June 30, 2020. A copy of the press release containing this information is annexed as Exhibit 99.1 to this Report and by this reference incorporated herein and made a part hereof. In addition, a copy of the Company's Financial Data Supplement for its quarter ended June 30, 2020 is annexed as Exhibit 99.2 to this Report and by this reference incorporated herein and made a part hereof.

The information furnished under Item 2.02 of this Report, including Exhibit 99.1 and Exhibit 99.2, shall be deemed to be "filed" for purposes of the Securities Exchange Act of 1934, as amended.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
99.1	Press release of the Company, dated July 16, 2020, containing financial information for the quarter ended June 30, 2020.
99.2	Financial Data Supplement of the Company for the quarter ended June 30, 2020.
101	Interactive Data Files pursuant to Rule 406 of Regulation S-T formatted in Inline eXtensible Business Reporting Language (“Inline XBRL”).
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

MORGAN STANLEY
(Registrant)

Date: July 16, 2020

By: /s/ Raja Akram
Name: Raja Akram
Title: Deputy Chief Financial Officer

End of Document

Exhibit 99.1

Morgan Stanley Second Quarter 2020 Earnings Results

Morgan Stanley Reports Net Revenues of $13.4 Billion and EPS of $1.96

NEW YORK, July 16, 2020 – Morgan Stanley (NYSE: MS) today reported net revenues of $13.4 billion for the second quarter ended June 30, 2020 compared with $10.2 billion a year ago. Net income applicable to Morgan Stanley was $3.2 billion, or $1.96 per diluted share[1], compared with net income of $2.2 billion, or $1.23 per diluted share[1], for the same period a year ago. The current quarter included intermittent net discrete tax expenses of $134 million which had an impact of $0.08 per diluted share.

James P. Gorman, *Chairman and Chief Executive Officer, said, "Our decade long business transformation was intended to provide stability during times of serious stress. The second quarter tested the model and we performed exceedingly well, delivering record results. This builds on the momentum of a very strong first quarter, while more than 90% of our employees continue to work from home, demonstrating the ongoing operational resilience of our platform. We remain focused on supporting our employees, communities, and clients, while managing our risk and continuing to invest in our businesses."*

Financial Summary[2,3]

($ millions, except per share data)

Firm	2Q 2020	2Q 2019
Net revenues	$13,414	$10,244
Compensation expense	$6,035	$4,531
Non-compensation expenses	$3,024	$2,810
Pre-tax income[6]	$4,355	$2,903
Net income app. to MS	$3,196	$2,201
Expense efficiency ratio[7]	68%	72%
Earnings per diluted share	$1.96	$1.23
Book value per share[8]	$49.57	$44.13
Tangible book value per share[9]	$43.68	$38.44
Return on equity[10]	15.7%	11.2%
Return on tangible equity[10]	17.8%	12.8%
Institutional Securities		
Net revenues	$7,977	$5,113
Investment Banking	$2,051	$1,472
Sales & Trading	$5,553	$3,304
Wealth Management		
Net revenues	$4,680	$4,408
Fee-based client assets ($ billions)[11]	$1,236	$1,159
Fee-based asset flows ($ billions)[12]	$11.1	$9.8
Loans ($ billions)	$85.2	$74.1
Investment Management		
Net revenues	$886	$839
AUM ($ billions)[13]	$665	$497
Long-term net flows ($ billions)[14]	$15.4	$4.9

Highlights

- The Firm's results reflect both record net revenues up ~30% and net income up ~45%[4] with contributions from all businesses and geographies.
- The Firm delivered ROE of 15.7% and ROTCE of 17.8%.
- The Firm's allowance for credit losses on loans held for investment increased by 40% to $866 million as of June 30, 2020 with a provision for credit losses of $246 million in the current quarter.

- Our balance sheet, capital and liquidity remain strong and the Firm is well positioned to continue to facilitate client activity.

- Institutional Securities net revenues increased 56% reflecting outperformance across the businesses. Sales and Trading up 68% on strong client engagement as markets stabilized; Underwriting up 64% as clients accessed the open capital markets to strengthen their balance sheets.

- Wealth Management delivered a pre-tax income of $1.1 billion with a pre-tax margin of 24.4%[5] despite a challenging market and rate environment. Bank lending increased 15% and brokerage sweep deposits were up $40 billion from a year ago.

- Investment Management reported both record long-term net flows of $15.4 billion and AUM of $665 billion driving revenue growth of 6%.

Morgan Stanley

Institutional Securities

Institutional Securities reported net revenues for the current quarter of $8.0 billion compared with $5.1 billion a year ago. Pre-tax income was $3.0 billion compared with $1.5 billion a year ago.[6]

Investment Banking revenues up 39% from a year ago:

- Advisory revenues decreased from a year ago driven by lower completed M&A activity and fewer large transactions.
- Equity underwriting revenues increased from a year ago on increased volumes and higher revenues from blocks, convertibles and follow-on offerings.
- Fixed income underwriting revenues increased from a year ago on higher investment grade and non-investment grade bond issuances as clients continue to access the market to benefit from the lower rate environment and to raise liquidity.

Sales and Trading net revenues up 68% from a year ago:

- Equity sales and trading net revenues increased from a year ago reflecting strong performance in cash equities and derivatives across all regions driven by elevated client activity.
- Fixed Income sales and trading net revenues increased significantly from a year ago reflecting strong performance across products and geographies on higher client activity. The increase in credit products reflected robust global capital markets activity and credit spread movements. The foreign exchange and rates businesses benefited from elevated volatility and wider bid-offer spreads while commodities revenues benefited from higher client activity in volatile markets.
- Other sales and trading net revenues decreased from a year ago driven by losses on economic hedges associated with corporate lending activity.

Investments and Other:

- Investments revenues decreased from a year ago. The prior year quarter included gains associated with an investment's initial public offering and subsequent mark-to-market gains on remaining holdings.
- Other revenues increased from a year ago primarily related to mark-to-market gains associated with corporate lending activity as credit spreads tightened in the quarter, partially offset by an increase in the allowance for credit losses for loans held for investment.

Total Expenses:

- Compensation expenses increased from a year ago on higher revenues.
- Non-compensation expenses increased from a year ago primarily on higher volume driven expenses and information processing costs partially offset by lower spending on business travel, entertainment and conferences.

($ millions)	2Q 2020	2Q 2019
Net Revenues	**$7,977**	**$5,113**
Investment Banking	**$2,051**	**$1,472**
Advisory	$462	$506
Equity underwriting	$882	$546
Fixed income underwriting	$707	$420
Sales and Trading	**$5,553**	**$3,304**
Equity	$2,619	$2,130
Fixed Income	$3,033	$1,133
Other	$(99)	$41
Investments and Other	**$373**	**$337**
Investments	$36	$194
Other	$337	$143
Total Expenses	**$4,984**	**$3,650**
Compensation	$2,952	$1,789

Non-compensation	$2,032	$1,861

Wealth Management

Wealth Management reported net revenues for the current quarter of $4.7 billion compared with $4.4 billion from a year ago. Pre-tax income of $1.1 billion[6] in the current quarter resulted in a pre-tax margin of 24.4%.[5]

Net revenues increased 6% from a year ago:

- Asset management revenues were essentially unchanged from a year ago reflecting lower markets and lower average fee rates primarily on changes in asset mix, offset by positive flows.
- Transactional revenues[15] decreased slightly excluding the impact of mark-to-market gains on investments associated with employee deferred cash-based compensation plans.
- Net interest income remained essentially unchanged from a year ago reflecting growth in bank lending, increases in bank deposits and lower mortgage securities prepayment amortization expense, partially offset by the impact of lower average interest rates. Wealth Management client liabilities[16] were $94 billion at quarter end compared with $84 billion a year ago.

Total Expenses:

- Compensation expense increased from a year ago primarily driven by the increase in the fair value of deferred cash-based compensation plan referenced investments.
- Non-compensation expenses were essentially unchanged from a year ago.

($ millions)	2Q 2020	2Q 2019
Net Revenues	**$4,680**	**$4,408**
Asset management	$2,507	$2,544
Transactional[15]	$1,075	$728
Net interest	$1,030	$1,016
Other	$68	$120
Total Expenses	**$3,538**	**$3,165**
Compensation	$2,729	$2,382
Non-compensation	$809	$783

Investment Management

Investment Management reported net revenues of $886 million compared with $839 million a year ago. Pre-tax income was $216 million compared with $199 million a year ago.[6]

Net revenues increased 6% from a year ago:

- Asset management revenues increased 12% from a year ago driven by record AUM on continued strong performance and positive net flows.
- Investments revenues decreased slightly on lower accrued carried interest from Real Estate and Infrastructure funds.

Total Expenses:

- Compensation expense decreased slightly from a year ago principally due to a decrease in carried interest.
- Non-compensation expenses increased from a year ago driven by higher brokerage and clearing costs.

($ millions)	2Q 2020	2Q 2019
Net Revenues	**$886**	**$839**
Asset management	$684	$612
Investments	$231	$247
Other	$(29)	$(20)

Total Expenses	**$670**	**$640**
Compensation	$354	$360
Non-compensation	$316	$280

Other Matters

- The Comprehensive Capital Analysis and Review (CCAR) results affirm the Firm's strong capital position and reflect the stability of the business model.
- At June 30, 2020 the Firm's Common Equity Tier 1[18] and Tier 1[18] risk-based capital ratios under the Advanced Approach were 16.1% and 18.1%, respectively and under the Standardized Approach the ratios were 16.5% and 18.6%, respectively.
- Supplementary leverage ratio (SLR)[20] and exposures in the current quarter include the Federal Reserve interim final rule relief in effect until March 31, 2021. The impact of the interim rule on the SLR ratio was an improvement of 0.9%.[20]
- The Board of Directors declared a $0.35 quarterly dividend per share, payable on August 14, 2020 to common shareholders of record on July 31, 2020.
- The effective tax rate for the quarter was 25.7%. The current quarter includes intermittent net discrete tax expenses of $134 million principally associated with the remeasurement of reserves related to a foreign tax matter.
- The Firm's provision for credit losses on loans and lending commitments was $239 million for the second quarter of 2020, compared with $18 million for the second quarter of 2019 and $407 million for the first quarter of 2020. The allowance for credit losses on loans and lending commitments was $1.2 billion as of June 30, 2020, an increase of approximately 26% over the previous quarter.

	2Q 2020	2Q 2019
Capital[17]		
Common Equity Tier 1 capital[18]	16.1%	16.3%
Tier 1 capital[18]	18.1%	18.6%
Tier 1 leverage[19]	8.1%	8.4%
Supplementary leverage ratio[20]	7.3%	6.5%
Common Stock Repurchases		
Repurchases ($ millions)	NA	$1,180
Number of Shares (millions)	NA	26
Average Price	NA	$44.53
Period End Shares (millions)	1,576	1,659
Tax Rate	25.7%	22.6%

Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, wealth management and investment management services. With offices in more than 41 countries, the Firm's employees serve clients worldwide including corporations, governments, institutions and individuals. For further information about Morgan Stanley, please visit www.morganstanley.com.

A financial summary follows. Financial, statistical and business-related information, as well as information regarding business and segment trends, is included in the Financial Supplement. Both the earnings release and the Financial Supplement are available online in the Investor Relations section at www.morganstanley.com.

NOTICE:

The information provided herein and in the financial supplement may include certain non-GAAP financial measures. The definition of such measures or reconciliation of such metrics to the comparable U.S. GAAP figures are included in this earnings release and the Financial Supplement, both of which are available on www.morganstanley.com.

This earnings release contains "forward-looking statements" within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," "target," similar expressions, and variations or negatives of these words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, including the attainment of certain financial and other targets, objectives and goals of the Firm, as well as statements about the consummation of the proposed transaction with E*TRADE Financial Corporation ("E*TRADE") and the anticipated benefits thereof. All such forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in such forward-looking statements. Important risk factors that may cause such a difference include, but are not limited to, (i) the completion of the proposed transaction on anticipated terms and timing, including obtaining required stockholder and regulatory approvals, anticipated tax treatment, unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition, losses, future prospects, business and management strategies for the management, expansion and growth of the combined company's operations and other conditions to the completion of the acquisition, including the possibility that any of the anticipated benefits of the proposed transaction will not be realized or will not be realized within the expected time period, (ii) the ability of the Firm and E*TRADE to integrate the business successfully and to achieve anticipated synergies, risks and costs, (iii) potential litigation relating to the proposed transaction that could be instituted against the Firm, E*TRADE or their respective directors, (iv) the risk that disruptions from the proposed transaction will harm the Firm's and E*TRADE's business, including current plans and operations, (v) the ability of the Firm or E*TRADE to retain and hire key personnel, (vi) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the acquisition, (vii) continued availability of capital and financing and rating agency actions, (viii) legislative, regulatory and economic developments, (ix) potential business uncertainty, including changes to existing business relationships, during the pendency of the acquisition that could affect Morgan Stanley's and/or E*TRADE's financial performance, (x) certain restrictions during the pendency of the acquisition that may impact the Firm's or E*TRADE's ability to pursue certain business opportunities or strategic transactions, (xi) unpredictability and severity of catastrophic events, including, but not limited to, acts of terrorism or outbreak of war or hostilities, as well as management's response to any of the aforementioned factors, (xii) dilution caused by the Firm's issuance of additional shares of its common stock in connection with the proposed transaction, (xiii) the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events, (xiv) those risks described in Item 1A of the Firm's most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K, including the risk factor under Item 8.01 "Other Matters" in the Current Report on Form 8-K dated April 16, 2020, and the additional risk factors under "Risk Factors" in the Registration Statement on Form S-4 filed on April 17, 2020, as amended ("Form S-4"), (xv) those risks described in Item 1A of E*TRADE's most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K and (xvi) those risks described in the proxy statement/prospectus on Form S-4 available from the sources indicated above. These risks, as well as other risks associated with the proposed acquisition, are more fully discussed in the proxy statement/prospectus included in the registration statement on Form S-4 filed with the SEC in connection with the proposed acquisition. While the list of factors presented here and the list of factors presented in the registration statement on Form S-4 are considered representative, No such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Consequences of material differences in results as compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on the Firm's or E*TRADE's consolidated financial condition, results of operations, credit rating or liquidity. Neither the Firm nor E*TRADE assumes any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws.

[1] Includes preferred dividends related to the calculation of earnings per share of $149 million and $170 million for the second quarter of 2020 and 2019, respectively.

[2] The Firm prepares its Consolidated Financial Statements using accounting principles generally accepted in the United States (U.S. GAAP). From time to time, Morgan Stanley may disclose certain "non-GAAP financial measures" in the course of its earnings releases, earnings conference calls, financial presentations and otherwise. The Securities and Exchange Commission defines a "non-GAAP financial measure" as a numerical measure of historical or future financial performance, financial positions, or cash flows that is subject to adjustments that effectively exclude, or include amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. Non-GAAP financial measures disclosed by Morgan Stanley are provided as additional information to analysts, investors and other stakeholders in order to provide them with greater transparency about, or an alternative method for assessing our financial condition, operating results, or prospective regulatory capital requirements. These measures are not in accordance with, or a substitute for U.S. GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. Whenever we refer to a non-GAAP financial measure, we will also generally define it or present the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, along with a reconciliation of the differences between the non-GAAP financial measure we reference and such comparable U.S. GAAP financial measure.

[3] Our earnings releases, earnings conference calls, financial presentations and other communications may also include certain metrics which we believe to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results.

[4] Net revenues of $13.4 billion and net income applicable to Morgan Stanley of $3.2 billion represent records for a reported quarterly period after excluding the impact of debt valuation adjustments (DVA), which were previously reflected in net revenues in prior periods, and reflecting the current reporting structure of the Firm (i.e. exclusive of discontinued operations). Net revenues and net income applicable to Morgan Stanley, excluding the impact of DVA, were non-GAAP financial measures in those prior periods that were reconciled to the comparable GAAP financial measures in the respective quarterly reports filed on Form 10-Q.

[5] Pre-tax margin represents income (loss) before taxes divided by net revenues.

[6] Pre-tax income represents income (loss) before taxes.

[7] The Firm expense efficiency ratio represents total non-interest expenses as a percentage of net revenues.

[8] Book value per common share represents common equity divided by period end common shares outstanding.

[9] Tangible book value per common share is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to allow better comparability of period-to-period operating performance and capital adequacy. The calculation of tangible book value per common share represents tangible common equity divided by period end common shares outstanding. Tangible common equity, also a non-GAAP financial measure, represents common equity less goodwill and intangible assets net of allowable mortgage servicing rights deduction.

[10] The return on average tangible common equity and tangible common equity are non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to allow better comparability of period-to-period operating performance and capital adequacy. The calculation of return on average common equity and return on average tangible common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity and average tangible common equity, respectively. Tangible common equity represents common equity less goodwill and intangible assets net of certain allowable servicing rights deduction.

[11] Wealth Management fee-based client assets represent the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.

[12] Wealth Management fee-based asset flows include net new fee-based assets, net account transfers, dividends, interest, and client fees and exclude institutional cash management related activity.

[13] AUM is defined as assets under management.

[14] Long-term net flows include the Equity, Fixed Income and Alternative/Other asset classes and exclude the Liquidity asset class.

[15] Transactional revenues include investment banking, trading, and commissions and fee revenues.

[16] Wealth Management client liabilities reflect U.S. Bank Subsidiaries' lending and broker-dealer margin activity. U.S. Bank refers to the Firm's U.S. Bank operating subsidiaries Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, National Association.

[17] Capital ratios are estimates as of the press release date, July 16, 2020.

[18] The Firm's risk-based capital ratios for purposes of determining regulatory compliance are the lower of the capital ratios computed under the (i) standardized approaches for calculating credit risk and market risk risk-weighted assets ("RWAs") (the "Standardized Approach"); and (ii) applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs (the "Advanced Approach"). At June 30, 2020 the Firm's ratios are based on the Advanced Approach, while at June 30, 2019, they were based on the Standardized Approach. For information on the calculation of regulatory capital and ratios for prior periods, please refer to "Liquidity and Capital Resources – Regulatory Requirements" in the Firm's 2019 Form 10-K.

[19] The Tier 1 leverage ratio is a non-risk based capital requirement that measures the Firm's leverage. Tier 1 leverage ratio utilizes Tier 1 capital as the numerator and average adjusted assets as the denominator.

[20] The Firm must maintain a Tier 1 supplementary leverage ratio of 5% inclusive of a capital buffer of at least 2% in order to avoid limitations on capital distributions, including dividends and stock repurchases, and discretionary bonus payments to executive officers. The Firm's Supplementary Leverage Ratio utilizes a Tier 1 capital numerator of approximately $77.4 billion and $72.7 billion, and supplementary leverage exposure denominator of approximately $1.06 trillion and $1.12 trillion, for the second quarter of 2020 and 2019, respectively. Based on a Federal Reserve interim final rule in effect until March 31, 2021, our SLR and Supplementary leverage exposure as of June 30, 2020 reflect the exclusion of U.S. Treasury securities and deposits at Federal Reserve Banks. The exclusion of these assets had the effect of improving our SLR ratio by 0.9% as of June 30, 2020.

Consolidated Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Mar 31, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Change
Revenues:								
Investment banking	$ 2,142	$ 1,271	$ 1,590	69%	35%	$ 3,413	$ 2,832	21%
Trading	4,683	3,056	2,732	53%	71%	7,739	6,173	25%
Investments	275	38	441	*	(38%)	313	714	(56%)
Commissions and fees	1,102	1,360	979	(19%)	13%	2,462	1,945	27%
Asset management	3,265	3,417	3,220	(4%)	1%	6,682	6,269	7%
Other	347	(1,011)	253	*	37%	(664)	554	*
Total non-interest revenues	11,814	8,131	9,215	45%	28%	19,945	18,487	8%
Interest income	2,358	3,503	4,506	(33%)	(48%)	5,861	8,796	(33%)
Interest expense	758	2,147	3,477	(65%)	(78%)	2,905	6,753	(57%)
Net interest	1,600	1,356	1,029	18%	55%	2,956	2,043	45%
Net revenues	13,414	9,487	10,244	41%	31%	22,901	20,530	12%
Non-interest expenses:								
Compensation and benefits	6,035	4,283	4,531	41%	33%	10,318	9,182	12%
Non-compensation expenses:								
Brokerage, clearing and exchange fees	716	740	630	(3%)	14%	1,456	1,223	19%
Information processing and communications	589	563	538	5%	9%	1,152	1,070	8%
Professional services	535	449	537	19%	--	984	1,051	(6%)
Occupancy and equipment	365	365	353	--	3%	730	700	4%
Marketing and business development	63	132	162	(52%)	(61%)	195	303	(36%)
Other	756	809	590	(7%)	28%	1,565	1,143	37%
Total non-compensation expenses	3,024	3,058	2,810	(1%)	8%	6,082	5,490	11%
Total non-interest expenses	9,059	7,341	7,341	23%	23%	16,400	14,672	12%
Income before provision for income taxes	4,355	2,146	2,903	103%	50%	6,501	5,858	11%
Provision for income taxes	1,119	366	657	*	70%	1,485	1,144	30%
Net income (loss)	$ 3,236	$ 1,780	$ 2,246	82%	44%	$ 5,016	$ 4,714	6%
Net income applicable to nonredeemable noncontrolling interests	40	82	45	(51%)	(11%)	122	84	45%
Net income (loss) applicable to Morgan Stanley	3,196	1,698	2,201	88%	45%	4,894	4,630	6%
Preferred stock dividend	149	108	170	38%	(12%)	257	263	(2%)
Earnings (loss) applicable to Morgan Stanley common shareholders	$ 3,047	$ 1,590	$ 2,031	92%	50%	$ 4,637	$ 4,367	6%

Consolidated Financial Metrics, Ratios and Statistical Data
(unaudited)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Mar 31, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Change
Financial Metrics:								
Earnings per basic share	$ 1.98	$ 1.02	$ 1.24	94%	60%	$ 3.00	$ 2.65	13%
Earnings per diluted share	$ 1.96	$ 1.01	$ 1.23	94%	59%	$ 2.96	$ 2.62	13%
Return on average common equity	15.7%	8.5%	11.2%			12.2%	12.1%	
Return on average tangible common equity	17.8%	9.7%	12.8%			13.9%	13.8%	
Book value per common share	$ 49.57	$ 49.09	$ 44.13			$ 49.57	$ 44.13	
Tangible book value per common share	$ 43.68	$ 43.28	$ 38.44			$ 43.68	$ 38.44	
Excluding intermittent net discrete tax provision / benefit								
Adjusted earnings per diluted share	$ 2.04	$ 0.99	$ 1.23	106%	66%	$ 3.03	$ 2.56	18%
Adjusted return on average common equity	16.4%	8.3%	11.2%			12.5%	11.8%	
Adjusted return on average tangible common equity	18.6%	9.5%	12.8%			14.2%	13.5%	
Financial Ratios:								
Pre-tax profit margin	32%	23%	28%			28%	29%	
Compensation and benefits as a % of net revenues	45%	45%	44%			45%	45%	
Non-compensation expenses as a % of net revenues	23%	32%	27%			27%	27%	
Firm expense efficiency ratio	68%	77%	72%			72%	71%	
Effective tax rate	25.7%	17.1%	22.6%			22.8%	19.5%	
Statistical Data:								
Period end common shares outstanding (millions)	1,576	1,576	1,659	--	(5%)			
Average common shares outstanding (millions)								
Basic	1,541	1,555	1,634	(1%)	(6%)	1,548	1,646	(6%)
Diluted	1,557	1,573	1,655	(1%)	(6%)	1,565	1,666	(6%)
Worldwide employees	61,596	60,670	59,513	2%	4%			

The End Notes are an integral part of this presentation. Refer to the Financial Supplement on pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definition of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations and Legal Notice for additional information.

End of Document

Exhibit 99.2

Morgan Stanley

Second Quarter 2020 Earnings Results

Quarterly Financial Supplement **Page**

Morgan Stanley

Consolidated Financial Summary
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Mar 31, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Change
Net revenues								
Institutional Securities	$ 7,977	$ 4,905	$ 5,113	63%	56%	$ 12,882	$ 10,309	25%
Wealth Management	4,680	4,037	4,408	16%	6%	8,717	8,797	(1%)
Investment Management	886	692	839	28%	6%	1,578	1,643	(4%)
Intersegment Eliminations	(129)	(147)	(116)	12%	(11%)	(276)	(219)	(26%)
Net revenues	$ 13,414	$ 9,487	$ 10,244	41%	31%	$ 22,901	$ 20,530	12%
Non-interest expenses								
Institutional Securities	$ 4,984	$ 3,955	$ 3,650	26%	37%	$ 8,939	$ 7,251	23%
Wealth Management	3,538	2,982	3,165	19%	12%	6,520	6,366	2%
Investment Management	670	549	640	22%	5%	1,219	1,270	(4%)
Intersegment Eliminations	(133)	(145)	(114)	8%	(17%)	(278)	(215)	(29%)
Non-interest expenses [1]	$ 9,059	$ 7,341	$ 7,341	23%	23%	$ 16,400	$ 14,672	12%
Income (loss) before taxes								
Institutional Securities	$ 2,993	$ 950	$ 1,463	*	105%	$ 3,943	$ 3,058	29%
Wealth Management	1,142	1,055	1,243	8%	(8%)	2,197	2,431	(10%)
Investment Management	216	143	199	51%	9%	359	373	(4%)
Intersegment Eliminations	4	(2)	(2)	*	*	2	(4)	*
Income (loss) before taxes	$ 4,355	$ 2,146	$ 2,903	103%	50%	$ 6,501	$ 5,858	11%
Net Income (loss) applicable to Morgan Stanley								
Institutional Securities	$ 2,186	$ 757	$ 1,121	189%	95%	$ 2,943	$ 2,492	18%
Wealth Management	853	864	953	(1%)	(10%)	1,717	1,877	(9%)
Investment Management	154	78	128	97%	20%	232	264	(12%)
Intersegment Eliminations	3	(1)	(1)	*	*	2	(3)	*
Net Income (loss) applicable to Morgan Stanley	$ 3,196	$ 1,698	$ 2,201	88%	45%	$ 4,894	$ 4,630	6%
Earnings (loss) applicable to Morgan Stanley common shareholders	$ 3,047	$ 1,590	$ 2,031	92%	50%	$ 4,637	$ 4,367	6%

The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definition of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Consolidated Financial Metrics, Ratios and Statistical Data
(unaudited)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Mar 31, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Change
Financial Metrics:								
Earnings per basic share	$ 1.98	$ 1.02	$ 1.24	94%	60%	$ 3.00	$ 2.65	13%
Earnings per diluted share	$ 1.96	$ 1.01	$ 1.23	94%	59%	$ 2.96	$ 2.62	13%
Return on average common equity	15.7%	8.5%	11.2%			12.2%	12.1%	
Return on average tangible common equity	17.8%	9.7%	12.8%			13.9%	13.8%	
Book value per common share	$ 49.57	$ 49.09	$ 44.13			$ 49.57	$ 44.13	
Tangible book value per common share	$ 43.68	$ 43.28	$ 38.44			$ 43.68	$ 38.44	
Excluding intermittent net discrete tax provision / benefit [(1)(2)]								
Adjusted earnings per diluted share	$ 2.04	$ 0.99	$ 1.23	106%	66%	$ 3.03	$ 2.56	18%
Adjusted return on average common equity	16.4%	8.3%	11.2%			12.5%	11.8%	
Adjusted return on average tangible common equity	18.6%	9.5%	12.8%			14.2%	13.5%	
Financial Ratios:								
Pre-tax profit margin	32%	23%	28%			28%	29%	
Compensation and benefits as a % of net revenues	45%	45%	44%			45%	45%	
Non-compensation expenses as a % of net revenues	23%	32%	27%			27%	27%	
Firm expense efficiency ratio	68%	77%	72%			72%	71%	
Effective tax rate[(1)(2)]	25.7%	17.1%	22.6%			22.8%	19.5%	
Statistical Data:								
Period end common shares outstanding (millions)	1,576	1,576	1,659	--	(5%)			
Average common shares outstanding (millions)								
Basic	1,541	1,555	1,634	(1%)	(6%)	1,548	1,646	(6%)
Diluted	1,557	1,573	1,655	(1%)	(6%)	1,565	1,666	(6%)
Worldwide employees	61,596	60,670	59,513	2%	4%			

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Consolidated and U.S. Bank Supplemental Financial Information
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage Change
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Mar 31, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	
Consolidated Balance sheet								
Total assets	$ 975,363	$ 947,795	$ 891,959	3%	9%			
Loans [1]	$ 150,723	$ 158,759	$ 131,957	(5%)	14%			
Deposits	$ 236,849	$ 235,239	$ 176,593	1%	34%			
Liquidity Resources [2]	$ 301,407	$ 255,134	$ 219,337	18%	37%			
Long-term debt outstanding	$ 202,238	$ 192,645	$ 196,072	5%	3%			
Maturities of long-term debt outstanding (next 12 months)	$ 20,076	$ 17,153	$ 26,621	17%	(25%)			
Common equity	$ 78,125	$ 77,340	$ 73,204	1%	7%			
Less: Goodwill and intangible assets	(9,286)	(9,146)	(9,433)	2%	(2%)			
Tangible common equity	$ 68,839	$ 68,194	$ 63,771	1%	8%			
Preferred equity	$ 8,520	$ 8,520	$ 8,520	--	--			
U.S. Bank Supplemental Financial Information								
Total Assets	$ 263,934	$ 265,383	$ 205,897	(1%)	28%			
Loans	$ 136,613	$ 141,712	$ 119,754	(4%)	14%			
Investment securities portfolio [3]	$ 92,270	$ 77,747	$ 70,712	19%	30%			
Deposits	$ 235,959	$ 234,055	$ 175,765	1%	34%			
Regional revenues								
Americas	$ 9,765	$ 6,646	$ 7,526	47%	30%	$ 16,411	$ 14,847	11%
EMEA (Europe, Middle East, Africa)	2,049	1,148	1,576	78%	30%	3,197	3,278	(2%)
Asia	1,600	1,693	1,142	(5%)	40%	3,293	2,405	37%
Consolidated net revenues	$ 13,414	$ 9,487	$ 10,244	41%	31%	$ 22,901	$ 20,530	12%

The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definition of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Consolidated Average Common Equity and Regulatory
Capital Information
(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Mar 31, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Change
Average Common Equity								
Institutional Securities	$ 42.8	$ 42.8	$ 40.4	--	6%	$ 42.8	$ 40.4	6%
Wealth Management	18.2	18.2	18.2	--	--	18.2	18.2	--
Investment Management	2.6	2.6	2.5	--	4%	2.6	2.5	4%
Parent	14.0	11.1	11.5	26%	22%	12.4	11.0	13%
Firm	$ 77.6	$ 74.7	$ 72.6	4%	7%	$ 76.0	$ 72.1	5%
Regulatory Capital								
Common Equity Tier 1 capital	$ 68.7	$ 65.2	$ 64.0	5%	7%			
Tier 1 capital	$ 77.4	$ 73.9	$ 72.7	5%	6%			
Standardized Approach								
Risk-weighted assets	$ 416.0	$ 415.0	$ 391.5	--	6%			
Common Equity Tier 1 capital ratio	16.5%	15.7%	16.3%					
Tier 1 capital ratio	18.6%	17.8%	18.6%					
Advanced Approach								
Risk-weighted assets	$ 426.7	$ 427.8	$ 384.0	--	11%			
Common Equity Tier 1 capital ratio	16.1%	15.2%	16.7%					
Tier 1 capital ratio	18.1%	17.3%	18.9%					
Leverage-based capital								
Tier 1 leverage ratio	8.1%	8.1%	8.4%					
Supplementary Leverage Ratio [1]	7.3%	6.2%	6.5%					

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Institutional Securities
Income Statement Information, Financial Metrics and Ratios
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Mar 31, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Change
Revenues:								
Advisory	$ 462	$ 362	$ 506	28%	(9%)	$ 824	$ 912	(10%)
Equity	882	336	546	163%	62%	1,218	885	38 %
Fixed income	707	446	420	59%	68%	1,153	826	40%
Underwriting	1,589	782	966	103%	64%	2,371	1,711	39%
Investment Banking	2,051	1,144	1,472	79%	39%	3,195	2,623	22%
Equity	2,619	2,422	2,130	8%	23%	5,041	4,145	22%
Fixed Income	3,033	2,203	1,133	38%	168%	5,236	2,843	84%
Other	(99)	240	41	*	*	141	58	143%
Sales and Trading	5,553	4,865	3,304	14%	68%	10,418	7,046	48%
Investments	36	(25)	194	*	(81%)	11	275	(96%)
Other	337	(1,079)	143	*	136%	(742)	365	*
Net revenues	7,977	4,905	5,113	63%	56%	12,882	10,309	25%
Compensation and benefits	2,952	1,814	1,789	63%	65%	4,766	3,608	32%
Non-compensation expenses	2,032	2,141	1,861	(5%)	9%	4,173	3,643	15%
Total non-interest expenses	4,984	3,955	3,650	26%	37%	8,939	7,251	23%
Income (loss) before taxes	2,993	950	1,463	*	105%	3,943	3,058	29%
Net income (loss) applicable to Morgan Stanley [1]	$ 2,186	$ 757	$ 1,121	189%	95%	$ 2,943	$ 2,492	18%
Pre-tax profit margin	38%	19%	29%			31%	30%	
Compensation and benefits as a % of net revenues	37%	37%	35%			37%	35%	
Non-compensation expenses as a % of net revenues	25%	44%	36%			32%	35%	
Return on Average Common Equity	19%	6%	10%			13%	11%	
Return on Average Tangible Common Equity [2]	20%	6%	10%			13%	11%	
Trading VaR (Average Daily 95% / One-Day VaR)	$ 60	$ 40	$ 46					

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Wealth Management
Income Statement Information, Financial Metrics and Ratios
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Mar 31, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Change
Revenues:								
Asset management	2,507	2,680	2,544	(6%)	(1%)	5,187	4,905	6%
Transactional	1,075	399	728	169%	48%	1,474	1,545	(5%)
Net interest income	1,030	896	1,016	15%	1%	1,926	2,146	(10%)
Other	68	62	120	10%	(43%)	130	201	(35%)
Net revenues	4,680	4,037	4,408	16%	6%	8,717	8,797	(1%)
Compensation and benefits	2,729	2,212	2,382	23%	15%	4,941	4,844	2%
Non-compensation expenses	809	770	783	5%	3%	1,579	1,522	4%
Total non-interest expenses	3,538	2,982	3,165	19%	12%	6,520	6,366	2%
Income (loss) before taxes	1,142	1,055	1,243	8%	(8%)	2,197	2,431	(10%)
Net income (loss) applicable to Morgan Stanley	$ 853	$ 864	$ 953	(1%)	(10%)	$ 1,717	$ 1,877	(9%)
Pre-tax profit margin	24%	26%	28%			25%	28%	
Compensation and benefits as a % of net revenues	58%	55%	54%			57%	55%	
Non-compensation expenses as a % of net revenues	17%	19%	18%			18%	17%	
Return on Average Common Equity	18%	18%	20%			18%	20%	
Return on Average Tangible Common Equity [(1)]	32%	32%	36%			32%	36%	

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Wealth Management
Financial Information and Statistical Data
(unaudited)

	Quarter Ended			Percentage Change From:	
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Mar 31, 2020	Jun 30, 2019
Wealth Management Metrics					
Wealth Management representatives	15,399	15,432	15,633	--	(1%)
Annualized revenue per representative (000's)	$ 1,214	$ 1,045	$ 1,125	16%	8%
Client assets (billions)	$ 2,661	$ 2,397	$ 2,570	11%	4%
Client assets per representative (millions)	$ 173	$ 155	$ 164	12%	5%
Client liabilities (billions)	$ 94	$ 92	$ 84	2%	12%
Fee-based client assets (billions)	$ 1,236	$ 1,134	$ 1,159	9%	7%
Fee-based asset flows (billions)	$ 11.1	$ 18.4	$ 9.8	(40%)	13%
Fee-based assets as a % of client assets	46%	47%	45%		
Retail locations	584	591	589	(1%)	(1%)

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Investment Management
Income Statement Information, Financial Metrics and Ratios
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Mar 31, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Change
Revenues:								
Asset management	$ 684	$ 665	$ 612	3%	12%	$ 1,349	$ 1,229	10%
Investments [1]	231	63	247	*	(6%)	294	438	(33%)
Other	(29)	(36)	(20)	19%	(45%)	(65)	(24)	(171%)
Net revenues	886	692	839	28%	6%	1,578	1,643	(4%)
Compensation and benefits	354	257	360	38%	(2%)	611	730	(16%)
Non-compensation expenses	316	292	280	8%	13%	608	540	13%
Total non-interest expenses	670	549	640	22%	5%	1,219	1,270	(4%)
Income (loss) before taxes	216	143	199	51%	9%	359	373	(4%)
Net income (loss) applicable to Morgan Stanley	$ 154	$ 78	$ 128	97%	20%	$ 232	$ 264	(12%)
Pre-tax profit margin	24%	21%	24%			23%	23%	
Compensation and benefits as a % of net revenues	40%	37%	43%			39%	44%	
Non-compensation expenses as a % of net revenues	36%	42%	33%			39%	33%	
Return on Average Common Equity	23%	12%	20%			18%	21%	
Return on Average Tangible Common Equity [2]	36%	18%	33%			27%	34%	

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Investment Management
Financial Information and Statistical Data
(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Mar 31, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019	Change
Assets under management or supervision (AUM)								
Net flows by asset class (1)								
Equity	$ 9.0	$ 1.6	$ 1.4	*	*	$ 10.6	$ 2.8	*
Fixed Income	4.4	1.3	1.3	*	*	5.7	0.1	*
Alternative / Other	2.0	3.8	2.2	(47%)	(9%)	5.8	1.6	*
Long-Term Net Flows	15.4	6.7	4.9	130%	*	22.1	4.5	*
Liquidity	20.7	50.6	3.0	(59%)	*	71.3	(2.8)	*
Total net flows	$ 36.1	$ 57.3	$ 7.9	(37%)	*	$ 93.4	$ 1.7	*
Assets under management or supervision by asset class (2)(3)								
Equity	$ 168	$ 121	$ 128	39%	31%			
Fixed Income	84	75	71	12%	18%			
Alternative / Other	145	141	135	3%	7%			
Long - Term Assets Under Management or Supervision	397	337	334	18%	19%			
Liquidity	268	247	163	9%	64%			
Total Assets Under Management or Supervision	$ 665	$ 584	$ 497	14%	34%			

The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definition of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Consolidated Loans and Lending Commitments
(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:	
	Jun 30, 2020	Mar 31, 2020	Jun 30, 2019	Mar 31, 2020	Jun 30, 2019
Institutional Securities					
Loans:					
Corporate	$ 19.0	$ 26.8	$ 13.3	(29%)	43%
Secured lending facilities	28.9	30.4	24.9	(5%)	16%
Commercial and residential real estate	10.2	11.4	11.7	(11%)	(13%)
Securities-based lending and other	6.9	7.1	8.0	(3%)	(14%)
Total Loans	65.0	75.7	57.9	(14%)	12%
Lending Commitments	98.5	92.9	114.0	6%	(14%)
Institutional Securities Loans and Lending Commitments	$ 163.5	$ 168.6	$ 171.9	(3%)	(5%)
Wealth Management					
Loans:					
Securities-based lending and other	$ 53.1	$ 51.4	$ 45.5	3%	17%
Residential real estate	32.1	31.1	28.6	3%	12%
Total Loans	85.2	82.5	74.1	3%	15%
Lending Commitments	14.4	13.4	12.3	7%	17%
Wealth Management Loans and Lending Commitments	$ 99.6	$ 95.9	$ 86.4	4%	15%
Consolidated Loans and Lending Commitments [1]	$ 263.1	$ 264.5	$ 258.3	(1%)	2%

The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definition of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Consolidated Loans and Lending Commitments
Allowance for Credit Losses (ACL) as of June 30, 2020
(unaudited, dollars in millions)

	Loans and Lending Commitments *(Gross)*	ACL [1]	ACL %	Q2 Provision [2]
Loans:				
Held For Investment (HFI)				
Corporate	$ 9,974	$ 379	3.8%	$ 121
Secured lending facilities	24,733	122	0.5%	34
Commercial and residential real estate	7,207	226	3.1%	89
Other	1,012	29	2.9%	(21)
Institutional Securities - HFI	$ 42,926	$ 756	1.8%	223
Wealth Management - HFI	85,358	110	0.1%	23
Held For Investment	$ 128,284	$ 866	0.7%	246
Held For Sale	14,543			
Fair Value	8,240			
Total Loans	151,067	866		246
Lending Commitments	112,841	297	0.3%	(7)
Consolidated Loans and Lending Commitments [3]	$ 263,908	$ 1,163		$ 239

The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definition of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Definition of U.S. GAAP to Non-GAAP Measures

(a) The Firm prepares its Consolidated Financial Statements using accounting principles generally accepted in the United States (U.S. GAAP). From time to time, Morgan Stanley may disclose certain "non-GAAP financial measures" in the course of its earnings releases, earnings conference calls, financial presentations and otherwise. The Securities and Exchange Commission defines a "non-GAAP financial measure" as a numerical measure of historical or future financial performance, financial positions, or cash flows that is subject to adjustments that effectively exclude, or include amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. Non-GAAP financial measures disclosed by Morgan Stanley are provided as additional information to analysts, investors and other stakeholders in order to provide them with greater transparency about, or an alternative method for assessing, our financial condition, operating results, or prospective regulatory capital requirements. These measures are not in accordance with, or a substitute for U.S. GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. Whenever we refer to a non-GAAP financial measure, we will also generally define it or present the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, along with a reconciliation of the differences between the non-GAAP financial measure we reference and such comparable U.S. GAAP financial measure. In addition to the following notes, please also refer to the Firm's Annual Report on Form 10-K for the year ended December 31, 2019.

(b) The following are considered non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to allow better comparability of operating performance and capital adequacy. These measures are calculated as follows:

- Earnings per diluted share, excluding intermittent net discrete tax provision / benefit represents net income (loss) applicable to Morgan Stanley, adjusted for the impact of the intermittent net discrete tax provision / benefit, less preferred dividends divided by the average number of diluted shares outstanding.
- The return on average tangible common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average tangible common equity.
- The return on average common equity and the return on average tangible common equity excluding intermittent net discrete tax provision / benefit are adjusted in both the numerator and the denominator to exclude the intermittent net discrete tax provision / benefit.
- Segment return on average common equity and return on average tangible common equity represents full year net income or annualized net income for the quarter applicable to Morgan Stanley for each segment, less preferred dividend segment allocation, divided by average common equity and average tangible common equity for each respective segment. The segment adjustments to common equity to derive segment average tangible common equity are generally set at the beginning of the year, and will remain fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition).
- Tangible common equity represents common equity less goodwill and intangible assets net of certain mortgage servicing rights deduction.
- Tangible book value per common share represents tangible common equity divided by period end common shares outstanding.

Definition of Performance Metrics and Terms

Our earnings releases, earnings conference calls, financial presentations and other communications may also include certain metrics which we believe to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results.

Page 1:
(a) Net income (loss) applicable to Morgan Stanley represents net income, less net income applicable to nonredeemable noncontrolling interests.
(b) Earnings (loss) applicable to Morgan Stanley common shareholders represents net income (loss) applicable to Morgan Stanley, less preferred dividends.

Page 2:
(a) The return on average common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity.
(b) Book value per common share represents common equity divided by period end common shares outstanding.
(c) Tangible book value per common share represents tangible common equity divided by period end common shares outstanding.
(d) Pre-tax profit margin percentages represent income before income taxes as percentages of net revenues.
(e) The Firm expense efficiency ratio represents total non‐interest expenses as a percentage of net revenues.

Page 3:
(a) Liquidity Resources, which are held within the bank and non-bank operating subsidiaries, are comprised of high quality liquid assets (HQLA) and cash deposits with banks ("Liquidity Resources"). The total amount of Liquidity Resources is actively managed by us considering the following components: unsecured debt maturity profile; balance sheet size and composition; funding needs in a stressed environment, inclusive of contingent cash outflows; legal entity, regional and segment liquidity requirements; regulatory requirements; and collateral requirements.
(b) The Firm's goodwill and intangible balances utilized in the calculation of tangible common equity are net of certain mortgage servicing rights deduction.
(c) U.S. Bank refers to the Firm's U.S. Bank operating subsidiaries Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, National Association and excludes balances between Bank subsidiaries, as well as deposits from the Parent and affiliates.
(d) Firmwide regional revenues reflect the Firm's consolidated net revenues on a managed basis. Further discussion regarding the geographic methodology for net revenues is disclosed in Note 21 to the consolidated financial statements included in the Firm's Annual Report on Form 10-K for the year ended December 31, 2019 (2019 Form 10-K).

Page 4:
(a) The Firm's attribution of average common equity to the business segments is based on the Required Capital framework, an internal capital adequacy measure. This framework is a risk-based and leverage use-of-capital measure, which is compared with the Firm's regulatory capital to ensure that the Firm maintains an amount of going concern capital after absorbing potential losses from stress events, where applicable, at a point in time. The Required Capital framework is based on the Firm's regulatory capital requirements. The Firm defines the difference between its total average common equity and the sum of the average common equity amounts allocated to its business segments as Parent common equity. The amount of capital allocated to the business segments is generally set at the beginning of the year, and will remain fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition). The Required Capital framework is expected to evolve over time in response to changes in the business and regulatory environment, for example, to incorporate changes in stress testing or enhancements to modeling techniques. For further discussion of the framework, refer to "Quantitative and Qualitative Disclosures about Risk" in the Firm's Annual Report on Form 10-K for the year ended December 31, 2019.
(b) The Firm's risk-based capital ratios for purposes of determining regulatory compliance are the lower of the capital ratios computed under the (i) standardized approaches for calculating credit risk and market risk risk-weighted assets (RWAs) (the “Standardized Approach”); and (ii) applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs (the “Advanced Approach”). At June 30, 2020 and March 31, 2020, the Firm's ratios are based on the Advanced Approach, while at June 30, 2019 were based on the Standardized Approach. For information on the calculation of regulatory capital and ratios for prior periods, please refer to "Quantitative and Qualitative Disclosures about Risk" in the Firm's 2019 Form 10-K.
(c) Supplementary leverage ratio represents Tier 1 capital divided by the total supplementary leverage exposure.

Page 5:
(a) Institutional Securities Sales & Trading net revenues includes trading, net interest income (interest income less interest expense), asset management and commissions and fees revenues.
(b) Pre-tax profit margin percentages represent income before income taxes as percentages of net revenues.
(c) VaR represents the loss amount that one would not expect to exceed, on average, more than five times every one hundred trading days in the Firm's trading positions if the portfolio were held constant for a one-day period. Further discussion of the calculation of VaR and the limitations of the Firm's VaR methodology, is disclosed in "Quantitative and Qualitative Disclosures about Risk" included in the Firm's 2019 Form 10-K.

Definition of Performance Metrics and Terms

Our earnings releases, earnings conference calls, financial presentations and other communications may also include certain metrics which we believe to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results.

Page 6:

(a) Transactional revenues for the Wealth Management segment includes investment banking, trading, and commissions and fee revenues.
(b) Net interest income represents interest income less interest expense.
(c) Other revenues for the Wealth Management segment includes investments and other revenues.
(d) Pre-tax profit margin percentages represent income before income taxes as percentages of net revenues.

Page 7:

(a) The average annualized revenue per representative metric represents annualized net revenues divided by average representative headcount.
(b) Client assets per representative represents total client assets divided by period end representative headcount.
(c) Client liabilities reflect U.S. Bank lending and broker dealer margin activity.
(d) Fee-based client assets represent the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.
(e) Fee-based asset flows include net new fee-based assets, net account transfers, dividends, interest, and client fees and exclude institutional cash management related activity.

Page 8:

(a) Other revenues for the Investment Management segment includes investment banking, trading, net interest and other revenues.
(b) Pre-tax profit margin percentages represent income before income taxes as percentages of net revenues.

Page 9:

(a) Investment Management Alternative/Other asset class includes products in Fund of Funds, Real Estate, Private Equity and Credit strategies, as well as Multi-Asset portfolios.
(b) Investment Management net flows include new commitments, investments or reinvestments, net of client redemptions, returns of capital post-fund investment period and dividends not reinvested and excludes the impact of the transition of funds from their commitment period to the invested capital period.
(c) Total assets under management or supervision excludes shares of minority stake assets which represent the Investment Management business segment's proportional share of assets managed by third-party asset managers in which we hold investments accounted for under the equity method.

Page 10 and 11:

(a) Corporate loans include relationship and event-driven loans and typically consist of revolving lines of credit, term loans and bridge loans.
(b) Secured lending facilities include loans provided to clients, which are primarily secured by loans, which are, in turn, collateralized by various assets including residential real estate, commercial real estate, corporate and financial assets.
(c) Securities-based lending and Other includes financing extended to sales and trading customers and corporate loans purchased in the secondary market.
(d) Institutional Securities Lending Commitments principally include Corporate lending activity.

Supplemental Quantitative Details and Calculations

Page 1:

(1) The Firm non-interest expenses by category are as follows:

	2Q20	1Q20	2Q19	2Q20 YTD	2Q19 YTD
Compensation and benefits	$ 6,035	$ 4,283	$ 4,531	$ 10,318	$ 9,182
Non-compensation expenses:					
Brokerage, clearing and exchange fees	716	740	630	1,456	1,223
Information processing and communications	589	563	538	1,152	1,070
Professional services	535	449	537	984	1,051
Occupancy and equipment	365	365	353	730	700
Marketing and business development	63	132	162	195	303
Other	756	809	590	1,565	1,143
Total non-compensation expenses	3,024	3,058	2,810	6,082	5,490
Total non-interest expenses	$ 9,059	$ 7,341	$ 7,341	$ 16,400	$ 14,672

Page 2:

(1) The second quarter ended June 30, 2020 included intermittent net discrete tax expenses of $134 million principally associated with the remeasurement of reserves related to a foreign tax matter. The first quarter ended March 31, 2020 included intermittent net discrete tax benefits of $31 million associated with the remeasurement of prior years' tax liability.

The following sets forth the impact of the intermittent net discrete tax items to earnings per diluted share, return on average common equity and return on average tangible common equity (which are excluded):

	2Q20	1Q20	2Q20 YTD	2Q19 YTD
Earnings per diluted share impact	$ (0.08)	$ 0.02	$ (0.07)	$ 0.06
Return on average common equity impact	(0.7)%	0.2%	(0.3)%	0.3%
Return on average tangible common equity impact	(0.8)%	0.2%	(0.3)%	0.3%

(2) The income tax consequences related to employee share-based payments, which are recurring-type tax items, are recognized in Provision for income taxes in the consolidated income statement, and may be either a benefit or a provision. Conversion of employee share-based awards to Firm shares will primarily occur in the first quarter of each year. The impacts of recognizing excess tax benefits / (cost) upon conversion of awards, are as follows: 2Q20 $(5) million; 1Q20: $99 million, 2Q19: $20 million, 2Q20 YTD: $94 million and 2Q19 YTD $127 million. The impact of intermittent net discrete tax provisions and benefits reflected above do not include the recurring-type discrete tax benefits related to employee share‐based payments as we anticipate conversion activity each year.

Page 3:

(1) Includes loans held for investment (net of allowance), loans held for sale and also includes loans at fair value which are included in Trading assets on the balance sheet.
(2) Beginning in the quarter ended March 31, 2020, the internal measure of liquidity was changed from Global Liquidity Reserve to Liquidity Resources to be more aligned with the current regulatory definition HQLA. June 30, 2019 has been recast. Refer to page 13 for additional information on the change in methodology.
(3) For the quarters ended June 30, 2020, March 31, 2020 and June 30, 2019, the U.S. Bank investment securities portfolio included held to maturity investment securities of $28.5 billion, $28.8 billion and $27.2 billion, respectively.

Page 4:

(1) Based on a Federal Reserve interim final rule in effect until March 31, 2021, our Supplementary leverage ratio and Supplementary leverage exposure as of June 30, 2020 reflect the exclusion of U.S. Treasury securities and deposits at Federal Reserve Banks. The exclusion of these assets had the effect of improving our SLR ratio by 0.9% as of June 30, 2020.

Page 5:

(1) For the second quarter ended June 30, 2020, the Institutional Securities segment net income applicable to Morgan Stanley included intermittent net discrete tax expenses of $125 million principally associated with the remeasurement of reserves related to a foreign tax matter. The first quarter ended March 31, 2020 included intermittent net discrete tax benefits of $27 million associated with the remeasurement of prior years' tax liability.
(2) Institutional Securities average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 2Q20: $484mm; 1Q20: $484mm; 2Q19: $536mm; 2Q20 YTD: $484mm, 2Q19 YTD: $536mm

Page 6:

(1) Wealth Management average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 2Q20: $7,802mm; 1Q20: $7,802mm; 2Q19: $8,088mm, 2Q20 YTD: $7,802mm; 2Q19 YTD: $8,088mm

Supplemental Quantitative Details and Calculations

Page 8:
(1) Includes investment gains or losses for certain funds included in the Firm's consolidated financial statements for which the limited partnership interests in these gains or losses were reported in net income (loss) applicable to nonredeemable noncontrolling interests.
(2) Investment Management average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 2Q20: $932mm; 1Q20: $932mm; 2Q19: $940mm; 2Q20 YTD: $932mm; 2Q19 YTD: $940mm

Page 9:
(1) Net Flows by region for the quarters ended June 30, 2020, March 31, 2020 and June 30, 2019 were:
North America: $17.7 billion, $57.9 billion and $4.3 billion
International: $18.4 billion, $(0.6) billion and $3.6 billion
(2) Assets under management or supervision by region for the quarters ended June 30, 2020, March 31, 2020 and June 30, 2019 were:
North America: $268 billion, $359 billion and $277 billion
International: $397 billion, $225 billion and $220 billion
(3) For the quarters ended June 30, 2020, March 31, 2020 and June 30, 2019, the shares of minority stake assets were $5 billion, $6 billion and $6 billion, respectively.

Page 10:
(1) For the quarters ended June 30, 2020, March 31, 2020 and June 30, 2019, Investment Management reflected loan balances of $521 million, $499 million and $27 million, respectively. No material lending commitments were recorded by Investment Management for the quarters ended June 30, 2020, March 31, 2020 and June 30, 2019.

Page 11:
(1) For the quarter ended June 30, 2020 the Allowance Rollforward for Loans and Lending Commitments is as follows:

	Institutional Securities	Wealth Management	Total
Loans			
Allowance for Credit Losses (ACL)			
Beginning Balance - March 31, 2020	$ 530	$ 87	$ 617
Net Charge Offs	2	0	2
Provision	223	23	246
Other	1	(0)	1
Ending Balance - June 30, 2020	$ 756	$ 110	$ 866
Lending Commitments			
Allowance for Credit Losses (ACL)			
Beginning Balance - March 31, 2020	$ 298	$ 6	$ 304
Net Charge Offs	0	0	0
Provision	(5)	(2)	(7)
Other	(0)	0	0
Ending Balance - June 30, 2020	$ 293	$ 4	$ 297
Loans and Lending Commitments			
Allowance for Credit Losses (ACL)			
Beginning Balance - March 31, 2020	$ 828	$ 93	$ 921
Net Charge Offs	2	0	2
Provision	218	21	239
Other	1	(0)	1
Ending Balance - June 30, 2020	$ 1,049	$ 114	$ 1,163

(2) The provision for credit losses associated with loans held for investment are reported in other revenues while the provision for credit losses related to lending commitments are reported in other expenses.
(3) For the quarters ended June 30, 2020, March 31, 2020 and June 30, 2019, Investment Management reflected loan balances of $521 million, $499 million and $27 million, respectively. No material lending commitments were recorded by Investment Management for the quarters ended June 30, 2020, March 31, 2020 and June 30, 2019.

Legal Notice

This Financial Supplement contains financial, statistical and business-related information, as well as business and segment trends.
The information should be read in conjunction with the Firm's second quarter earnings press release issued July 16, 2020.

End of Document