

## **Mitsubishi UFJ Financial and Morgan Stanley Announce Agreement to Convert Morgan Stanley Convertible Preferred Stock to Common Stock**

*Move Will Further Enhance Morgan Stanley's Tier 1 Common Capital Position and Strengthen the Two Firms' Global Strategic Alliance*

April 21 2011 | New York, Tokyo

Mitsubishi UFJ Financial Group, Inc. ("MUFG") (NYSE: MTU), the world's leading financial groups, and Morgan Stanley (NYSE: MS), a leading global financial services firm, today announced that they have entered into an agreement to convert MUFG's outstanding convertible preferred stock in Morgan Stanley into Morgan Stanley common stock.

Under the terms of the transaction, MUFG will exchange convertible preferred stock with a face value of \$7.8 billion and a 10 % dividend for 385 million shares of Morgan Stanley common stock, reflecting an increase in the conversion rate of 75 million shares and providing MUFG with an ownership interest in Morgan Stanley of 22.4%. This conversion enhances Morgan Stanley's Tier 1 Common capital position, aligns MUFG's interests with those of Morgan Stanley's common shareholders, and further strengthens the global strategic alliance between the two firms.

Morgan Stanley's Tier 1 Common Ratio is expected to increase by more than 270 basis points as a result of this transaction to approximately 14.5% on a proforma basis as of March 31, 2011. Morgan Stanley's Tier 1 Capital and Tier 1 Leverage ratios are unaffected by this transaction.

Morgan Stanley will be applicable to the equity method of accounting for MUFG's investment in Morgan Stanley upon the transaction above.

Katsunori Nagayasu, President and Chief Executive Officer of MUFG, said, "We have decided to convert based on the mutual understanding that it would benefit both MUFG and Morgan Stanley and, more importantly, further enhance the strategic alliance. MUFG will now own 22 % of Morgan Stanley's common stock, and Morgan Stanley will enhance its capital position through the conversion. Leveraging this excellent development, we intend to deepen our alliance further and maximize business synergies between us."

James Gorman, President and Chief Executive Officer of Morgan Stanley, said, "This is the right move for both Morgan Stanley and MUFG, and it is a testament to the strength of our unique relationship that we were able to capitalize on this opportunity to reach an agreement in the best interests of both companies. This conversion will result in an industry-leading capital position, it will also further enhance our global strategic alliance with MUFG and ensure that we have substantial flexibility to deliver for clients around the globe."

Under the terms of the agreement announced today, Morgan Stanley has adjusted the conversion rate with respect to the convertible preferred stock. Following this adjustment, and subject to shareholder approval, MUFG will receive 385 million shares of common stock upon conversion.

In addition, Morgan Stanley has agreed that MUFG will appoint a second representative to the Morgan Stanley Board of Directors. Morgan Stanley and MUFG have also agreed to certain other amendments to the investor agreement between Morgan Stanley and MUFG .

The transaction is subject to certain closing conditions, including receipt of required regulatory approvals in certain jurisdictions globally and satisfaction of stock exchange requirements.

Following the closing of the transaction announced today, MUFG will hold a total of 435 million shares of Morgan Stanley common stock and a remaining face value \$500 million of perpetual non-cumulative non-convertible preferred stock with a 10 % dividend.

#### About MUFG

MUFG is one of the world's leading financial groups, with total assets of more than JPY200 trillion (approximately US\$2.4 trillion) as of December 31, 2010. MUFG's services include commercial banking, trust banking, securities, credit cards, consumer finance, asset management and leasing. The Group's operating companies include The Bank of Tokyo-Mitsubishi UFJ, Ltd. Japan's largest commercial bank, Mitsubishi UFJ Trust and Banking Corporation, Japan's leading trust bank, and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., one of Japan's largest securities firms. For more information about MUFG, please visit <http://www.mufg.jp/english/index.html>.

#### About Morgan Stanley

Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, investment management and wealth management services. The Firm's employees serve clients worldwide including corporations, governments, institutions and individuals from more than 600 offices in 35 countries. For further information about Morgan Stanley, please visit [www.morganstanley.com](http://www.morganstanley.com).

#### Cautionary Statements Concerning Forward-Looking Information

This press release contains forward-looking statements such as "expects," "looking forward" and other similar words regarding the current expectations of MUFG. Such forward-looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. MUFG does not undertake any obligation to update the forward-looking statements contained herein, or to update the reasons why actual results could differ from those projected in the forward-looking statements.

The information above contains forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made and 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. Morgan Stanley's actual results or performance may differ materially from those suggested, expressed or implied by forward-looking statements due to a wide range of factors including, but not limited to, the general business environment, regulatory actions or other changes. For a discussion of additional risks and uncertainties that may affect the future results of Morgan Stanley, please see "Forward-Looking Statements" immediately preceding Part I, Item 1, "Competition" and "Supervision and Regulation" in Part I, Item 1, "Risk Factors" in Part I, Item 1A, "Legal Proceedings" in Part I, Item 3, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 and "Quantitative and Qualitative Disclosures about Market Risk" in Part II, Item 7A of the Company's Annual Report on Form 10-K for the year ended December 31, 2010 and other items throughout the Form 10-K and the Company's Current Reports on Form 8-K.