

**MORGAN STANLEY**  
**Financial Supplement - 1Q 2008**  
**Table of Contents**

Page #

|     |       |   |
|-----|-------|---|
| 1   | ..... | Quarterly Financial Summary   |
| 2   | ..... | Quarterly Consolidated Income Statement Information                                 |
| 3-4 | ..... | Quarterly Consolidated Financial Information and Statistical Data                   |
| 5   | ..... | Quarterly Institutional Securities Income Statement Information                     |
| 6-7 | ..... | Quarterly Institutional Securities Financial Information and Statistical Data       |
| 8   | ..... | Quarterly Global Wealth Management Group Income Statement Information               |
| 9   | ..... | Quarterly Global Wealth Management Group Financial Information and Statistical Data |
| 10  | ..... | Quarterly Asset Management Income Statement Information                             |
| 11  | ..... | Quarterly Asset Management Financial Information and Statistical Data               |
| 12  | ..... | Quarterly Consolidated Assets Under Management or Supervision                       |
| 13  | ..... | Quarterly Intersegment Eliminations Income Statement Information                    |
| 14  | ..... | Quarterly Reconciliation of Adjusted Assets   |
| 15  | ..... | Institutional Securities Subprime Analysis  |
| 16  | ..... | Legal Notice  |

**MORGAN STANLEY**  
**Quarterly Financial Summary**  
(unaudited, dollars in millions)

|   | Quarter Ended   |                  |                 |                   |                 | Percentage Change From: |               |
|---|-----------------|------------------|-----------------|-------------------|-----------------|-------------------------|---------------|
|   | Feb 28, 2007    | May 31, 2007     | Aug 31, 2007    | Nov 30, 2007      | Feb 29, 2008    | 1Q08 vs. 1Q07           | 1Q08 vs. 4Q07 |
| <b>Net revenues</b>                                 |                 |                  |                 |                   |                 |                         |               |
| Institutional Securities                            | \$ 7,162        | \$ 7,429         | \$ 4,983        | \$ (3,425)        | \$ 6,213        | (13%)                   | *             |
| Global Wealth Management Group                      | 1,511           | 1,642            | 1,683           | 1,789             | 1,606           | 6%                      | (10%)         |
| Asset Management                                    | 1,368           | 1,509            | 1,364           | 1,252             | 543             | (60%)                   | (57%)         |
| Intersegment Eliminations                           | (47)            | (56)             | (72)            | (66)              | (40)            | 15%                     | 39%           |
| Consolidated net revenues                           | <u>\$ 9,994</u> | <u>\$ 10,524</u> | <u>\$ 7,958</u> | <u>\$ (450)</u>   | <u>\$ 8,322</u> | (17%)                   | *             |
| <b>Income / (loss) before taxes<sup>(1)</sup></b>   |                 |                  |                 |                   |                 |                         |               |
| Institutional Securities                            | \$ 2,845        | \$ 2,950         | \$ 1,501        | \$ (6,479)        | \$ 2,117        | (26%)                   | 133%          |
| Global Wealth Management Group                      | 226             | 264              | 287             | 378               | 254             | 12%                     | (33%)         |
| Asset Management                                    | 379             | 303              | 491             | 294               | (161)           | (142%)                  | (155%)        |
| Intersegment Eliminations                           | 6               | 7                | (14)            | 3                 | 4               | (33%)                   | 33%           |
| Consolidated income / (loss) before taxes           | <u>\$ 3,456</u> | <u>\$ 3,524</u>  | <u>\$ 2,265</u> | <u>\$ (5,804)</u> | <u>\$ 2,214</u> | (36%)                   | 138%          |
| Earnings / (loss) applicable to common shareholders | <u>\$ 2,655</u> | <u>\$ 2,565</u>  | <u>\$ 1,526</u> | <u>\$ (3,605)</u> | <u>\$ 1,534</u> | (42%)                   | 143%          |
| <b>Earnings per basic share:</b>                    |                 |                  |                 |                   |                 |                         |               |
| Income from continuing operations                   | \$ 2.28         | \$ 2.35          | \$ 1.45         | \$ (3.61)         | \$ 1.50         | (34%)                   | 142%          |
| Discontinued operations <sup>(2)</sup>              | \$ 0.35         | \$ 0.22          | \$ 0.07         | \$ -              | \$ -            | *                       | --            |
| Earnings per basic share                            | \$ 2.63         | \$ 2.57          | \$ 1.52         | \$ (3.61)         | \$ 1.50         | (43%)                   | 142%          |
| <b>Earnings per diluted share:</b>                  |                 |                  |                 |                   |                 |                         |               |
| Income from continuing operations                   | \$ 2.17         | \$ 2.24          | \$ 1.38         | \$ (3.61)         | \$ 1.45         | (33%)                   | 140%          |
| Discontinued operations <sup>(2)</sup>              | \$ 0.34         | \$ 0.21          | \$ 0.06         | \$ -              | \$ -            | *                       | --            |
| Earnings per diluted share                          | \$ 2.51         | \$ 2.45          | \$ 1.44         | \$ (3.61)         | \$ 1.45         | (42%)                   | 140%          |
| <b>Average common shares outstanding</b>            |                 |                  |                 |                   |                 |                         |               |
| Basic   | 1,009,186,993   | 996,544,761      | 1,002,330,181   | 999,553,568       | 1,020,802,234   |                         |               |
| Diluted   | 1,057,912,545   | 1,045,643,087    | 1,057,495,875   | 999,553,568       | 1,057,867,487   |                         |               |
| Period end common shares outstanding                | 1,061,644,077   | 1,051,690,047    | 1,062,450,986   | 1,056,289,659     | 1,105,301,550   |                         |               |
| <b>Return on average common equity</b>              |                 |                  |                 |                   |                 |                         |               |
| from continuing operations                          | 30.9%           | 29.4%            | 17.2%           | *                 | 19.7%           |                         |               |
| Return on average common equity                     | 29.9%           | 27.4%            | 17.1%           | *                 | 19.7%           |                         |               |

(1) Represents consolidated income / (loss) from continuing operations before gain / (loss) from unconsolidated investees, taxes and gain / (loss) from discontinued operations.

(2) All periods have been restated to include the results of Discover Financial Services in discontinued operations.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.  
Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Quarterly Consolidated Income Statement Information**  
(unaudited, dollars in millions)

|   | Quarter Ended |              |              |              |              | Percentage Change From: |               |
|---|---------------|--------------|--------------|--------------|--------------|-------------------------|---------------|
|   | Feb 28, 2007  | May 31, 2007 | Aug 31, 2007 | Nov 30, 2007 | Feb 29, 2008 | 1Q08 vs. 1Q07           | 1Q08 vs. 4Q07 |
| Investment banking  | \$ 1,227      | \$ 1,913     | \$ 1,659     | \$ 1,569     | \$ 1,109     | (10%)                   | (29%)         |
| Principal transactions:   |               |              |              |              |              |                         |               |
| Trading   | 4,158         | 4,838        | 1,381        | (7,171)      | 3,390        | (18%)                   | 147%          |
| Investments   | 880           | 1,004        | 558          | 820          | (346)        | (139%)                  | (142%)        |
| Commissions   | 1,005         | 1,123        | 1,264        | 1,290        | 1,199        | 19%                     | (7%)          |
| Asset management, distribution and admin. fees                  | 1,479         | 1,596        | 1,701        | 1,743        | 1,550        | 5%                      | (11%)         |
| Interest and dividends  | 14,171        | 15,400       | 14,405       | 16,107       | 13,965       | (1%)                    | (13%)         |
| Other   | 272           | 321          | 262          | 353          | 317          | 17%                     | (10%)         |
| Total revenues  | 23,192        | 26,195       | 21,230       | 14,711       | 21,184       | (9%)                    | 44%           |
| Interest expense  | 13,198        | 15,671       | 13,272       | 15,161       | 12,862       | (3%)                    | (15%)         |
| Net revenues  | 9,994         | 10,524       | 7,958        | (450)        | 8,322        | (17%)                   | *             |
| Compensation and benefits                                       | 4,775         | 4,994        | 3,596        | 3,187        | 4,071        | (15%)                   | 28%           |
| Occupancy and equipment   | 260           | 279          | 279          | 312          | 286          | 10%                     | (8%)          |
| Brokerage, clearing and exchange fees                           | 361           | 366          | 459          | 470          | 444          | 23%                     | (6%)          |
| Information processing and communications                       | 277           | 286          | 302          | 328          | 305          | 10%                     | (7%)          |
| Marketing and business development                              | 153           | 199          | 190          | 271          | 183          | 20%                     | (32%)         |
| Professional services   | 419           | 510          | 507          | 676          | 379          | (10%)                   | (44%)         |
| Other   | 293           | 366          | 360          | 110          | 440          | 50%                     | *             |
| Total non-compensation expenses                                 | 1,763         | 2,006        | 2,097        | 2,167        | 2,037        | 16%                     | (6%)          |
| Total non-interest expenses                                     | 6,538         | 7,000        | 5,693        | 5,354        | 6,108        | (7%)                    | 14%           |
| Income / (loss) from continuing operations before gain / (loss) |               |              |              |              |              |                         |               |
| from unconsolidated investees and taxes                         | 3,456         | 3,524        | 2,265        | (5,804)      | 2,214        | (36%)                   | 138%          |
| Gain / (loss) from unconsolidated investees                     | (26)          | (20)         | (19)         | 18           | 2            | 108%                    | (89%)         |
| Provision / (benefit) for income taxes                          | 1,116         | 1,141        | 772          | (2,198)      | 665          | (40%)                   | 130%          |
| Income / (loss) from continuing operations                      | 2,314         | 2,363        | 1,474        | (3,588)      | 1,551        | (33%)                   | 143%          |
| Discontinued operations <sup>(1)</sup>                          |               |              |              |              |              |                         |               |
| Gain / (loss) from discontinued operations                      | 564           | 349          | 111          | 0            | 0            | *                       | --            |
| Income tax provision / (benefit)                                | 206           | 130          | 42           | 0            | 0            | *                       | --            |
| Gain / (loss) from discontinued operations                      | 358           | 219          | 69           | 0            | 0            | *                       | --            |
| Net income / (loss)   | \$ 2,672      | \$ 2,582     | \$ 1,543     | \$ (3,588)   | \$ 1,551     | (42%)                   | 143%          |
| Preferred stock dividend requirements                           | \$ 17         | \$ 17        | \$ 17        | \$ 17        | \$ 17        | --                      | --            |
| Earnings / (loss) applicable to common shareholders             | \$ 2,655      | \$ 2,565     | \$ 1,526     | \$ (3,605)   | \$ 1,534     | (42%)                   | 143%          |
| Return on average common equity                                 |               |              |              |              |              |                         |               |
| from continuing operations                                      | 30.9%         | 29.4%        | 17.2%        | *            | 19.7%        |                         |               |
| Return on average common equity                                 | 29.9%         | 27.4%        | 17.1%        | *            | 19.7%        |                         |               |
| Pre-tax profit margin <sup>(2)</sup>                            | 35%           | 34%          | 29%          | *            | 27%          |                         |               |
| Compensation and benefits as a % of net revenues                | 48%           | 48%          | 45%          | *            | 49%          |                         |               |
| Non-Compensation expenses as a % of net revenues                | 18%           | 19%          | 26%          | *            | 25%          |                         |               |
| Effective Tax Rate  | 32.5%         | 32.6%        | 34.4%        | *            | 30.0%        |                         |               |

(1) All periods have been restated to include the results of Discover Financial Services in discontinued operations.

(2) Income / (loss) before taxes, excluding gain / (loss) from unconsolidated investees, as a % of net revenues.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Quarterly Consolidated Financial Information and Statistical Data**  
(unaudited)

|  | Quarter Ended |              |              |              |              | Percentage Change From: |               |
|--|---------------|--------------|--------------|--------------|--------------|-------------------------|---------------|
|  | Feb 28, 2007  | May 31, 2007 | Aug 31, 2007 | Nov 30, 2007 | Feb 29, 2008 | 1Q08 vs. 1Q07           | 1Q08 vs. 4Q07 |
| <b>Morgan Stanley</b>  |               |              |              |              |              |                         |               |
| Regional revenue (millions) <sup>(1) (2)</sup>                 |               |              |              |              |              |                         |               |
| Americas   | \$ 6,072      | \$ 6,049     | \$ 4,121     | \$ (4,092)   | \$ 3,823     | (37%)                   | 193%          |
| EMEA (Europe, Middle East, Africa)                             | 2,702         | 2,970        | 2,405        | 1,931        | 3,267        | 21%                     | 69%           |
| Asia   | 1,220         | 1,505        | 1,432        | 1,711        | 1,232        | 1%                      | (28%)         |
| Consolidated net revenues                                      | \$ 9,994      | \$ 10,524    | \$ 7,958     | \$ (450)     | \$ 8,322     | (17%)                   | *             |
| Total assets (millions)  | \$ 1,182,061  | \$ 1,199,993 | \$ 1,185,131 | \$ 1,045,409 | \$ 1,090,896 | (8%)                    | 4%            |
| Adjusted assets (millions) <sup>(3)</sup>                      | \$ 653,875    | \$ 704,421   | \$ 688,966   | \$ 565,585   | \$ 636,892   | (3%)                    | 13%           |
| Tangible shareholders' equity (millions)                       | \$ 38,577     | \$ 40,253    | \$ 36,674    | \$ 32,074    | \$ 39,840    | 3%                      | 24%           |
| Leverage Ratio <sup>(4)</sup>                                  | 30.6x         | 29.8x        | 32.3x        | 32.6x        | 27.4x        |                         |               |
| Adjusted Leverage Ratio <sup>(5)</sup>                         | 16.9x         | 17.5x        | 18.8x        | 17.6x        | 16.0x        |                         |               |
| Shareholders' equity (millions) <sup>(6)</sup>                 | \$ 42,839     | \$ 44,385    | \$ 40,125    | \$ 36,145    | \$ 43,901    | 2%                      | 21%           |
| Common equity (millions)                                       | \$ 36,854     | \$ 38,411    | \$ 34,150    | \$ 30,169    | \$ 32,180    | (13%)                   | 7%            |
| Period end common shares outstanding (millions)                | 1,061.6       | 1,051.7      | 1,062.5      | 1,056.3      | 1,105.3      | 4%                      | 5%            |
| Book value per common share <sup>(7)</sup>                     | \$ 34.71      | \$ 36.52     | \$ 32.14     | \$ 28.56     | \$ 29.11     | (16%)                   | 2%            |
| Total capital (millions) <sup>(8)</sup>                        | \$ 177,270    | \$ 187,250   | \$ 187,480   | \$ 191,085   | \$ 198,210   | 12%                     | 4%            |
| Worldwide employees <sup>(1)</sup>                             | 44,797        | 45,845       | 47,713       | 48,256       | 47,050       | 5%                      | (2%)          |
| Average Daily 95%/One-Day Value-at-Risk ("VaR") <sup>(9)</sup> |               |              |              |              |              |                         |               |
| Primary Market Risk Category (\$ millions, pre-tax)            |               |              |              |              |              |                         |               |
| Interest rate and credit spread                                | \$ 39         | \$ 40        | \$ 52        | \$ 53        | \$ 59        |                         |               |
| Equity price   | \$ 45         | \$ 44        | \$ 43        | \$ 41        | \$ 37        |                         |               |
| Foreign exchange rate  | \$ 15         | \$ 16        | \$ 17        | \$ 25        | \$ 30        |                         |               |
| Commodity price  | \$ 40         | \$ 34        | \$ 38        | \$ 35        | \$ 38        |                         |               |
| Trading VaR  | \$ 90         | \$ 81        | \$ 87        | \$ 89        | \$ 97        |                         |               |
| Non - trading VaR  | \$ 14         | \$ 17        | \$ 20        | \$ 36        | \$ 37        |                         |               |
| Aggregate trading and non - trading VaR                        | \$ 92         | \$ 87        | \$ 91        | \$ 98        | \$ 103       |                         |               |

(1) Restated to exclude Discover Financial Services.

(2) Reflects the regional view of the Company's consolidated net revenues, on a managed basis, based on the following methodology:  
Institutional Securities: investment banking - client location, equity capital markets - client location, debt capital markets - revenue recording location, sales & trading - trading desk location  
Global Wealth Management: financial advisor location

(3) Adjusted assets exclude certain self-funded assets considered to have minimal market, credit and/or liquidity risk that are generally attributable to matched book and securities lending businesses as measured by aggregate resale agreements and securities borrowed less non-derivative short positions. See page 14 for further information.

(4) Leverage ratio equals total assets divided by tangible shareholders' equity.

(5) Adjusted leverage ratio equals adjusted total assets divided by tangible shareholders' equity.

(6) Includes common equity, preferred equity and junior subordinated debt issued to capital trusts.

(7) Book value per common share equals common equity divided by period end common shares outstanding. The Company's spin-off of Discover Financial Services on June 30, 2007 reduced book value per common share by approximately \$5.79.

(8) Includes common equity, preferred equity, junior subordinated debt issued to capital trusts, capital units and the non-current portion of long-term debt.

(9) 95%/One-Day 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 Company's trading positions if the portfolio were held constant for a one day period. For a further discussion of the calculation of VaR and the limitations of the Company's VaR methodology, see Part II, Item 7A "Quantitative and Qualitative Disclosures about Market Risk" in the Company's Form 10-K for fiscal 2007.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.  
Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Quarterly Consolidated Financial Information and Statistical Data**  
**(unaudited)**

|                                | <u>Quarter Ended</u>                    |  |                                       |
|--------------------------------|---|--|---------------------------------------|
|                                | <u>Feb 29, 2008</u>                     |  |                                       |
|                                | Average tier 1<br>equity (billions) (1) | Average<br>common equity<br>(billions) (1) | Return on<br>average<br>common equity |
| Institutional Securities       | \$ 27.5                                 | \$ 24.4                                    | 24%                                   |
| Global Wealth Management Group | 1.6                                     | 1.5  | 42%                                   |
| Asset Management               | 3.2                                     | 3.8  | *                                     |
| Unallocated capital            | 1.5                                     | 1.5  |                                       |
| Total - continuing operations  | 33.8                                    | 31.2                                       | 20%                                   |
| Discontinued operations        | 0.0                                     | 0.0  |                                       |
| Firm                           | <u>\$ 33.8</u>                          | <u>\$ 31.2</u>                             | 20%                                   |

  

|                                | <u>Quarter Ended</u>                    |  |                                       |   |  |                                       |   |  |                                       |   |  |                                       |
|--------------------------------|---|--|---------------------------------------|---|--|---------------------------------------|---|--|---------------------------------------|---|--|---------------------------------------|
|                                | <u>Feb 28, 2007</u>                     |  |                                       | <u>May 31, 2007</u>                     |  |                                       | <u>Aug 31, 2007</u>                     |  |                                       | <u>Nov 30, 2007</u>                     |  |                                       |
|                                | Average tier 1<br>equity (billions) (1) | Average<br>common equity<br>(billions) (1) | Return on<br>average<br>common equity | Average tier 1<br>equity (billions) (1) | Average<br>common equity<br>(billions) (1) | Return on<br>average<br>common equity | Average tier 1<br>equity (billions) (1) | Average<br>common equity<br>(billions) (1) | Return on<br>average<br>common equity | Average tier 1<br>equity (billions) (1) | Average<br>common equity<br>(billions) (1) | Return on<br>average<br>common equity |
| Institutional Securities       | \$ 21.0                                 | \$ 20.0                                    | 38%                                   | \$ 23.7                                 | \$ 22.8                                    | 35%                                   | \$ 25.7                                 | \$ 25.1                                    | 16%                                   | \$ 28.0                                 | \$ 27.7                                    | *                                     |
| Global Wealth Management Group | 1.5                                     | 1.7  | 32%                                   | 1.5                                     | 1.6  | 40%                                   | 1.6                                     | 1.7  | 39%                                   | 1.6                                     | 1.7  | 52%                                   |
| Asset Management               | 2.3                                     | 3.0  | 31%                                   | 2.7                                     | 3.4  | 23%                                   | 2.8                                     | 3.6  | 35%                                   | 3.1                                     | 3.9  | 18%                                   |
| Unallocated capital            | 5.1                                     | 5.1  |                                       | 4.2                                     | 4.2  |                                       | 3.5                                     | 3.5  |                                       | (0.4)                                   | (0.4)                                      |                                       |
| Total - continuing operations  | 29.9                                    | 29.8                                       | 31%                                   | 32.1                                    | 32.0                                       | 29%                                   | 33.6                                    | 33.9                                       | 17%                                   | 32.3                                    | 32.9                                       | *                                     |
| Discontinued operations        | 4.6                                     | 5.7  |                                       | 4.5                                     | 5.4  |                                       | 1.6                                     | 1.9  |                                       | 0.0                                     | 0.0  |                                       |
| Firm                           | <u>\$ 34.5</u>                          | <u>\$ 35.5</u>                             | 30%                                   | <u>\$ 36.6</u>                          | <u>\$ 37.4</u>                             | 27%                                   | <u>\$ 35.2</u>                          | <u>\$ 35.8</u>                             | 17%                                   | <u>\$ 32.3</u>                          | <u>\$ 32.9</u>                             | *                                     |

(1) The Company's economic capital framework estimates the amount of equity capital required to support the businesses over a wide range of market environments while simultaneously satisfying regulatory, rating agency and investor requirements. Economic capital is assigned to each segment based on regulatory capital usage plus additional capital for stress losses. Economic capital requirements are met by regulatory Tier 1 equity (including common shareholders' equity, certain preferred stock, eligible hybrid capital instruments and deductions of certain goodwill, intangible assets and net deferred tax assets), subject to regulatory limits. The framework will evolve over time in response to changes in the business and regulatory environment and to incorporate improvements in modeling techniques.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation. Additionally, the average equity related to Discover Financial Services and Quilter Holdings Limited have been reclassified to discontinued operations in all periods.

Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Quarterly Institutional Securities Income Statement Information**  
(unaudited, dollars in millions)

|  | Quarter Ended    |                  |                  |                   |                  | Percentage Change From: |               |
|--|------------------|------------------|------------------|-------------------|------------------|-------------------------|---------------|
|  | Feb 28, 2007 (1) | May 31, 2007 (1) | Aug 31, 2007 (1) | Nov 30, 2007 (1)  | Feb 29, 2008 (1) | 1Q08 vs. 1Q07           | 1Q08 vs. 4Q07 |
| Investment banking   | \$ 1,032         | \$ 1,704         | \$ 1,439         | \$ 1,363          | \$ 980           | (5%)                    | (28%)         |
| Principal transactions:  |                  |                  |                  |                   |                  |                         |               |
| Trading  | 4,029            | 4,705            | 1,236            | (7,230)           | 3,394            | (16%)                   | 147%          |
| Investments  | 350              | 396              | 217              | 496               | (141)            | (140%)                  | (128%)        |
| Commissions  | 691              | 766              | 911              | 894               | 840              | 22%                     | (6%)          |
| Asset management, distribution and admin. fees   | 25               | 25               | 24               | 29                | 31               | 24%                     | 7%            |
| Interest and dividends   | 14,021           | 15,193           | 14,141           | 15,776            | 13,660           | (3%)                    | (13%)         |
| Other  | 205              | 266              | 222              | 290               | 209              | 2%                      | (28%)         |
| Total revenues   | <u>20,353</u>    | <u>23,055</u>    | <u>18,190</u>    | <u>11,618</u>     | <u>18,973</u>    | (7%)                    | 63%           |
| Interest expense   | <u>13,191</u>    | <u>15,626</u>    | <u>13,207</u>    | <u>15,043</u>     | <u>12,760</u>    | (3%)                    | (15%)         |
| Net revenues   | <u>7,162</u>     | <u>7,429</u>     | <u>4,983</u>     | <u>(3,425)</u>    | <u>6,213</u>     | (13%)                   | *             |
| Total non-interest expenses  | <u>4,317</u>     | <u>4,479</u>     | <u>3,482</u>     | <u>3,054</u>      | <u>4,096</u>     | (5%)                    | 34%           |
| Income / (loss) from continuing operations before gain / (loss)<br>from unconsolidated investees and taxes | 2,845            | 2,950            | 1,501            | (6,479)           | 2,117            | (26%)                   | 133%          |
| Gain / (loss) from unconsolidated investees  | (26)             | (20)             | (19)             | 18                | 2                | 108%                    | (89%)         |
| Income / (loss) before taxes   | <u>2,819</u>     | <u>2,930</u>     | <u>1,482</u>     | <u>(6,461)</u>    | <u>2,119</u>     | (25%)                   | 133%          |
| Provision / (benefit) for income taxes   | 878              | 932              | 483              | (2,463)           | 627              | (29%)                   | 125%          |
| Income / (loss) from continuing operations <sup>(2)</sup>  | <u>\$ 1,941</u>  | <u>\$ 1,998</u>  | <u>\$ 999</u>    | <u>\$ (3,998)</u> | <u>\$ 1,492</u>  | (23%)                   | 137%          |
| Return on average common equity <sup>(3)</sup>   | 38%              | 35%              | 16%              | *                 | 24%              |                         |               |
| Pre-tax profit margin <sup>(4)</sup>   | 40%              | 40%              | 30%              | *                 | 34%              |                         |               |

(1) Principal transactions investments revenue reflects net gain / (loss) on investments marked at fair value. The related investment asset balance for the quarters ended Feb 28, 2007, May 31, 2007, Aug 31, 2007, Nov 30, 2007 and Feb 29, 2008 are \$4.4 billion, \$5.9 billion, \$8.2 billion, \$9.7 billion, and \$10.3 billion, respectively.

(2) Excludes gain/(loss) from discontinued operations.

(3) Refer to page 4 for the allocation of average common equity.

(4) Income / (loss) before taxes, excluding gain / (loss) from unconsolidated investees, as a % of net revenues.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Quarterly Financial Information and Statistical Data**  
**Institutional Securities**  
(unaudited, dollars in millions)

|   | <u>Quarter Ended</u> |                     |                     |                     |                     | <u>Percentage Change From:</u> |                      |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|--------------------------------|----------------------|
|   | <u>Feb 28, 2007</u>  | <u>May 31, 2007</u> | <u>Aug 31, 2007</u> | <u>Nov 30, 2007</u> | <u>Feb 29, 2008</u> | <u>1Q08 vs. 1Q07</u>           | <u>1Q08 vs. 4Q07</u> |
| <b>Investment Banking</b>                       |                      |                     |                     |                     |                     |                                |                      |
| Advisory revenue                                | \$ 373               | \$ 725              | \$ 664              | \$ 779              | \$ 444              | 19%                            | (43%)                |
| Underwriting revenue                            |                      |                     |                     |                     |                     |                                |                      |
| Equity  | 300                  | 493                 | 429                 | 348                 | 261                 | (13%)                          | (25%)                |
| Fixed income                                    | 359                  | 486                 | 346                 | 236                 | 275                 | (23%)                          | 17%                  |
| Total underwriting revenue                      | \$ 659               | \$ 979              | \$ 775              | \$ 584              | \$ 536              | (19%)                          | (8%)                 |
| Total investment banking revenue                | \$ 1,032             | \$ 1,704            | \$ 1,439            | \$ 1,363            | \$ 980              | (5%)                           | (28%)                |
| <b>Sales &amp; Trading <sup>(1)</sup></b>       |                      |                     |                     |                     |                     |                                |                      |
| Equity  | \$ 2,209             | \$ 2,216            | \$ 1,761            | \$ 2,472            | \$ 3,329            | 51%                            | 35%                  |
| Fixed income                                    | 3,430                | 2,896               | 2,197               | (7,873)             | 2,907               | (15%)                          | 137%                 |
| Other   | (89)                 | (74)                | (877)               | (202)               | (1,102)             | *                              | *                    |
| Total sales & trading net revenue               | \$ 5,550             | \$ 5,038            | \$ 3,081            | \$ (5,603)          | \$ 5,134            | (7%)                           | 192%                 |
| <b>Fiscal View</b>                              |                      |                     |                     |                     |                     |                                |                      |
| <b>Quarter Ended (2)</b>                        |                      |                     |                     |                     |                     |                                |                      |
|   | <u>Feb 28, 2007</u>  | <u>May 31, 2007</u> | <u>Aug 31, 2007</u> | <u>Nov 30, 2007</u> | <u>Feb 29, 2008</u> |                                |                      |
| <b>Calendar View</b>                            |                      |                     |                     |                     |                     |                                |                      |
| <b>Two Months Ended (2)</b>                     |                      |                     |                     |                     |                     |                                |                      |
|   | <u>Feb 28, 2007</u>  | <u>Feb 29, 2008</u> |                     |                     |                     |                                |                      |
| Mergers and acquisitions announced transactions |                      |                     |                     |                     |                     |                                |                      |
| Morgan Stanley global market volume (billions)  | \$ 329.9             | \$ 485.7            | \$ 277.4            | \$ 295.2            | \$ 134.9            | \$ 226.9                       | \$ 88.1              |
| Market share                                    | 36.1%                | 36.9%               | 23.9%               | 34.4%               | 19.3%               | 40.5%                          | 23.5%                |
| Rank  | 2                    | 1                   | 2                   | 5                   | 2                   | 1                              | 2                    |
| Mergers and acquisitions completed transactions |                      |                     |                     |                     |                     |                                |                      |
| Morgan Stanley global market volume (billions)  | \$ 209.2             | \$ 359.8            | \$ 248.5            | \$ 497.0            | \$ 151.6            | \$ 153.6                       | \$ 103.4             |
| Market share                                    | 23.0%                | 39.3%               | 26.1%               | 45.3%               | 25.5%               | 30.0%                          | 27.6%                |
| Rank  | 3                    | 1                   | 2                   | 2                   | 4                   | 2                              | 4                    |
| Global equity and related issues                |                      |                     |                     |                     |                     |                                |                      |
| Morgan Stanley global market volume (billions)  | \$ 13.9              | \$ 20.2             | \$ 18.3             | \$ 14.9             | \$ 7.8              | \$ 6.0                         | \$ 2.6               |
| Market share                                    | 7.5%                 | 8.4%                | 8.2%                | 6.3%                | 5.5%                | 5.6%                           | 3.9%                 |
| Rank  | 4                    | 3                   | 4                   | 6                   | 5                   | 8                              | 10                   |
| Global IPO's                                    |                      |                     |                     |                     |                     |                                |                      |
| Morgan Stanley global market volume (billions)  | \$ 4.1               | \$ 6.4              | \$ 6.5              | \$ 6.9              | \$ 3.0              | \$ 1.8                         | \$ 0.5               |
| Market Share                                    | 7.6%                 | 8.0%                | 8.2%                | 7.0%                | 7.4%                | 7.1%                           | 3.7%                 |
| Rank  | 3                    | 3                   | 3                   | 5                   | 3                   | 5                              | 8                    |
| Global debt                                     |                      |                     |                     |                     |                     |                                |                      |
| Morgan Stanley global market volume (billions)  | \$ 102.0             | \$ 141.3            | \$ 87.8             | \$ 67.6             | \$ 58.6             | \$ 71.3                        | \$ 45.1              |
| Market share                                    | 5.6%                 | 6.5%                | 5.2%                | 5.1%                | 5.3%                | 5.5%                           | 5.3%                 |
| Rank  | 6                    | 5                   | 8                   | 6                   | 6                   | 6                              | 5                    |

(1) Includes principal transactions trading, commissions and net interest revenue. Other sales and trading net revenue primarily includes net losses from mark-to-market loans and closed and pipeline commitments, results related to Investment Banking and other activities.

(2) Source: Thomson Financial, data as of March 5, 2008.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation. Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Quarterly Financial Information and Statistical Data**  
**Institutional Securities - Corporate Lending <sup>(1)</sup>**  
**(unaudited, dollars in billions)**

|  | Quarter Ended |              |              |              |              | Percentage Change From: |               |
|--|---------------|--------------|--------------|--------------|--------------|-------------------------|---------------|
|  | Feb 28, 2007  | May 31, 2007 | Aug 31, 2007 | Nov 30, 2007 | Feb 29, 2008 | 1Q08 vs. 1Q07           | 1Q08 vs. 4Q07 |
| <b>Corporate funded loans</b>                                      |               |              |              |              |              |                         |               |
| Investment grade   | \$ 6.2        | \$ 13.7      | \$ 11.1      | \$ 13.0      | \$ 15.6      | 152%                    | 20%           |
| Non-investment grade   | 3.9           | 4.9          | 7.5          | 10.9         | 10.7         | 174%                    | (2%)          |
| Total corporate funded loans                                       | \$ 10.1       | \$ 18.6      | \$ 18.6      | \$ 23.9      | \$ 26.3      | 160%                    | 10%           |
| <b>Corporate lending commitments</b>                               |               |              |              |              |              |                         |               |
| Investment grade   | \$ 31.5       | \$ 42.1      | \$ 50.4      | \$ 50.2      | \$ 44.2      | 40%                     | (12%)         |
| Non-investment grade   | 25.5          | 32.4         | 35.7         | 20.0         | 15.3         | (40%)                   | (24%)         |
| Total corporate lending commitments                                | \$ 57.0       | \$ 74.5      | \$ 86.1      | \$ 70.2      | \$ 59.5      | 4%                      | (15%)         |
| <b>Corporate funded loans plus lending commitments</b>             |               |              |              |              |              |                         |               |
| Investment grade   | \$ 37.7       | \$ 55.8      | \$ 61.5      | \$ 63.2      | \$ 59.8      | 59%                     | (5%)          |
| Non-investment grade <sup>(2)</sup>                                | \$ 29.4       | \$ 37.3      | \$ 43.2      | \$ 30.9      | \$ 26.0      | (12%)                   | (16%)         |
| % investment grade   | 56%           | 60%          | 59%          | 67%          | 70%          |                         |               |
| % non-investment grade   | 44%           | 40%          | 41%          | 33%          | 30%          |                         |               |
| Total corporate funded loans and lending commitments               | \$ 67.1       | \$ 93.1      | \$ 104.7     | \$ 94.1      | \$ 85.8      | 28%                     | (9%)          |
| Hedges <sup>(3)</sup>  | \$ 29.9       | \$ 34.2      | \$ 37.5      | \$ 37.6      | \$ 40.6      | 36%                     | 8%            |
| Total corporate funded loans and lending commitments net of hedges | \$ 37.2       | \$ 58.9      | \$ 67.2      | \$ 56.5      | \$ 45.2      | 22%                     | (20%)         |

(1) In connection with certain of its Institutional Securities business activities, the Company provides loans or lending commitments to select clients related to its leveraged acquisition finance or relationship lending activities. For a further discussion of this activity, see the Company's Form 10-K for the fiscal year ended November 30, 2007.

(2) For the quarters ended November 30, 2007 and February 29, 2008, the leveraged acquisition finance portfolio of pipeline commitments and closed deals was \$19.6 billion and \$15.9 billion, respectively.

(3) Includes hedges utilized by the lending business.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Quarterly Global Wealth Management Group Income Statement Information**  
(unaudited, dollars in millions)

|  | Quarter Ended |               |               |               |               | Percentage Change From: |               |
|--|---------------|---------------|---------------|---------------|---------------|-------------------------|---------------|
|  | Feb 28, 2007  | May 31, 2007  | Aug 31, 2007  | Nov 30, 2007  | Feb 29, 2008  | 1Q08 vs. 1Q07           | 1Q08 vs. 4Q07 |
| Investment banking                             | \$ 166        | \$ 164        | \$ 166        | \$ 129        | \$ 104        | (37%)                   | (19%)         |
| Principal transactions:                        |               |               |               |               |               |                         |               |
| Trading  | 129           | 133           | 145           | 191           | 177           | 37%                     | (7%)          |
| Investments                                    | (2)           | 20            | 3             | 8             | (4)           | (100%)                  | (150%)        |
| Commissions                                    | 315           | 357           | 353           | 408           | 363           | 15%                     | (11%)         |
| Asset management, distribution and admin fees  | 729           | 769           | 788           | 781           | 716           | (2%)                    | (8%)          |
| Interest and dividends                         | 274           | 298           | 321           | 328           | 302           | 10%                     | (8%)          |
| Other  | 38            | 40            | 33            | 52            | 39            | 3%                      | (25%)         |
| Total revenues                                 | <u>1,649</u>  | <u>1,781</u>  | <u>1,809</u>  | <u>1,897</u>  | <u>1,697</u>  | 3%                      | (11%)         |
| Interest expense                               | <u>138</u>    | <u>139</u>    | <u>126</u>    | <u>108</u>    | <u>91</u>     | (34%)                   | (16%)         |
| Net revenues                                   | <u>1,511</u>  | <u>1,642</u>  | <u>1,683</u>  | <u>1,789</u>  | <u>1,606</u>  | 6%                      | (10%)         |
| Total non-interest expenses                    | <u>1,285</u>  | <u>1,378</u>  | <u>1,396</u>  | <u>1,411</u>  | <u>1,352</u>  | 5%                      | (4%)          |
| Income before taxes                            | 226           | 264           | 287           | 378           | 254           | 12%                     | (33%)         |
| Provision for income taxes                     | <u>87</u>     | <u>102</u>    | <u>119</u>    | <u>151</u>    | <u>95</u>     | 9%                      | (37%)         |
| Income from continuing operations              | <u>\$ 139</u> | <u>\$ 162</u> | <u>\$ 168</u> | <u>\$ 227</u> | <u>\$ 159</u> | 14%                     | (30%)         |
| Return on average common equity <sup>(1)</sup> | 32%           | 40%           | 39%           | 52%           | 42%           |                         |               |
| Pre-tax profit margin <sup>(2)</sup>           | 15%           | 16%           | 17%           | 21%           | 16%           |                         |               |

(1) Refer to page 4 for the allocation of average common equity.

(2) Income before taxes as a % of net revenues.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.  
Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Quarterly Financial Information and Statistical Data**  
**Global Wealth Management Group**  
**(unaudited)**

|   | Quarter Ended |              |              |              |              | Percentage Change From: |               |
|---|---------------|--------------|--------------|--------------|--------------|-------------------------|---------------|
|   | Feb 28, 2007  | May 31, 2007 | Aug 31, 2007 | Nov 30, 2007 | Feb 29, 2008 | 1Q08 vs. 1Q07           | 1Q08 vs. 4Q07 |
| Global representatives  | 7,993         | 8,137        | 8,341        | 8,429        | 8,456        | 6%                      | --            |
| Annualized revenue per global representative (thousands) <sup>(1)</sup> | \$ 758        | \$ 814       | \$ 817       | \$ 853       | \$ 761       | --                      | (11%)         |
| Assets by client segment (billions)                                     |               |              |              |              |              |                         |               |
| \$10m or more   | 210           | 223          | 228          | 247          | 229          | 9%                      | (7%)          |
| \$1m - \$10m  | 248           | 268          | 265          | 275          | 262          | 6%                      | (5%)          |
| Subtotal - > \$1m   | 458           | 491          | 493          | 522          | 491          | 7%                      | (6%)          |
| \$100k - \$1m   | 174           | 180          | 182          | 179          | 175          | 1%                      | (2%)          |
| < \$100k  | 26            | 24           | 24           | 23           | 23           | (12%)                   | --            |
| Client assets excluding corporate / other                               | 658           | 695          | 699          | 724          | 689          | 5%                      | (5%)          |
| Corporate / other   | 32            | 33           | 35           | 34           | 33           | 3%                      | (3%)          |
| Total client assets (billions)  | \$ 690        | \$ 728       | \$ 734       | \$ 758       | \$ 722       | 5%                      | (5%)          |
| % of assets by client segment > \$1m <sup>(2)</sup>                     | 70%           | 71%          | 71%          | 72%          | 71%          |                         |               |
| Fee-based client account assets (billions) <sup>(3)</sup>               | \$ 202        | \$ 210       | \$ 211       | \$ 201       | \$ 185       | (8%)                    | (8%)          |
| Fee-based assets as a % of client assets                                | 29%           | 29%          | 29%          | 27%          | 26%          |                         |               |
| Bank deposit program (millions)   | \$ 16,364     | \$ 18,226    | \$ 19,409    | \$ 26,160    | \$ 33,365    | 104%                    | 28%           |
| Client assets per global representative (millions) <sup>(4)</sup>       | \$ 86         | \$ 89        | \$ 88        | \$ 90        | \$ 85        | (1%)                    | (6%)          |
| Domestic retail net new assets (billions) <sup>(5)</sup>                | \$ 6.7        | \$ 8.7       | \$ 14.6      | \$ 10.0      | \$ 11.4      | 70%                     | 14%           |
| Domestic retail locations   | 451           | 453          | 455          | 451          | 447          | (1%)                    | (1%)          |

(1) Annualized revenue divided by average global representative headcount.

(2) Excludes corporate / other assets.

(3) Represents the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.

(4) Total client assets divided by period end global representative headcount.

(5) Represents net new assets in the U.S. broad-based branch system.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Quarterly Asset Management Income Statement Information**  
(unaudited, dollars in millions)

|  | Quarter Ended    |                  |                  |                  |                  | Percentage Change From: |               |
|--|------------------|------------------|------------------|------------------|------------------|-------------------------|---------------|
|  | Feb 28, 2007 (1) | May 31, 2007 (1) | Aug 31, 2007 (1) | Nov 30, 2007 (1) | Feb 29, 2008 (1) | 1Q08 vs. 1Q07           | 1Q08 vs. 4Q07 |
| Investment banking                             | \$ 31            | \$ 61            | \$ 92            | \$ 80            | \$ 26            | (16%)                   | (68%)         |
| Principal transactions:                        |                  |                  |                  |                  |                  |                         |               |
| Trading <sup>(2)</sup>                         | 0                | 0                | 0                | (129)            | (179)            | *                       | (39%)         |
| Investments                                    | 532              | 588              | 338              | 316              | (201)            | (138%)                  | (164%)        |
| Commissions                                    | 6                | 6                | 6                | 5                | 4                | (33%)                   | (20%)         |
| Asset management, distribution and admin fees  | 768              | 844              | 926              | 986              | 845              | 10%                     | (14%)         |
| Interest and dividends                         | 14               | 29               | 14               | 17               | 15               | 7%                      | (12%)         |
| Other  | 34               | 18               | 10               | 13               | 71               | 109%                    | *             |
| Total revenues                                 | <u>1,385</u>     | <u>1,546</u>     | <u>1,386</u>     | <u>1,288</u>     | <u>581</u>       | (58%)                   | (55%)         |
| Interest expense                               | <u>17</u>        | <u>37</u>        | <u>22</u>        | <u>36</u>        | <u>38</u>        | 124%                    | 6%            |
| Net revenues                                   | <u>1,368</u>     | <u>1,509</u>     | <u>1,364</u>     | <u>1,252</u>     | <u>543</u>       | (60%)                   | (57%)         |
| Total non-interest expenses                    | <u>989</u>       | <u>1,206</u>     | <u>873</u>       | <u>958</u>       | <u>704</u>       | (29%)                   | (27%)         |
| Income / (loss) before taxes                   | 379              | 303              | 491              | 294              | (161)            | (142%)                  | (155%)        |
| Provision / (benefit) for income taxes         | 149              | 105              | 174              | 113              | (58)             | (139%)                  | (151%)        |
| Income / (loss) from continuing operations     | <u>\$ 230</u>    | <u>\$ 198</u>    | <u>\$ 317</u>    | <u>\$ 181</u>    | <u>\$ (103)</u>  | (145%)                  | (157%)        |
| Return on average common equity <sup>(3)</sup> | 31%              | 23%              | 35%              | 18%              | *                |                         |               |
| Pre-tax profit margin <sup>(4)</sup>           | 28%              | 20%              | 36%              | 24%              | *                |                         |               |

(1) Principal transactions investments revenue reflects net gain/(loss) on investments marked at fair value including real estate funds, private equity funds and seed capital investments. The related investment asset balance for the quarters ended Feb 28, 2007, May 31, 2007, Aug 31, 2007, Nov 30, 2007 and Feb 29, 2008 are \$2.9 billion, \$3.9 billion, \$4.6 billion, \$4.5 billion and \$4.4 billion, respectively.

(2) Trading results for the quarters ended November 30, 2007 and February 29, 2008 include losses related to securities issued by structured investment vehicles.

(3) Refer to page 4 for the allocation of average common equity.

(4) Income before taxes as a % of net revenues.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Quarterly Financial Information and Statistical Data**  
**Asset Management**  
(unaudited, dollars in billions)

|  | Quarter Ended |               |                |                 |                 | Percentage Change From: |               |
|--|---------------|---------------|----------------|-----------------|-----------------|-------------------------|---------------|
|  | Feb 28, 2007  | May 31, 2007  | Aug 31, 2007   | Nov 30, 2007    | Feb 29, 2008    | 1Q08 vs. 1Q07           | 1Q08 vs. 4Q07 |
| <b>Assets under management or supervision</b>                  |               |               |                |                 |                 |                         |               |
| Net flows by distribution channel                              |               |               |                |                 |                 |                         |               |
| Americas Retail Morgan Stanley Brand                           | \$ (2.0)      | \$ 0.1        | \$ (0.8)       | \$ (1.6)        | \$ (1.7)        | 15%                     | (6%)          |
| Americas Retail Van Kampen Brand                               | 0.0           | 0.0           | 1.1            | (1.4)           | (2.8)           | *                       | (100%)        |
| Americas Intermediary  | 1.0           | 1.8           | 1.2            | 0.4             | 0.7             | (30%)                   | 75%           |
| U.S. Institutional   | 0.1           | 1.3           | 0.3            | 0.8             | 0.6             | *                       | (25%)         |
| Non - U.S.   | 4.7           | 4.1           | 6.1            | 7.4             | 0.4             | (91%)                   | (95%)         |
| Net flows excluding money markets                              | <u>\$ 3.8</u> | <u>\$ 7.3</u> | <u>\$ 7.9</u>  | <u>\$ 5.6</u>   | <u>\$ (2.8)</u> | (174%)                  | (150%)        |
| Money Market Net Flows   |               |               |                |                 |                 |                         |               |
| Institutional  | 2.5           | 3.5           | 12.4           | (2.9)           | 7.8             | *                       | *             |
| Retail   | <u>(1.8)</u>  | <u>(1.5)</u>  | <u>0.5</u>     | <u>(2.3)</u>    | <u>1.6</u>      | 189%                    | 170%          |
| Total money market net flows                                   | <u>\$ 0.7</u> | <u>\$ 2.0</u> | <u>\$ 12.9</u> | <u>\$ (5.2)</u> | <u>\$ 9.4</u>   | *                       | *             |
| Total net flows  | <u>\$ 4.5</u> | <u>\$ 9.3</u> | <u>\$ 20.8</u> | <u>\$ 0.4</u>   | <u>\$ 6.6</u>   | 47%                     | *             |
| Assets under management or supervision by distribution channel |               |               |                |                 |                 |                         |               |
| Americas Retail Morgan Stanley Brand                           | \$ 62         | \$ 67         | \$ 63          | \$ 64           | \$ 58           | (6%)                    | (9%)          |
| Americas Retail Van Kampen Brand                               | 96            | 102           | 99             | 99              | 88              | (8%)                    | (11%)         |
| Americas Intermediary  | 61            | 67            | 66             | 68              | 64              | 5%                      | (6%)          |
| U.S. Institutional   | 110           | 119           | 122            | 128             | 123             | 12%                     | (4%)          |
| Non - U.S.   | <u>102</u>    | <u>111</u>    | <u>118</u>     | <u>132</u>      | <u>128</u>      | 25%                     | (3%)          |
| Total long term assets under management or supervision         | <u>431</u>    | <u>466</u>    | <u>468</u>     | <u>491</u>      | <u>461</u>      | 7%                      | (6%)          |
| Institutional money markets/liquidity                          | 52            | 57            | 70             | 68              | 76              | 46%                     | 12%           |
| Retail money markets   | <u>33</u>     | <u>32</u>     | <u>33</u>      | <u>31</u>       | <u>33</u>       | --                      | 6%            |
| Total Money Markets  | <u>85</u>     | <u>89</u>     | <u>103</u>     | <u>99</u>       | <u>109</u>      | 28%                     | 10%           |
| Total assets under management or supervision                   | <u>\$ 516</u> | <u>\$ 555</u> | <u>\$ 571</u>  | <u>\$ 590</u>   | <u>\$ 570</u>   | 10%                     | (3%)          |
| Share of minority interest assets <sup>(1)</sup>               | 5             | 5             | 6              | 7               | 7               | 40%                     | --            |
| Total  | <u>\$ 521</u> | <u>\$ 560</u> | <u>\$ 577</u>  | <u>\$ 597</u>   | <u>\$ 577</u>   | 11%                     | (3%)          |
| Assets under management or supervision by asset class          |               |               |                |                 |                 |                         |               |
| Equity   | \$ 245        | \$ 265        | \$ 254         | \$ 265          | \$ 235          | (4%)                    | (11%)         |
| Fixed income   | 94            | 98            | 98             | 102             | 101             | 7%                      | (1%)          |
| Money market   | 85            | 89            | 103            | 99              | 109             | 28%                     | 10%           |
| Alternatives <sup>(2)</sup>                                    | <u>77</u>     | <u>87</u>     | <u>101</u>     | <u>109</u>      | <u>111</u>      | 44%                     | 2%            |
| Subtotal   | 501           | 539           | 556            | 575             | 556             | 11%                     | (3%)          |
| Unit trusts  | 15            | 16            | 15             | 15              | 14              | (7%)                    | (7%)          |
| Total assets under management or supervision                   | <u>\$ 516</u> | <u>\$ 555</u> | <u>\$ 571</u>  | <u>\$ 590</u>   | <u>\$ 570</u>   | 10%                     | (3%)          |
| Share of minority interest assets <sup>(1)</sup>               | 5             | 5             | 6              | 7               | 7               | 40%                     | --            |
| Total  | <u>\$ 521</u> | <u>\$ 560</u> | <u>\$ 577</u>  | <u>\$ 597</u>   | <u>\$ 577</u>   | 11%                     | (3%)          |

(1) Amount represents Asset Management's proportional share of assets managed by entities in which it owns a minority interest.

(2) Includes a range of alternative investment products such as real estate funds, hedge funds, private equity funds, funds of hedge funds and funds of private equity funds.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Quarterly Financial Information and Statistical Data**  
**Consolidated Assets Under Management or Supervision**  
**(unaudited, dollars in billions)**

|  | Quarter Ended |               |               |               |               | Percentage Change From: |               |
|--|---------------|---------------|---------------|---------------|---------------|-------------------------|---------------|
|  | Feb 28, 2007  | May 31, 2007  | Aug 31, 2007  | Nov 30, 2007  | Feb 29, 2008  | 1Q08 vs. 1Q07           | 1Q08 vs. 4Q07 |
| Assets under management or supervision by distribution channel     |               |               |               |               |               |                         |               |
| Americas Retail Morgan Stanley Brand                               | \$ 62         | \$ 67         | \$ 63         | \$ 64         | \$ 58         | (6%)                    | (9%)          |
| Americas Retail Van Kampen Brand                                   | 96            | 102           | 99            | 99            | 88            | (8%)                    | (11%)         |
| Americas Intermediary  | 61            | 67            | 66            | 68            | 64            | 5%                      | (6%)          |
| U.S. Institutional   | 110           | 119           | 122           | 128           | 123           | 12%                     | (4%)          |
| Non - U.S.   | 102           | 111           | 118           | 132           | 128           | 25%                     | (3%)          |
| Total long term assets under management or supervision             | <u>431</u>    | <u>466</u>    | <u>468</u>    | <u>491</u>    | <u>461</u>    | 7%                      | (6%)          |
| Institutional money markets/liquidity                              | 52            | 57            | 70            | 68            | 76            | 46%                     | 12%           |
| Retail money markets   | 33            | 32            | 33            | 31            | 33            | --                      | 6%            |
| Total Money Markets  | <u>85</u>     | <u>89</u>     | <u>103</u>    | <u>99</u>     | <u>109</u>    | 28%                     | 10%           |
| Sub-total assets under management or supervision                   | <u>516</u>    | <u>555</u>    | <u>571</u>    | <u>590</u>    | <u>570</u>    | 10%                     | (3%)          |
| Global Wealth Management Group                                     |               |               |               |               |               |                         |               |
| Total assets under management or supervision                       | <u>153</u>    | <u>157</u>    | <u>162</u>    | <u>185</u>    | <u>172</u>    | 12%                     | (7%)          |
| Share of minority interest assets <sup>(1)</sup>                   | <u>\$ 669</u> | <u>\$ 712</u> | <u>\$ 733</u> | <u>\$ 775</u> | <u>\$ 742</u> | 11%                     | (4%)          |
| Total  | <u>5</u>      | <u>5</u>      | <u>6</u>      | <u>7</u>      | <u>7</u>      | 40%                     | --            |
| Total  | <u>\$ 674</u> | <u>\$ 717</u> | <u>\$ 739</u> | <u>\$ 782</u> | <u>\$ 749</u> | 11%                     | (4%)          |
| Consolidated assets under management or supervision by asset class |               |               |               |               |               |                         |               |
| Equity   | \$ 317        | \$ 344        | \$ 333        | \$ 355        | \$ 317        | --                      | (11%)         |
| Fixed income   | 111           | 116           | 118           | 127           | 124           | 12%                     | (2%)          |
| Money market   | 90            | 94            | 109           | 108           | 117           | 30%                     | 8%            |
| Alternatives <sup>(2)</sup>  | 77            | 87            | 101           | 109           | 111           | 44%                     | 2%            |
| Subtotal   | <u>595</u>    | <u>641</u>    | <u>661</u>    | <u>699</u>    | <u>669</u>    | 12%                     | (4%)          |
| Unit trusts  | 15            | 16            | 15            | 15            | 14            | (7%)                    | (7%)          |
| Other <sup>(3)</sup>   | 59            | 55            | 57            | 61            | 59            | --                      | (3%)          |
| Total assets under management or supervision                       | <u>\$ 669</u> | <u>\$ 712</u> | <u>\$ 733</u> | <u>\$ 775</u> | <u>\$ 742</u> | 11%                     | (4%)          |
| Share of minority interest assets <sup>(1)</sup>                   | <u>5</u>      | <u>5</u>      | <u>6</u>      | <u>7</u>      | <u>7</u>      | 40%                     | --            |
| Total  | <u>\$ 674</u> | <u>\$ 717</u> | <u>\$ 739</u> | <u>\$ 782</u> | <u>\$ 749</u> | 11%                     | (4%)          |

(1) Amount represents Asset Management's proportional share of assets managed by entities in which it owns a minority interest.

(2) Includes a range of alternative investment products such as real estate funds, hedge funds, private equity funds, funds of hedge funds and funds of private equity funds.

(3) Includes assets under management or supervision associated with the Global Wealth Management Group.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Quarterly Intersegment Eliminations Income Statement Information**  
**(unaudited, dollars in millions)**

|  | <u>Quarter Ended</u> |                     |                     |                     |                     | <u>Percentage Change From:</u> |                      |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|--------------------------------|----------------------|
|  | <u>Feb 28, 2007</u>  | <u>May 31, 2007</u> | <u>Aug 31, 2007</u> | <u>Nov 30, 2007</u> | <u>Feb 29, 2008</u> | <u>1Q08 vs. 1Q07</u>           | <u>1Q08 vs. 4Q07</u> |
| Investment banking <sup>(1)</sup>              | \$ (2)               | \$ (16)             | \$ (38)             | \$ (3)              | \$ (1)              | 50%                            | 67%                  |
| Principal transactions:                        |                      |                     |                     |                     |                     |                                |                      |
| Trading  | 0                    | 0                   | 0                   | (3)                 | (2)                 | *                              | 33%                  |
| Investments                                    | 0                    | 0                   | 0                   | 0                   | 0                   | --                             | --                   |
| Commissions                                    | (7)                  | (6)                 | (6)                 | (17)                | (8)                 | (14%)                          | 53%                  |
| Asset management, distribution and admin. fees | (43)                 | (42)                | (37)                | (53)                | (42)                | 2%                             | 21%                  |
| Interest and dividends                         | (138)                | (120)               | (71)                | (14)                | (12)                | 91%                            | 14%                  |
| Other  | (5)                  | (3)                 | (3)                 | (2)                 | (2)                 | 60%                            | --                   |
| Total revenues                                 | <u>(195)</u>         | <u>(187)</u>        | <u>(155)</u>        | <u>(92)</u>         | <u>(67)</u>         | 66%                            | 27%                  |
| Interest expense                               | <u>(148)</u>         | <u>(131)</u>        | <u>(83)</u>         | <u>(26)</u>         | <u>(27)</u>         | 82%                            | (4%)                 |
| Net revenues                                   | <u>(47)</u>          | <u>(56)</u>         | <u>(72)</u>         | <u>(66)</u>         | <u>(40)</u>         | 15%                            | 39%                  |
| Total non-interest expenses                    | <u>(53)</u>          | <u>(63)</u>         | <u>(58)</u>         | <u>(69)</u>         | <u>(44)</u>         | 17%                            | 36%                  |
| Income before taxes                            | 6                    | 7                   | (14)                | 3                   | 4                   | (33%)                          | 33%                  |
| Provision for income taxes                     | 2                    | 2                   | (4)                 | 1                   | 1                   | (50%)                          | --                   |
| Income from continuing operations              | <u>\$ 4</u>          | <u>\$ 5</u>         | <u>\$ (10)</u>      | <u>\$ 2</u>         | <u>\$ 3</u>         | (25%)                          | 50%                  |

(1) Included in the August 31, 2007 amount is \$25 million related to the spin-off of Discover Financial Services.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 16.

The following (page 14) presents a reconciliation for adjusted assets.

Balance sheet leverage ratios are one indicator of capital adequacy when viewed in the context of a company's overall liquidity and capital policies. The Company views the adjusted leverage ratio as a more relevant measure of financial risk when comparing financial services firms and evaluating leverage trends. The Company has adopted a definition of adjusted assets that excludes certain self-funded assets considered to have minimal market, credit and/or liquidity risk. These low-risk assets generally are attributable to the Company's matched book and securities lending businesses. Adjusted assets are calculated by reducing gross assets by aggregate resale agreements and securities borrowed less non-derivative short positions and assets recorded under certain provisions of SFAS No. 140 and FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities" ("FIN 46R"). Gross assets are also reduced by the full amount of cash and securities deposited with clearing organizations or segregated under federal and other regulations or requirements. The adjusted leverage ratio reflects the deduction from shareholders' equity of the amount of equity used to support goodwill and intangible assets (as the Company does not view this amount of equity as available to support its risk capital needs). In addition, the Company views junior subordinated debt issued to capital trusts as a component of its capital base given the inherent characteristics of the securities. These characteristics include the long-dated nature (e.g., some have final maturity at issuance of 30 years extendible at the Company's option by a further 19 years, others have a 60-year final maturity at issuance), the Company's ability to defer coupon interest for up to 20 consecutive quarters and the subordinated nature of the obligations in the capital structure. The Company also receives rating agency equity credit for these securities.

**MORGAN STANLEY**  
**Quarterly Reconciliation of Adjusted Assets**  
(unaudited, dollars in millions, except ratios)

|  | Quarter Ended     |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | Feb 28, 2007      | May 31, 2007      | Aug 31, 2007      | Nov 30, 2007      | Feb 29, 2008      |
| Total assets   | \$ 1,182,061      | \$ 1,199,993      | \$ 1,185,131      | \$ 1,045,409      | \$ 1,090,896      |
| Less: Securities purchased under agreements to resell  | (193,162)         | (144,051)         | (176,910)         | (126,887)         | (143,097)         |
| Securities borrowed  | (277,093)         | (252,213)         | (257,032)         | (239,994)         | (243,695)         |
| Add: Financial instruments sold, not yet purchased   | 157,807           | 166,549           | 176,097           | 134,341           | 171,111           |
| Less: Derivative contracts sold, not yet purchased   | (51,574)          | (58,919)          | (62,088)          | (71,604)          | (89,392)          |
| Subtotal   | <u>818,039</u>    | <u>911,359</u>    | <u>865,198</u>    | <u>741,265</u>    | <u>785,823</u>    |
| Less: Cash and securities deposited with clearing organizations or segregated under federal and other regulations or requirements <sup>(1)</sup> | (35,739)          | (47,114)          | (43,229)          | (61,608)          | (60,964)          |
| Assets recorded under certain provisions of SFAS No.140 and FIN 46   | (124,163)         | (155,692)         | (129,552)         | (110,001)         | (83,906)          |
| Goodwill and intangible assets   | (4,262)           | (4,132)           | (3,451)           | (4,071)           | (4,061)           |
| Adjusted assets  | <u>\$ 653,875</u> | <u>\$ 704,421</u> | <u>\$ 688,966</u> | <u>\$ 565,585</u> | <u>\$ 636,892</u> |
| Common equity  | \$ 36,854         | \$ 38,411         | \$ 34,150         | \$ 30,169         | \$ 32,180         |
| Preferred equity   | <u>1,100</u>      | <u>1,100</u>      | <u>1,100</u>      | <u>1,100</u>      | <u>1,100</u>      |
| Shareholders' equity   | 37,954            | 39,511            | 35,250            | 31,269            | 33,280            |
| Junior subordinated debt issued to capital trusts <sup>(2) (3)</sup>   | <u>4,885</u>      | <u>4,874</u>      | <u>4,875</u>      | <u>4,876</u>      | <u>10,621</u>     |
| Subtotal   | 42,839            | 44,385            | 40,125            | 36,145            | 43,901            |
| Less: Goodwill and intangible assets   | <u>(4,262)</u>    | <u>(4,132)</u>    | <u>(3,451)</u>    | <u>(4,071)</u>    | <u>(4,061)</u>    |
| Tangible shareholders' equity  | <u>\$ 38,577</u>  | <u>\$ 40,253</u>  | <u>\$ 36,674</u>  | <u>\$ 32,074</u>  | <u>\$ 39,840</u>  |
| Leverage ratio <sup>(4)</sup>  | <u>30.6x</u>      | <u>29.8x</u>      | <u>32.3x</u>      | <u>32.6x</u>      | <u>27.4x</u>      |
| Adjusted leverage ratio <sup>(5)</sup>   | <u>16.9x</u>      | <u>17.5x</u>      | <u>18.8x</u>      | <u>17.6x</u>      | <u>16.0x</u>      |

- (1) In the second quarter of fiscal 2007, the adjusted assets calculation was revised in order to reduce gross assets by the full amount of cash and securities deposited with clearing organizations or segregated under federal and other regulations or requirements. All prior periods have been restated to conform to the current presentation.
- (2) The Company views the junior subordinated debt issued to capital trusts as a component of its equity capital base given the inherent characteristics of the securities. These characteristics include the long dated nature (some have final maturity at issuance of thirty years extendible at the Company's option by a further nineteen years, others have a sixty year final maturity at issuance), the Company's ability to defer coupon interest for up to 20 consecutive quarters, and the subordinated nature of the obligations in the capital structure. The Company also receives rating agency equity credit for these securities.
- (3) During the quarter ended February 29, 2008, the Company issued \$5,579 million of junior subordinated debt securities related to China Investment Corporation's investment in the Company in December 2007. For a further discussion of this investment, see the Company's Form 10-K for fiscal 2007.
- (4) Leverage ratio equals total assets divided by tangible shareholders' equity.
- (5) Adjusted leverage ratio equals adjusted total assets divided by tangible shareholders' equity.
- Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.  
Refer to Legal Notice page 16.

**MORGAN STANLEY**  
**Institutional Securities - U.S. Subprime Analysis**  
(unaudited, dollars in billions)

|   | Profit / (Loss)                  |                 |                     |                 |                    |                 |                  |           |
|---|----------------------------------|-----------------|---------------------|-----------------|--------------------|-----------------|------------------|-----------|
|   | Statement of Financial Condition |                 | Twelve Months Ended |                 | Three Months Ended |                 | Net Exposure (1) |           |
|   | 11/30/2007                       | 2/29/2008       | 11/30/2007          | 2/29/2008       | 11/30/2007         | 2/29/2008       | 11/30/2007       | 2/29/2008 |
| Super Senior Exposure   |                                  |                 |                     |                 |                    |                 |                  |           |
| High- Grade   | \$ -                             | \$ -            | \$ -                | \$ -            | \$ -               | \$ -            | \$ -             | \$ -      |
| Mezzanine   | (8.7)                            | (8.5)           | (9.3)               | (0.5)           | 3.9                | 2.8             |                  |           |
| CDO-Squared   | (0.1)                            | -               | (0.1)               | -               | 0.1                | -               |                  |           |
| <b>Total ABS CDO Super Senior Exposure</b>                            | <b>\$ (8.8)</b>                  | <b>\$ (8.5)</b> | <b>\$ (9.4)</b>     | <b>\$ (0.5)</b> | <b>\$ 4.0</b>      | <b>\$ 2.8</b>   |                  |           |
| Other Retained and Warehouse Exposure                                 |                                  |                 |                     |                 |                    |                 |                  |           |
| ABS CDO CDS   | \$ 2.7                           | \$ 2.4          | \$ 2.3              | \$ 0.5          | \$ (1.5)           | \$ (1.0)        |                  |           |
| ABS CDO Bonds   | 1.1                              | 0.8             | (0.8)               | (0.2)           | 1.1                | 0.8             |                  |           |
| CDO Warehouse   | -                                | -               | -                   | -               | -                  | -               |                  |           |
| <b>Total Other Retained and Warehouse Exposure</b>                    | <b>3.8</b>                       | <b>3.2</b>      | <b>1.5</b>          | <b>0.3</b>      | <b>(0.4)</b>       | <b>(0.2)</b>    |                  |           |
| <b>Subtotal ABS CDO Related Exposure<sup>(2)</sup></b>                | <b>\$ (5.0)</b>                  | <b>\$ (5.3)</b> | <b>\$ (7.9)</b>     | <b>\$ (0.2)</b> | <b>\$ 3.6</b>      | <b>\$ 2.6</b>   |                  |           |
| U.S. Subprime Mortgage Related Exposure                               |                                  |                 |                     |                 |                    |                 |                  |           |
| Loans   | \$ 0.6                           | \$ 0.5          | \$ (0.2)            | \$ -            | \$ 0.6             | \$ 0.5          |                  |           |
| Total Rate of Return Swaps  | -                                | -               | 0.1                 | -               | -                  | 0.1             |                  |           |
| ABS Bonds   | 2.7                              | 1.9             | (3.8)               | (0.4)           | 2.7                | 1.9             |                  |           |
| ABS CDS   | 7.8                              | 10.5            | 5.0                 | 0.6             | (5.1)              | (3.3)           |                  |           |
| <b>Subtotal U.S. Subprime Mortgage Related Exposure<sup>(3)</sup></b> | <b>\$ 11.1</b>                   | <b>\$ 12.9</b>  | <b>\$ 1.1</b>       | <b>\$ 0.2</b>   | <b>\$ (1.8)</b>    | <b>\$ (0.8)</b> |                  |           |
| <b>Total ABS CDO / Subprime Net Exposure<sup>(4)</sup></b>            | <b>\$ 6.1</b>                    | <b>\$ 7.6</b>   | <b>\$ (6.8)</b>     | <b>\$ -</b>     | <b>\$ 1.8</b>      | <b>\$ 1.8</b>   |                  |           |

- (1) Net Exposure is defined as potential loss to the Firm in an event of 100% default, assuming zero recovery, over a period of time. The value of these positions remains subject to mark-to-market volatility. Positive amounts indicate potential loss (long position) in a default scenario. Negative amounts indicate potential gain (short position) in a default scenario.
- (2) In determining the fair value of the Firm's ABS CDO - related exposures – which represent the most senior tranches of the capital structure of subprime ABS CDOs – Morgan Stanley took into consideration observable transactions and data for relevant benchmark instruments in synthetic subprime markets. The deterioration of these inputs have led to significant declines in the estimates of fair value. These declines reflect increase in implied losses across this portfolio. These implied loss levels are consistent with the losses in the range between 18% - 26% implied by the ABX indices. These cumulative loss levels, at a severity rate of 55%, imply defaults in the range of 52% - 61% for 2005 and 2006 outstanding mortgages.
- (3) In calculating the fair value of the Firm's U.S. subprime mortgage related exposures – including loans, total rate-of-return swaps, ABS bonds (including subprime residuals) and ABS CDS – Morgan Stanley took into consideration observable transactions, the continued deterioration in market data, as evidenced by the sharp decline in the ABX indices, and other market developments, including updated cumulative loss data.
- (4) Statement of financial condition is presented on a net basis. These balances are presented on a gross basis in the Company's statement of financial condition.

On February 29, 2008, the investment portfolios of Morgan Stanley Bank (Utah) and Morgan Stanley Trust FSB (collectively, the "Subsidiary Banks") include certain subprime-related securities. The securities in the Subsidiary Banks' portfolios are part of the Company's overall Treasury liquidity management portfolio. Such portfolios do not contain any subprime whole loans, subprime residuals or CDOs. The market value of the Subsidiary Banks' subprime-related securities, all of which are AAA-rated residential mortgage-backed securities, was \$4.7 at February 29, 2008. For the quarter ended February 29, 2008, these securities were marked down \$0.2 billion. An 'other than temporary' impairment charge of \$0.4 billion was reflected in net loss for the year ended November 30, 2007. At November 30, 2007, the securities in the Subsidiary Banks' portfolio were classified as trading securities; prior to that date these securities were classified as 'available for sale' in accordance with SFAS 115, Accounting for Certain Investments in Debt and Equity Securities.

Note: Refer to Legal Notice page 16.

Morgan Stanley

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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 Company's first quarter earnings press release issued March 19, 2008.