

## Asia Update

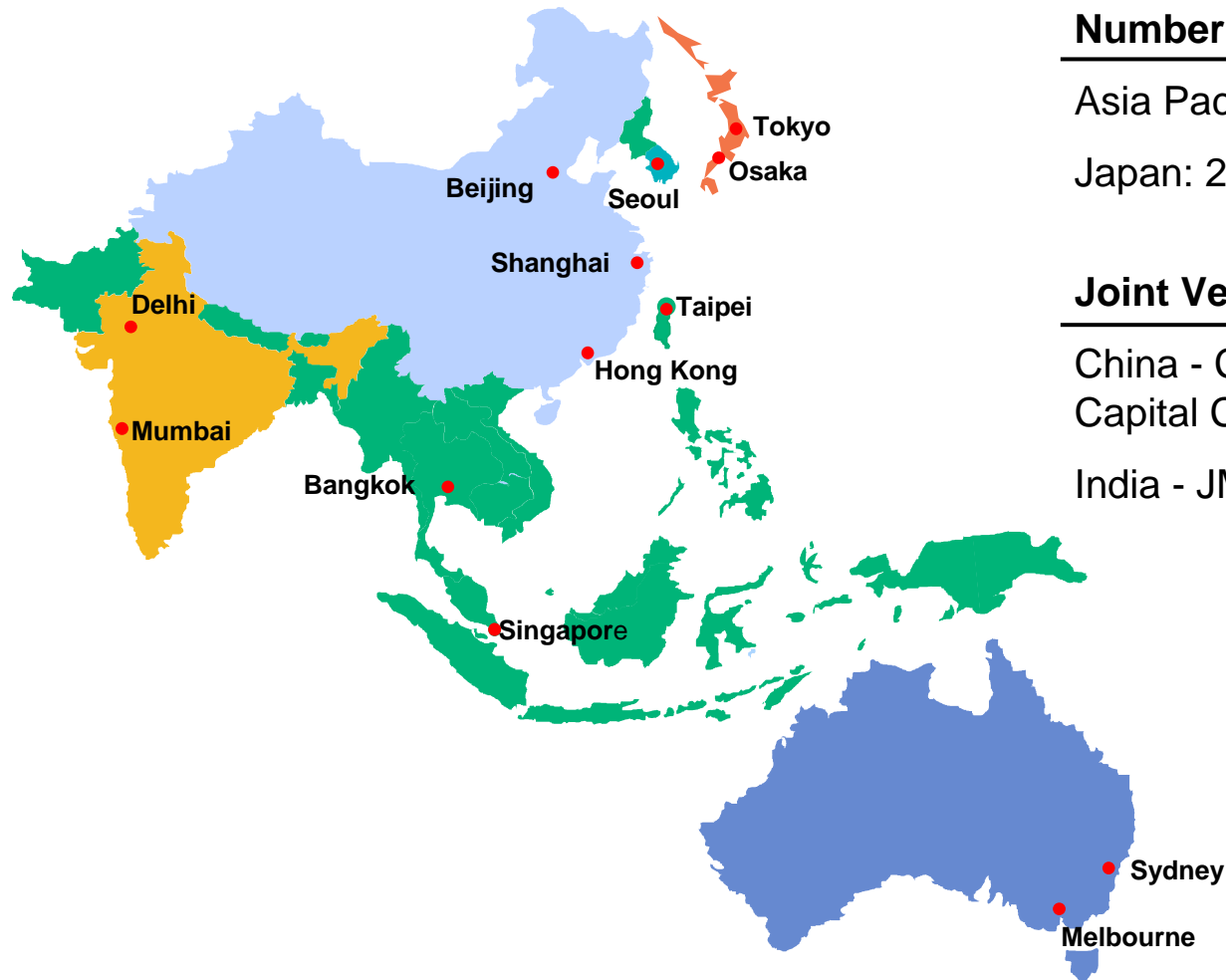
April 26, 2005

# Notice

This presentation is based on or derived from information generally available to the public and does not contain any material, nonpublic information. No representation is made that it is accurate and complete. This presentation has been prepared solely for informational purposes, is neither an offer to sell nor the solicitation of an offer to buy any security or instrument and has not been updated since it was originally presented

The information provided herein may include certain non-GAAP financial measures. The reconciliation of such measures to the comparable GAAP figures are included in the Company's Annual Reports on Form 10K, Quarterly Reports on Form 10Q and Current Reports on 8-K, including any amendments thereto, which are available on [www.morganstanley.com](http://www.morganstanley.com).

# Morgan Stanley in Asia



## Number of Regional Offices

Asia Pacific: 11

Japan: 2

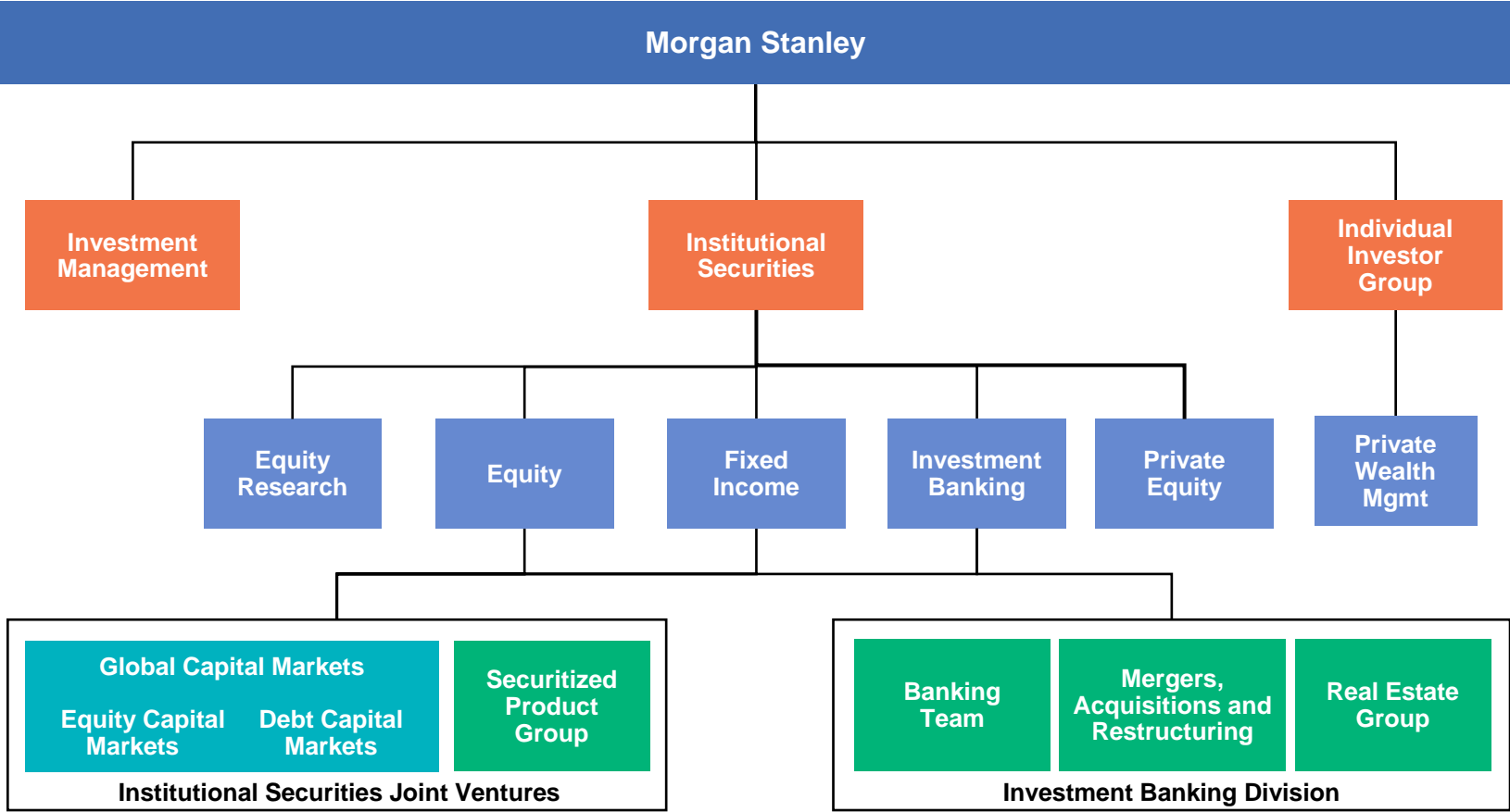
## Joint Ventures

China - China International Capital Corporation Ltd.

India - JM Morgan Stanley

# Our Asian Business

## Full Line of Financial Services



# Notable Transactions

## 2004

- \$2.4Bn Shinsei Bank IPO (Japan)
- \$1.8Bn Ping An Insurance IPO (China)
- \$1.0Bn NEC Electronics Convertible Bond Deal (Japan)
- \$985MM China Shipping Container Lines IPO (China)
- \$910MM JFE Holdings Convertible Bond Deal (Japan)
- \$450MM Asia Aluminium High Yield Bond (Hong Kong)
- \$203MM China Mengniu Dairy IPO (China)

## 2005 YTD

- \$41.4Bn announced Mitsubishi Tokyo Financial Group merger with UFJ Holdings (Japan)
- \$2.8Bn Shinsei Bank secondary offering (Japan)
- \$1.8Bn acquisition by Doosan of Daewoo Heavy Industries (Korea)
- \$1.7Bn sale of Singapore Power's Australian Merchant Energy business to CLP Holdings (Hong Kong)
- \$405MM ICICI Bank Secondary ADR Follow-on Offering (India)
- \$400MM Titan Petrochemicals High Yield Bond (Hong Kong)

# Morgan Stanley's Market Position

## Asia Pacific Market Share 2004

	Morgan Stanley	
	Share	Rank
M&A <sup>(1)</sup>	29%	3
Equity & Equity-Linked <sup>(2)</sup>	10%	3
Debt <sup>(2)</sup>	7%	7

## Japan Market Share 2004

	Morgan Stanley (Incl. domestic banks)		Morgan Stanley (excl. domestic banks)	
	Share	Rank	Share	Rank
M&A <sup>(3)</sup>	11%	5	12%	3
Equity & Equity-Linked <sup>(4)</sup>	5%	6	19%	2
Debt <sup>(5)</sup>	3%	8	17%	2

- Notes: 1) Source: Thomson Financial. Any party in Asia Pacific excluding Japan. Announced Deals over US\$100MM  
 2) Source: Bondware. Asia Pacific excluding Japan. Equal apportionment to bookrunners. Deals over US\$50MM  
 3) Source: Thomson Financial. Any Japanese involvement announced yearly volume where target, acquirer or ultimate parent is Japan excluding equity carveouts, withdrawn deals, open market repurchase and exchange offer. Figures exclude the unsolicited UFJ/SMFG deal from which Goldman withdrew.  
 4) Source: Equityware. All equity and equity linked products including domestic deals by Japanese issuers.  
 5) Source: IN Database. All domestic straight bond deals excluding convertibles and including samurais and zaito agency bonds. Average annual exchange rates used to convert annual volume from JPY to USD.

## The Asset's Triple A Awards 2004

Best Investment Bank  
 Best M&A House  
 Best Foreign Investment Bank in China & South Korea



## FinanceAsia 2004

Best Investment Bank  
 Best M&A House  
 Best Financial Institutions House  
 Best General Industries House  
 Best Tech House



## Euromoney 2004

Best M&A House in Asia (incl. Japan)  
 Best M&A House in Hong Kong, South Korea & Taiwan



## The Banker 2004

Deals of the Year (Global)  
 Best Country Deal – Japan: MTFG



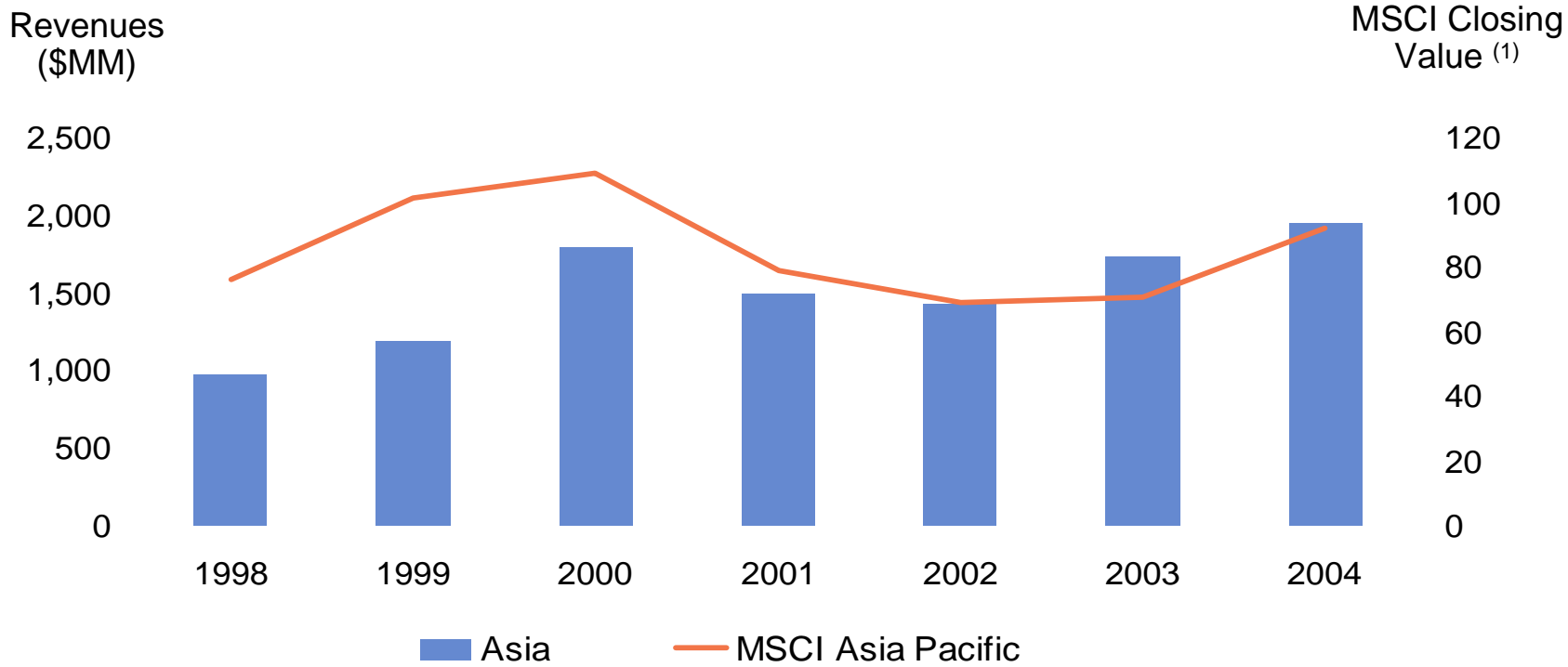
## Institutional Investor

All-Asia Research Team (Japan)  
 #1 in Construction  
 #1 in Shipbuilding



# Asian Revenue Trends

**Morgan Stanley Asian Revenues vs. MSCI Asia Pacific Index Performance**



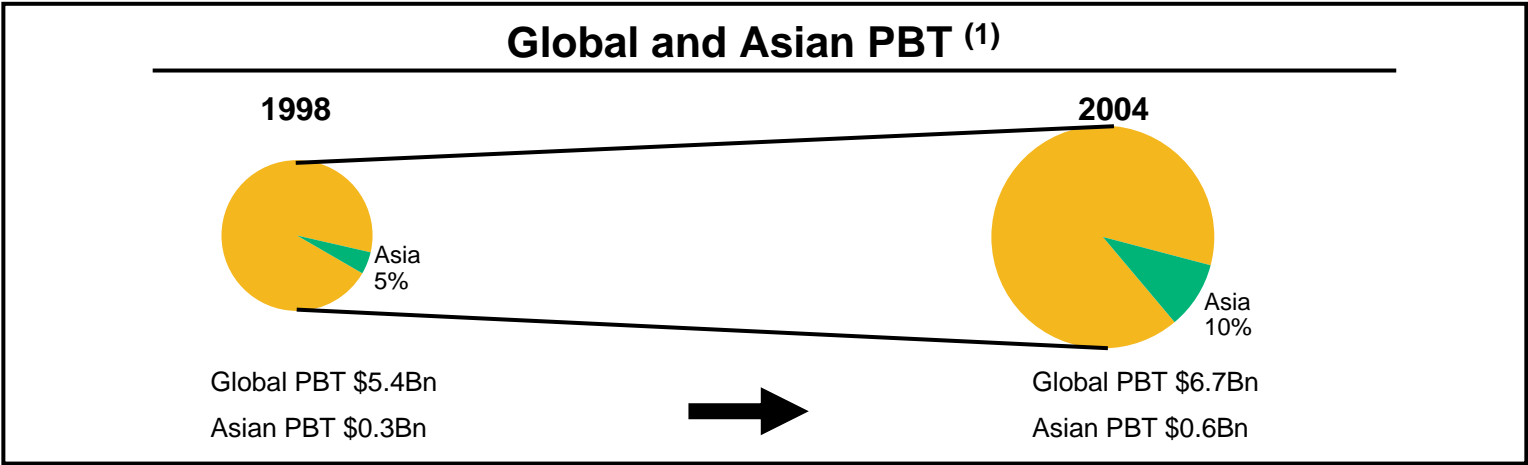
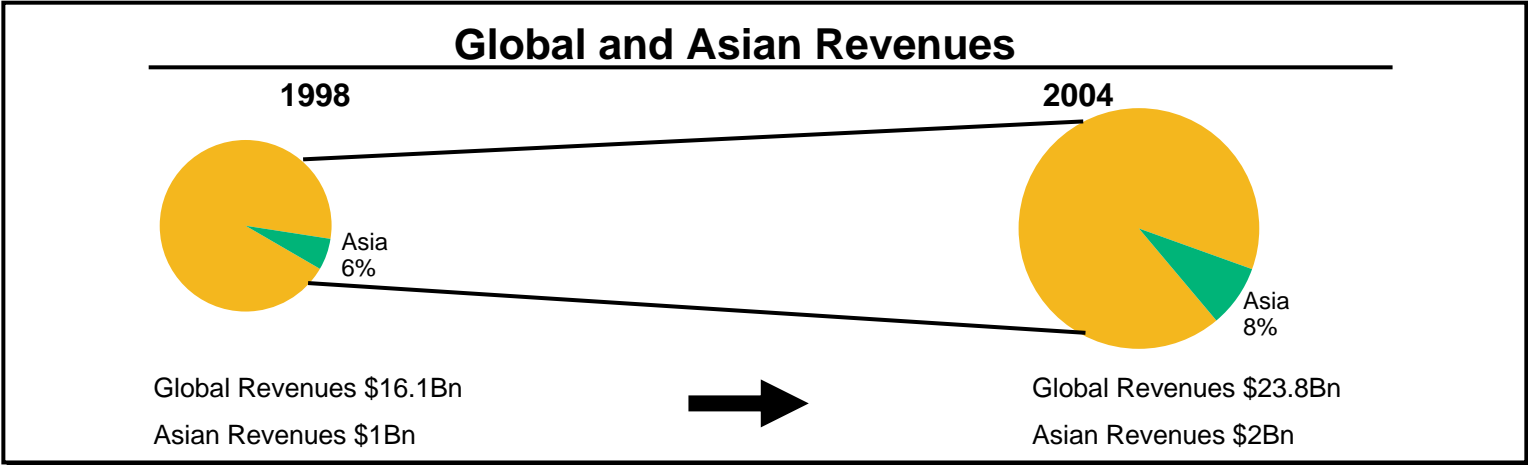
Source: Morgan Stanley 10-K filings, MSCI  
 Notes: (1) Average monthly closing value



This slide is part of a presentation by Morgan Stanley and is intended to be viewed as part of that presentation. The presentation is based on information generally available to the public and does not contain any material, non-public information. No representation is made that it is accurate or complete. The presentation has been prepared solely for informational purposes, is neither an offer to sell nor the solicitation of an offer to buy any security or instrument and has not been updated since it was originally presented.

# Asian Revenues and PBT

1998 and 2004



Source: Morgan Stanley 10K Filings

Note: (1) Income from continuing operations before losses from unconsolidated investees, taxes, dividends on preferred securities subject to mandatory redemption and discontinued operations.



# Size Matters

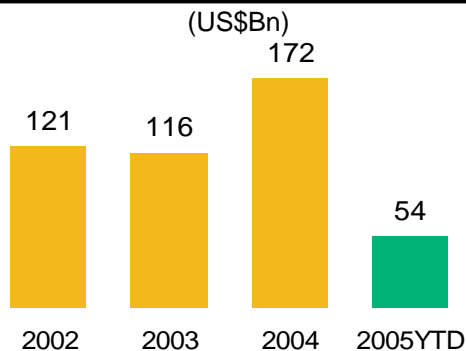
<b>Key Statistics</b>	<b>Asia Pacific<sup>(1)</sup></b>	<b>Japan</b>	<b>China</b>	<b>US</b>	<b>EU-25</b>
Population (MM)	1,560	127	1,300	293	453
Area (000's Km <sup>2</sup> )	13,031	378	9,573	9,631	3,973
GDP (\$Bn)	3,161	4,718	1,649	11,995	12,262
GDP Growth (%)	6.1	2.7	9.5	4.4	2.2
Inflation (%)	3.2	-0.1	3.9	2.7	2.0
Unemployment (%)	9.3	4.4	4.2	5.1	9.0

Source: CEIC Data, Eurostat, Morgan Stanley Research. All figures are 2004 economic data

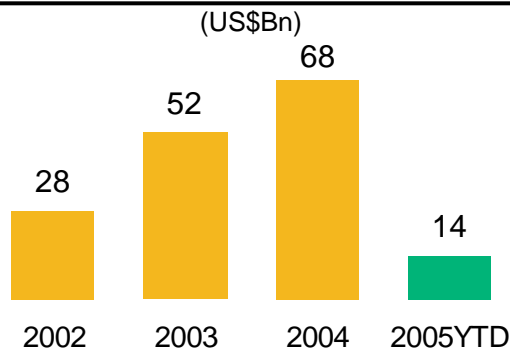
Note: (1) Asia Pacific consists of Australia, Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand

# Market Size

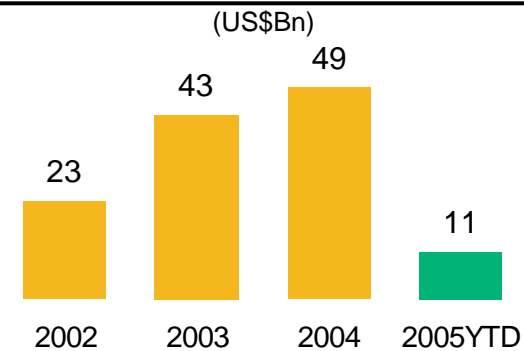
**AP Announced M&A Volume <sup>(1)</sup>**



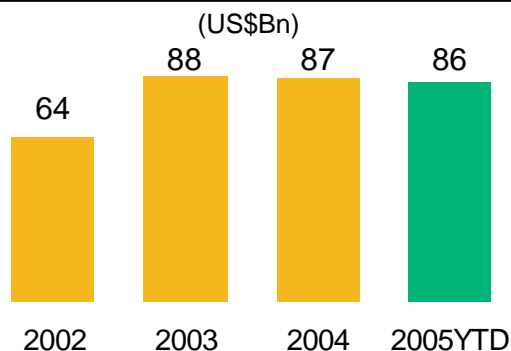
**AP Equity and Equity-Linked Issuance Volume <sup>(2)</sup>**



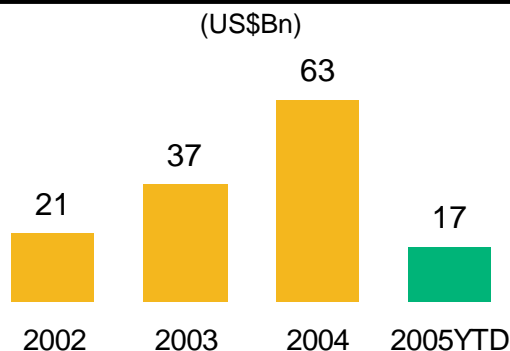
**AP Fixed Income Issuance Volume <sup>(2)</sup>**



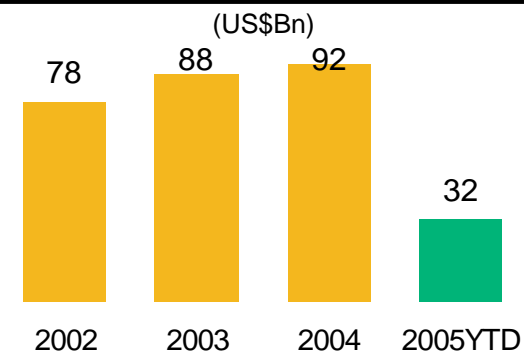
**Japan Announced M&A Volume <sup>(3)</sup>**



**Japan Equity and Equity-Linked Issuance Volume <sup>(4)</sup>**



**Japan Fixed Income Issuance Volume <sup>(5)</sup>**



2005YTD as of April 18, 2005

Notes: (1) Source: Thomson Financial. Any Party in Asia Pacific excluding Japan. Announced deals over US\$100MM

(2) Source: Bondware. Asia Pacific excluding Japan. Deals over US\$50MM

(3) Source: Thomson Financial. Any Japanese involvement announced yearly volume where target, acquiror or ultimate parent is Japan excluding equity carveouts, withdrawn deals, open market repurchase and exchange offer.

(4) Source: Equityware. All equity and equity linked products including domestic deals by Japanese issuers.

(5) Source: IN Database. All domestic straight bond deals excluding convertibles and including samurais and zaito agency bonds. Average annual exchange rates used to convert annual volume from JPY to USD.

# Secular Drivers

## Secular Drivers

- Economic growth
- China catalyst
- Globalization
- Aging population
- Privatization
- Consolidation
- Bank and corporate reform
- Real estate disposition
- Institutional flows

## Morgan Stanley Strengths

- Proven Investment Banking track record in region
- Stable and integrated franchise
- Long term client relationships
- Product capability and distribution
- Global expertise and support

# Asia Strategy

- #1: Organic growth
- #2: Platform
- #3: Long-term growth opportunities



## CICC

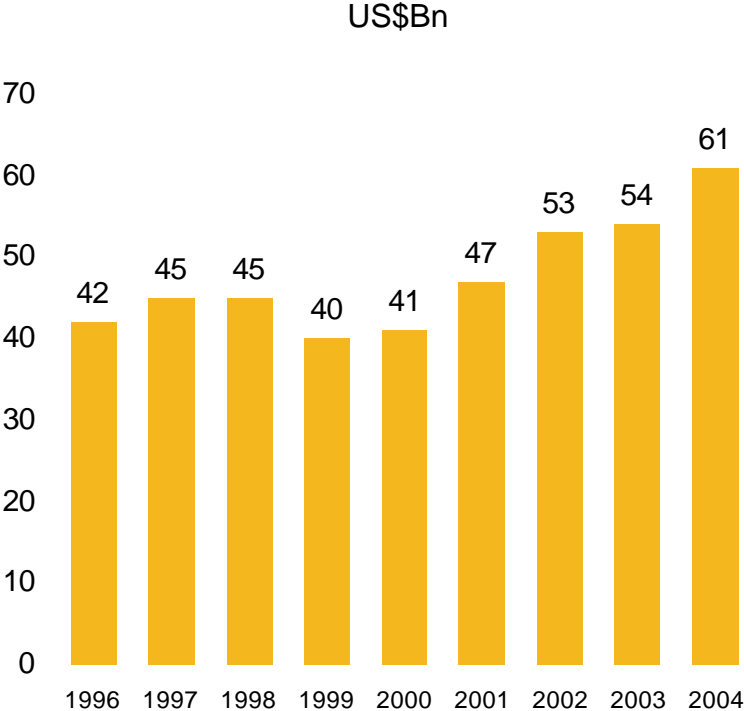
- Sales & Trading
- Investment Banking
- Research
- Asset Management
- Beijing, Shanghai, Hong Kong

## Morgan Stanley

- Institutional Equity Sales
- Research
- Fixed Income Sales
- Commodities
- Real Estate, Capital Markets, M&A
- Asset Management
- Private Equity

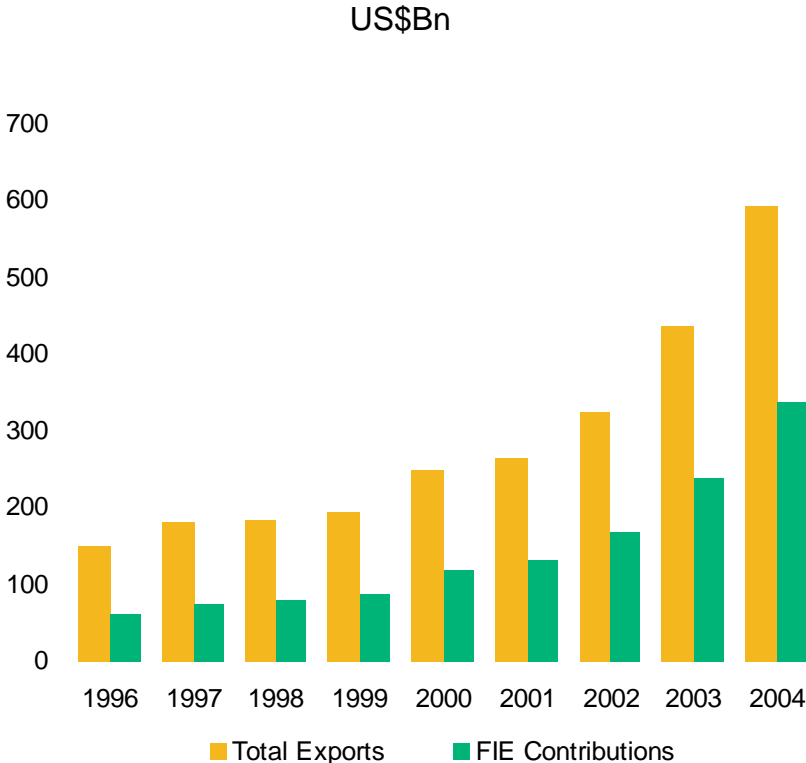
# China: An Open Economy

**Foreign Direct Investment to China**



Source: CEIC Data, Morgan Stanley Research

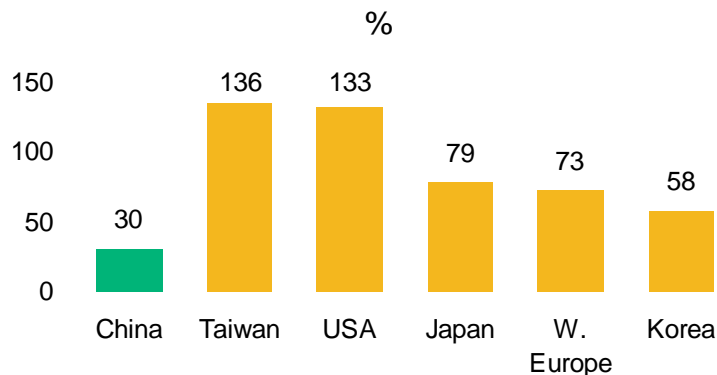
**Foreign Invested Enterprises Contribution to China Exports**



Source: CEIC Data, Morgan Stanley Research

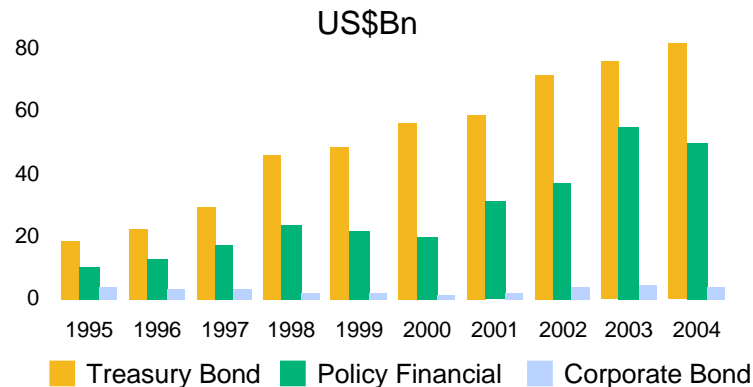
# China: Growth Opportunities

## Market Capitalization / GDP 2004



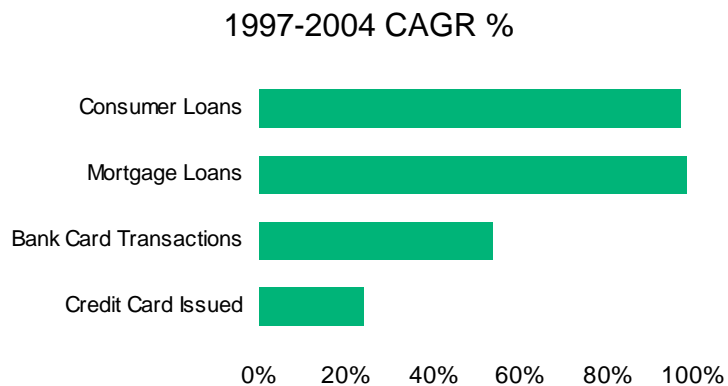
Source: CEIC Data

## China Debt Market Issuance



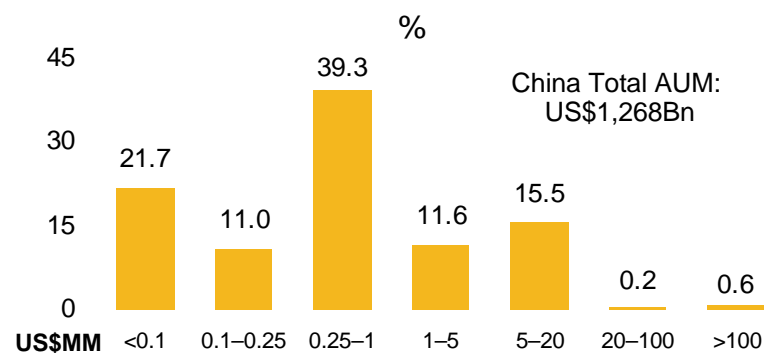
Source: CEIC Data

## Growth in Key Consumer Finance Products



Source: CEIC Data

## China Wealth Market Distribution 2003



Source: Boston Consulting Group Global Wealth Report IV (2004)

# Conclusion

- Asia considered **THE** growth area by our clients and our competitors
- Good track record of revenue and profit growth
- Future plans balance need for investment with continued profit growth



## Asia Update

April 26, 2005