



Morgan Stanley Annual Meeting of Shareholders

TUESDAY, APRIL 4, 2006

Notice

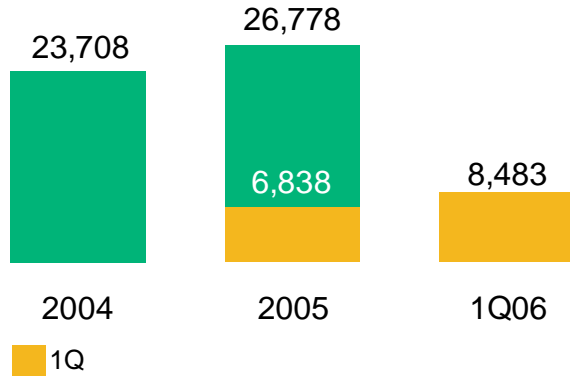
The information provided herein may include certain non-GAAP financial measures. The reconciliation of such measures to the comparable GAAP figures are included in the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on 8-K, including any amendments thereto, which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

This presentation may contain forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made, which reflect management's current estimates, projections, expectations or beliefs and which are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of risks and uncertainties that may affect the future results of the Company, please see "Forward-Looking Statements" immediately preceding Part I, Item 1, "Competition" and "Regulation" in Part I, Item 1, "Risk Factors" in Part I, Item 1A and "Certain Factors Affecting Results of Operations" in Part II, Item 7 of the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2005 and other items throughout the Form 10-K and the Company's Current Reports on Form 8-K.

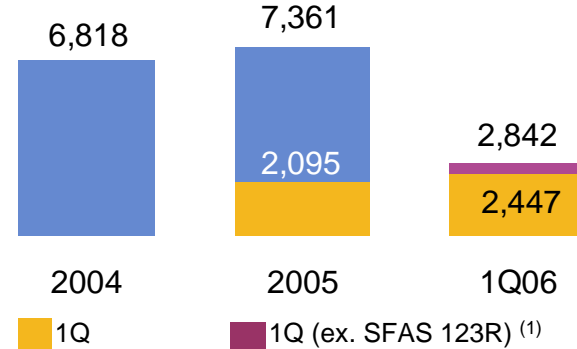
David H. Sidwell
Chief Financial Officer

Consolidated Financial Highlights

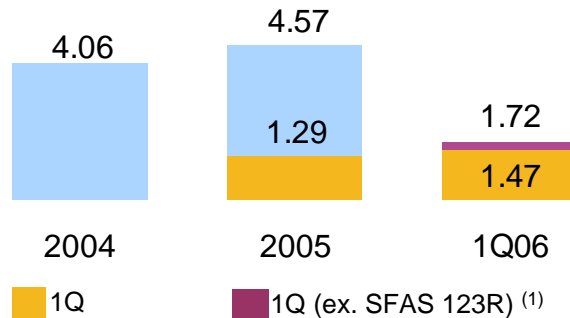
Net Revenues (\$MM)



Profit Before Taxes (\$MM)



Diluted EPS (\$/Share)⁽²⁾



Annualized Return on Equity (%)⁽²⁾



Note: (1) Incremental \$395 million compensation expense relates to both 2005 fiscal year-end and other awards, including sign-ons granted during the quarter, to retirement eligible employees

(2) The loss from discontinued operations of \$33 million, or 3 cents per share included in quarter ended February 28, 2006 differs from the income from discontinued operations of \$42 million or 4 cents per share included in the earnings release of March 22, 2006 primarily as a result of balance sheet adjustments at the closing of the sale of the AWAS aircraft leasing business on March 24, 2006.

Source: Company SEC Filings and 1Q06 Financial Supplement

1Q06 Highlights

Institutional Securities:

- Record quarterly revenues
- Record quarterly Sales & Trading net revenues
- Record Fixed Income Sales & Trading net revenues
- 2nd best revenue quarter in equity sales and trading
- Record Prime Brokerage net revenues on 12th straight quarter of higher client balances
- Added senior talent and new locations to targeted emerging markets

Asset Management:

- Delivered pretax profit margin of 25%
- Launched 11 new products during the quarter, including 6 in alternative investments
- AUM increased by \$11 bn from year-end 2005

1Q06 Highlights (cont'd.)

Global Wealth Management Group:

- Put in place new leadership
- Reorganized management structure and hired two industry veterans as Regional Heads
- Improved High Net Worth (>\$1MM) and fee-based asset gathering
- Grew Bank Deposit Program to \$7.3 bn

Discover:

- Record quarterly revenues and pre-tax profit
- Expanded global footprint
- Closed Goldfish acquisition adding 1.1 million accounts and \$1.4 billion in receivables
- Launched signature debit program, continuing our expansion in the payments arena



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