

Asia Overview

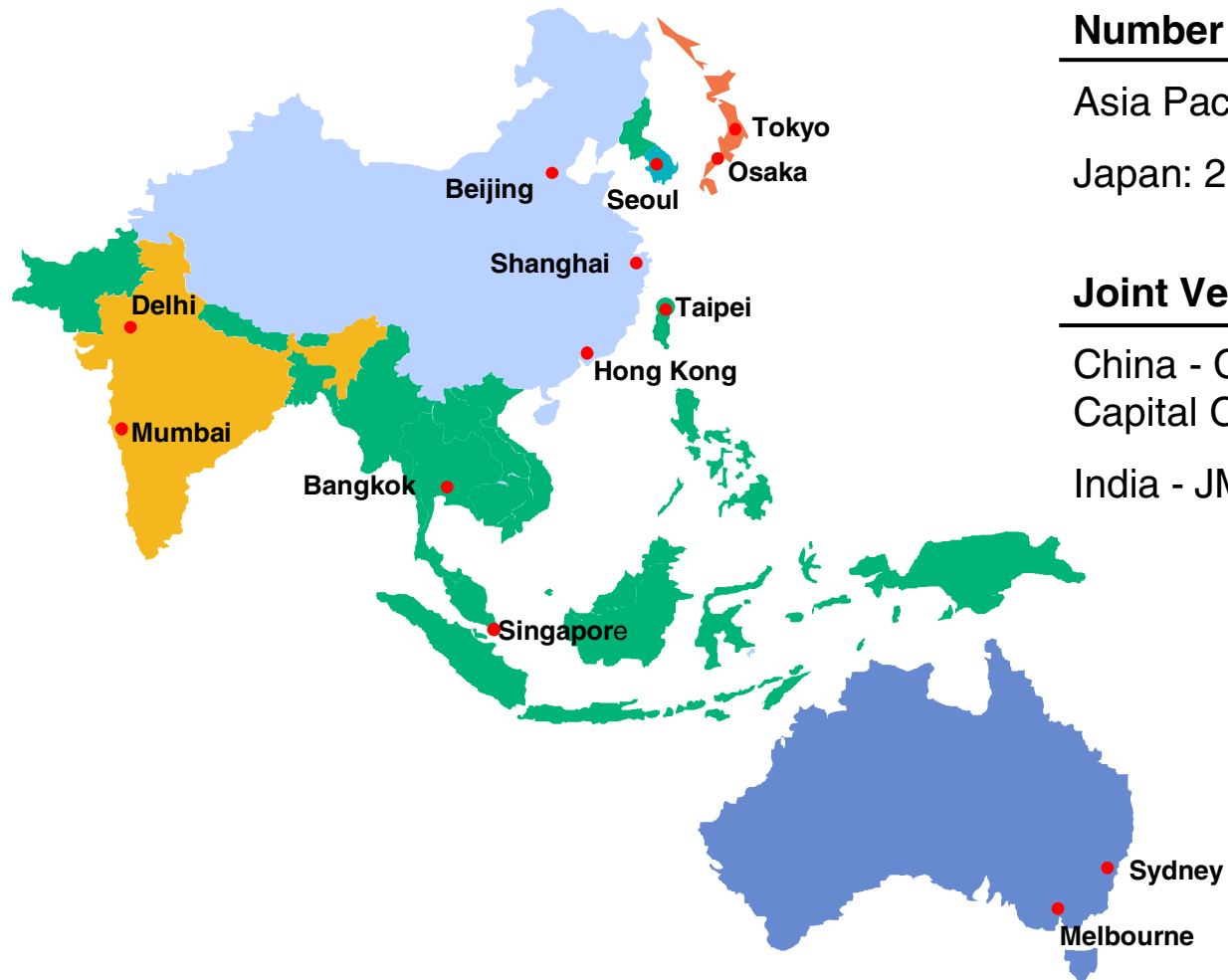
September 23, 2005

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. In particular, the Company's ability to effect a sale of the Company's aircraft leasing business, to realize the full extent of cost savings or benefits from such sale and to assure that subsequent developments (including the ultimate structure, pricing and timing of the transaction) do not cause actual charges to exceed the currently estimated charges to be incurred in the transaction may cause actual results to differ materially from the Company's current estimates, projections, expectations or beliefs. In addition, the future performance of Discover Financial Services is subject to numerous risks impacting the credit card industry that may cause actual results to differ materially from the Company's current estimates, projections and beliefs, including: rising cost of funds pressuring spreads; slow industry growth with rising payment rates; future loan loss rate uncertainty, especially given bankruptcy reform and changing minimum payment requirements; and a consolidating industry with competitive pressures and increasing marketing constraints. For a discussion of additional 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 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, 2004 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Quarterly Reports on Form 10-Q for the quarterly periods ended February 28, 2005 and May 31, 2005 and in other items throughout the Form 10-K and Forms 10-Q.

Morgan Stanley in Asia



Number of Regional Offices

Asia Pacific: 11

Japan: 2

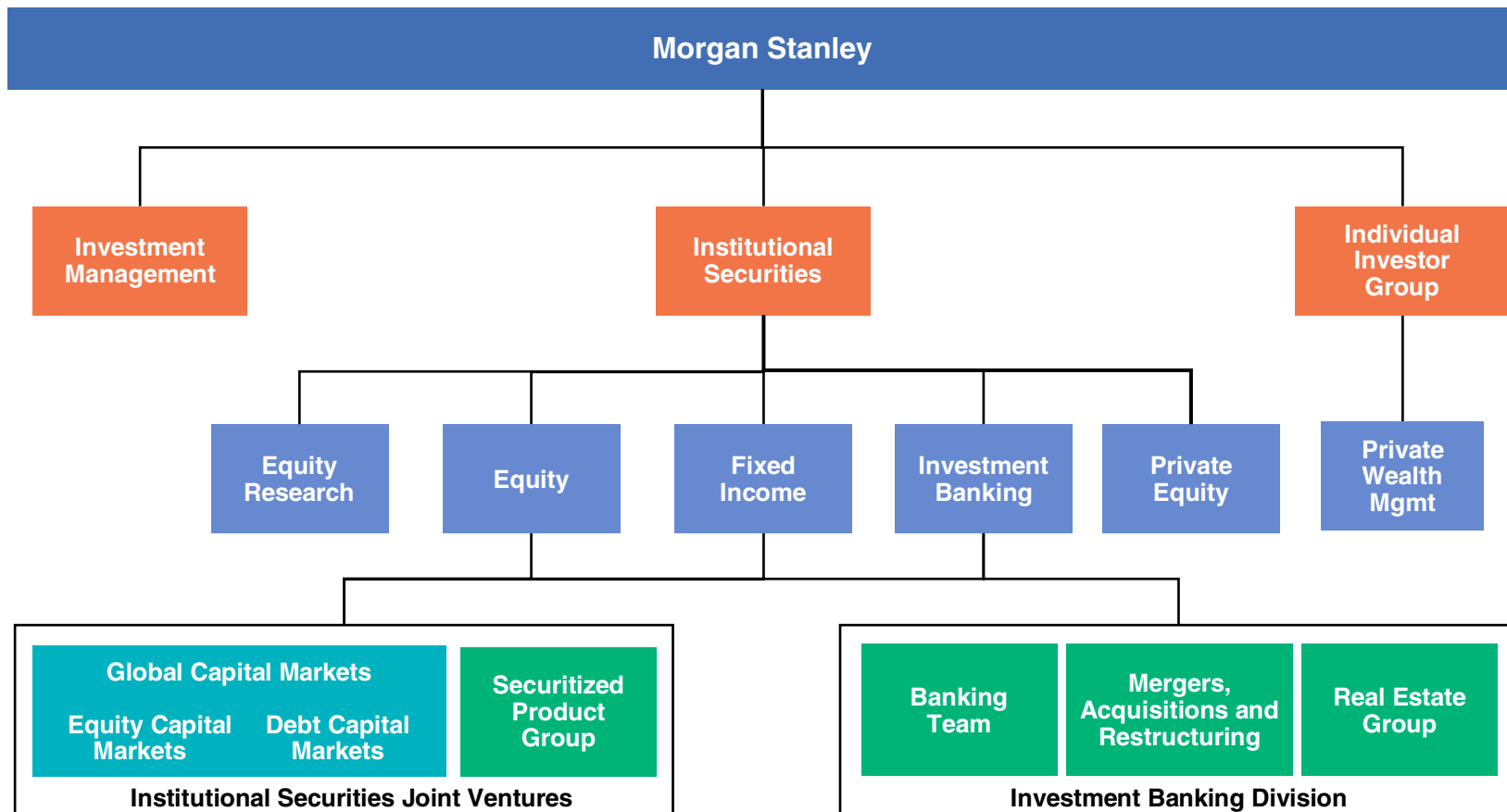
Joint Ventures

China - China International Capital Corporation Ltd.

India - JM Morgan Stanley

Our Asian Business

Full Line of Financial Services



2005 YTD Notable Transactions

M&A

- **Mitsubishi Tokyo Financial Group** (Japan) \$41.4Bn merger with UFJ Holdings (Japan)
- **Astellas Pharma** (Japan) \$7.1Bn merger with Fujisawa Pharmaceutical (Japan)
- Bank of America (U.S.) \$2.5Bn and Temasek (Singapore) \$1.4Bn strategic investment in **China Construction Bank** (China)
- **International Power** (U.K) and **Mitsui** (Japan) \$2.0Bn acquisition of Edison Mission Energy's international generation portfolio (U.S.)
- SinoPac Financial Holdings (Taiwan) \$1.5Bn acquisition of **International Bank of Taipei** (Taiwan)

Equity

- Shinsei Bank \$2.9Bn follow-on offering (Japan)
- Chunghwa Telecom \$2.3Bn secondary offering (Taiwan)
- LG Philips LCD \$2.2Bn follow-on offering (South Korea)
- Ripplewood Holdings US\$1.1.Bn IPO (Japan)

Debt

- Bank of Tokyo Mitsubishi US\$300MM + Euro300MM International Sub Debt (Japan)
- Japan Finance Corp for Municipalities JPY40Bn agency bond
- Titan Petrochemical US\$400MM high yield bond offering (Hong Kong)
- Mandra Forestry Finance US\$195MM high yield bond offering (China)

Morgan Stanley's Market Position

Asia Pacific Market Share 2005YTD

	Morgan Stanley	
	Share	Rank
M&A ⁽¹⁾	14%	4
Equity & Equity-Linked ⁽²⁾	5%	6
Debt ⁽²⁾	2%	10

Japan Market Share 2005YTD

	Morgan Stanley (Incl. domestic banks)		Morgan Stanley (excl. domestic banks)	
	Share	Rank	Share	Rank
M&A ⁽³⁾	34%	4	18%	2
Equity & Equity-Linked ⁽⁴⁾	4%	6	15%	2
Debt ⁽⁵⁾	2%	9	14%	3

- 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 where target, acquirer or ultimate parent is Japan excluding equity carveouts, withdrawn deals, open market repurchase and exchange offer. Data as of 2005/8/30
 4) Source: Equityware. All equity and equity linked products including domestic deals by Japanese issuers. Data as of 2005/8/30
 5) Source: IN Database. All domestic straight bond deals excluding convertibles and including samurais and zaito agency bonds. Data as of 2005/8/30

Euromoney 2005

Best M&A House in Asia (incl. Japan)
 Best M&A House in China, Japan & South Korea



The Asset's Triple A Awards 2004

Best Investment Bank
 Best M&A House



FinanceAsia 2004

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



Asiamoney's 2004

Japan IPO Deal of the Year
 - Shinsei Bank JPY250Bn IPO



The Banker 2004

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



Thomson DealWatch 2004

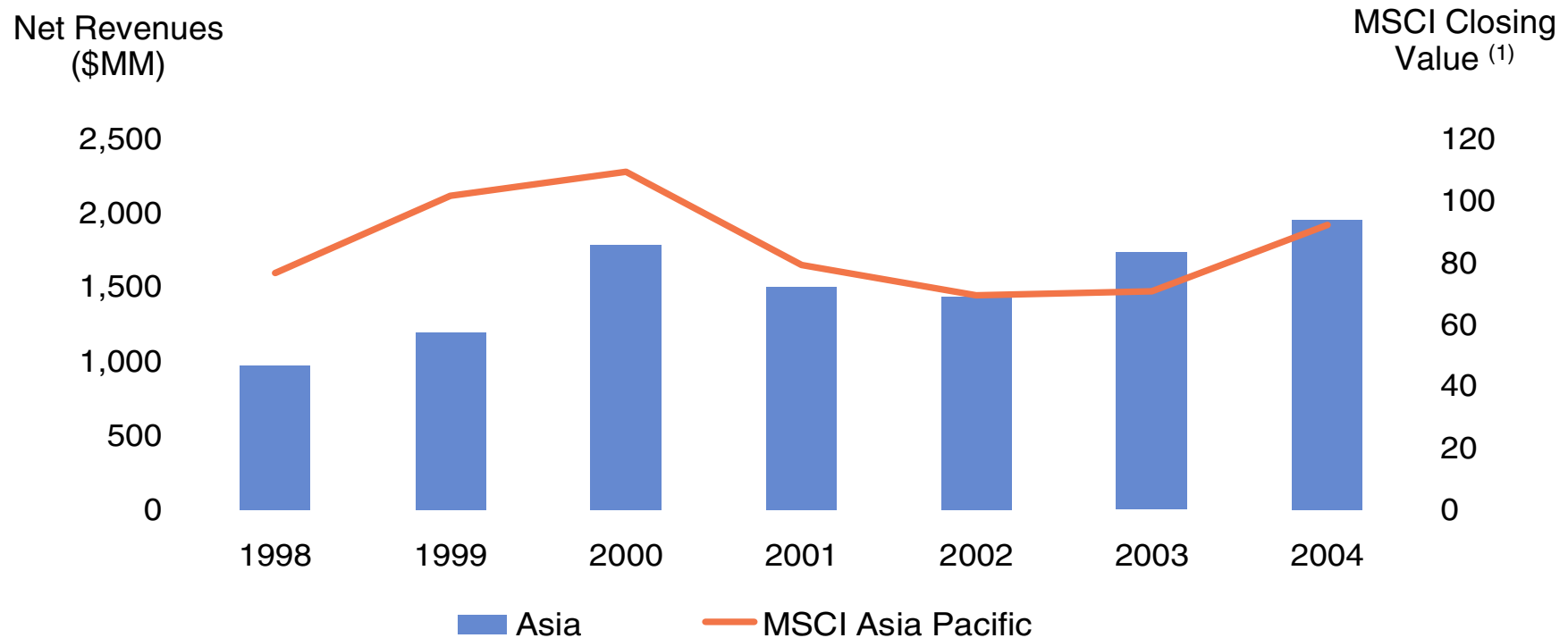
Equity-linked Bond Issuer of the Year (Japan)
 Equity-linked Bond Overseas Deal of the Year (Japan)



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Asian Net Revenue Trends

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



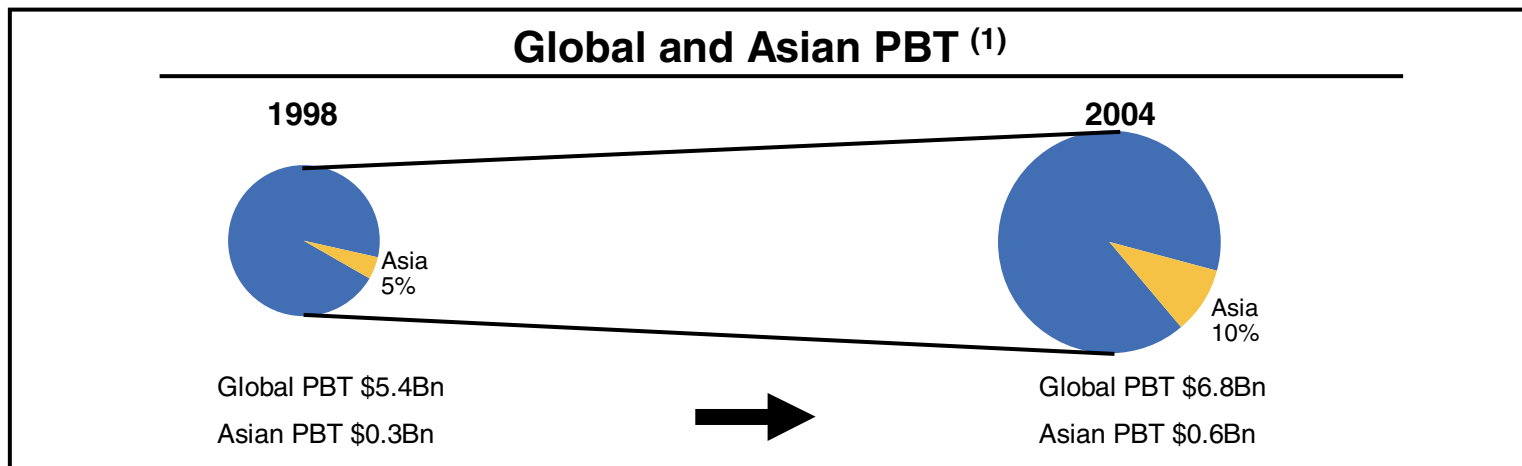
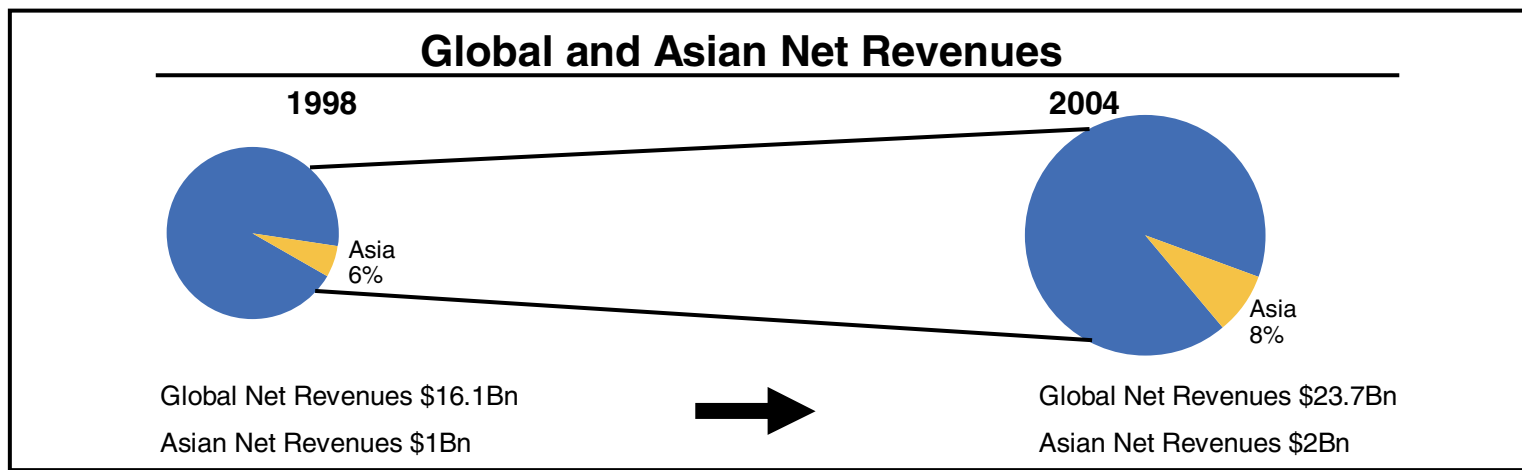
Source: Morgan Stanley 10-K filings, MSCI
 Notes: (1) Average monthly closing value



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Asian Net Revenues and PBT

1998 and 2004



Source: Morgan Stanley 10K Filings

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

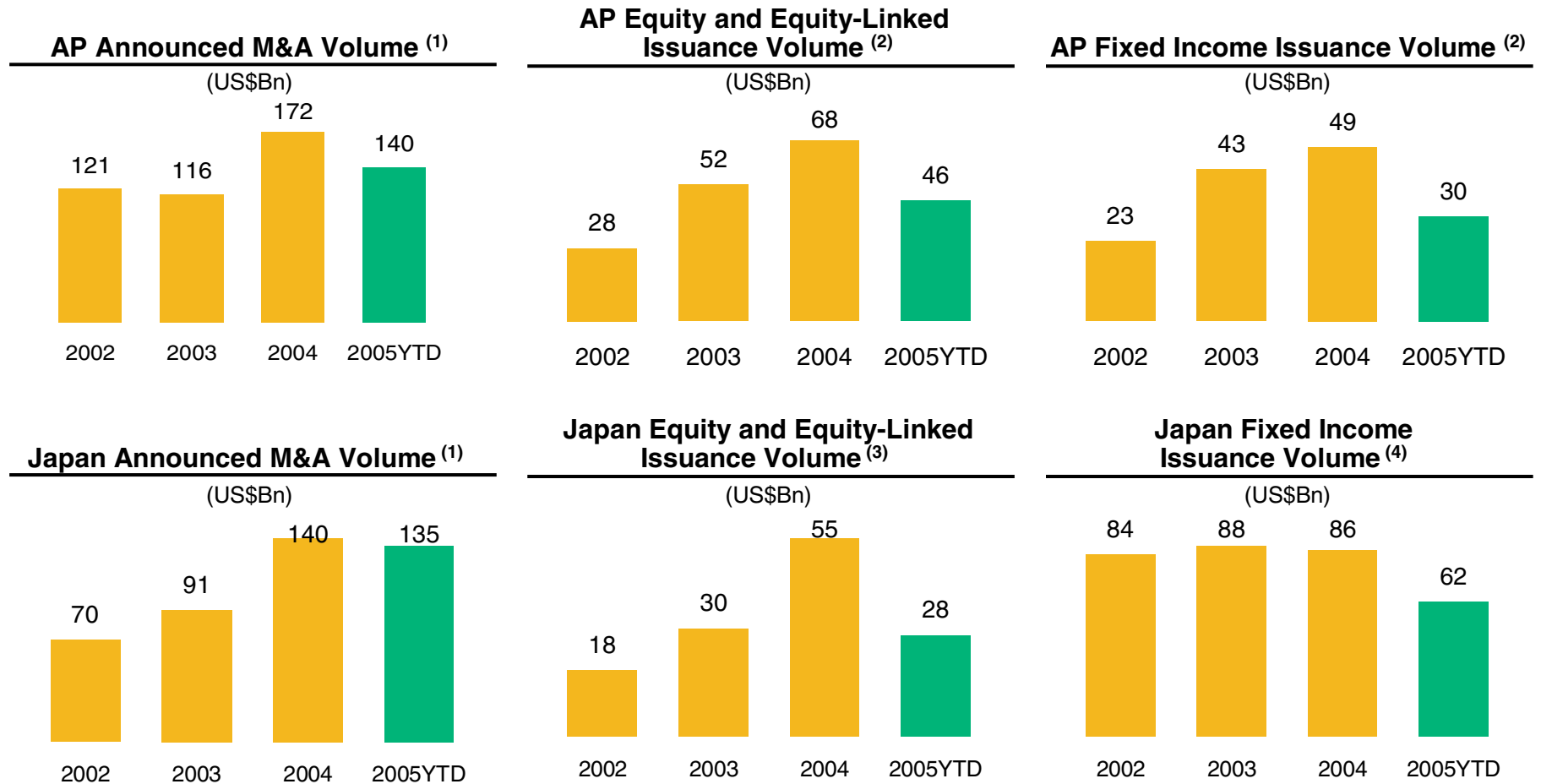
Size Matters

Key Statistics	Asia Pacific⁽¹⁾	Japan	China	US	EU-25
Population (MM)	1,560	127	1,300	293	453
Area (000's Km ²)	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



Notes: (1) Source: Thomson Financial. Announced deals (As of 9/1/05)
 (2) Source: Bondware. Asia Pacific excluding Japan. Deals over US\$50MM (As of 9/1/05)
 (3) Source: Equityware. All equity and equity linked products including domestic deals by Japanese issuers over US\$50MM (As of 9/1/05)
 (4) Source: IN Database. All domestic straight bond deals over US\$50MM excluding convertibles and including samurais and zaito agency bonds. Average annual exchange rates used to convert annual volume from JPY to USD (JPY114.5 as of 2005/08/30).

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: Primarily organic growth
- #2: Platform
- #3: Long-term growth opportunities

China



Morgan Stanley
摩根士丹利

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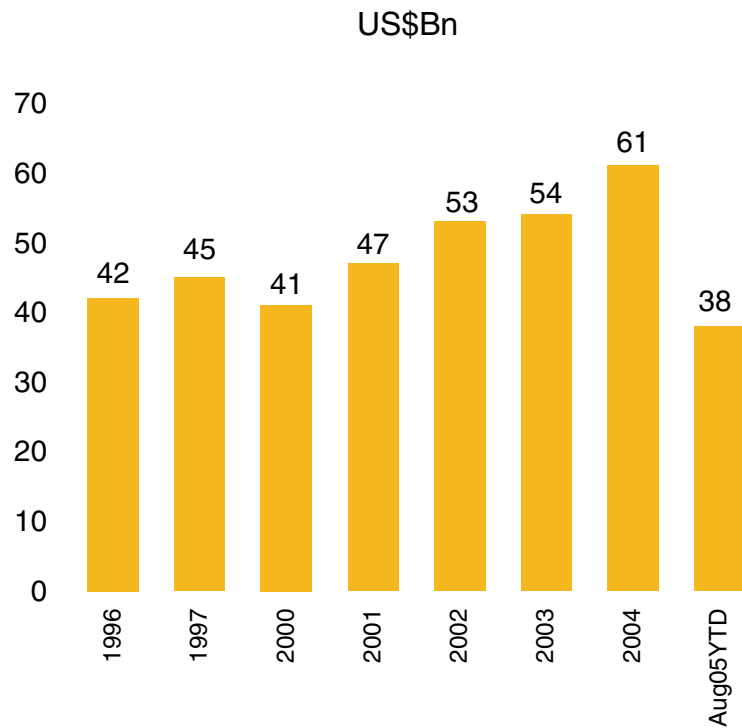
- Sales & Trading
- Investment Banking
- Research
- Asset Management
- Beijing, Shanghai, Hong Kong

Morgan Stanley

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

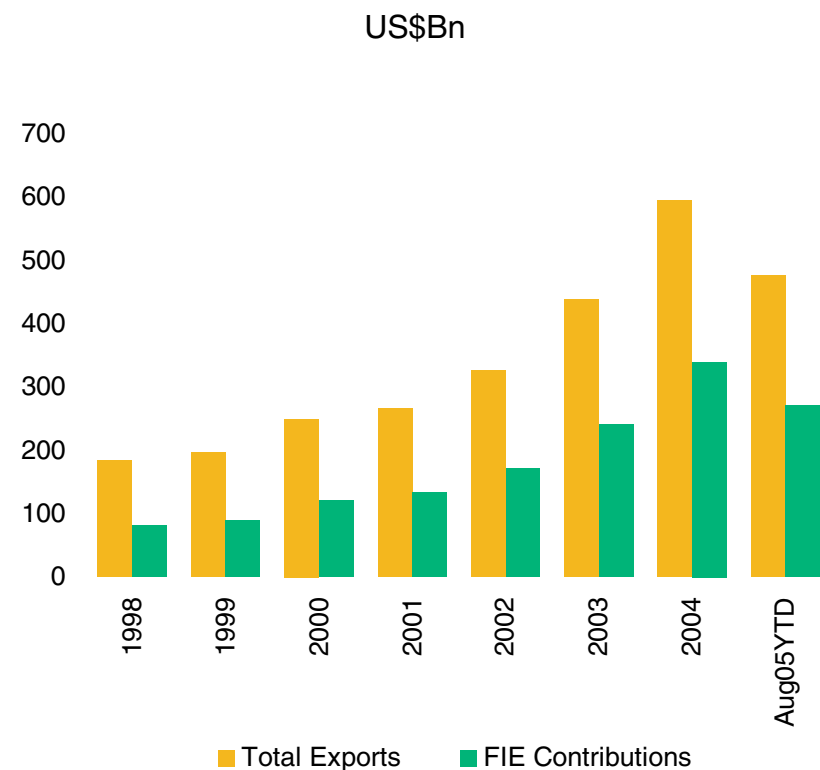
China: An Open Economy

Foreign Direct Investment to China



Source: CEIC Data, Morgan Stanley Research

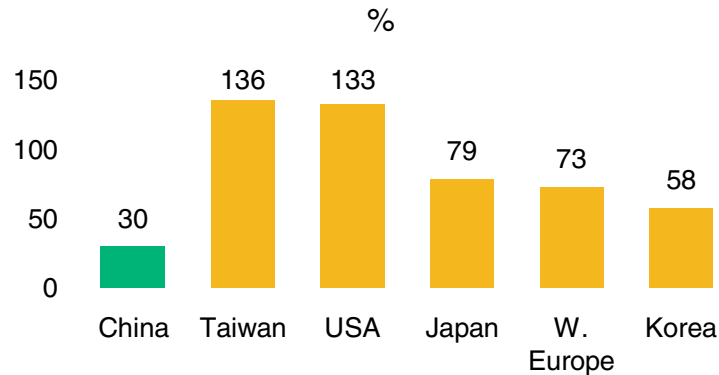
Foreign Invested Enterprises Contribution to China Exports



Source: CEIC Data, Morgan Stanley Research

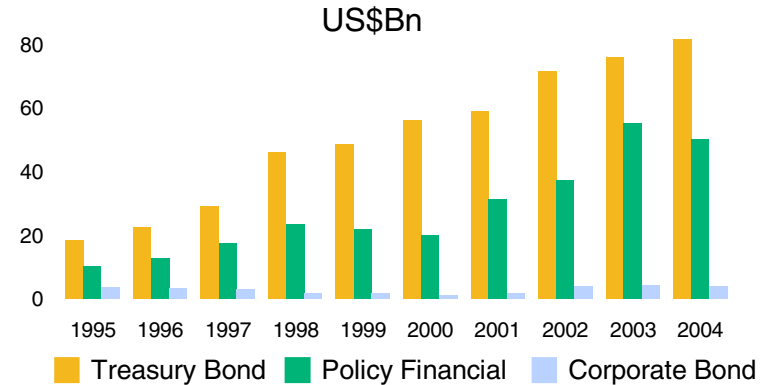
China: Growth Opportunities

Market Capitalization / GDP 2004



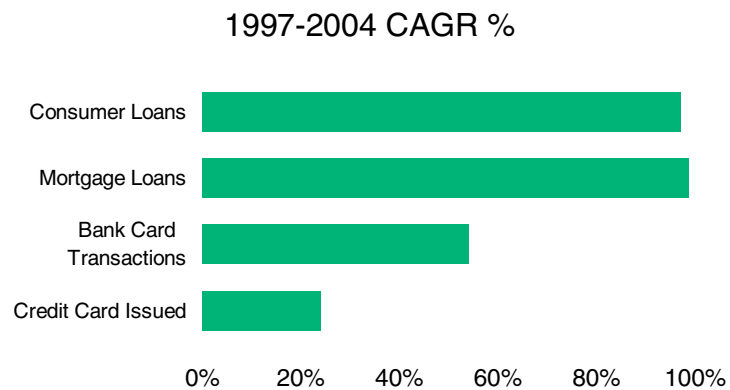
Source: CEIC Data

China Debt Market Issuance



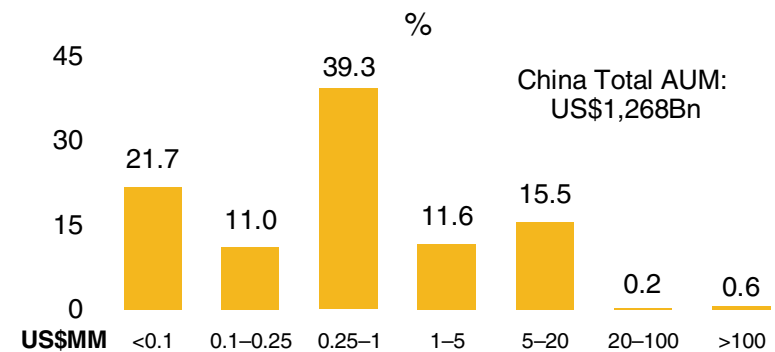
Source: CEIC Data

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



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September 23, 2005