Morgan Stanley

UBS Global Financial Services Conference

James P. Gorman, Co-President

Colm Kelleher, Chief Financial Officer

May 13, 2008

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 Form 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, "Legal Proceedings" in Part I, Item 3, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 and "Quantitative and Qualitative Disclosures About Market Risk" in Part II, Item 7A of the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2007, the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended February 29, 2008 and Current Reports on Form 8-K.

James P. Gorman
Co-President

Morgan Stanley

Agenda

- Business Overview
  - Accelerating Global Wealth Management
  - Redefining Asset Management
  - Refocusing Institutional Securities
- Market Environment and Outlook

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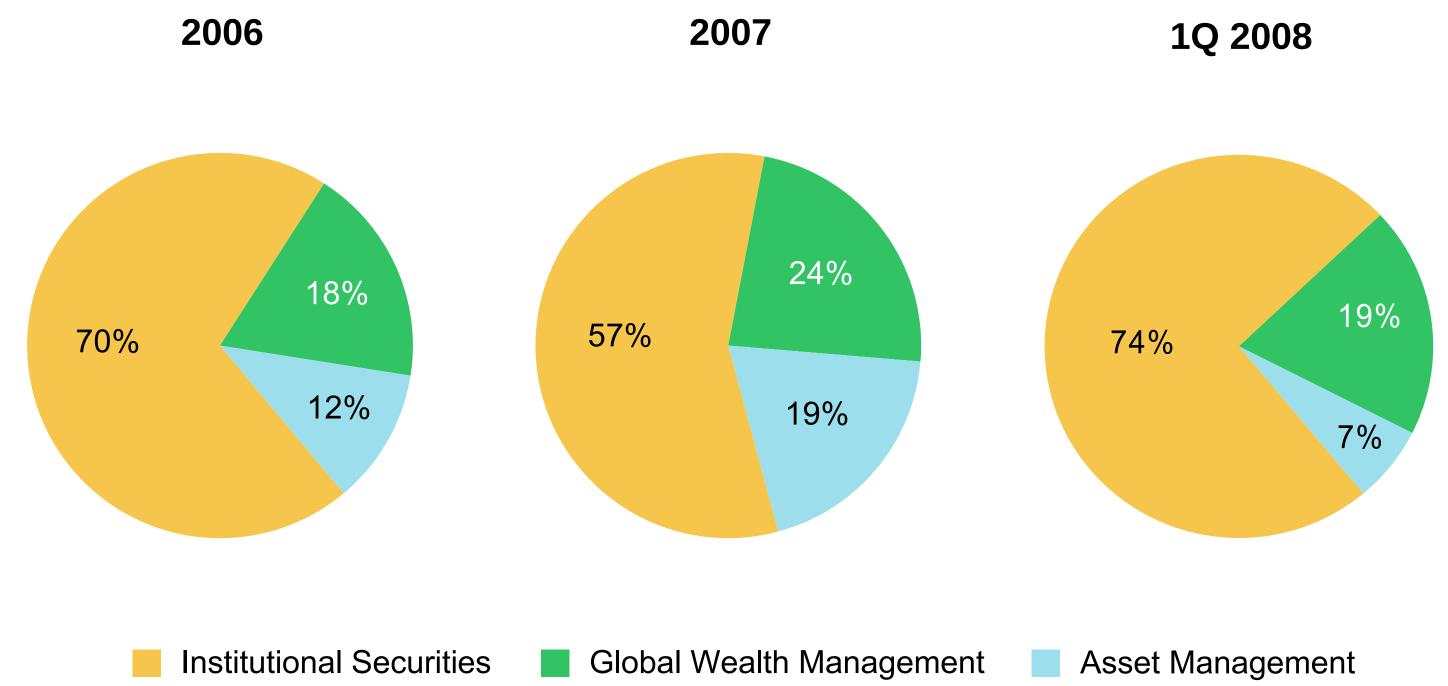
Business Overview – Strategic Priorities

Global Wealth Management	Asset Management	Institutional Securities
• Accelerating growth • Weak competitive landscape • Growing flows and Financial Advisors • Low capital usage	• Redefining the business • Taking action for growth – Leverage Alternatives – Enhance product offering – Investing in Non-U.S. markets – Building Private Equity and Infrastructure product platforms	• Refocusing the business • Disciplined operating approach • Market share opportunities • Investing strategically – Commodities – Emerging markets – Prime Brokerage

Business Overview

Net Revenue Composition (1)



Source:
Morgan Stanley SEC Filings

(1) Net revenue composition excludes Intersegment Eliminations of ($236MM) in 2006, ($241MM) in 2007 and ($40MM) in 1Q 2008.

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Growth Stages

	Stage One	Stage Two	Stage Three
Global Wealth Management	✓ Restructure then stabilize ✓ Increase flows ✓ Improve Financial Advisory productivity ✓ Product investments	✓ Improve margins ✓ Organic growth ✓ Expand internationally ✓ Enhance technology / operations	• Growth through acquisition • Competitive PBT margin
Asset Management	✓ Build Alternatives foundation ✓ Seed new products ✓ Re-enter Private Equity ✓ Build out Infrastructure	✓ Continue to attract talent ✓ Generate flows • Restructure Core Asset Management • Leverage Alternatives strong performance	• Competitive fund flows • Competitive PBT margin

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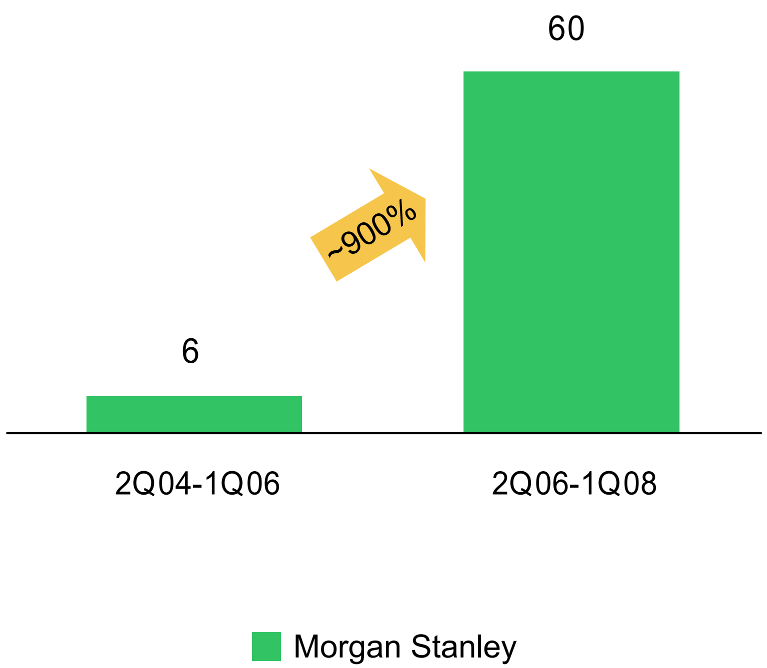
Global Wealth Management – Metrics that Matter

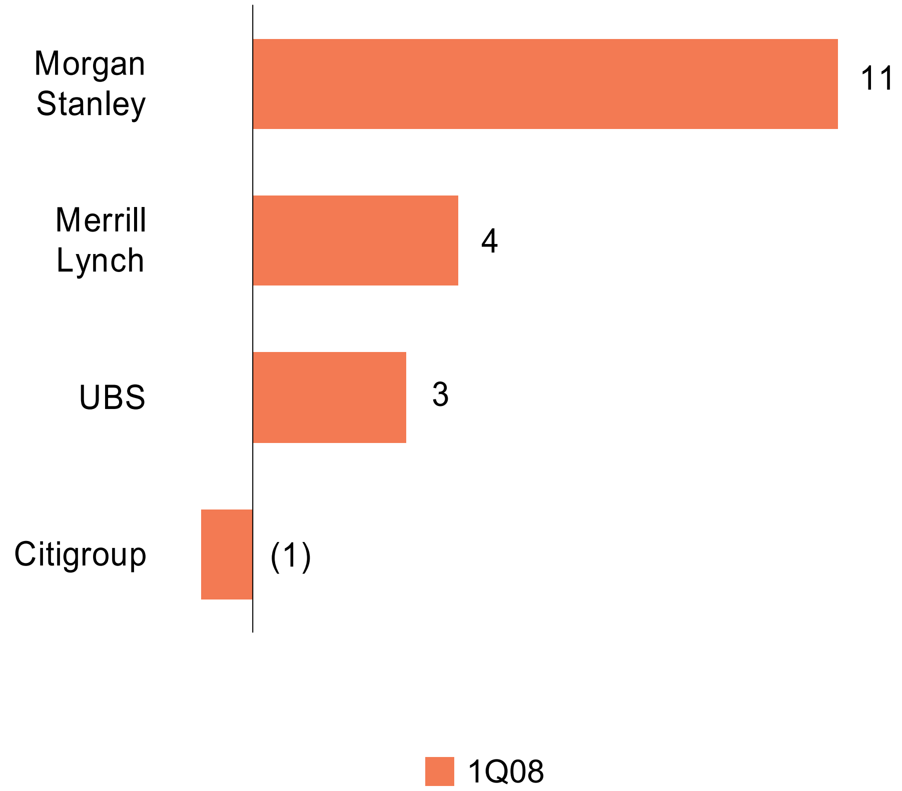
	2005[1]	2007[1]	1Q08[1]	Original 3-Year Aspiration
Revenue Growth	8%	20%	6%	10%+
Pre-Tax Margin	8%[2]	17%	16%	20%+
1st / 2nd Quintile Turnover	11%	6%	6%	<5%
Net New Money	$(2.7)Bn	$40Bn	$11.4Bn	$25 – 30Bn
Fee-Based Assets	27%	27%	26%	35%+
Client Assets in $1MM+ households[3]	64%	72%	71%	75%
Deposit Sweep	$1.7Bn	$26.2Bn	$33.4Bn	$25Bn+
Revenue per Financial Advisor	$502K	$811K	$761K	$700K+
Assets per Financial Advisor	$65MM	$90MM	$85MM	$95MM+

Source:
Company SEC Filings and Earnings Releases
(1) Metrics either quarterly or annual, as applicable.
(2) 2005 Pre-Tax Margin excludes $198MM in September 11th related insurance recoveries.
(3) Excludes corporate / other assets.

Global Wealth Management – Increasing Flows

Net New Flows
($Bn)





Source:
Company SEC Filings and Earnings Releases
(1) UBS figures converted based on period end spot exchange rate from CHF to USD.

Global Wealth Management – Accelerating Growth

1. Product Investments	– Banking, Alternatives, Insurance, Retirement, Structured, FX, Deposits
2. Expense Discipline	– Project Prioritization – Rationalize Support Structure
3. Technology / Operations	– Improved Client Access and Reporting – Tools for Financial Advisors – Automated Management Reporting
4. Geographic Focus	– Latin America, India, China, Middle East – U.S. Major Metropolitan Markets
5. Talent	– "Firm of Choice" for $1 million Producers

Asset Management – Redefining the Business

Products	AUM 1Q 2008 ($Bn)	Assessment
Core Asset Management	**534.1**	**Need For Improvement**
• Equities	234.7	• Performance issues
• Fixed Income (1)	210.0	• Cyclical flows into money markets
• Alternatives	75.7	• Tremendous growth
• Unit Trusts	13.7	• Niche Business / Strong margins
Merchant Banking	**43.1**	**Franchise Building Platform**
• Real Estate	36.9	• Leading global franchise
• Private Equity	3.4	• Seeding investments
• Infrastructure	2.8	• Seeding investments
Total Assets Under Management	**577.2**	

Source:
Morgan Stanley SEC Filings and Earnings Releases
(1) Includes Money Markets assets under management.

Asset Management – Redefining the Business

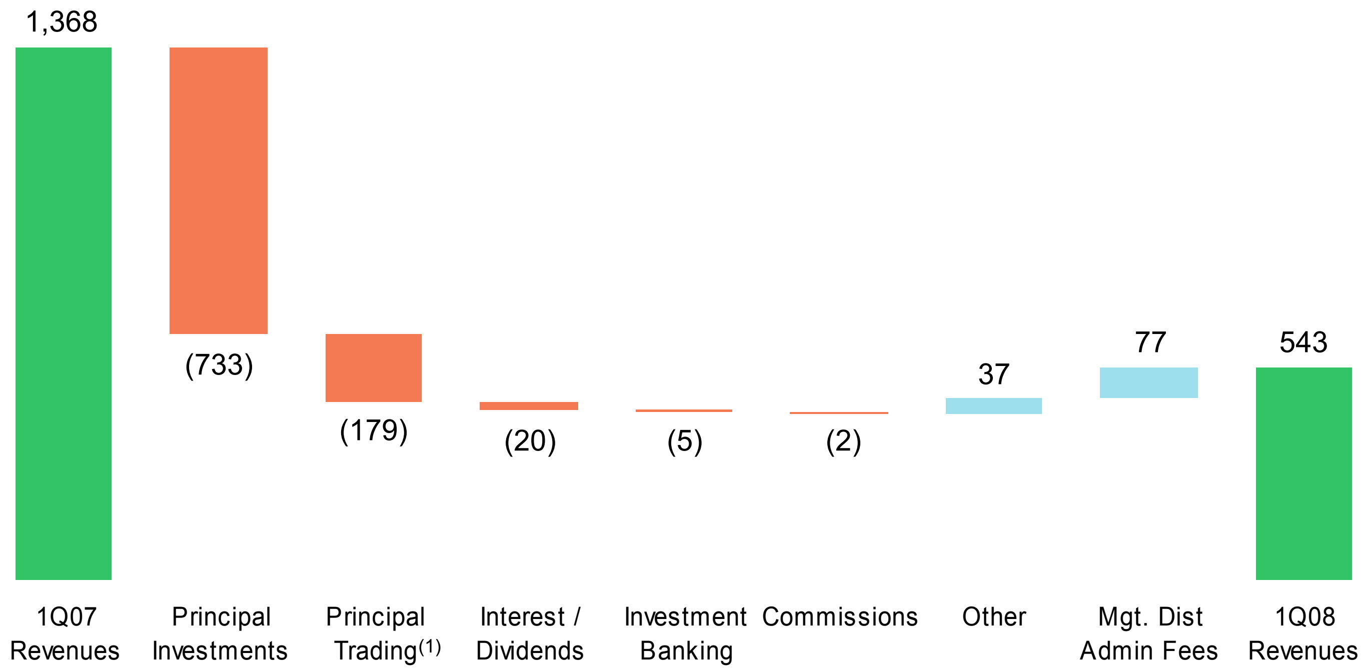
Distribution Channels	AUM 1Q 2008 ($Bn)	Assessment
Retail	**179.3**	**Need For Improvement**
• Retail	145.9	• Performance issues
• Retail Money Markets	33.3	• Cyclical flows into money markets
Intermediary	**64.0**	**Need For Improvement**
Institutional	**199.1**	**Need For Improvement**
• Institutional	123.4	• Rebuilding reputation and business
• Institutional Money Markets	75.7	• Cyclical flows into money markets
Non – U.S.	**127.8**	**Expanding internationally**
Share of Minority Interest Assets	**7.0**	**Significant Growth**
Total Assets Under Management	**577.2**	

Source:
Morgan Stanley SEC Filings and Earnings Releases

Asset Management – Revenues

Asset Management Net Revenues – 1Q 2008 vs. 1Q 2007

($MM)



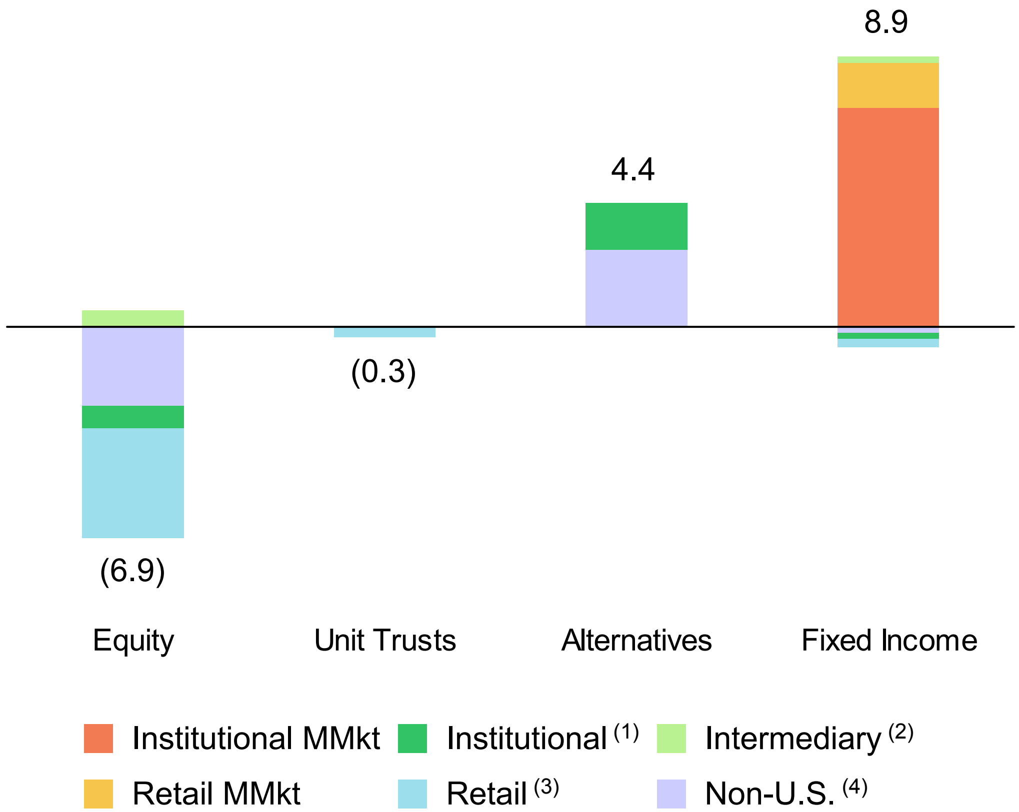
Source:
Morgan Stanley SEC Filings and Earnings Releases

(1) Includes SIV losses.

Core Asset Management – Flows

1Q 2008 Net Flows – $6.1Bn

($Bn)



Source:
Morgan Stanley SEC Filings and Earnings Releases

(1) U.S.
(2) Americas.
(3) Americas Morgan Stanley and Van Kampen brands.
(4) Europe and Asia.

Asset Management – Current Focus and Priorities

- Expense discipline
- Rationalize fund offerings
- Re-focus on performance across all core products
- Leverage investments in Lansdowne, Avenue and Traxis
- Successfully closed $4 billion Infrastructure fund
- Raise Private Equity fund
- Raise Morgan Stanley Real Estate Fund (MSREF) VII
- Restructure management team to reflect current priorities

Source:
Morgan Stanley Press Releases

Colm Kelleher
Chief Financial Officer

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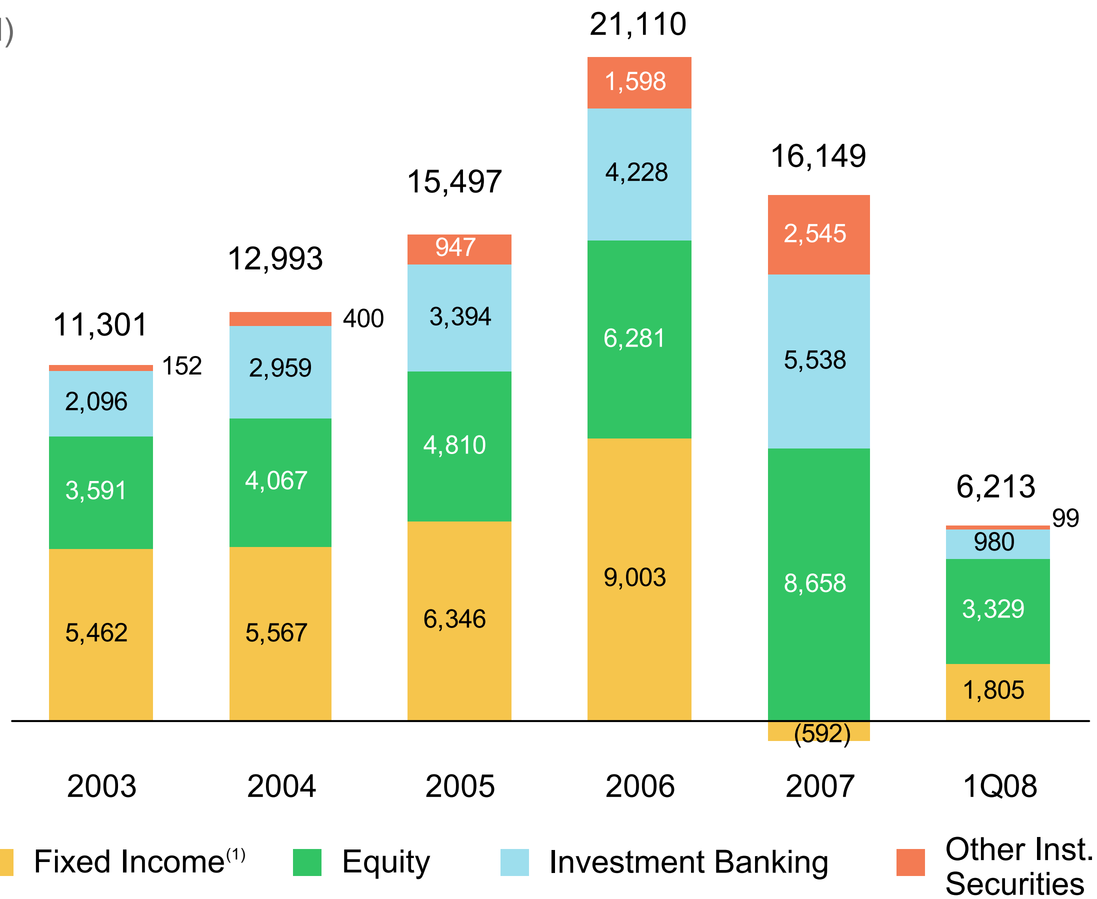
Institutional Securities – Refocusing the Business

Net Revenue

($MM)



Source:
Morgan Stanley SEC Filings and Earnings Releases

(1) Represents combined revenues from Fixed Income Sales and Trading and Other Sales and Trading. Other Sales and Trading primarily includes net losses from mark-to-market loans and closed and pipeline commitments, results related to Investment Banking and other activities. Prior to 2005, excludes net revenues associated with corporate lending activities and certain other adjustments.

Institutional Securities – Strategic Priorities

Investments

- Continue to aggressively grow in emerging markets
- Build upon growth initiatives in equity derivatives
- Continue global expansion of prime brokerage
- Opportunistically build out commodities business
- Technology to enhance capital allocation and evaluation of trading opportunities

Opportunities

- Reallocate capital and human resources to areas of growth
- Help clients restructure risk positions
- Take advantage of trading opportunities created by market dislocations
- Provide solutions to clients' asset / liability mismatch challenges
- Maximize the Firm's relationship network

Market Environment

Pre-Crisis	Credit Crisis	Resolution
• High leverage • Securitization growth • Expansion of derivatives • Insurance by monolines	• De-leveraging • Lack of liquidity • Asset price deterioration • Capital constrained • Asset downgrades	• Recognize losses • Raise capital • Extend loans • Asset dispositions • Leverage equilibrium

Operating Discipline

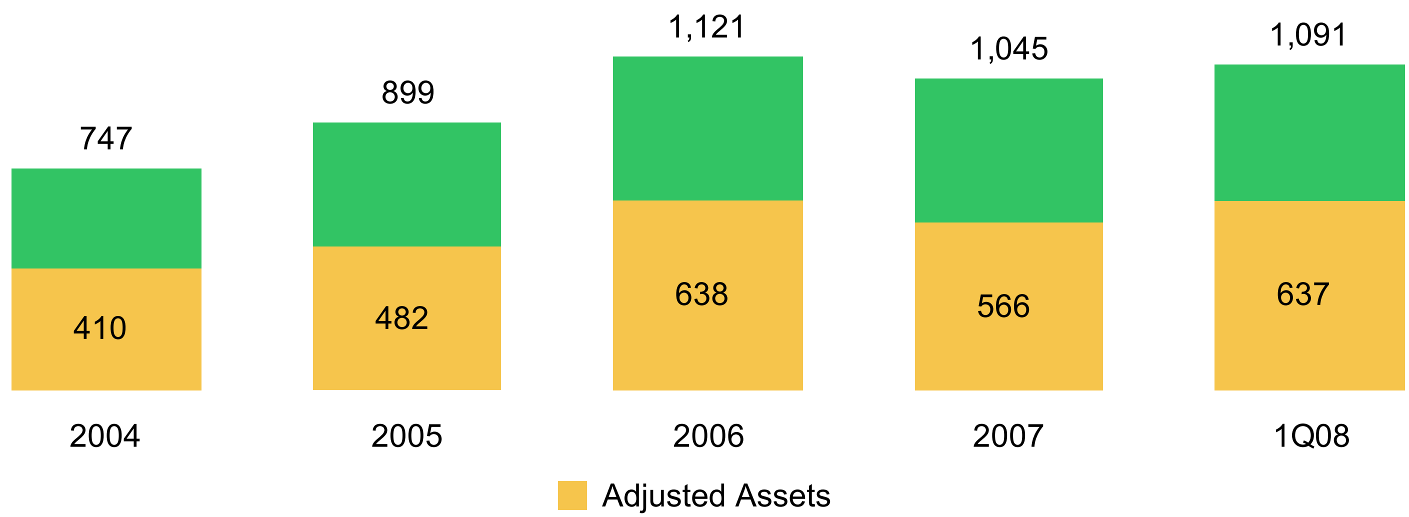
Three Key Tenets

Capital	Liquidity	Balance Sheet
• Risk adjusted return on capital • Temporarily suspended share buyback program • CIC Investment	• Reduced re-financing risk • Strengthened liquidity position at the parent level	• Reduced both gross and adjusted leveraged ratios during 1Q 2008

Active Capital Management

Total Assets

($Bn)



Gross Leverage Ratio[1]

25.9x	30.5x	30.5x	32.6x	27.4x

Adjusted Leverage Ratio[2]

14.2x	16.4x	17.3x	17.6x	16.0x

Source:
Morgan Stanley SEC Filings and Earnings Releases

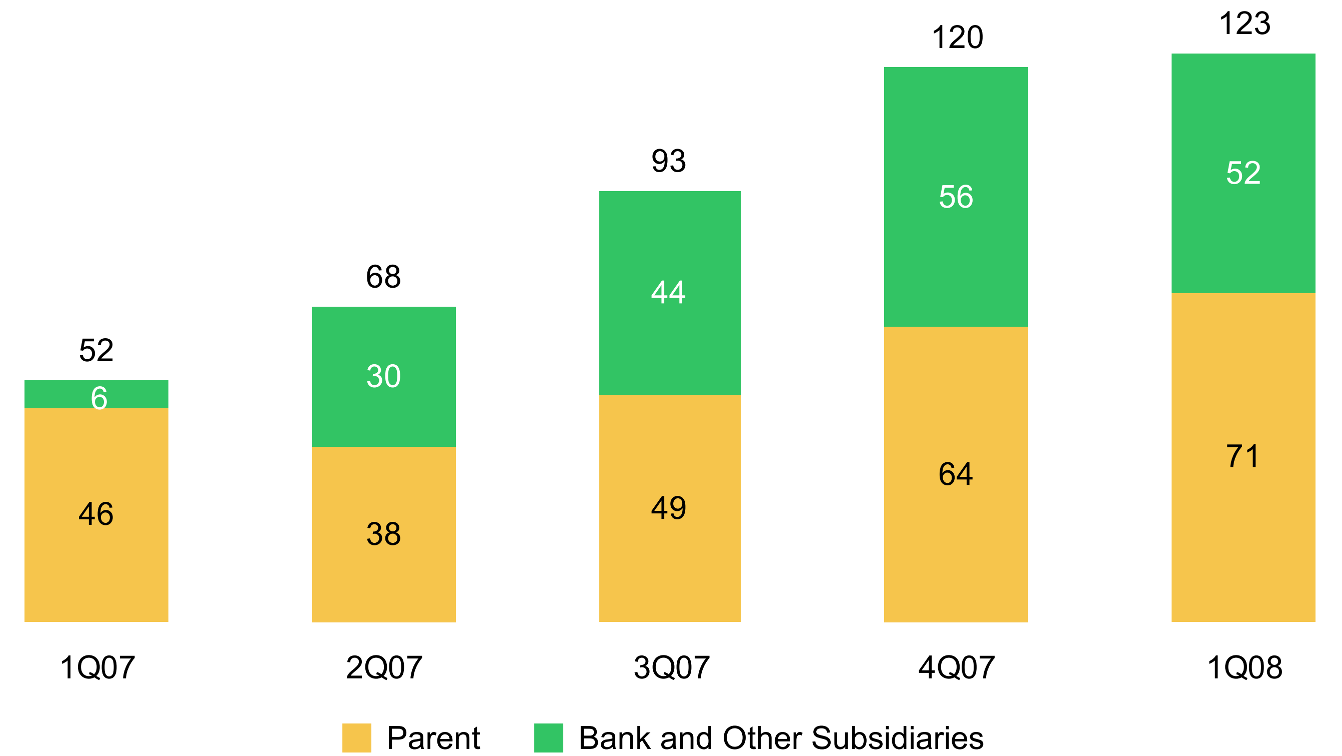
(1) Gross leverage ratio equals total assets divided by tangible shareholders' equity.

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

Liquidity

Average Liquidity Reserve per Quarter

($Bn)



Source:
Morgan Stanley SEC Filings and Earnings Conference Call

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Market Developments

- Credit markets to remain challenged for at least several more quarters
- Challenging implications for Broker-Dealer model
  - More active Fed and regulatory environment
  - Intensified focus on leverage, capital and liquidity
  - ROEs likely to be constrained
- Market environment also suggests the re-examination of
  - Greater diversification, both globally and through the businesses, particularly wealth and asset management
  - Greater scale to improve margins given stickier expenses and investment required to support global growth

Market Outlook

- Balance sheet de-leveraging
- Industry de-risking
- Regulatory evolution
- Credit markets to remain challenged
- Transparency of exposures industry-wide

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