



David H. Sidwell, Chief Financial Officer
Jerker Johansson, Global Head of Equities

May 17, 2005

Notice

This presentation may contain forward-looking statements. These statements, which reflect management's beliefs and expectations, are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of the risks and uncertainties that may affect the Company's future results, please see "Forward-Looking Statements" immediately preceding Part I, Item 1, "Certain Factors Affecting Results of Operations" under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7, and "Competition" and "Regulation" in Part I, Item 1 and other items throughout the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2004 and "Management Discussions and Analysis of Financial Condition and Results of Operations" in the Company's Quarterly Report on Form 10-Q for the quarter ended February 28, 2005.

The presentation may also include certain non-GAAP financial measures. The reconciliation of such measures to the comparable GAAP figures are included in our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on 8-K, which are available on our Web site www.morganstanley.com.

Agenda

- Introduction
- Global Equities Overview
- Our Strategy
- Q&A

Introduction

David H. Sidwell
Chief Financial Officer

Strategy and Execution Agenda

- Pursue a Global Securities-Focused Strategy
- Integrate Our Securities Businesses
- Align Management Structure with our Integrated Securities Model
- Pursue Credit Services Business – Discover – Spin-off
- Regain a Premium Return on Equity

A Premier Franchise

Institutional Securities

Investment Banking

- #1 Announced Global M&A
- #1 Global IPOs
- #3 Global Debt
- Overall Debt, Equity and M&A Deals of the Year

Fixed Income

- #1 Overall in 2004 *Global Investor* FX Survey
- Best in class commodities business
- Global Credit Derivatives House of the Year
- Best in class securitization business

Institutional Equities

- #1 Equity secondary trading
- #1 in Greenwich Trading Quality Index
- Best in class prime brokerage

Individual Investor Group

- Substantial scale: 10,471 Global Representatives
- #3 Brokerage house by revenues and number of financial advisors
- Total client assets of \$618Bn, 27% in fee based accounts

Investment Management

- 46% of funds ranked 4/5 Star by Morningstar (up from 41% at end-2003)
- 72-81% of funds in Lipper top half rankings (up from 56-75% at end-2003)
- Seven funds included in *WSJ* "Category Kings" for 2004

Source/Notes: Investment Banking: Thomson Financial data 1/1/05-4/30/05; Corporate Finance Magazine 2004

Fixed Income: Global Investor 2004 FX Survey; Euromoney's 2004 Awards for Excellence

Institutional Equities: Independent survey from 1/1/04-12/31/04; Greenwich Associates 2005 Survey; 2004 Global Custodian "Prime Brokerage Survey"

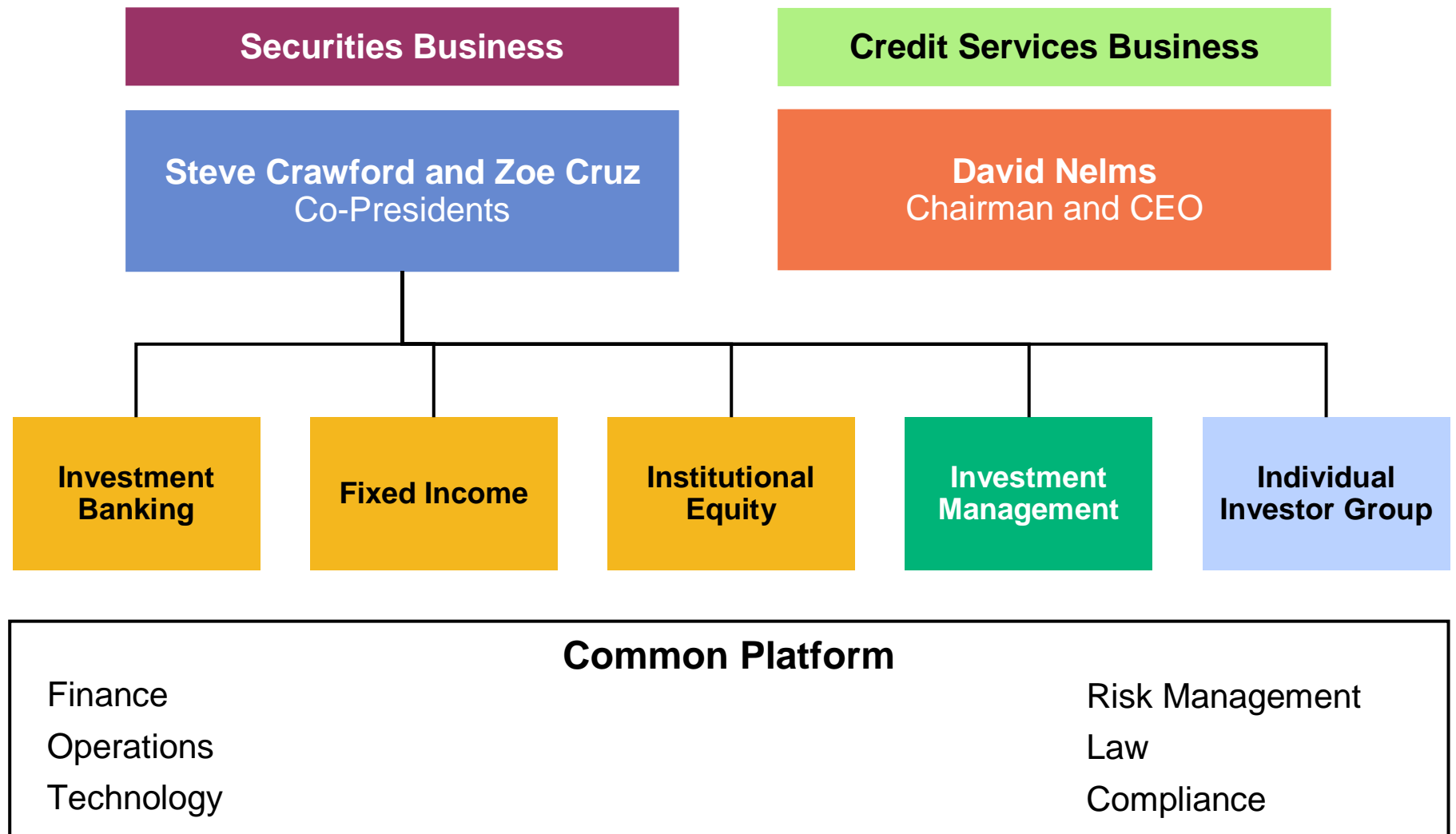
Individual Investor Group: Morgan Stanley SEC filings and 1Q05 Financial Supplement; Peer company 10-K filings and 1Q05 earnings releases; Cerrulli Associates Report 2004

Investment Management: Morningstar (Current data as of 3/31/05); Lipper (Current data as of 3/31/05), 1/3/5/10 year performance shown; Wall Street Journal 2004 "Category Kings"; Morgan Stanley SEC filings and 1Q05 Financial Supplement

Morgan Stanley

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.

Management Aligned With Strategy



Where Are We Now?

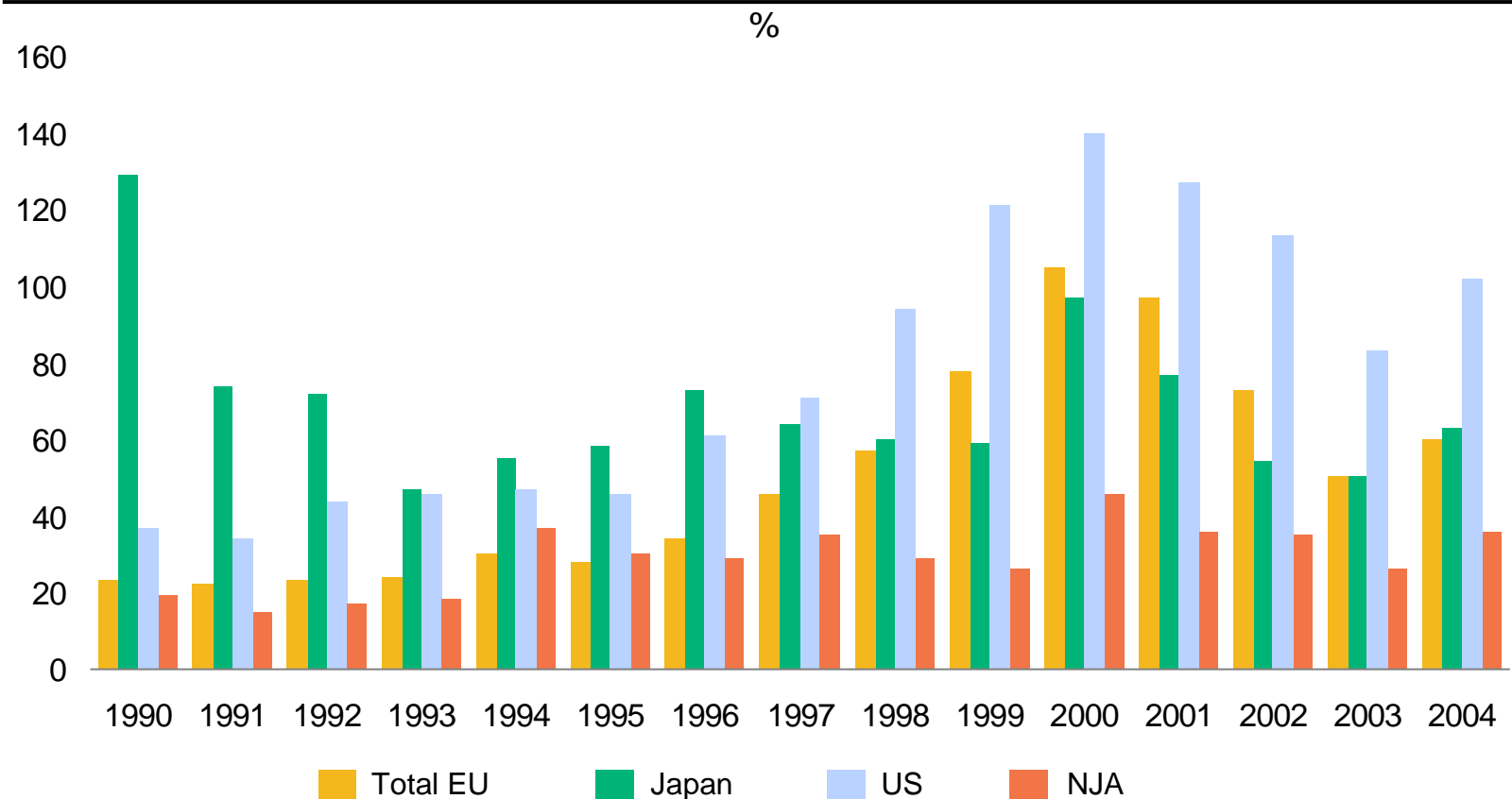
- Governance Changes
 - Created Lead Director Position
 - Adding Two Additional Outside Directors
 - Accelerated De-staggering of Board
 - Removed Requirement of Supermajority Vote
 - Reaffirmed Director Retirement Age of 72
 - Added to Compensation Committee Charter Management Development and Succession
- Three Key Constituencies
 - Employees
 - Clients
 - Investors
- Moving Forward

Global Equities Overview

Jerker Johansson
Head of Global Equities

The Evolution of the Total Market

Total Market Value as a % of GDP



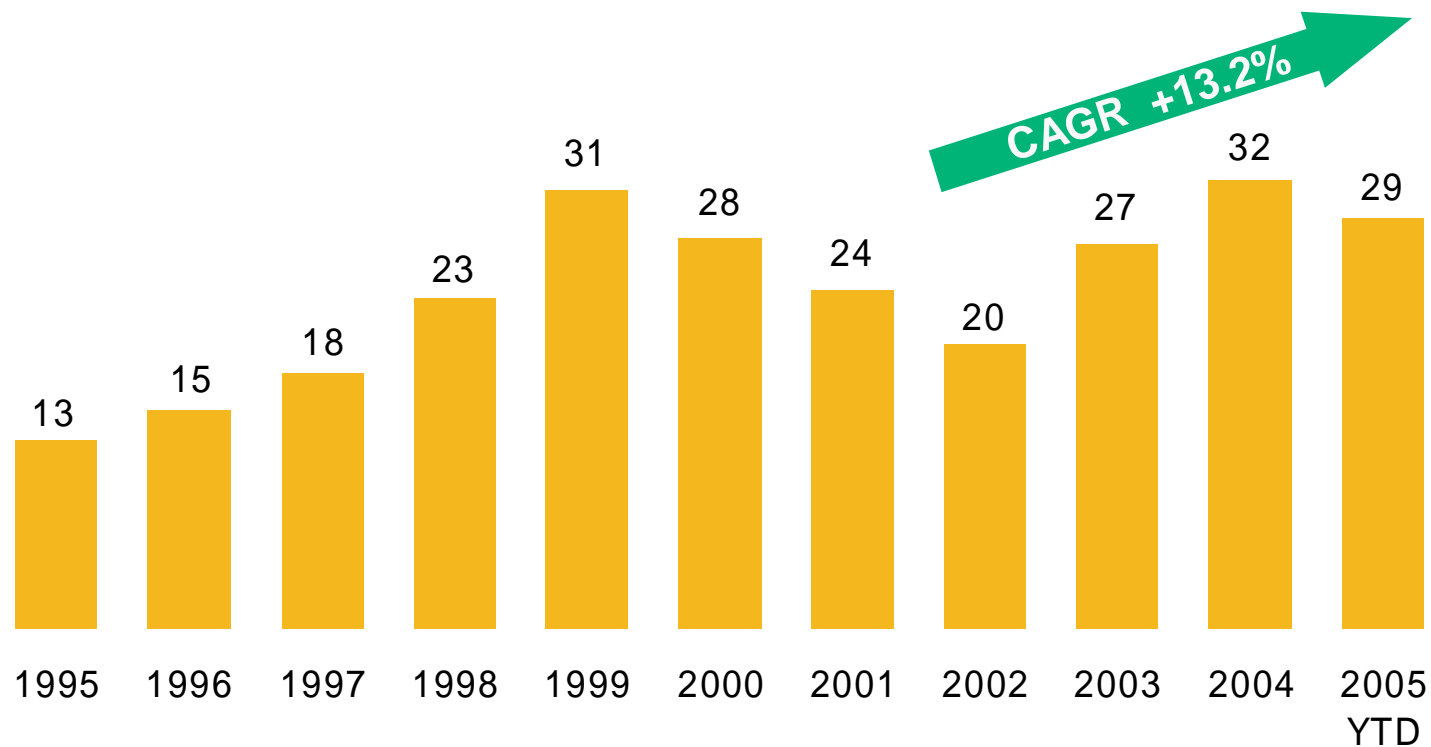
Source: Datastream and Morgan Stanley Research



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.

Market Value of Global Equity Market

\$ Trillions



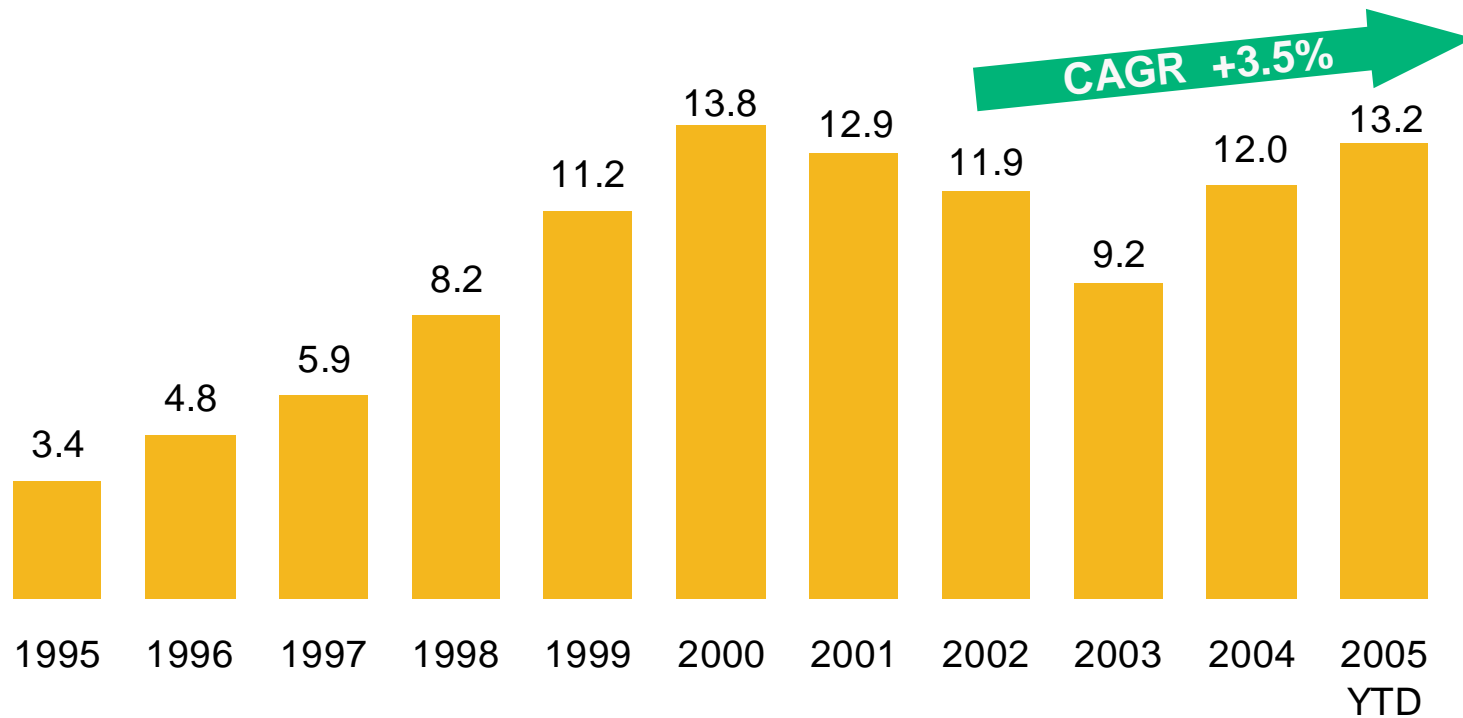
Source: Datastream and Morgan Stanley Research

Morgan Stanley

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.

Market Value of U.S. Equity Market

\$ Trillions



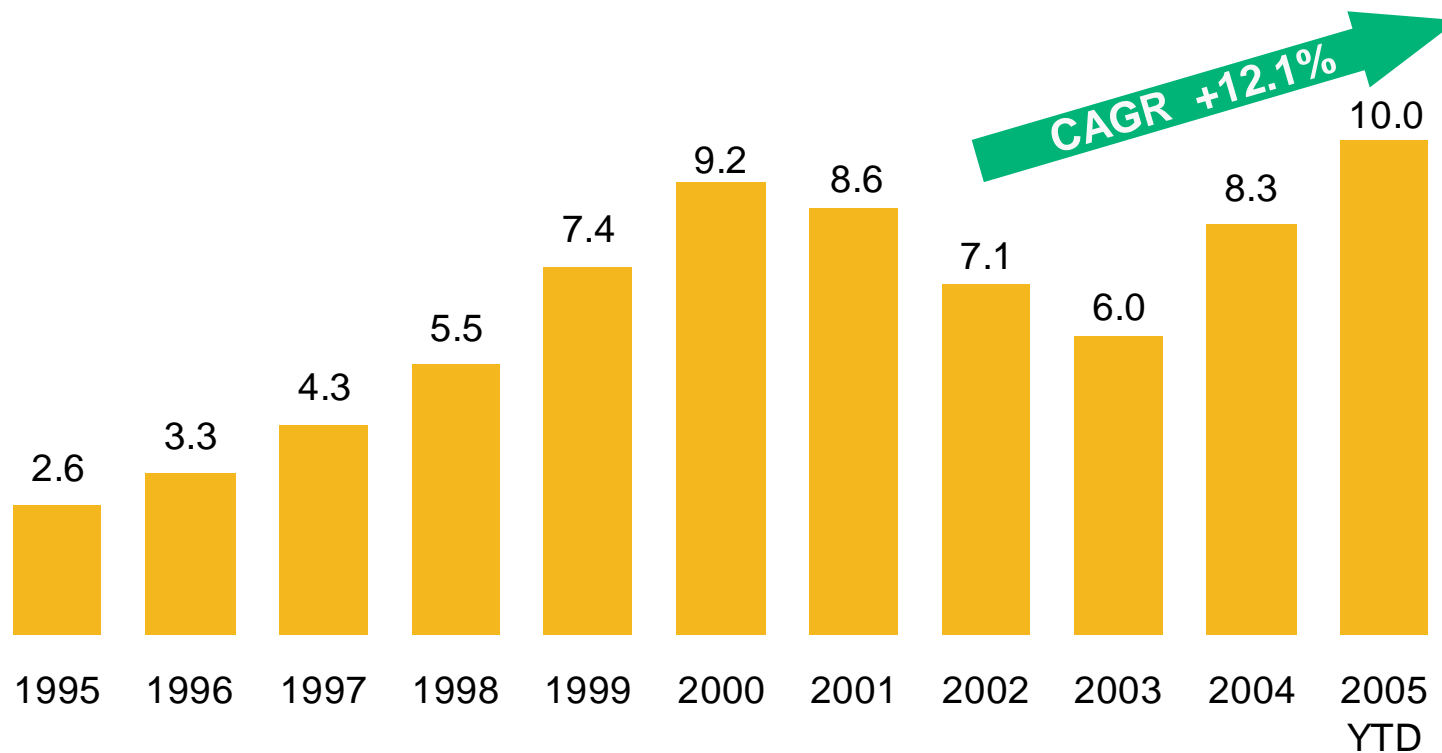
Source: Datastream and Morgan Stanley Research

Morgan Stanley

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.

Market Value of European Equity Market

\$ Trillions

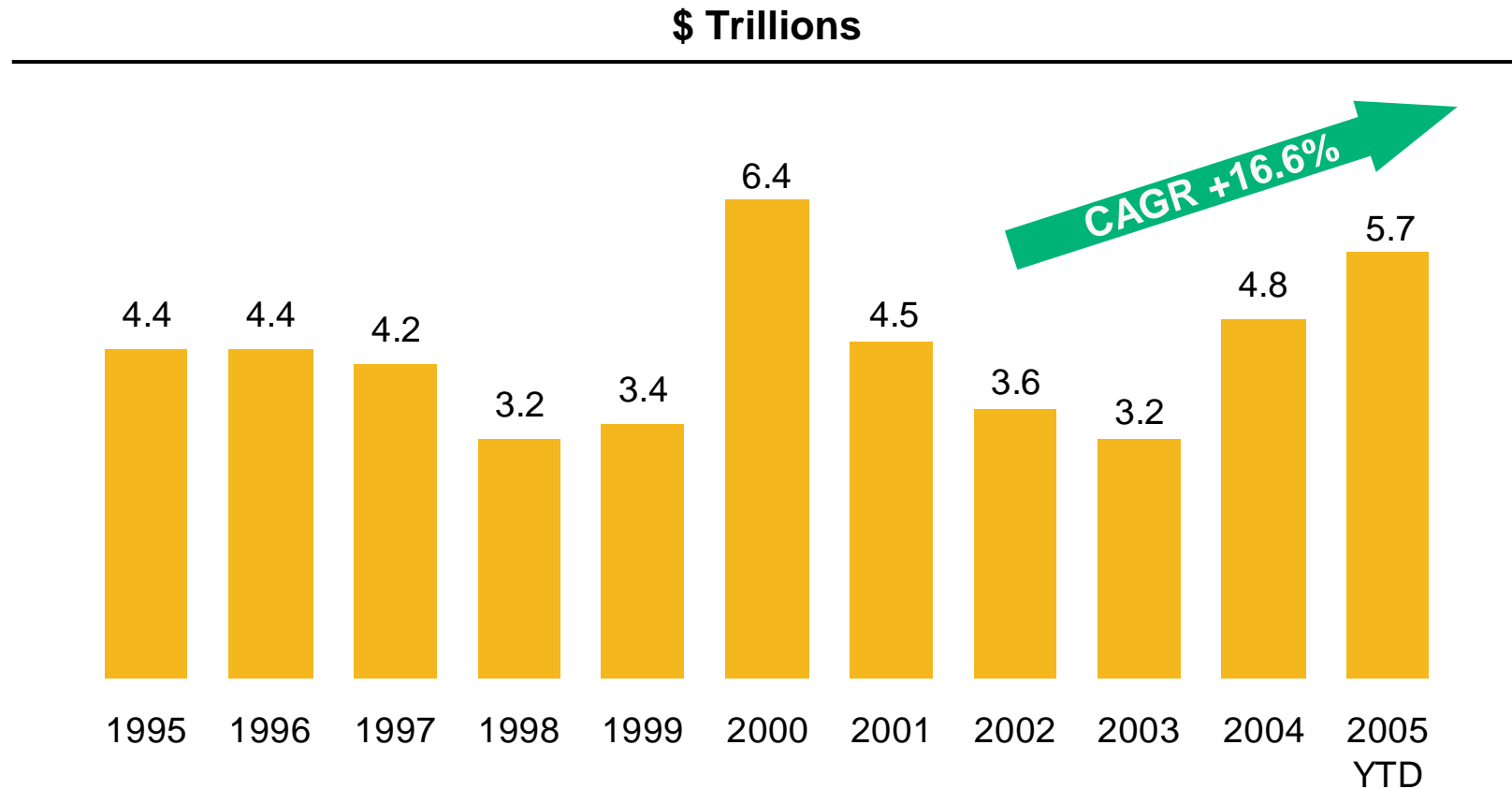


Source: Datastream and Morgan Stanley Research

Morgan Stanley

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.

Market Value of Asian Equity Market



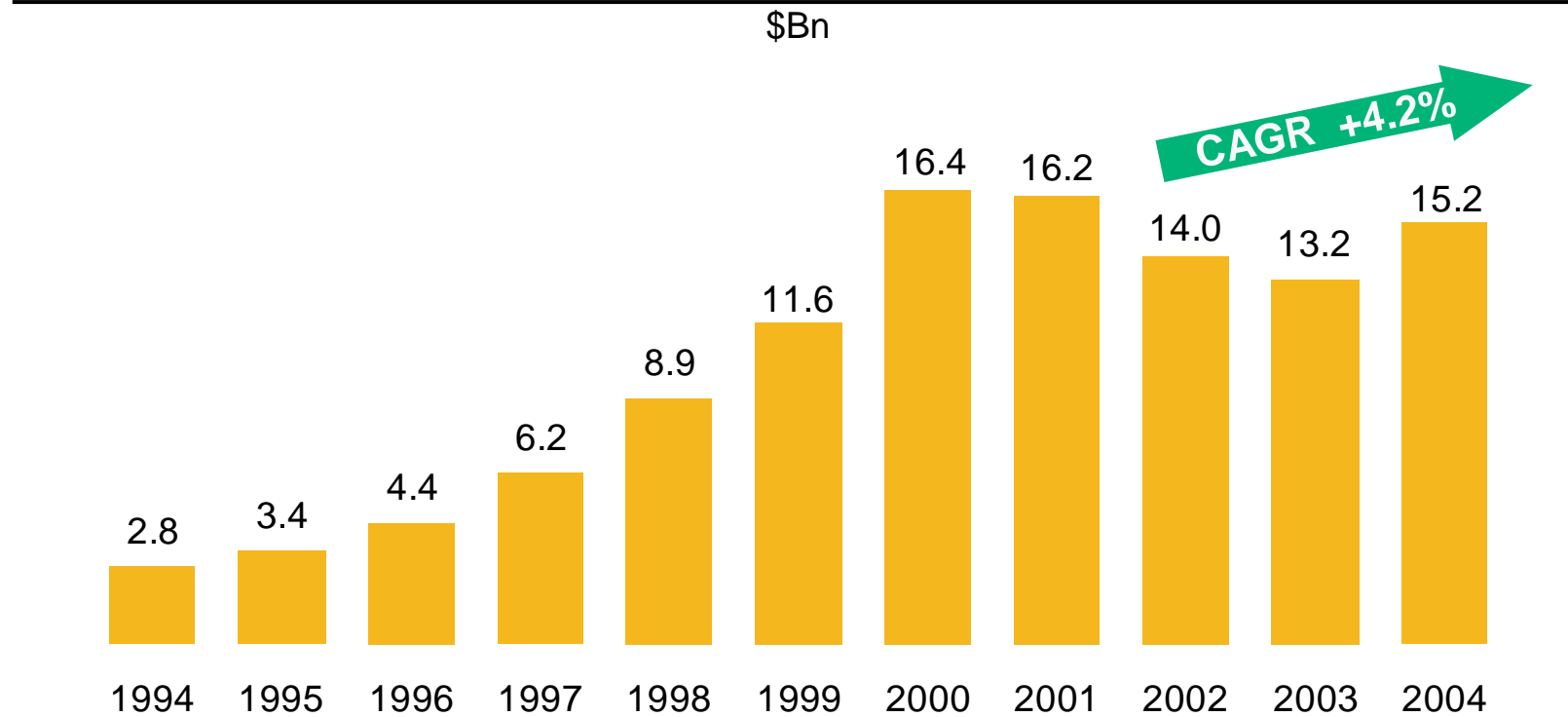
Source: Datastream and Morgan Stanley Research

Morgan Stanley

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.

Little Growth In Overall Commission Pot

Total Commissions Excluding New Issues



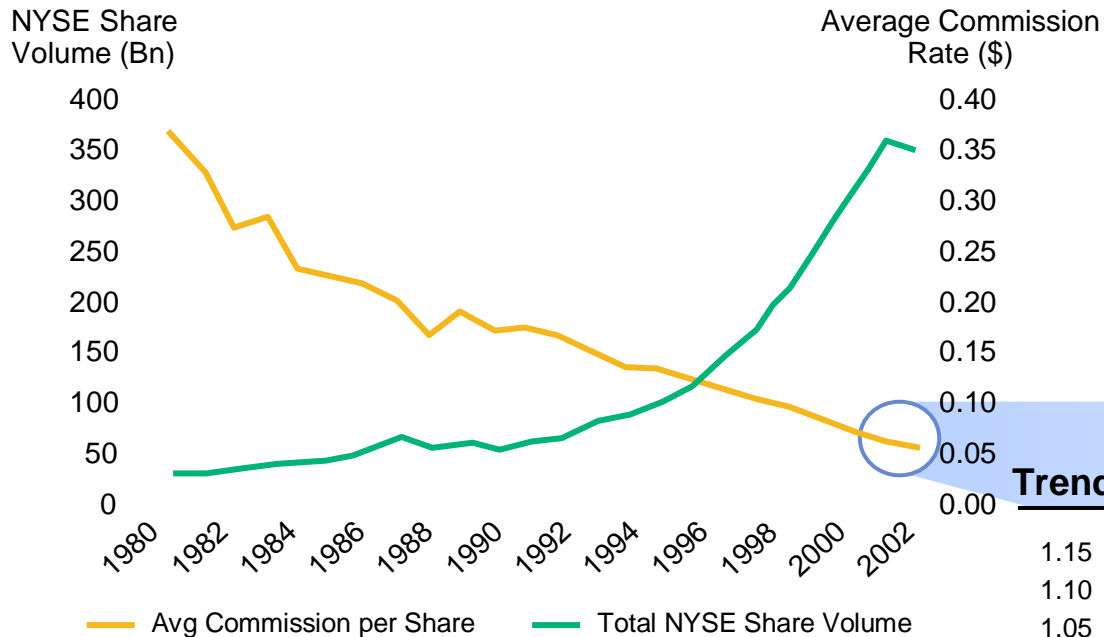
Source: Third Party Independent Research

Morgan Stanley

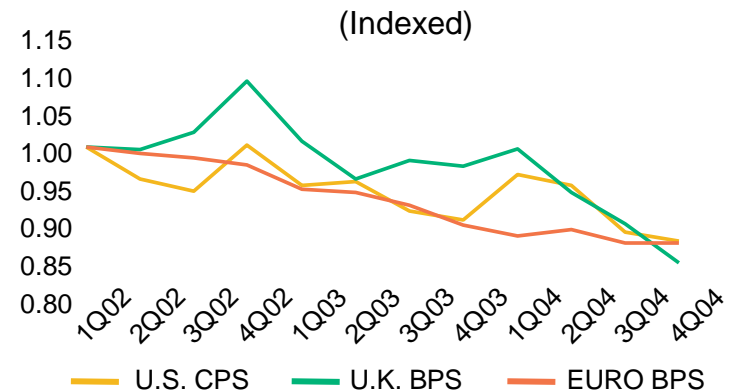
This slide is part of a presentation by Morgan Stanley and is intended to be viewed as part of that presentation. The presentation is based on information generally available to the public and does not contain any material, non-public information. No representation is made that it is accurate or complete. 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.

Margin Erosion Is A Constant – Requiring Innovation And Leadership In Low Cost Execution

Total NYSE Share Volume vs. Average Commissions Per Share



Trends in Morgan Stanley Commission Rates



Source: Securities Industry Association, NYSE, Morgan Stanley analysis



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.

Rise of Lower Margin Electronic Trading Is Key

... Morgan Stanley is #1 in Agency business on NYSE

Program Trading as a % of Total NYSE Trading Volume



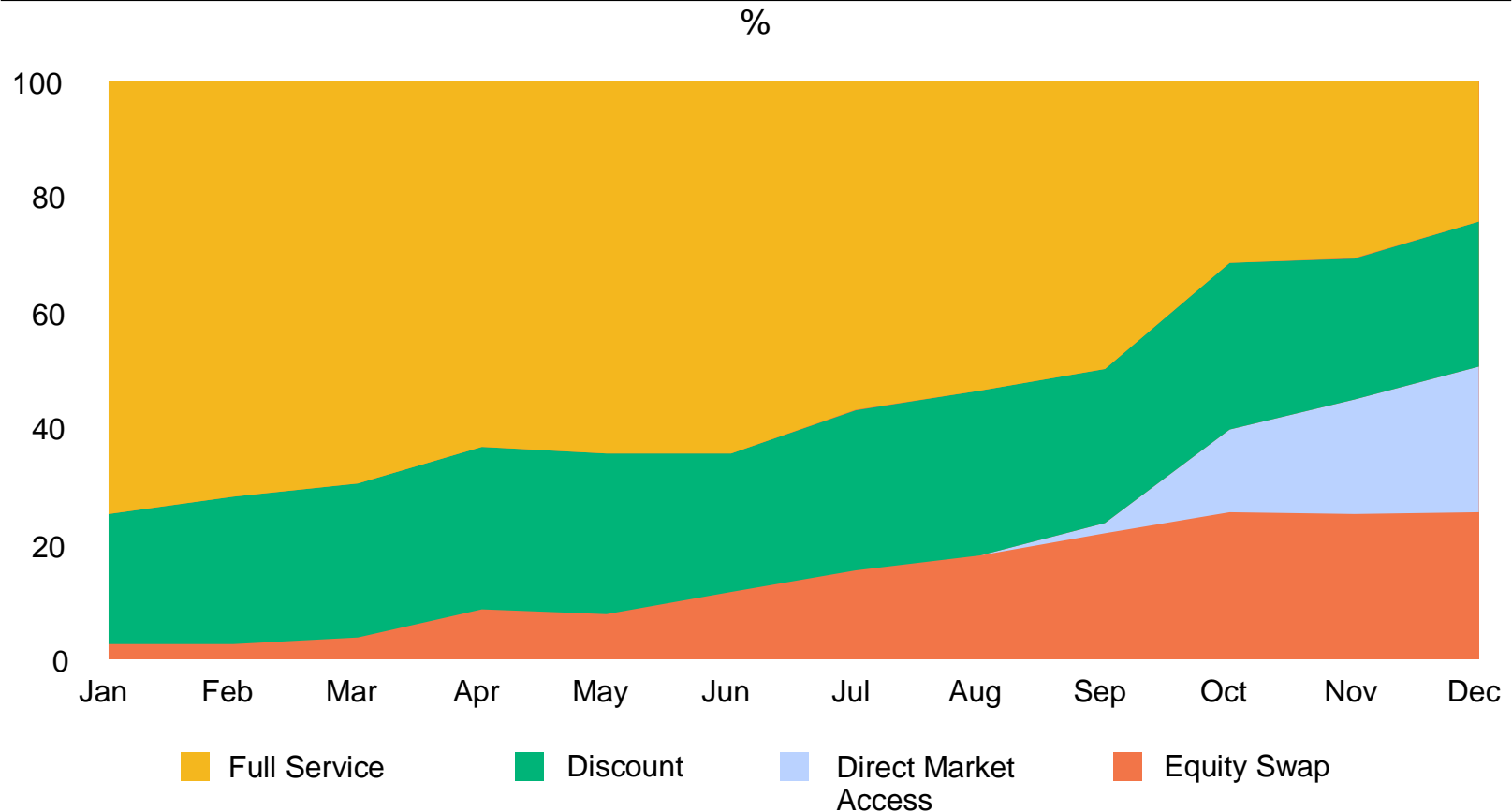
Source: NYSE

Morgan Stanley

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.

Changing Client Needs Require Innovation, Client Focus and Low Cost Execution

Case Study: One Client's Volume Traded By Broker Category in 2004



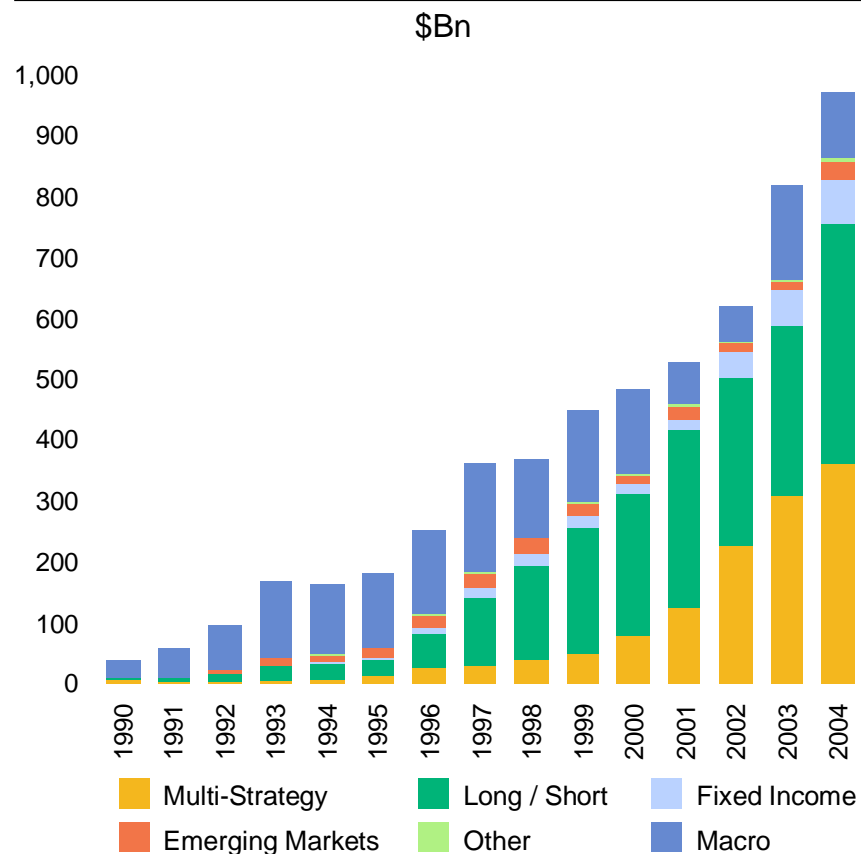
Source: Case Study of One Morgan Stanley Institutional Client

Morgan Stanley

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.

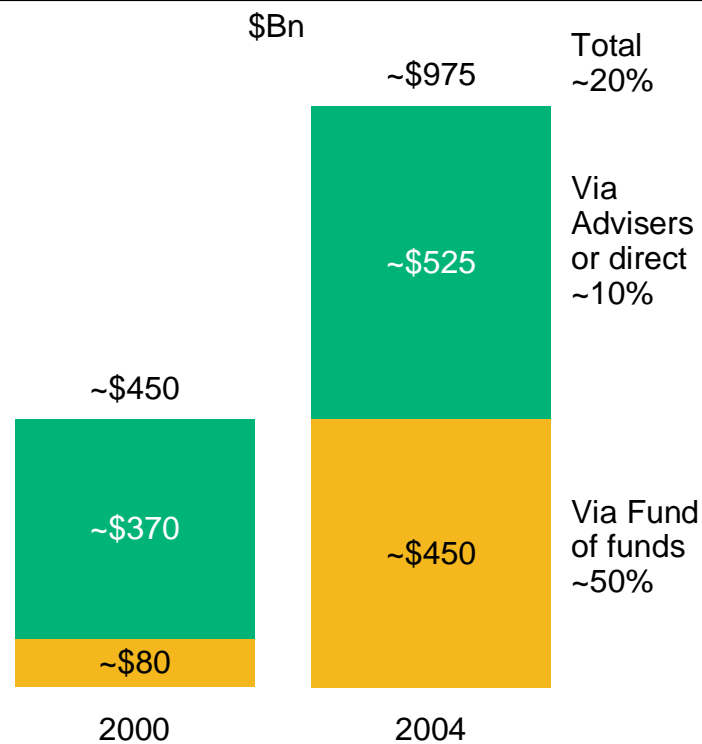
Growth of Alternative Investments Provides Numerous New Opportunities

Hedge Fund AUM by Strategy



Source: Morgan Stanley Equity Research

Hedge Fund of Funds Growth 2000 – 2004



Source: Morgan Stanley Equity Research

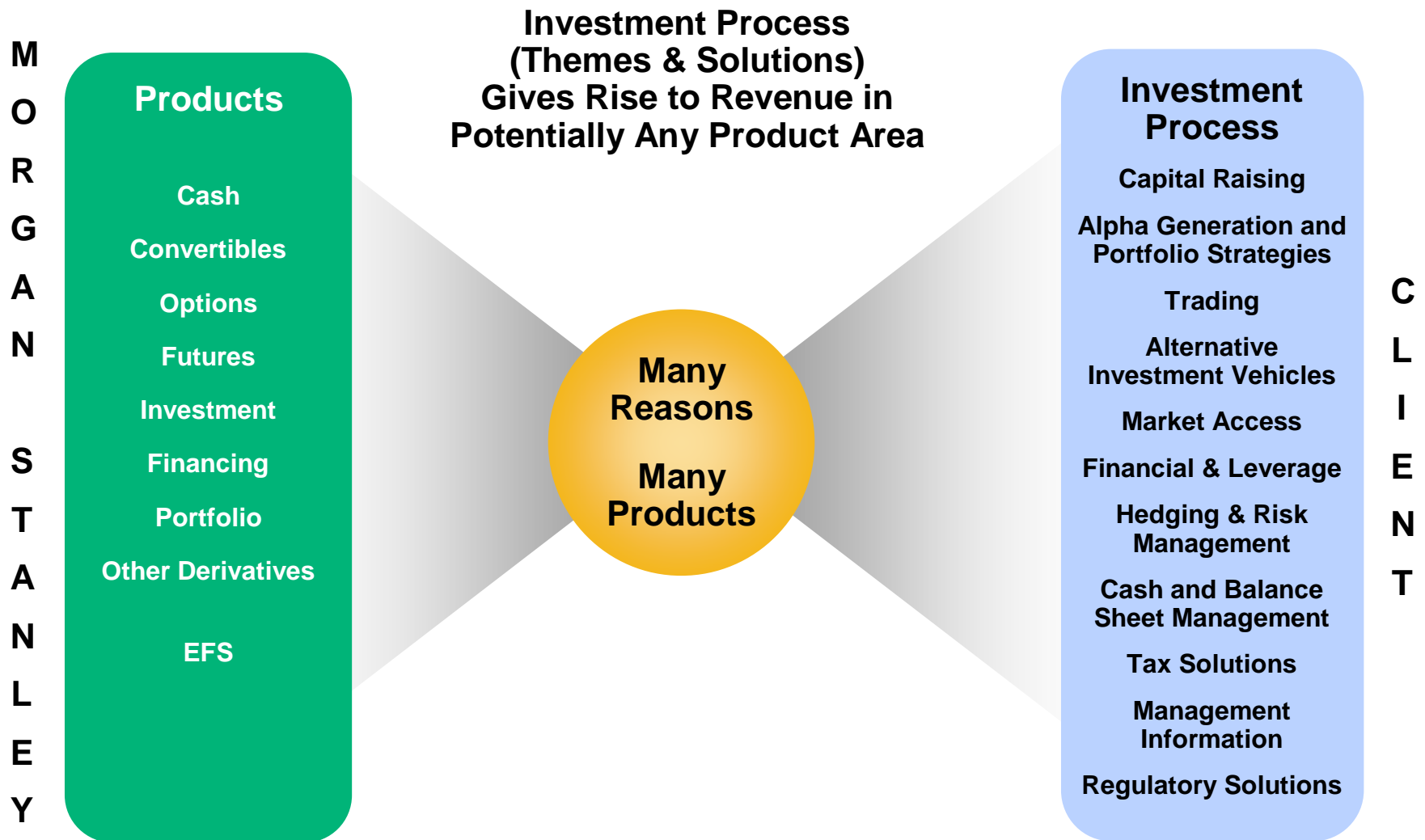


This slide is part of a presentation by Morgan Stanley and is intended to be viewed as part of that presentation. The presentation is based on information generally available to the public and does not contain any material, non-public information. No representation is made that it is accurate or complete. 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.

Greater Transparency Reinforced By Regulatory Change

- Expect greater transparency on all practices, especially retail fee levels and soft commissions, and prompt restructuring of practices
- Extensive review by the SEC, Spitzer, and the U.K. regulator FSA has acted as a catalyst for major review of practices and pricing
- Changes to capital adequacy regulations will require modestly higher capital to be put aside and drive further changes to business models

Helping Clients Across Their Entire Business



Brokers Face Two Choices

Global / Large or Specialist?

Global/ Large

- Diverse product set and cross asset class ability
- Technology
- Capital strength
- Willingness to take risk
- Global scale/ flows

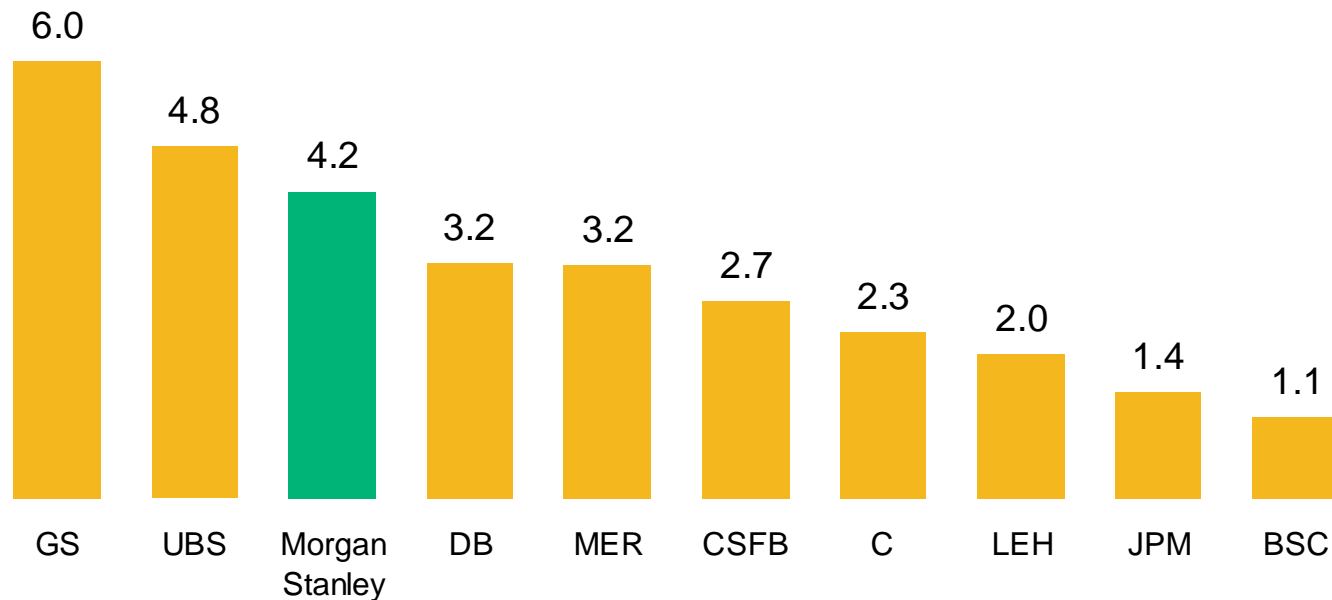
Specialist

- Clearly defined niche
 - Region or industry
 - Differentiated product
- Flexible business model
- Talent management
- Strong risk management and controls

Our Strategy

Morgan Stanley – A Global Leader in Equities

Global Equity Sales & Trading Revenues (2Q04-1Q05)⁽¹⁾
 (Cumulative Total, \$Bn)



Equity / Total Firm Revenue (%)	GS	UBS	Morgan Stanley	DB	MER	CSFB	C	LEH	JPM	BSC
	28	16	17	11	14	6	3	16	3	16

Source: Morgan Stanley SEC filings and peer company earnings releases

Note: (1) See Appendix at end of presentation for details on company-specific Equity Sales & Trading revenue disclosure

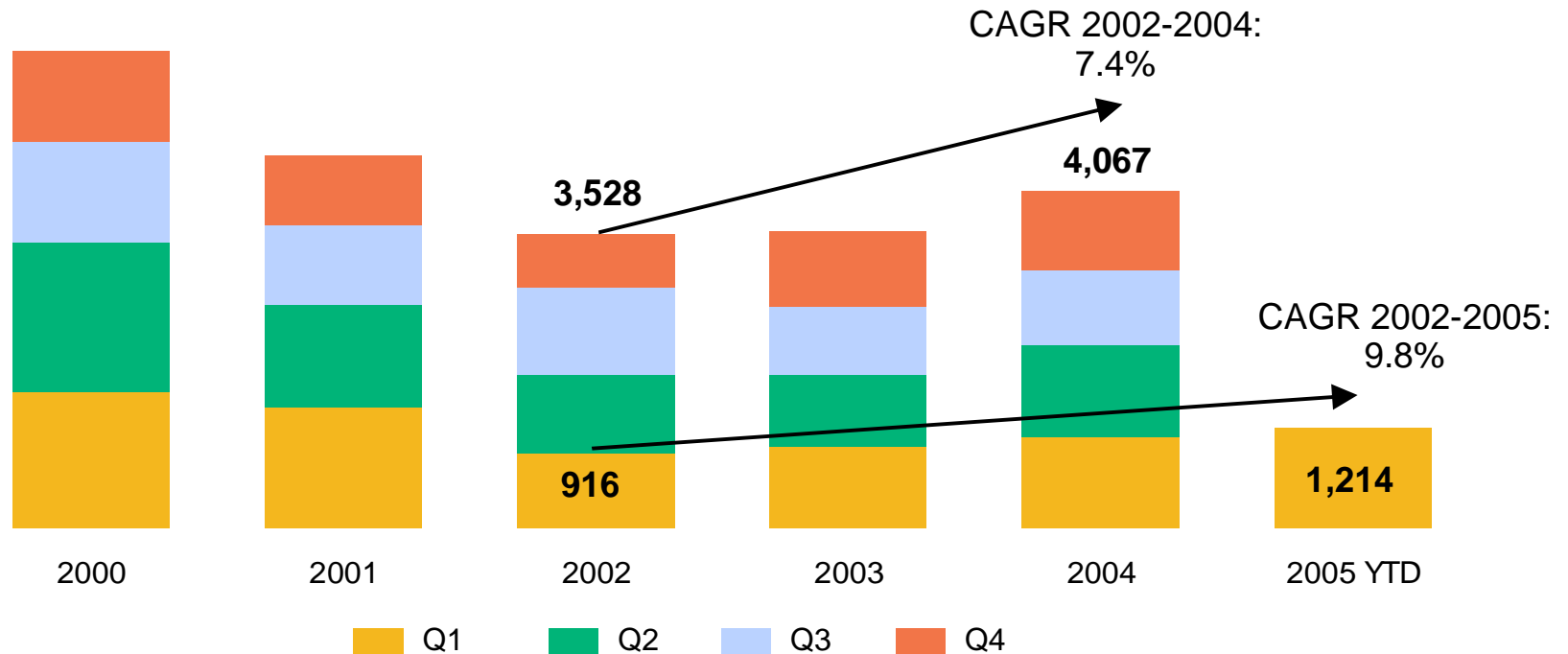


This slide is part of a presentation by Morgan Stanley and is intended to be viewed as part of that presentation. The presentation is based on information generally available to the public and does not contain any material, non-public information. No representation is made that it is accurate or complete. 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.

Momentum Across Global Equities Business

Morgan Stanley Equity Sales & Trading Revenues

(\$MM)



Source: Morgan Stanley SEC filings

Morgan Stanley

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.

Leadership Across Key Equity Segments

Cash

- Global Equity House of the Year (IFR)
- #1 Equity secondary trading (Euromoney)
- #1 in Greenwich Trading Quality Index

Prime Brokerage

- Best in Class Prime Brokerage in Global Custodian Prime Brokerage Survey
- #2 Euromoney Award for Best Technology for Prime Brokerage
- #2 Euromoney Award for Electronic Prime Brokerage

Electronic Trading

- #1 Euromoney Award for Best at Direct Market Access (DMA)
- #1 Euromoney Award for Best at Algorithmic Trading
- #1 Euromoney Award for Best Technology for Programme Trading

Derivatives

- #2 Euromoney Award for Most Used Derivatives Platform

Leadership in Europe and Asia Awards

- European Secondary House of the Year (Financial News European Investment Banking Awards)
- European Equity Bookrunner of the Year (International Equity Review 2005)
- Japanese Equity-Linked Bookrunner of the Year (International Equity Review 2005)
- Best Equity House in China (Euromoney)

Source/Notes: Independent survey from 1/1/04-12/31/04; Greenwich Associates 2005 Survey; 2004 Global Custodian "Prime Brokerage Survey", Euromoney Awards 2004, Independent Financial Review (IFR) 2004, International Equity Review 2005

Global Equities Strategy

Profitability / Market Share / Wallet Share

- Product / Service**
- Differentiated
 - Advisory
 - Solutions
 - “Best in Class”

- Optimize Factory**
- Talent
 - Cost
 - Capital
 - Insights

Client

- Global Reach
- Full Service
- Segmentation

Focus Areas

- Talent Management
- Trading / Risk Management
- Equity Derivatives
- Client Profitability / Growth
- New Product Development
- Retail Distribution

Appendix

Appendix: Notes to Accompany Slide 24

Revenue Sources and Disclosure

Note 1: Morgan Stanley results are as reported in quarterly financial supplements

Note 2: Goldman Sachs equity revenue includes Total Equities and Securities Services

Note 3: Lehman Brothers equity revenue reflects total revenues of equity business

Note 4: Merrill Lynch equity revenue includes Global Markets and Investment Banking (GMI) Equities Principal Transactions revenue and all GMI Commissions revenue

Note 5: Citigroup figures include equities trading-related revenues (including net interest income) and equities commissions. Also includes revenues reflecting minority stake in Nikko Citigroup JV

Note 6: JP Morgan equity revenue reflects "Total Capital Markets: Equities" revenue at Investment Bank – includes principal transactions, commissions, and other revenues. JP Morgan figures reflect the combined entity of JP Morgan Chase and Bank One Corporation, as provided in its 3Q04 earnings release and Form 8-K filed October 1, 2004

Note 7: CSFB equity revenue reflects total revenues of equity business

Note 8: UBS equity revenue Reflects total revenues of equity business; converted to USD from CHF based on a daily average of each quarterly period

Note 9: Deutsche Bank equity revenue reflects total revenues of equity business; figures are converted from EUR to USD based on a daily average of each quarterly period

Sources: Morgan Stanley SEC filings and peer company filings



David H. Sidwell, Chief Financial Officer
Jerker Johansson, Global Head of Equities

May 17, 2005