Morgan Stanley

European Banks Conference

Colm Kelleher

Executive Vice President and Chief Financial Officer

April 1, 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 and Current Reports on 8-K, including any amendments thereto, which are available on www.morganstanley.com.

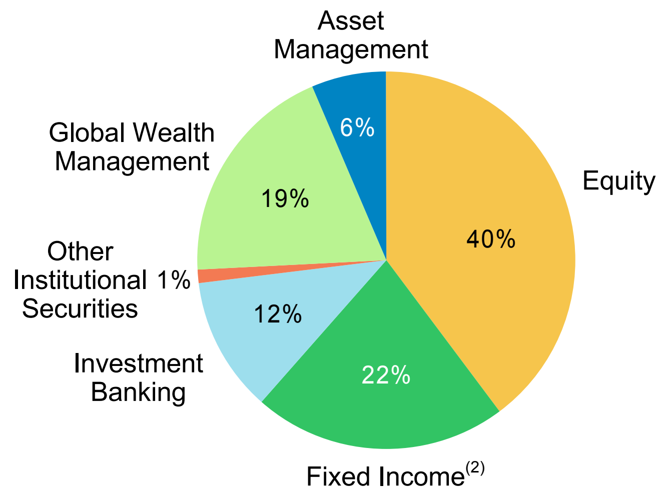
This presentation may contain forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made, which reflect management’s current estimates, projections, expectations or beliefs and which are subject to risks 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, “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.

Consolidated Financial Highlights – 1Q08

Highlights

Net Revenues	**$8.3Bn**
PBT	**$2.2Bn**
Diluted EPS	**$1.45**
Pre-tax Margin	**27%**
ROE – Annualized Cont. Ops.	**19.7%**
Adjusted Leverage Ratio	**16.0x**
Book Value per Share	**$29.11**

Net Revenue Composition[1]



Source: Morgan Stanley SEC Filings and 1Q08 Financial Supplement

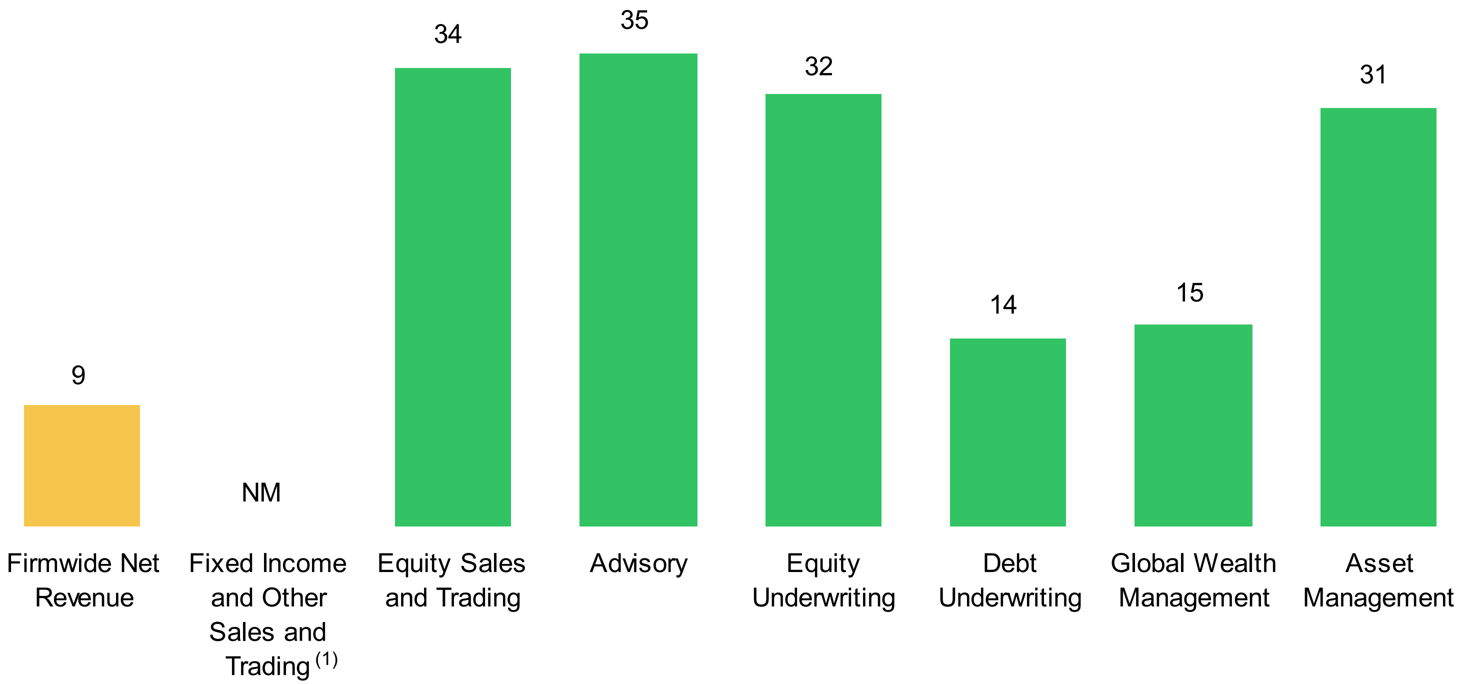
(1) Net revenue composition excludes ($40mm) of Intersegment Eliminations.

(2) 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.

Business Segments Growth

2005 to 2007 Business Segments Net Revenue CAGR

(%)

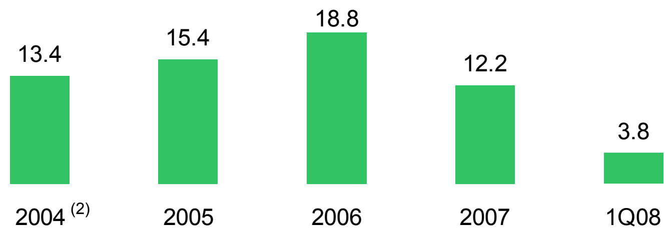


Source: Morgan Stanley SEC Filings and Earnings Releases

(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.

Regional Net Revenue Growth

Americas[(1)]
($Bn)

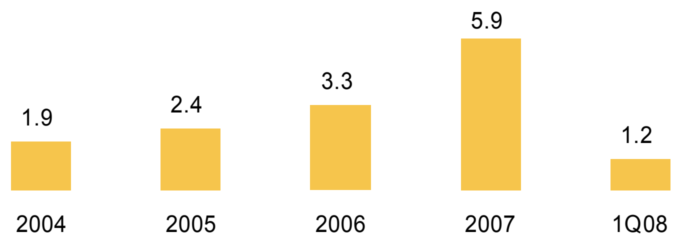


	2004	2005	2006	2007	1Q08
% Total	66%	65%	63%	43%	46%

Europe, Middle East and Africa
($Bn)

	2004	2005	2006	2007	1Q08
% Total	24%	24%	26%	36%	39%

Asia
($Bn)



	2004	2005	2006	2007	1Q08
% Total	10%	11%	11%	21%	15%

- Americas net revenues grew 40% between 2004 and 2006
  - Excluding the mortgage related loss, 2007 net revenues grew 10% from 2006
- EMEA net revenues were $10Bn in 2007, 2x larger than 2004
- Asia net revenues were almost $6Bn in 2007, 3x larger than 2004 and roughly 2x larger than 2006

Source: Morgan Stanley SEC Filings and Earning Releases
(1) Includes U.S., Canada, Latin America and Other.
(2) 2004 includes ($1.35mm) of Eliminations.

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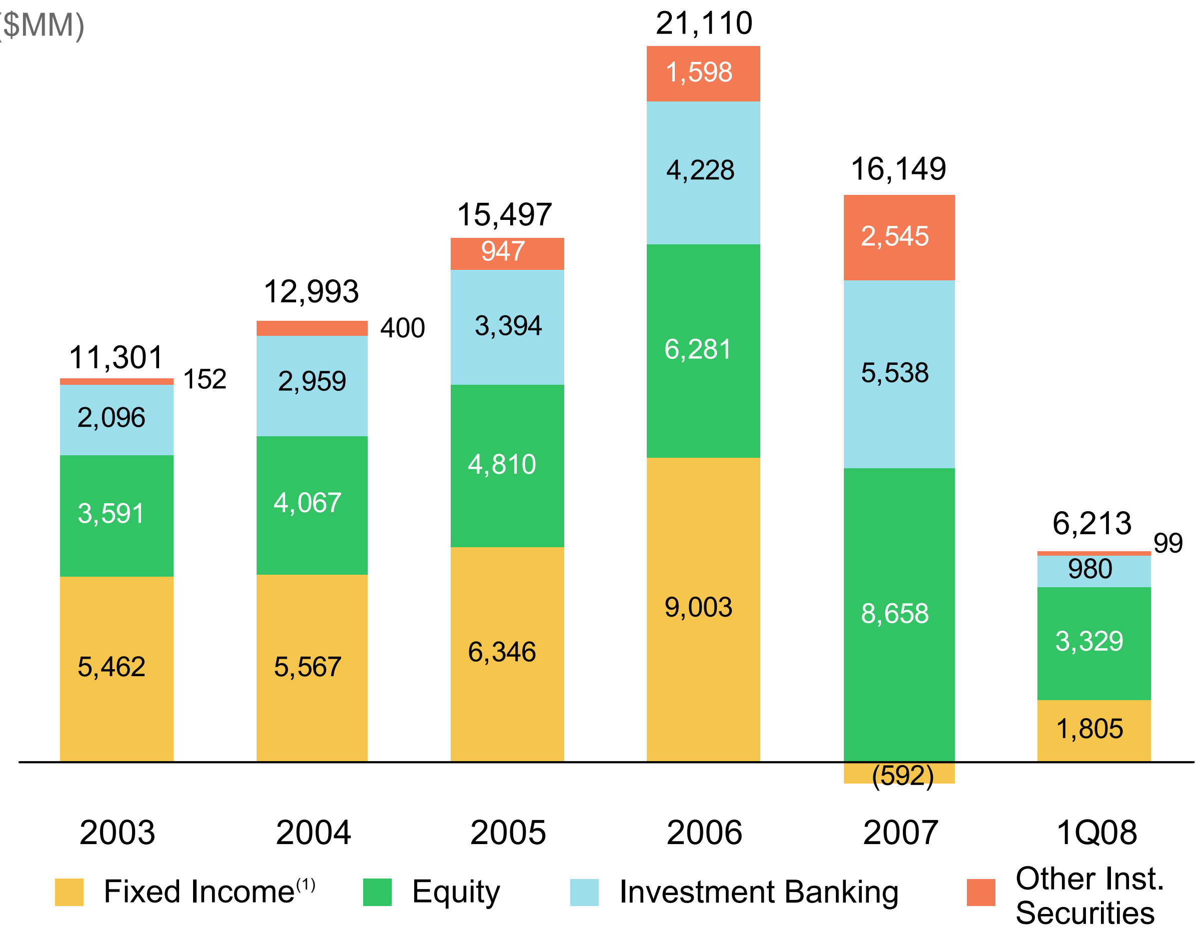
Institutional Securities

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.

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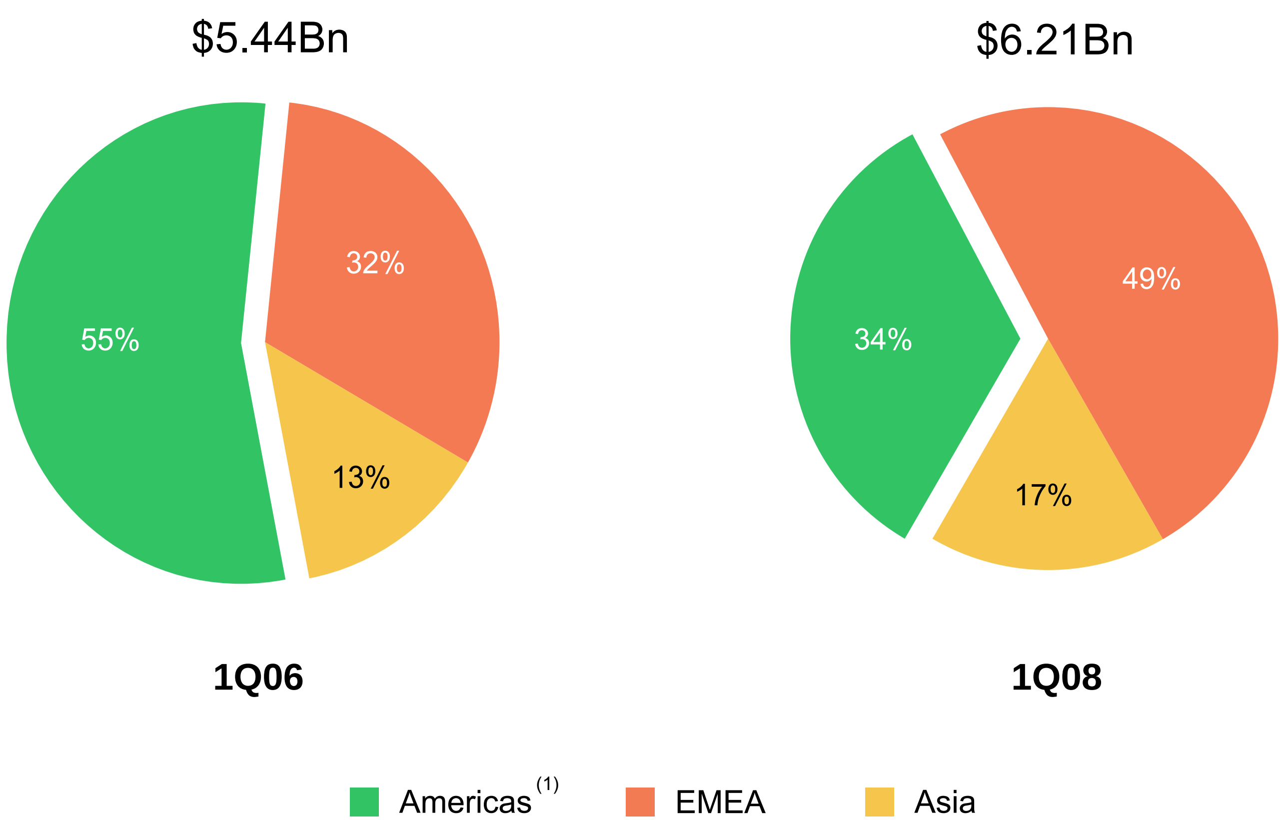
Institutional Securities Regional Net Revenue

Regional Net Revenue Composition

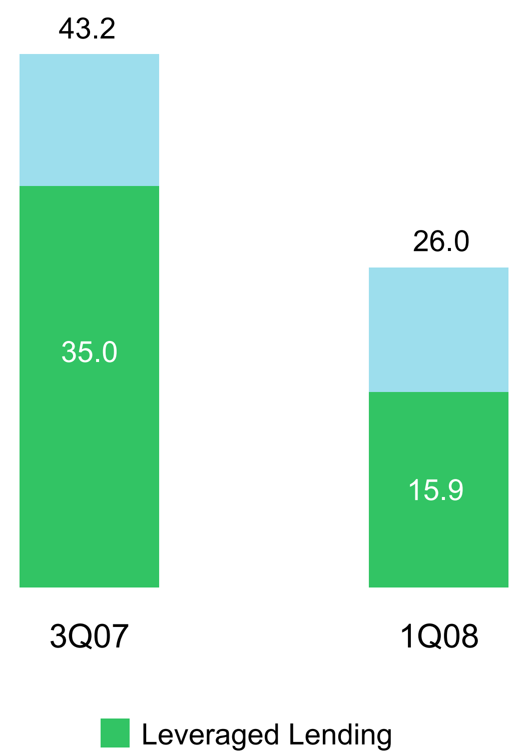


Source: Morgan Stanley SEC Filings and Earnings Releases
(1) Includes U.S., Canada, Latin America and Other.

Managing Net Exposures

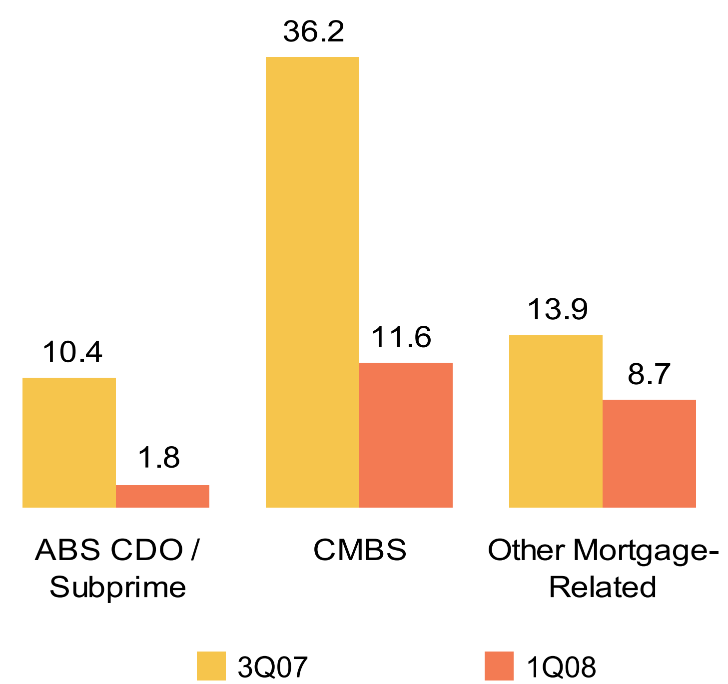
Non-Investment Grade Corporate Funded Loans plus Lending Commitments

($Bn)



Mortgage Related Net Exposure(1)

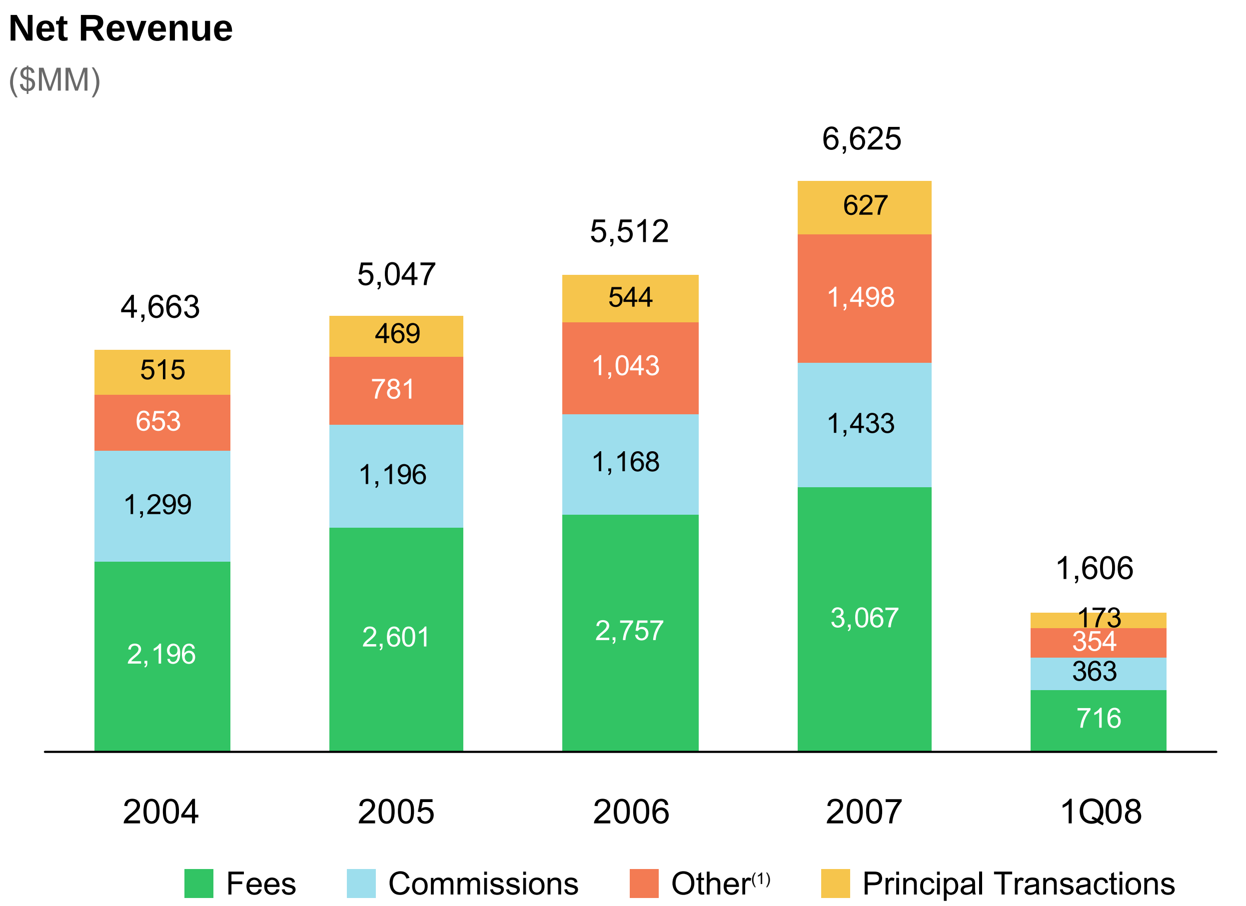
($Bn)



Source: Morgan Stanley SEC Filings, Earnings Releases and Earnings Conference Calls

(1) Net Exposure is defined as potential loss to the Firm in an event of 100% default, assuming zero recovery, over a period of time. The value of these positions remains subject to mark-to-market volatility. Positive amounts indicate potential loss (long position) in a default scenario. Negative amounts indicate potential gain (short position) in a default scenario.

Global Wealth Management



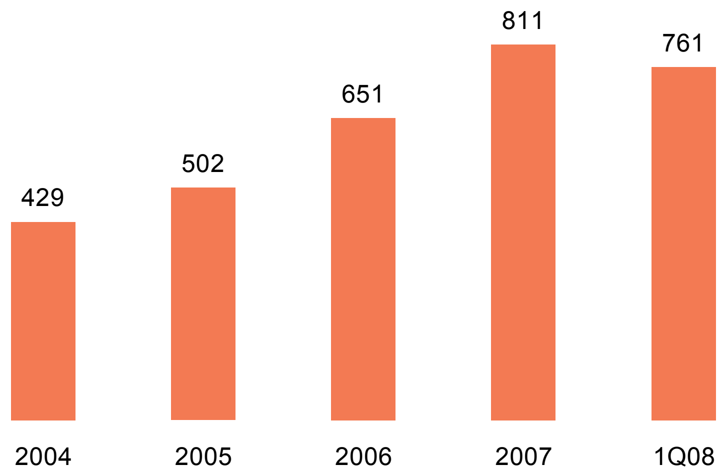
Source: Morgan Stanley SEC Filings and Earnings Releases

(1) "Other" includes Investment Banking, Net Interest and Dividends, and Other revenues.

Global Wealth Management

Financial Advisor Productivity[1]

($000)

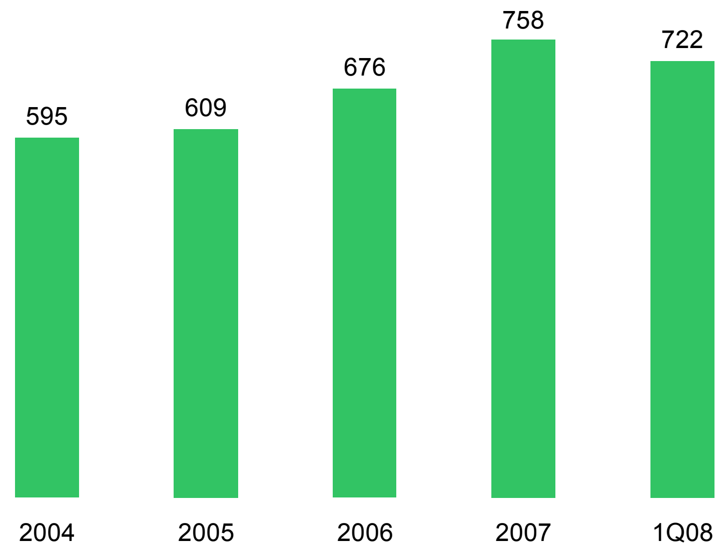


Assets per Financial Advisor ($MM)[2]

55	65	85	90	85

Total Client Assets

($Bn)



Net New Assets ($Bn)[3]

11.6	(2.7)	8.5	40.0	11.4

Source: Morgan Stanley SEC Filings and Earnings Releases

(1) Annualized revenue divided by average global representative headcount.

(2) Total client assets divided by period end global representative headcount.

(3) Represents net new assets in the U.S. broad-based branch system.

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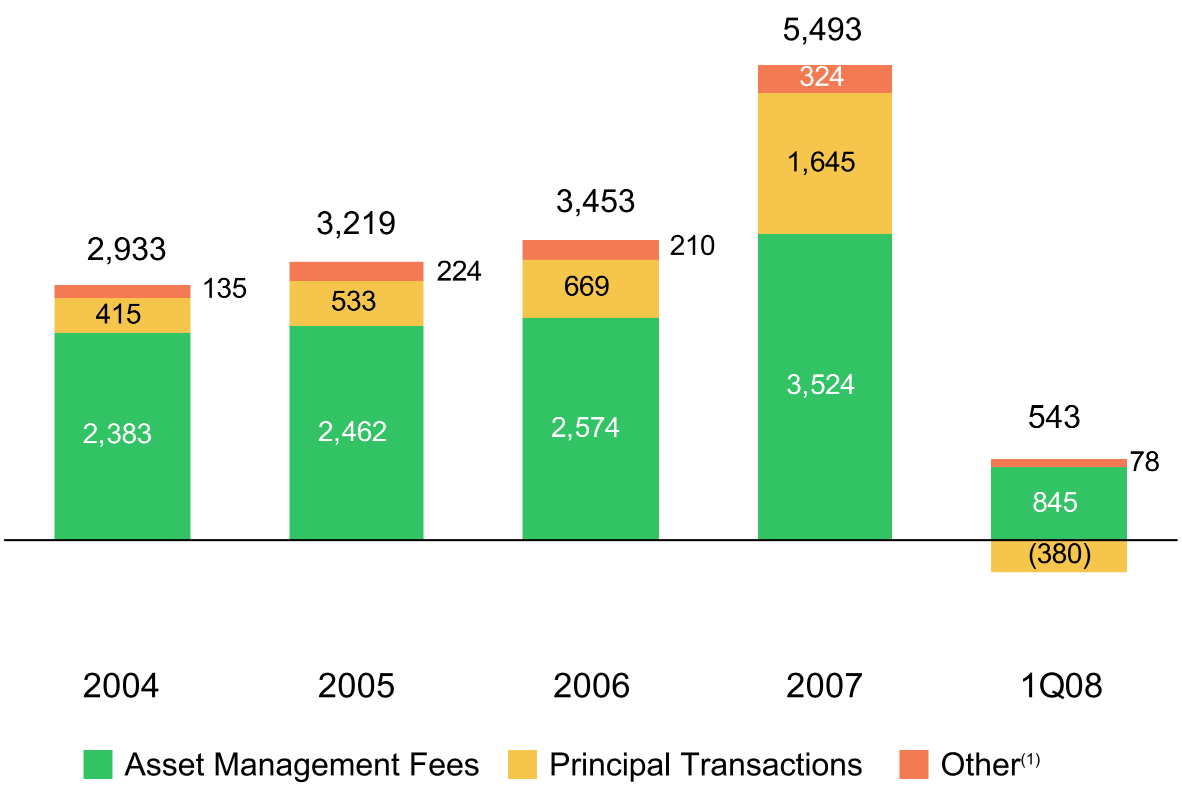
Asset Management

Net Revenue

($MM)



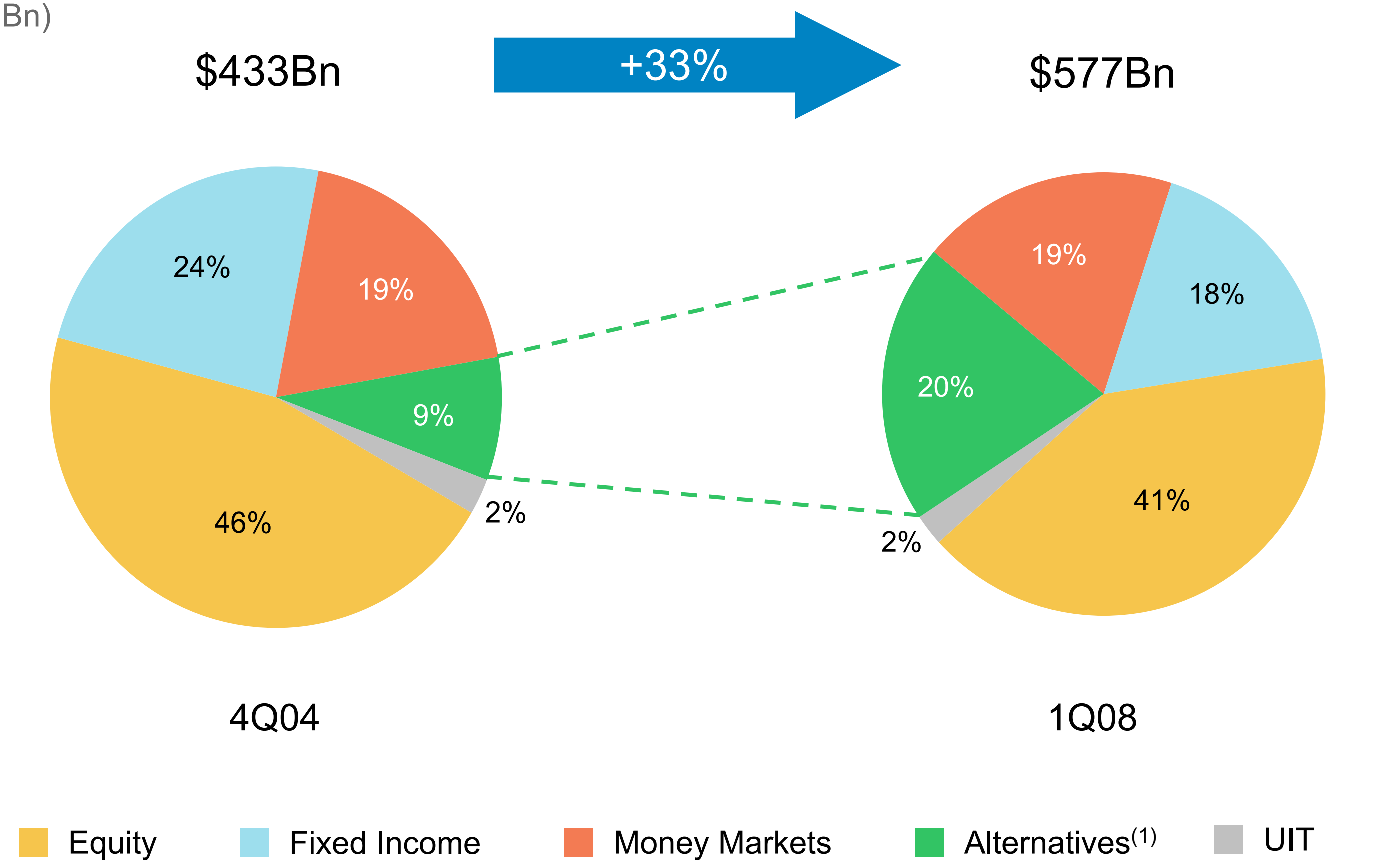
Source: Morgan Stanley SEC Filings and Earnings Releases

(1) "Other" includes Investment Banking, Commissions, Net Interest and Dividends, and Other revenues.

Asset Management

Assets Under Management Composition

($Bn)



Source: Morgan Stanley SEC Filings and Earnings Releases

(1) Alternatives includes share of minority interests.

Capital and Liquidity

Three Key Tenets

Capital

- ROE of nearly 20%
- Temporarily suspended share buyback program
- CIC Investment

Liquidity

- Reduced re-financing risk
- Strengthened liquidity position at the parent level

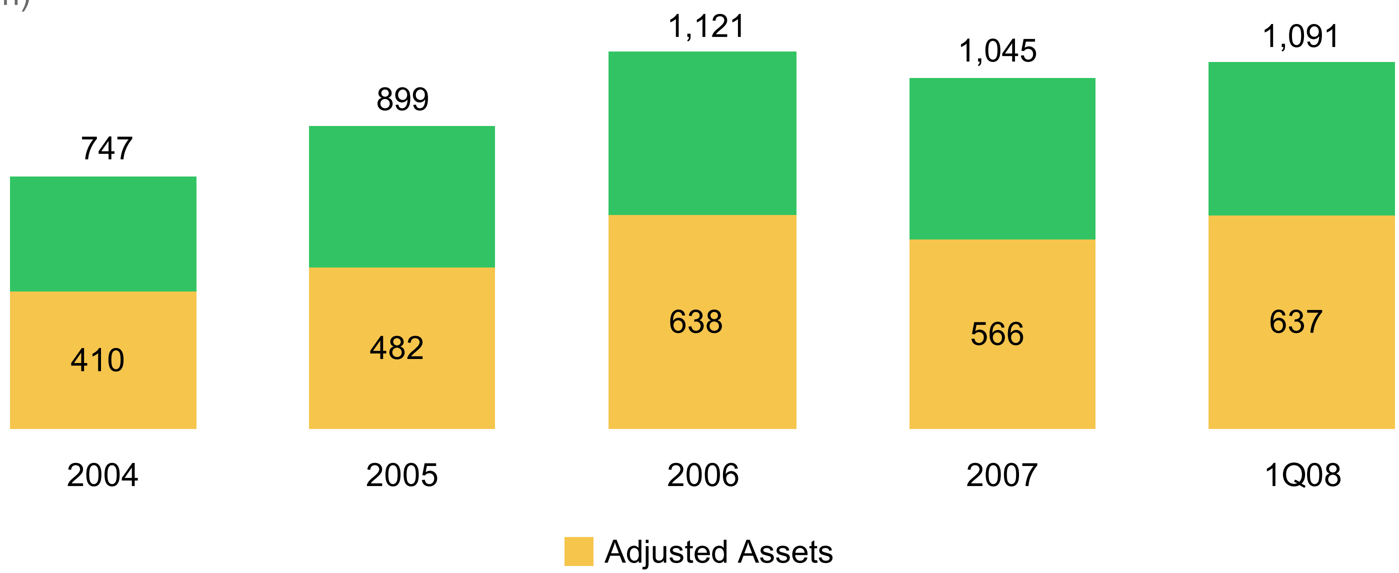
Balance Sheet

- Reduced both gross and adjusted leveraged ratios during 1Q08

Active Capital Management

Total Assets

($Bn)



	2004	2005	2006	2007	1Q08
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

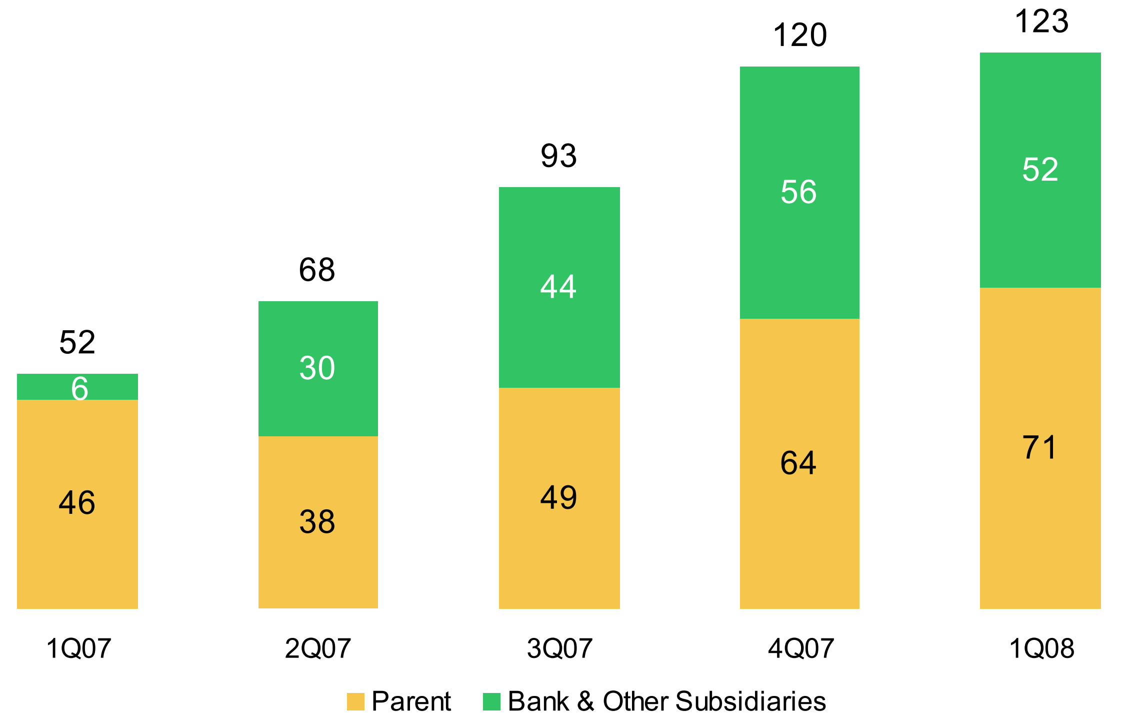
(1) Gross leverage ratio equals total assets divided by tangible shareholders' equity.

(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

Key Franchise Strengths

- **Fixed Income**
  - Interest Rate, Currencies and Emerging Markets benefit from higher volatility and flows
  - Commodities – broadening business

- **Equity**
  - Cash, Derivatives and Prime Brokerage benefit from higher volatility and flows
  - Prime Brokerage – Predominantly equity oriented with conservative asset based lending standards

- **Advisory**
  - Top tier advisory
  - Pipeline remains healthy
  - Clients engaged in strategic conversations

- **Underwriting**
  - Investment grade debt backlog remains strong
  - Equity and debt underwriting volumes down but less than industry

- **Global Wealth Management**
  - High FA productivity and fee-based emphasis will mitigate slower market activity
  - Capitalize on wealth creation in non-U.S. markets

- **Asset Management**
  - New product offerings will generate flow momentum
  - Building out international business and coverage of sovereign wealth funds

Outlook

Macro Environment

- Balance sheet de-leveraging
- De-risking
- Distribution model challenged
- Credit markets dislocated

Business Opportunities

- Core client franchise excels in high market volatility and trading volumes
- Investment Banking clients engaged in strategic discussions
- Emerging markets remains top area of investment
- Higher producing Global Wealth Management sales force
- Investment opportunities in Merchant Banking despite near term pressures

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