Morgan Stanley

Morgan Stanley & Co. Incorporated
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SEC-Required Report on Routing of Customer Orders
For Quarter Ending June 30, 2008

The Securities and Exchange Commission ("SEC" or "Commission") Rule 606 (the "Rule") requires all brokerage firms to make publicly available quarterly reports that present a general overview of the Firm's routing of non-directed customer orders in covered equity and option securities. Non-directed orders are orders that customers have not specifically instructed to be routed to a specific destination. For these non-directed orders, Morgan Stanley & Co. Incorporated ("Morgan Stanley") has selected the execution venue on behalf of its customers. In addition, Morgan Stanley must identify the significant venues to which it routed customer orders for execution during the applicable quarter. To obtain information about the rule, you may access the following web site addresses: http://www.sec.gov/rules/final/34-43590.htm and http://www.sec.gov/interps/legal/mrslb13a.htm.

The report is divided into four sections: one for securities listed on the New York Stock Exchange and reported as a Network A eligible security; one for securities listed on The Nasdaq Stock Market; one for securities listed on the American Stock Exchange or regional exchanges and reported as a Network B eligible security; and one for exchange-listed options. For each section, this report identifies the venues most often selected by Morgan Stanley, sets forth the percentage of various types of orders routed to the venues, and discusses the material aspects, if any, of Morgan Stanley's relationship with the venues. In addition, at the end of the report, there is a General Disclosures section that provides additional information relevant to Morgan Stanley's order routing and handling practices.

Securities Listed on New York Stock Exchange/Network A Eligible Security

Summary Statistics:

Non-directed orders as percentage of total customer orders	43%
Market orders as percentage of total non-directed orders	8%
Limit orders as percentage of total non-directed orders	1%
Other orders as percentage of total non-directed orders	91%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

NASDAQ	29%
New York Stock Exchange (NYSE)	29%
ARCA	17%
BATS	16%
MSCO	3%

Information Concerning Significant Venues:

1. NASDAQ

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	18%
Limit orders as percentage of total limit orders	9%
Other orders as percentage of total other orders	30%

2. NYSE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	27%
Limit orders as percentage of total limit orders	45%
Other orders as percentage of total other orders	29%

3. ARCA

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	4%
Limit orders as percentage of total limit orders	3%
Order orders as percentage of total other orders	18%

4. BATS

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	23%
Limit orders as percentage of total limit orders	8%
Order orders as percentage of total other orders	16%

Morgan Stanley maintains an ownership interest in BATS Trading, which stands to appreciate as a result of any profits BATS Trading generates from the execution of orders.

5. MSCO

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	6%
Limit orders as percentage of total limit orders	12%
Order orders as percentage of total other orders	3%

Morgan Stanley executes large amounts of both institutional and retail order flow. Morgan Stanley utilizes various automated systems for its OTC market making, including, but not limited to, “automatic execution” capabilities. These automated systems and the interaction between these two sources of order flow, provide considerable opportunities for liquidity, quick turnaround and access to a broad array of market centers. Morgan Stanley may internalize customer order flow to allow the customer to benefit from this pool of liquidity and to offer this order flow improved opportunities for price improvement. Such internalization may enable Morgan Stanley to share in the profits, if any, generated by this activity.

Securities Listed On The NASDAQ Stock Market

Summary Statistics:

Non-directed orders as percentage of total customer orders	25%
Market orders as percentage of total non-directed orders	9%
Limit orders as percentage of total non-directed orders	1%
Other orders as percentage of total non-directed orders	90%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

NASDAQ	41%
ARCA	27%
BATS	18%
MSCO	6%

Information Concerning Significant Venues:

1. NASDAQ
   Types of Orders Routed to Venue:

Market orders as percentage of total market orders	28%
Limit orders as percentage of total limit orders	44%
Others orders as percentage of total other orders	42%

2. ARCA
   Types of Orders Routed to Venue:

Market orders as percentage of total market orders	7%
Limit orders as percentage of total limit orders	44%
Other orders as percentage of total other orders	42%

3. BATS
   Types of Orders Routed to Venue:

Market orders as percentage of total market orders	13%
Limit orders as percentage of total limit orders	12%
Other orders as percentage of total other orders	19%

Morgan Stanley maintains an ownership interest in BATS Trading, which stands to appreciate as a result of any profits BATS Trading generates from the execution of orders.

4. MSCO
   Types of Orders Routed to Venue:

Market orders as percentage of total market orders	34%
Limit orders as percentage of total limit orders	21%
Other orders as percentage of total other orders	4%

Morgan Stanley executes large amounts of both institutional and retail order flow. Morgan Stanley utilizes various automated systems for its OTC market making, including, but not limited to, "automatic execution" capabilities. These automated systems and the interaction between these two sources of order flow, provide considerable opportunities for liquidity, quick turnaround and access to a broad array of market centers. Morgan Stanley may internalize customer order flow to allow the customer to benefit from this pool of liquidity and to offer this order flow improved opportunities for price improvement. Such internalization may enable Morgan Stanley to share in the profits, if any, generated by this activity.

Securities Listed on American Stock Exchange or Regional Exchanges/Network B Eligible Security

Summary Statistics:

Non-directed orders as percentage of total customer orders	51%
Market orders as percentage of total non-directed orders	34%
Limit orders as percentage of total non-directed orders	5%
Other orders as percentage of total non-directed orders	61%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

NASDAQ	29%
BATS	23%
AUTO	17%
ARCA	13%
AMEX	5%
MSCO	3%

Information Concerning Significant Venues:

1. NASDAQ
   Types of Orders Routed to Venue:

Market orders as percentage of total market orders	21%
Limit orders as percentage of total limit orders	19%
Other orders as percentage of total other orders	34%

2. BATS
   Types of Orders Routed to Venue:

Market orders as percentage of total market orders	22%
Limit orders as percentage of total limit orders	7%
Other orders as percentage of total other orders	24%

3. AUTO
   Types of Orders Routed to Venue:

Market orders as percentage of total market orders	22%
Limit orders as percentage of total limit orders	8%
Other orders as a percentage of total other orders	14%

4. ARCA

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	21%
Limit orders as percentage of total limit orders	17%
Other orders as percentage of total other orders	17%

Morgan Stanley maintains an ownership interest in BATS Trading, which stands to appreciate as a result of any profits BATS Trading generates from the execution of orders.

5. AMEX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	4%
Limit orders as percentage of total limit orders	16%
Other orders as percentage of total other orders	5%

6. MSCO

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	6%
Limit orders as percentage of total limit orders	12%
Other orders as percentage of total other orders	1%

Morgan Stanley executes large amounts of both institutional and retail order flow. Morgan Stanley utilizes various automated systems for its OTC market making, including, but not limited to, "automatic execution" capabilities. These automated systems and the interaction between these two sources of order flow, provide considerable opportunities for liquidity, quick turnaround and access to a broad array of market centers. Morgan Stanley may internalize customer order flow to allow the customer to benefit from this pool of liquidity and to offer this order flow improved opportunities for price improvement. Such internalization may enable Morgan Stanley to share in the profits, if any, generated by this activity.

Exchange-Listed Options

Summary Statistics:

Non-directed orders as percentage of total customer orders	42%
Market orders as percentage of total non-directed orders	28%
Limit orders as percentage of total non-directed orders	51%
Other orders as percentage of total non-directed orders	21%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

International Securities Exchange (ISE)	28%
Philadelphia Stock Exchange (PHLX)	20%
Chicago Board of Options Exchange (CBOE)	17%
Citigroup Global Markets (CITI)	17%
Pacific Stock Exchange (PCX)	10%
Boston Options Exchange (BOX)	7%

Information Concerning Significant Venues:

1. ISE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	24%
Limit orders as percentage of total limit orders	21%
Other orders as percentage of total other orders	51%

Morgan Stanley is a Primary Market Maker in 1 bin and a Competitive Market Maker in 9 bins on the ISE. Morgan Stanley has an indirect ownership interest in the ISE, which stands to appreciate as a result of any profits the ISE generates from the execution of customer orders.

2. PHLX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	23%
Limit orders as percentage of total limit orders	18%
Other orders as percentage of total other orders	12%

Morgan Stanley maintains an ownership interest in the Philadelphia Stock Exchange (PHLX), which stands to appreciate as a result of any profits PHLX generates from the execution of orders.

3. CBOE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	24%
Limit orders as percentage of total limit orders	12%
Other orders as percentage of total other orders	22%

4. CITI

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	1%
Limit orders as percentage of total limit orders	33%
Other orders as percentage of total other orders	0%

5. PCX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	11%
Limit orders as percentage of total limit orders	13%
Other orders as percentage of total other orders	0%

6. BOX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	19%
Limit orders as percentage of total limit orders	6%
Other orders as percentage of total other orders	8%

General Disclosures

Morgan Stanley routes customer orders to national securities exchanges, alternative trading systems (ATSs), including electronic communications networks (ECNs), and other market centers. Certain market centers offer cash credits for orders that provide liquidity to their books and charge explicit fees for orders that extract liquidity from their books. From time to time, the amount of credits that Morgan Stanley receives from one or more such market centers may exceed the amount that Morgan Stanley is charged. Under these limited circumstances, such payments would constitute payment for order flow.

In addition to the ownership interests disclosed in the prior sections, Morgan Stanley or certain affiliates also hold minority stakes in other market centers which stand to appreciate as a result of any profits generated from the execution of customer orders.

Disclaimer

Morgan Stanley has prepared the Reports solely for informational purposes and consistent with Rules 605 and 606 (formerly Rules 11Ac1-5 and 11Ac1-6) under Regulation NMS (the "Disclosure Rules"). The information provided in the Reports is not intended to, and does not, encompass all the factors to be considered in a best execution analysis and related order routing determinations.

The disclosures required by Rule 605 do not encompass all of the factors that may be important to investors in evaluating the order routing services of a broker-dealer. In addition, any particular market center's statistics will encompass varying types of orders routed by different broker-dealers on behalf of customers with a wide range of objectives. Accordingly, the statistical information required by Rule 605 alone does not create a reliable basis to address whether any particular broker-dealer obtained the most favorable terms reasonably available under the circumstances for customer orders.

To provide a more complete explanation of Morgan Stanley’s performance as a market center and order router, the Reports may contain information that supplements the information required by the Disclosure Rules.

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