

European Banks Conference

David H. Sidwell

Executive Vice President and Chief Financial Officer

March 27, 2007

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.

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. 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, 2006 and other items throughout the Form 10-K and the Company's 2007 Current Reports on Form 8-K.

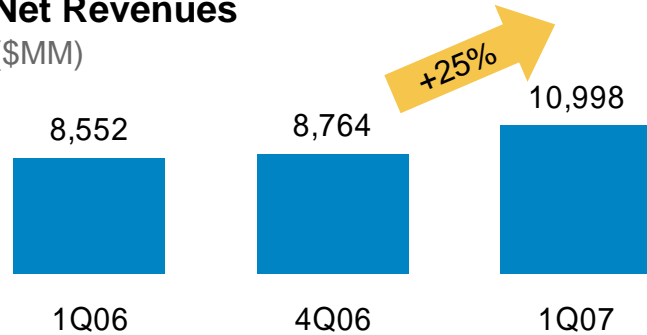
Agenda

- 1Q07 Financial Highlights
- Regional Financial Performance and Growth
- Europe, Middle East and Africa Critical Initiatives
- Asia and Australia Critical Initiatives
- Latin America Critical Initiatives

Consolidated Financial Highlights for 1Q07

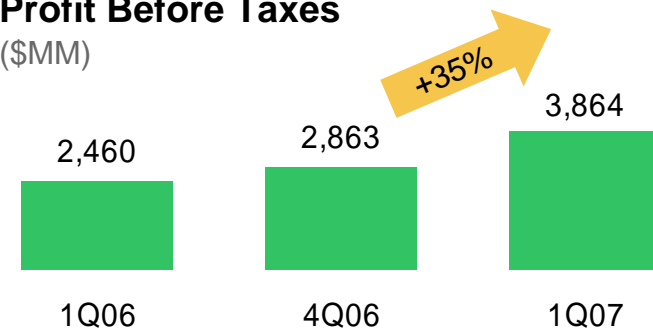
Net Revenues

(\$MM)



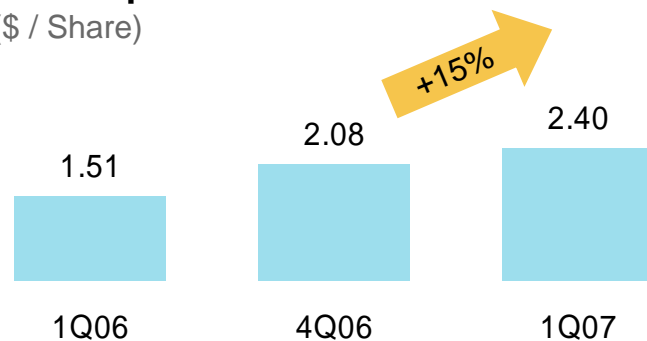
Profit Before Taxes

(\$MM)



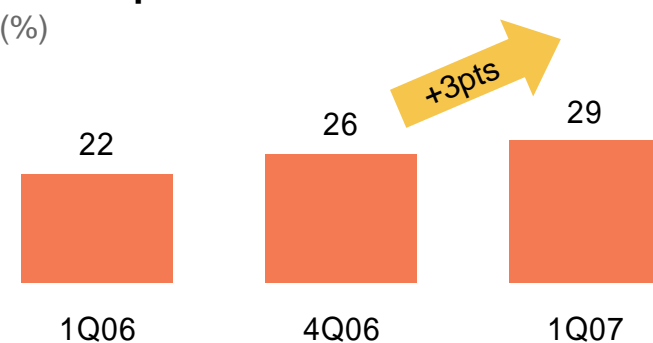
Cont. Ops. Diluted EPS

(\$ / Share)



Cont. Ops. Annualized ROE

(%)



Source: Company SEC Filings and 1Q07 Financial Supplement

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.

Quarterly Highlights

Institutional Securities

- Record PBT of \$3.0Bn, up 32% from 4Q06
- Record Revenues of \$7.6Bn, up 34% from previous record in 4Q06
- ROE of 40%, up 4 percentage points from 4Q06
- PBT margin of 40%
- Record equity sales and trading revenues, including record prime brokerage and equity derivatives revenues
- Record fixed income sales and trading revenues, including record credit products revenues

Global Wealth Management Group

- PBT of \$220MM, up 33% from 4Q06
- Revenues of \$1.5Bn, up 4% from 4Q06 and the highest quarterly revenue since 2000
- ROE was 32% and PBT Margin was 15%
- Record annualized average FA production of \$748k
- Net new assets of \$6.7Bn and record average assets per FA of \$86MM
- Closed a \$1.5Bn fund this quarter, our largest ever
- Sold UK retail business with pre-tax gain of \$168MM

Quarterly Highlights (cont'd)

Asset Management

- PBT of \$236MM, up 24% from 4Q06 on higher private equity gains
- Revenues of \$905MM, up 24% from 4Q06, on higher AUM
- ROE of 20% and pre-tax margin of 26% driven by private equity gains
- Positive flows this quarter reflecting real estate funds, non-U.S. funds and new products
- Continue to grow business through acquisitions, minority stakes, team lift-outs and targeted external hiring and internal transfers

Discover

- PBT of \$372MM, up 87% from 4Q06 reflecting lower advertising and legal expenses
- Revenues of \$1.0Bn, up 6% from 4Q06
- ROE of 17%, up 2 percentage points from 4Q06
- Record transaction volume
- Fifth consecutive quarter of receivables growth
- Merchant acquirer / processor agreements and strategic partnerships continue (First Data)
- Spin-off continues to be on track for 3Q07

Key Strategic Principles and Financial Objectives

Diversified, Global Firm Focused on Improving Profit Margins, Growth, and ROE

- Leverage global scale, franchise and integration across businesses
- Strike a better balance between principal and customer activity
- Invest to optimize growth opportunities and achieve best-in-class status in all businesses
- Aggressively pursue new opportunities including bolt-on acquisitions
- Create cohesive “One-Firm” culture with the right leadership

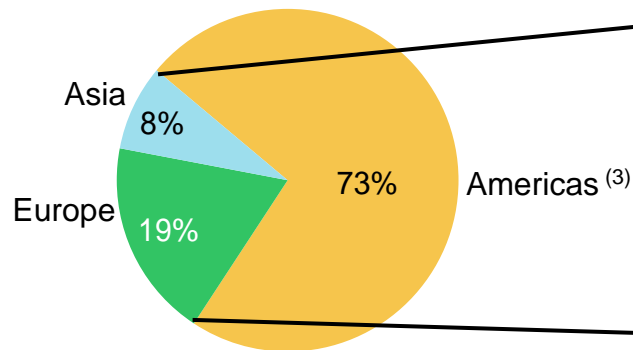
Double 2005 pre-tax profits by 2010
5 percentage points improvement in pre-tax profit margin

Global Secular Trends Drive Strategy

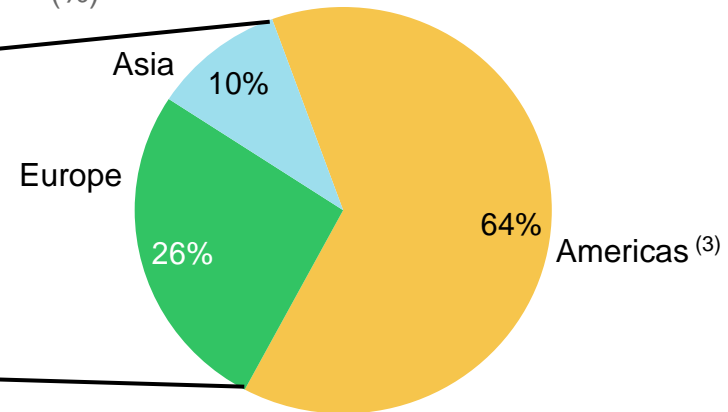
- Global Growth and Globalization
- Shifting Demographics
- Scarcity of Natural Resources
- Capital Markets are Deepening and Broadening
- Agency to Principal
- Technological Change
- Regulatory Developments

Regional Contributions: FY 2003 and FY 2006

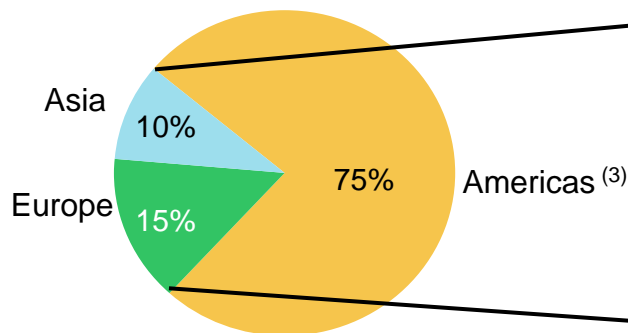
2003 Net Revenues of \$21.7Bn ⁽¹⁾
(%)



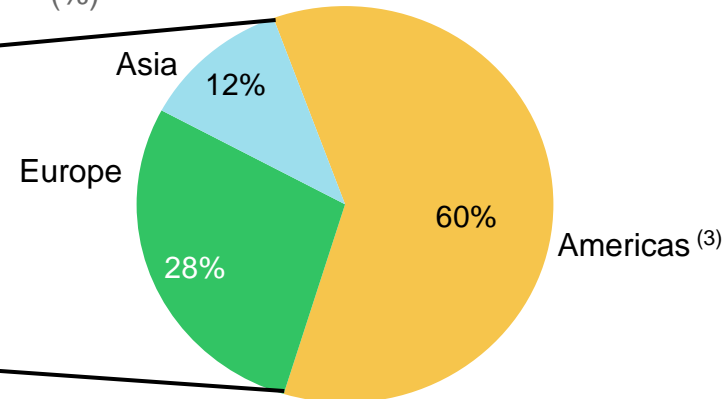
2006 Net Revenues of \$35.9Bn ⁽²⁾
(%)



2003 Pre-Tax Profits of \$6.2Bn
(%)



2006 Pre-Tax Profits of \$11.0Bn
(%)



Source: Company SEC Filings

(1) Excluding eliminations of (\$873MM).

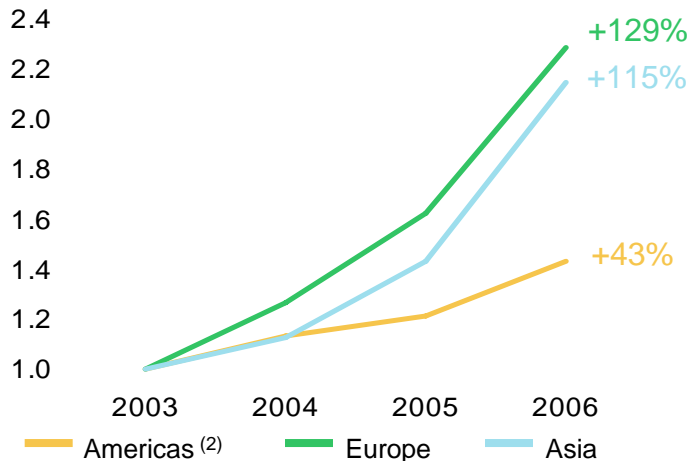
(2) Excluding eliminations of (\$1,993MM).

(3) Includes U.S., Canada, Latin America and Other.

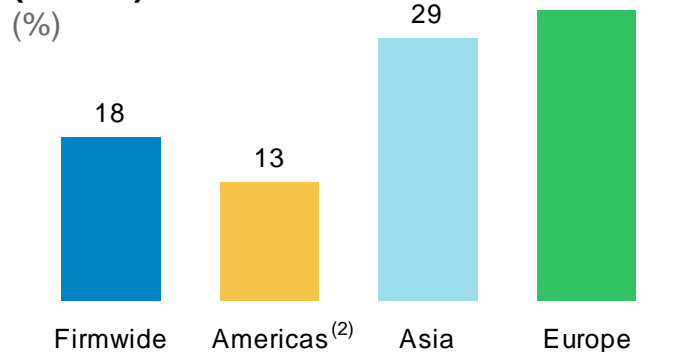
This slide is part of a presentation by Morgan Stanley and is intended to be viewed as part of that presentation. The presentation is based on information generally available to the public and does not contain any material, non-public information. No representation is made that it is accurate or complete.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

Regional Growth

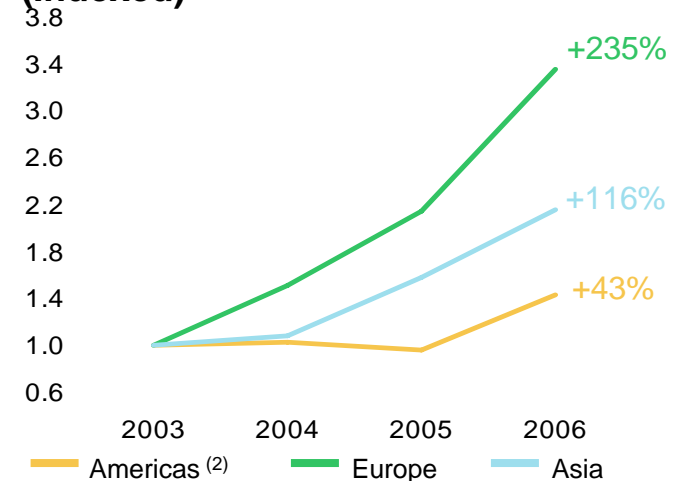
Regional Revenue Growth 2003 – 2006 (Indexed) (1)



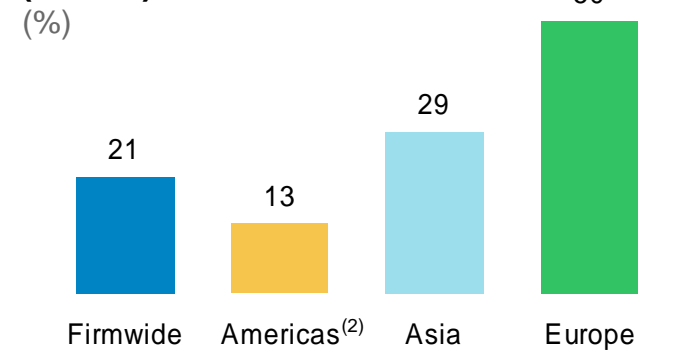
Regional Revenue Growth 2003 – 2006 (CAGR) (1)



Regional PBT Growth 2003 – 2006 (Indexed)



Regional PBT Growth 2003 – 2006 (CAGR)



Source: Company SEC Filings

- (1) Excluding eliminations of (\$1,993MM) in 2006, (\$1,558MM) in 2005, (\$1,346MM) in 2004 and (\$873MM) in 2003
 (2) Includes U.S., Canada, Latin America and Other.

Morgan Stanley Presence in Europe, Middle East and Africa

Regional Offices

UK	(1977)
Switzerland	(1986)
Germany	(1987)
Italy	(1989)
Luxembourg	(1989)
France	(1990)
Spain	(93/99)
Russia	(1994)
South Africa	(1994)
Netherlands	(1997)
Sweden	(1999)
Israel	(2001)
Ireland	(2003)
Greece	(2004)
Hungary	(2006)
UAE	(2006)
Turkey	(2007)
Saudi Arabia (JV)	(2007)



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.

Critical Initiatives: Europe, Middle East and Africa

- Institutional Securities
 - Grow equity derivatives, corporate derivatives, and retail structured products
 - Capitalize on changes in the insurance and pension markets
 - Opportunistically expand residential mortgage capabilities in target markets (ex. acquiring City Mortgage in Russia and Advantage in the U.K.)
 - Achieve better balance between principal and agency business
- Global Wealth Management
 - Refocused on ultra-high net worth market segment (sale of Quilter)
 - Swiss Bank expansion
 - Invest in talent and grow the franchise
- Asset Management
 - Continue to expand global distribution platform via organic growth and possible acquisitions
 - Expand product platform organically and through acquisitions
 - Build private equity platform
 - Invest in talent
- Cross-divisional Initiatives
 - Further build out Emerging Markets footprint (Turkey, Dubai, Qatar, Saudi JV, Kazakhstan, Central Europe)
 - Expand client footprint (middle market)
 - Importance of local presence

Morgan Stanley Presence in Asia



Regional Offices

Tokyo	(1970)
Sydney	(1982)
Melbourne	(1985)
Singapore	(1985)
Hong Kong	(1987)
Taipei	(1990)
Seoul	(1992)
Shanghai	(1993)
Mumbai	(1993)
Beijing	(1994)
Bangkok	(1997)
Jakarta	(2006)
Zhuhai	(2006)
Hanoi (JV)	(2007)

Critical Initiatives: Asia

- Institutional Securities
 - Aggressive localization and growth of Asian offices
 - Building out the China platform: Nan Tung Bank
 - Focus on local licenses in Korea and Taiwan (Integrated Securities House License)
 - Building on core strengths: MSREF expansion in China/Japan and established prime brokerage teams in Singapore and Australia
 - Build investment banking and other businesses in Australia
 - Growing presence in Korea and Taiwan with fixed income sales, capital markets, investment banking and institutional equities
 - Acquired license in Indonesia and expanding platform
 - Establishing Joint Venture with SCIC in Vietnam
 - Local presence is key part of strategy
- Global Wealth Management
 - Focused on growth strategy
 - Centers in Hong Kong and Singapore
 - Leverage the brand in China, Taiwan and Indonesia
- Asset Management
 - Continue to expand global distribution platform via organic growth and possible acquisitions
 - Building domestic product, possibly through acquisitions
 - Private equity Asia
- Cross-divisional
 - Build strength in Japan, maintain CMBS strength, and reinvest in investment banking, institutional equities evaluate GWM opportunities
 - Full ownership, full service institutional securities platform in India

Morgan Stanley Presence and Critical Initiatives in Latin America

Regional Offices

São Paulo (1997)

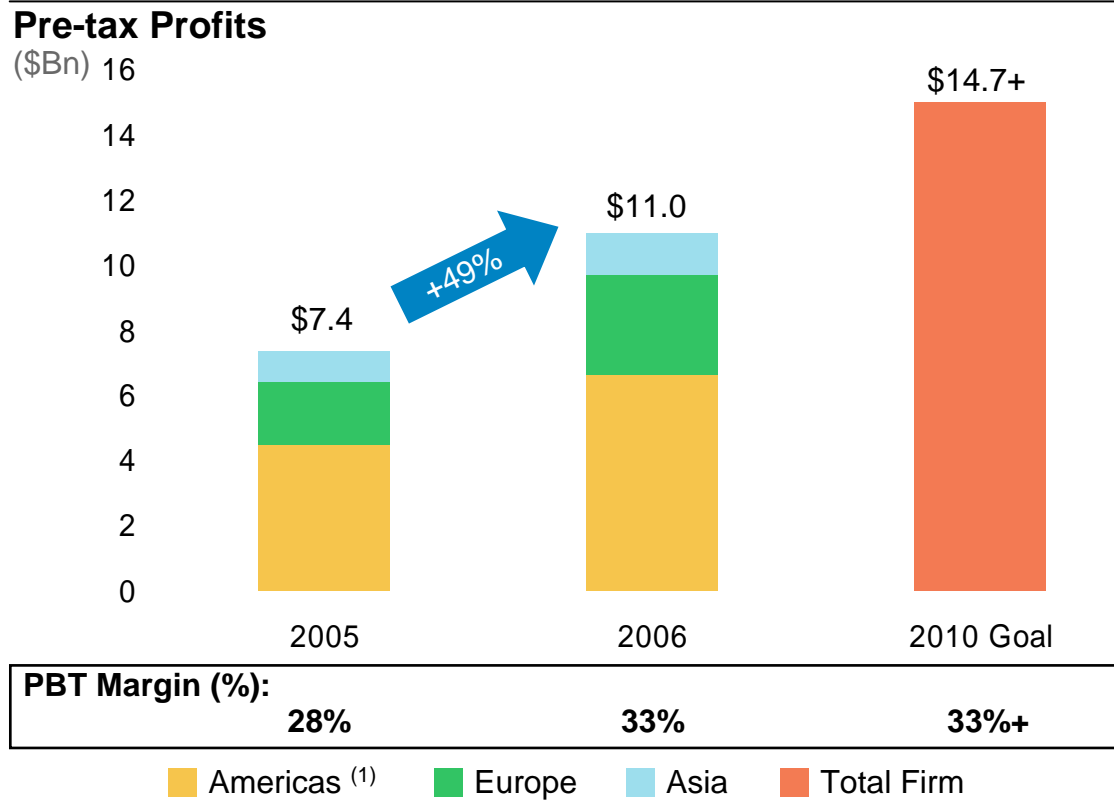
Mexico City (1999)

Buenos Aires (1999)

- Institutional Securities
 - Obtained Broker-Dealer license in Mexico
 - Further build out MSREF business in Brazil and Mexico
- Global Wealth Management
 - Build out of High Net Worth Platform in Latin America
- Asset Management
 - Continue to expand global distribution platform via organic growth
- Cross-divisional
 - Full scale business expansion with Brazil as primary focus
 - Maintain strength in regional bond and equity business



Progress Toward Goals



Double 2005 pre-tax profits by 2010
5 percentage points improvement in pre-tax profit margin

Source: Company SEC Filings

(1) Includes U.S., Canada, Latin America and Other.

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.

European Banks Conference

David H. Sidwell

Executive Vice President and Chief Financial Officer

March 27, 2007

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.