

WORLD WISE

Morgan Stanley

Annual Meeting
of Shareholders
2007

TUESDAY, APRIL 10, 2007

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Morgan Stanley

David H. Sidwell

Executive Vice President & Chief Financial Officer

Notice

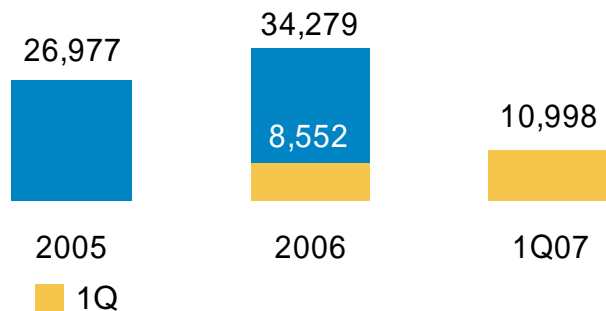
The information provided herein may include certain non-GAAP financial measures. The reconciliation of such measures to the comparable GAAP figures are included in the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on 8-K, including any amendments thereto, which 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, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" in the Company's Quarterly Report on Form 10-Q for the quarterly period ended February 28, 2007 and other items throughout the Form 10-K, Form 10-Q and the Company's Current Reports on Form 8-K.

Consolidated Financial Highlights

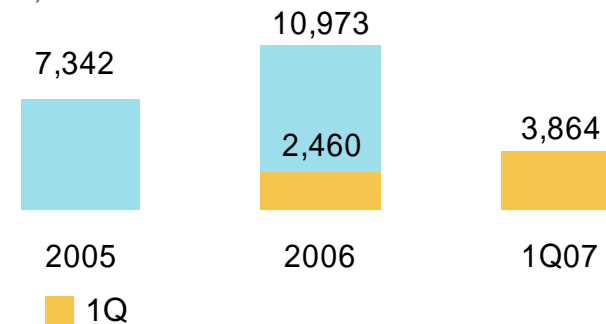
Net Revenues⁽¹⁾

(\$MM)



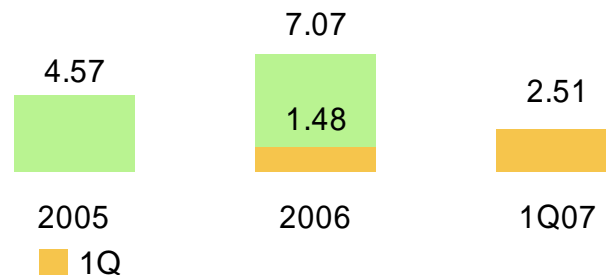
Profit Before Taxes

(\$MM)



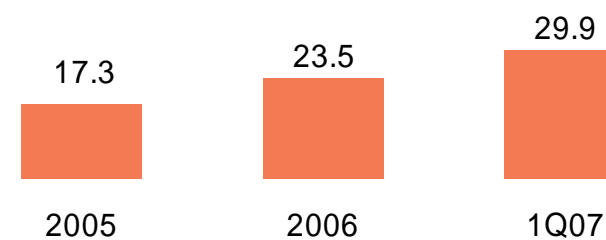
Diluted EPS

(\$/Share)



Annualized Return on Equity

(%)



Source: Company SEC Filings and 1Q07 Financial Supplement

(1) Net revenues include adjustments for the presentation of certain deferred compensation plans.

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

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