



Europe Update

November 4, 2004

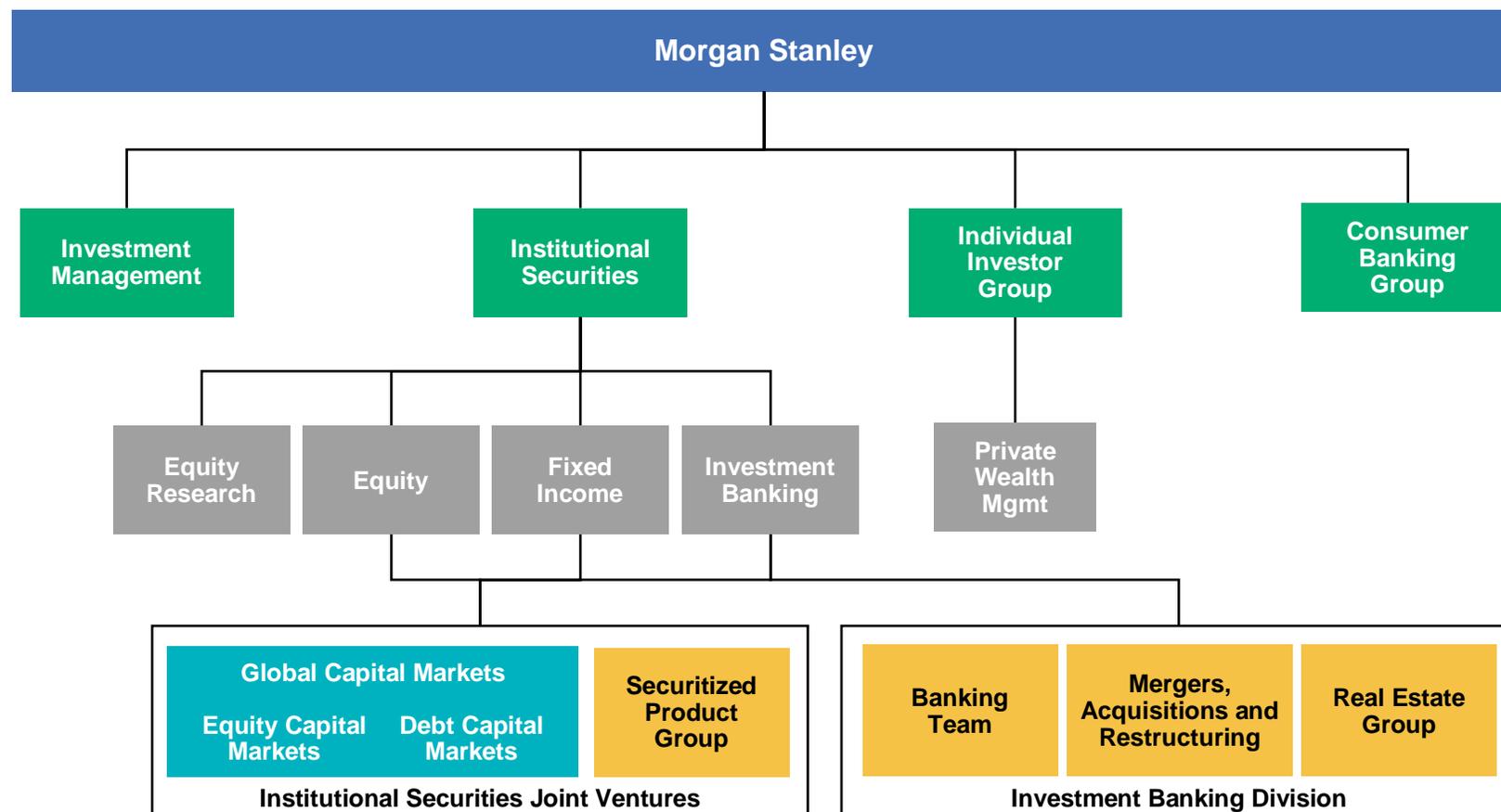
Table of Contents

- European Overview
- European Markets

European Overview

Our European Business

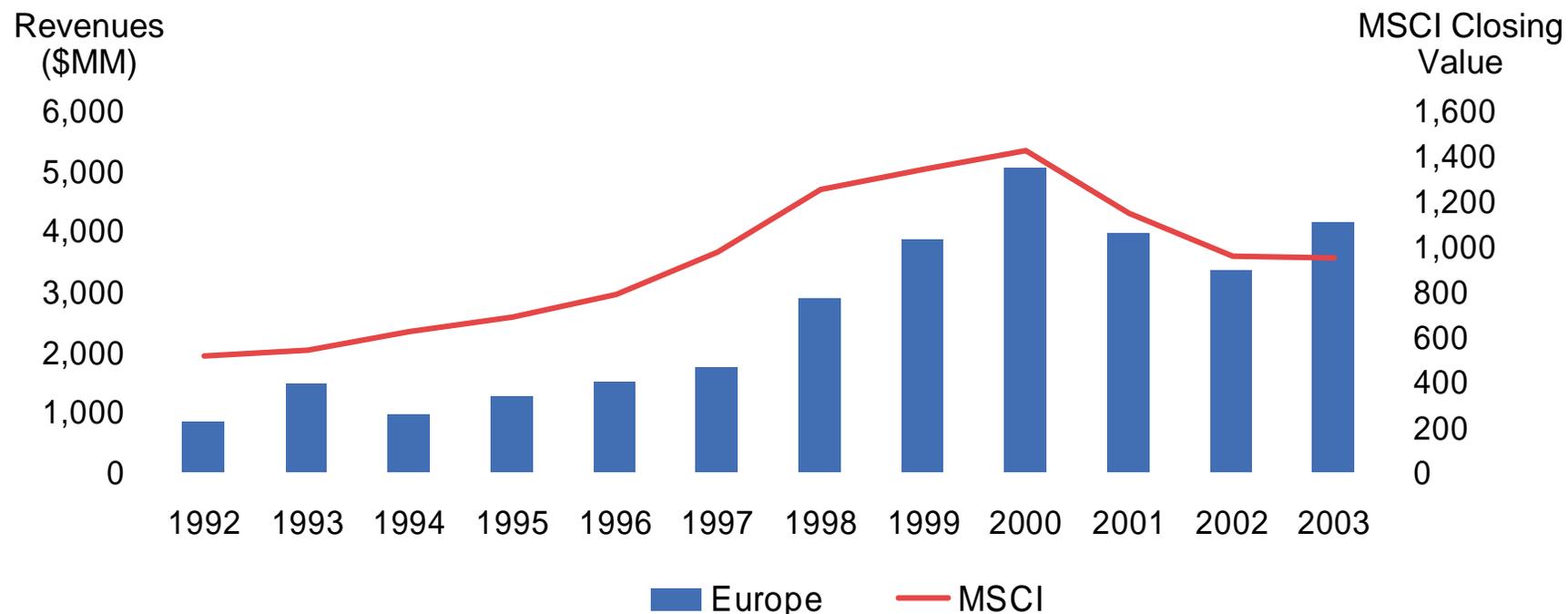
Full Line of Financial Services



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. The presentation has been prepared solely for informational purposes and 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 given on November 4, 2004.

European Revenue Trends

Morgan Stanley European Revenues vs. MSCI Index Performance

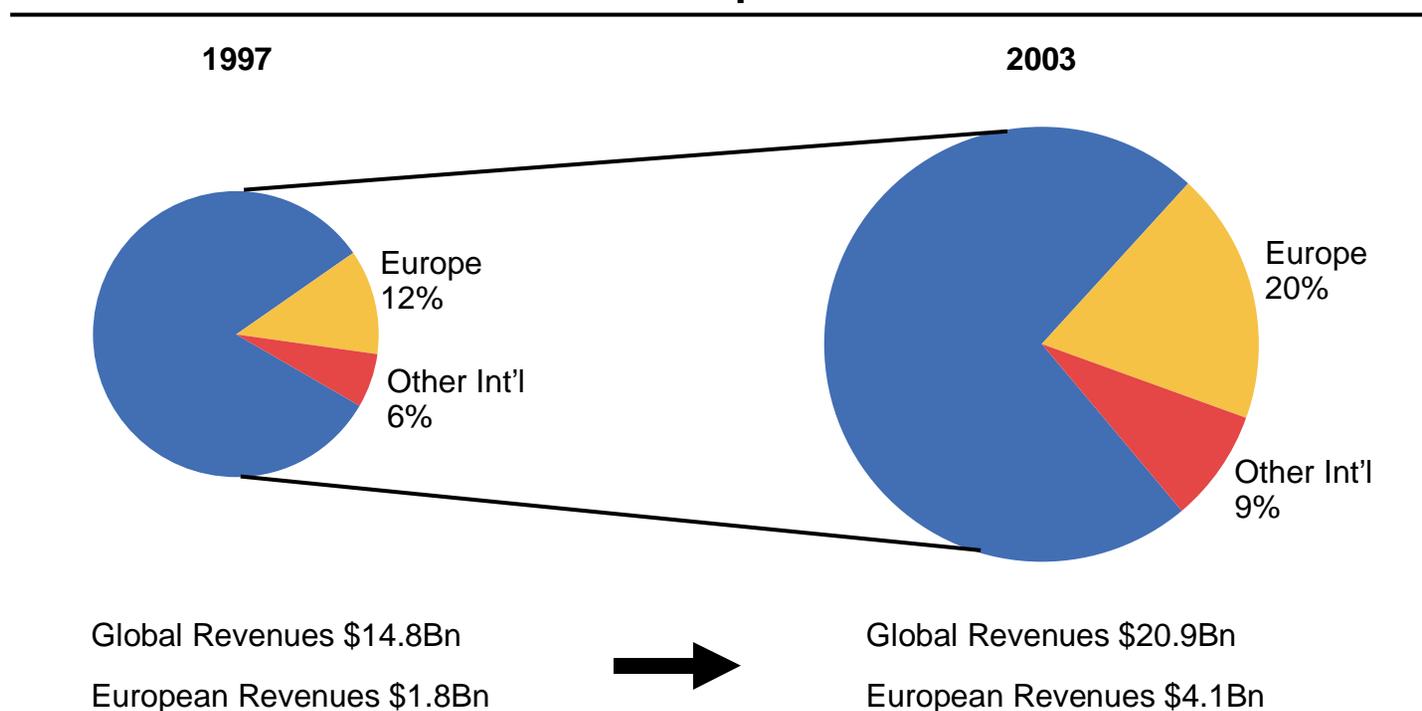


Notes: MSCI data from MSCI; average monthly closing value
Source: Morgan Stanley 10-K filings

European Revenues

1997 and 2003

Global and European Revenues



Source: Morgan Stanley 10K Filings

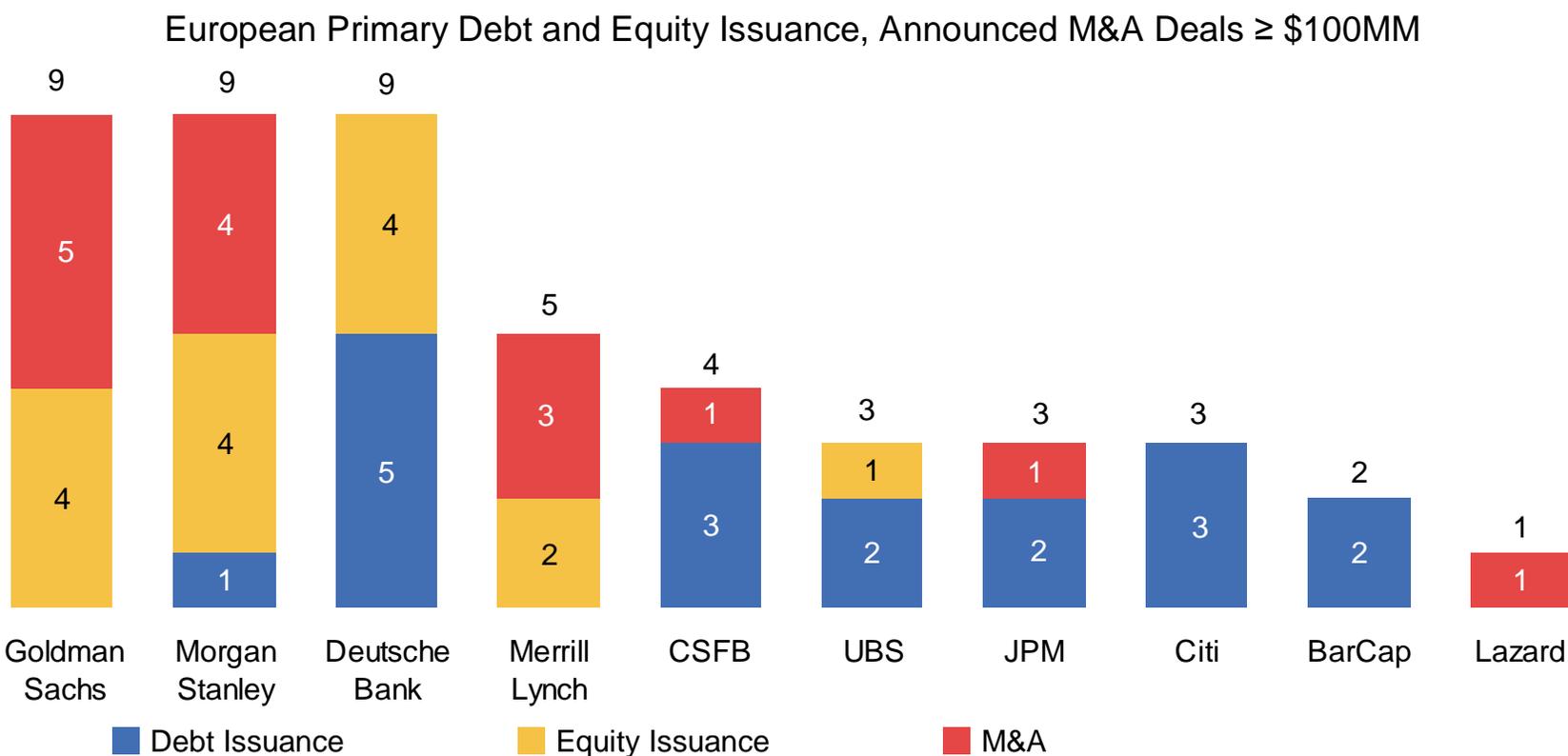
Morgan Stanley

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Historical Market Positioning

2000–2004YTD

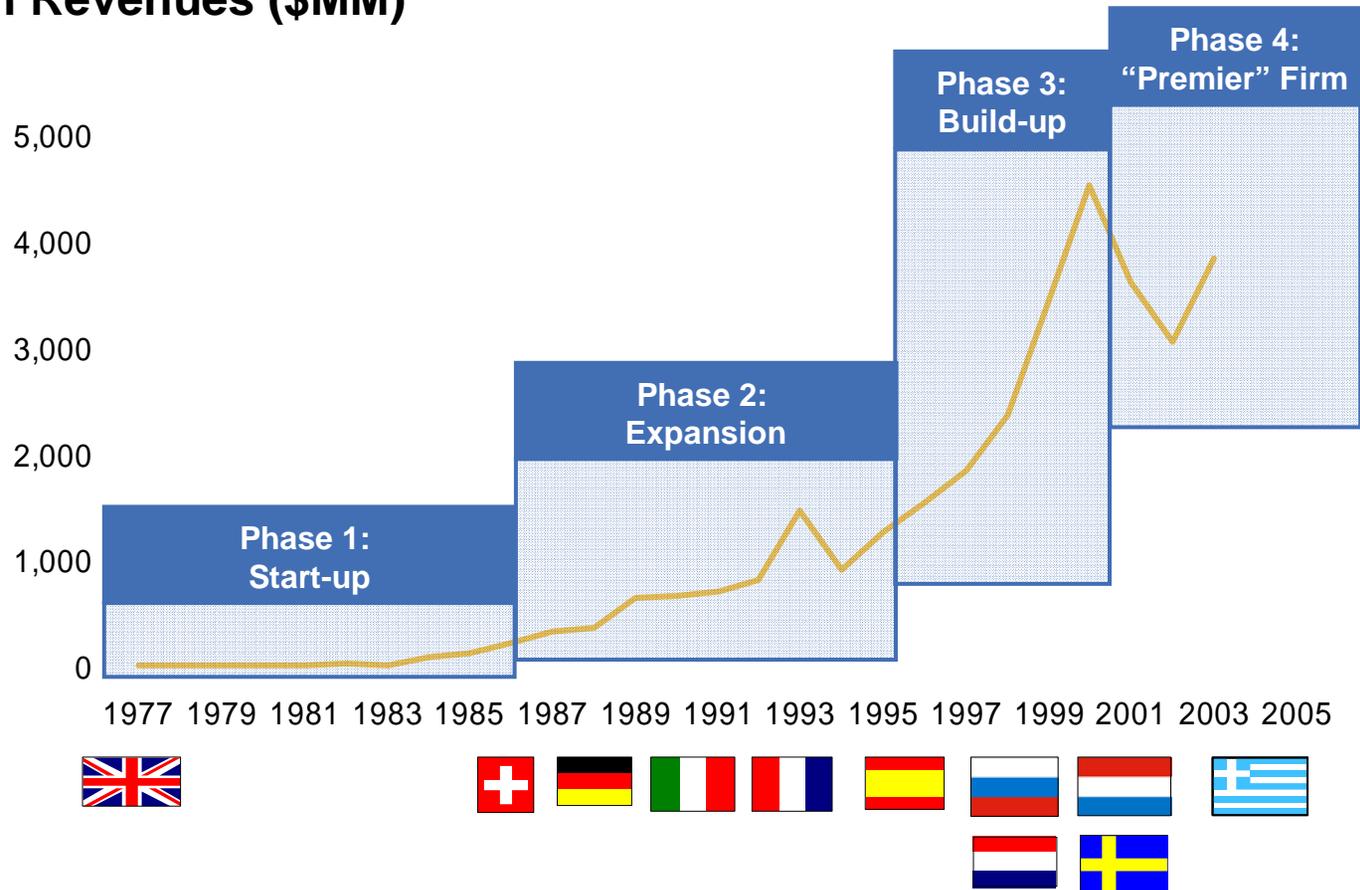
Total Number of Years in Top 3 Market Share Position



Source: Thomson Financial

Morgan Stanley's Growth in Europe

European Revenues (\$MM)



Source: Morgan Stanley 10-K filings and Annual Reports.

European Markets

Size Matters

Key Statistics	 U.S.	 EU-25
Population (000s)	293,028	452,700
Area (Km ²)	9,631,418	3,972,866
GDP (\$Bn)	10,980	9,613
GDP Growth (%)	3.1	2.2
Inflation (%)	2.1	2.0
Unemployment (%)	6.2	9.0

Source: Eurostat (GDP as of 2003, all others as of 2004) / U.S. figures as of June 2004

Secular Drivers

Secular Trends

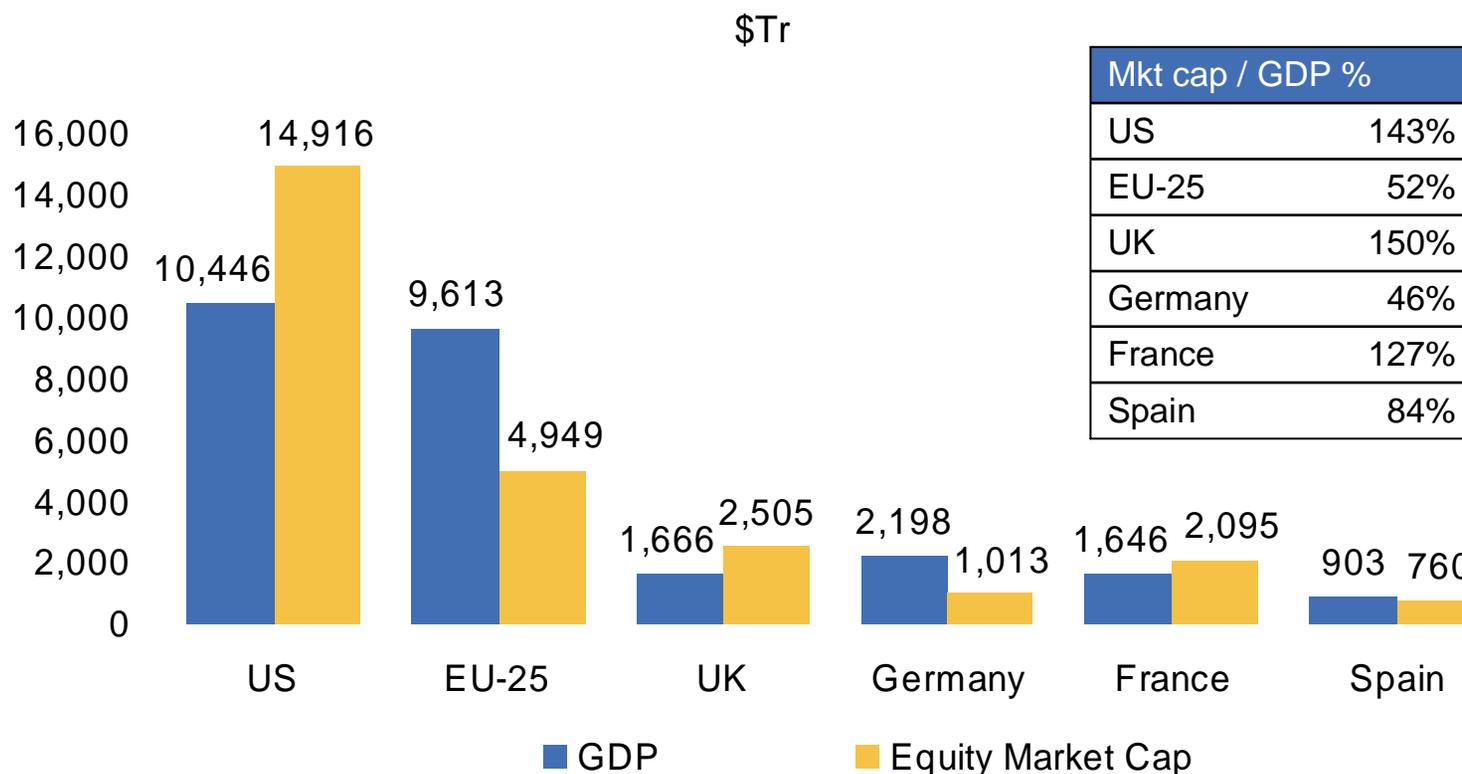
- Globalization
- Deregulation
- Pension Reform
- Shareholder Focus
- Disintermediation
- Search for Yield
- Risk Management
- Regulation

Morgan Stanley – Lead with Strengths

- Long-term Client Relationships
- Expertise / Product Capability / Advice / Distribution
- Deep Roots in Local Markets
- Global Platform

Equity Market Capitalization vs. GDP

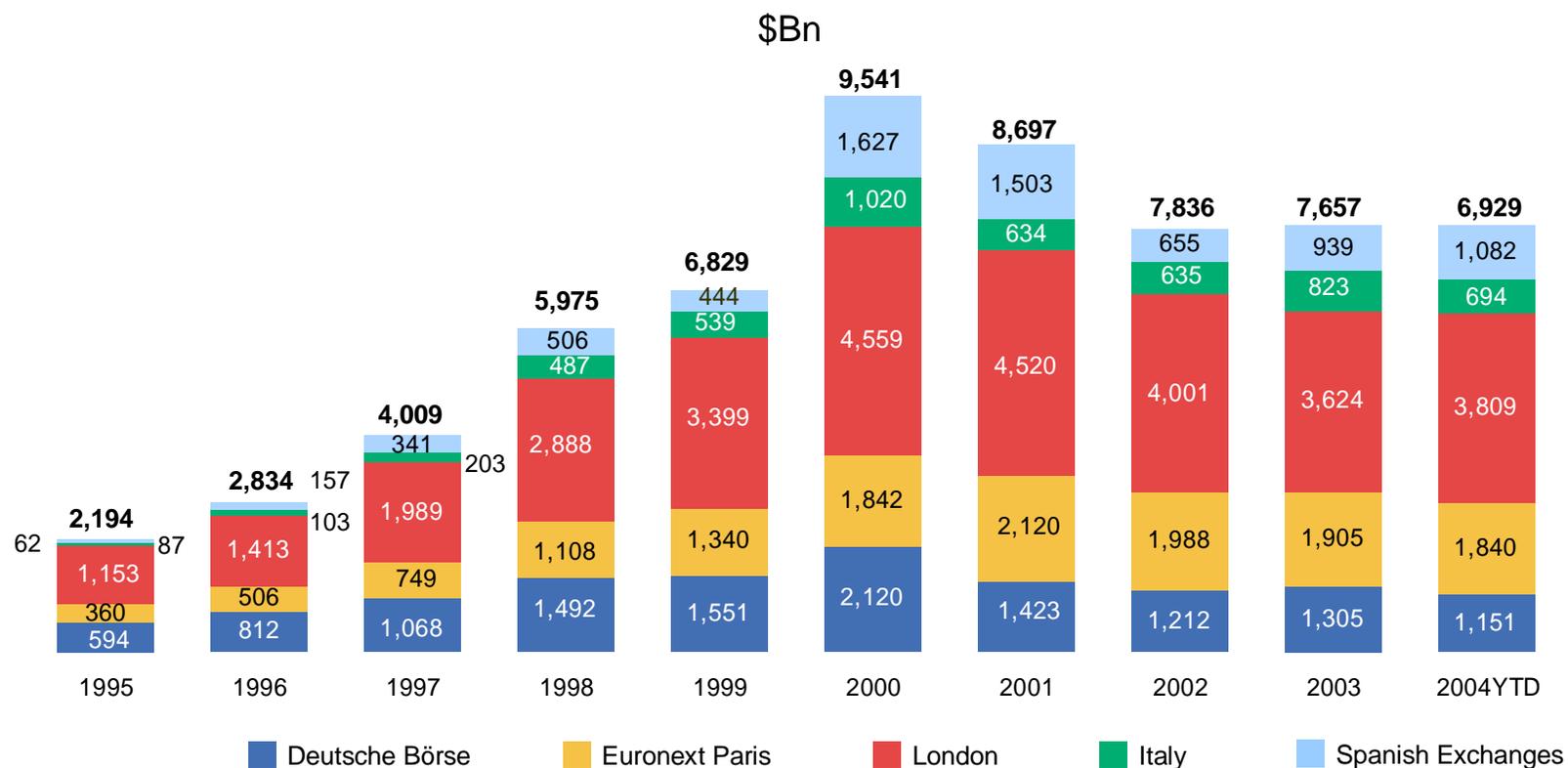
Equity Market Cap vs. GDP



Source: GDP data in PPP from The Economist, as of December 2003. Market capitalization data from World Federation of Exchanges, as of September 30, 2004.

Growth of Exchanges

Total Value of Share Trading

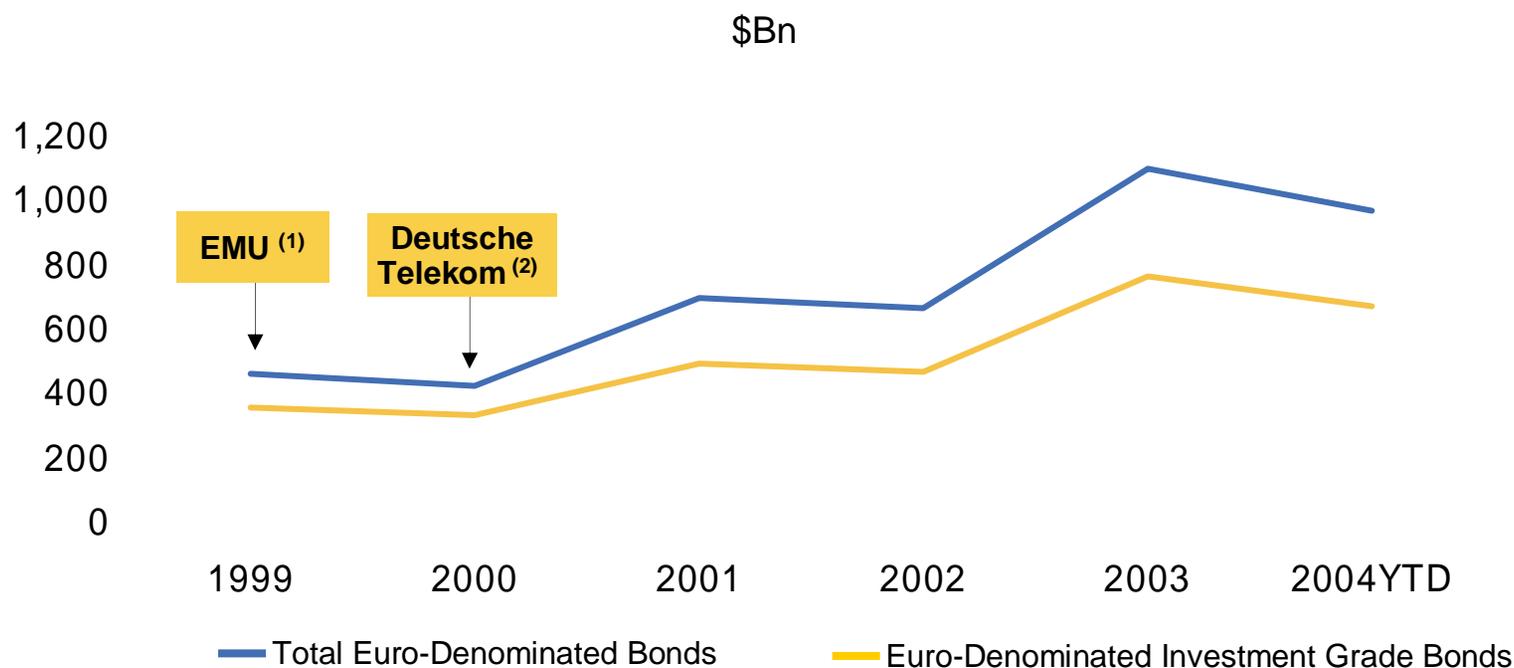


Source: World Federation of Exchanges. Data as of September 30, 2004

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European Debt Market

Annual European Bond Issuance



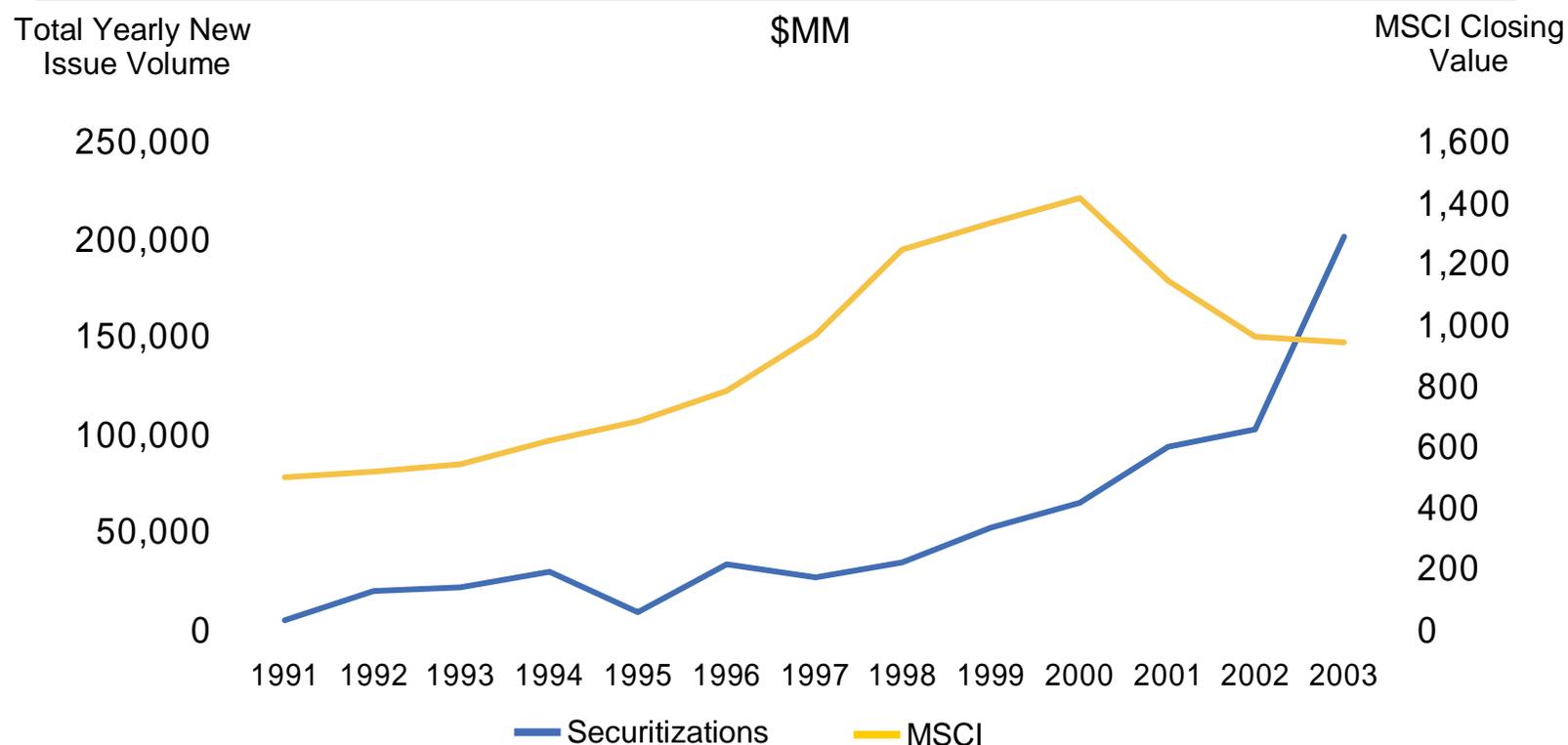
Source: Thomson as of September 24, 2004.

Notes: (1) EMU market the beginning of a more active primary corporate bond market in Europe.

(2) The DT multi-tranche bond offering in the summer of 2000 was the first of many jumbo deals pushing new issuance volumes to record highs.

European Securitization Market

European Securitization Issuance



Source: Thomson, MSCI

European Strategic Opportunities

- Multi-asset class products and services
- Hedge funds
- Middle markets
- Financial institutions
- Local investment / “deep roots”
- Russia

Focus on Europe





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