

Philip J. Purcell, Chairman and
Chief Executive Officer

November 15, 2004

David H. Sidwell, Chief Financial Officer

November 15, 2004

Market Environment

	<u>2002</u>	<u>2003</u>	<u>2004 YTD</u>
M&A Announced (\$Bn) ⁽¹⁾	1,056	1,197	1,336
M&A Completed (\$Bn) ⁽¹⁾	1,221	1,077	1,106
Global Equity Underwriting (\$Bn)	319	389	403
Global IPO Volume (\$Bn)	64	57	105
Global Debt Underwriting (\$Bn)	3,525	4,531	3,952
NYSE Wtd. Daily Dollar Value (000s)	40,917	38,462	45,571
Nasdaq Wtd. Daily Dollar Value (000s)	28,458	28,004	33,711
Equity Fund Flows (\$Bn)	(28)	153	139
Daily Average Revenue Trades (000s) ⁽²⁾	126	131	140

Notes: Calendar year basis. 2004 YTD is January 1 – October 31, except fund flows, which are through September.

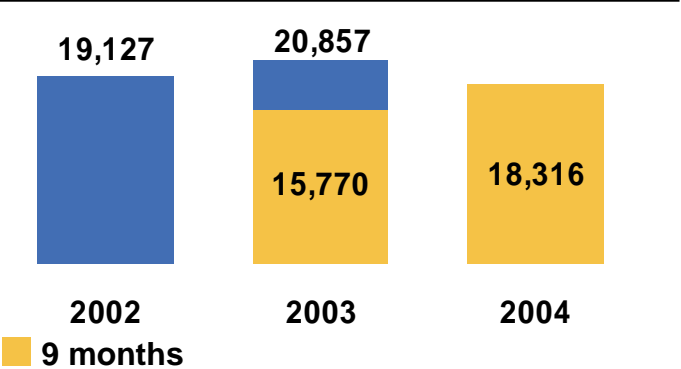
(1) Announced and Completed M&A data is for deals of \$100MM or more

(2) Daily Average Revenue Trades (DARTs) = average of the monthly reported DARTs data for Charles Schwab, Ameritrade/Datek, and TD Waterhouse

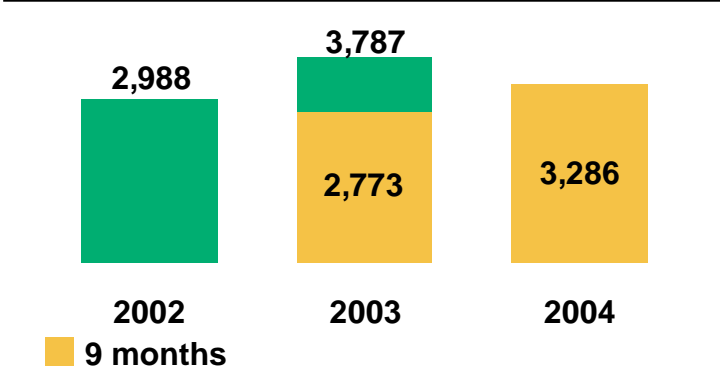
Source: Thomson Financial, NYSE, Nasdaq, ICI and Company reports

Consolidated Financial Highlights

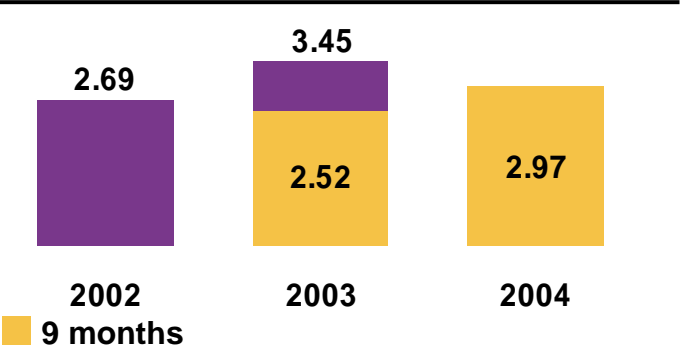
Net Revenues (\$MM)



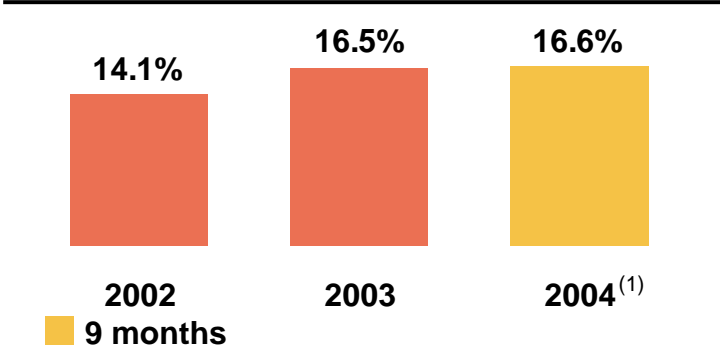
Net Income (\$MM)



Diluted EPS (\$/Share)



Return on Equity

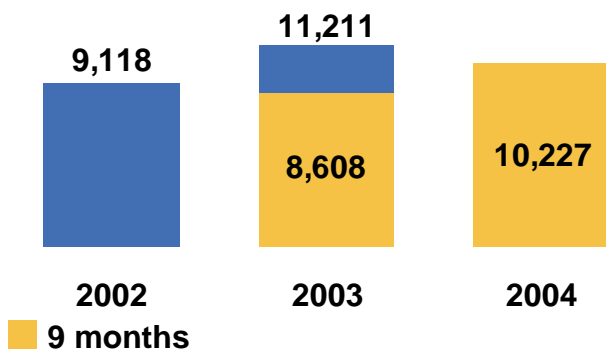


Note: (1) Annualized
 Source: Morgan Stanley SEC filings and 3Q 2004 Financial Supplement

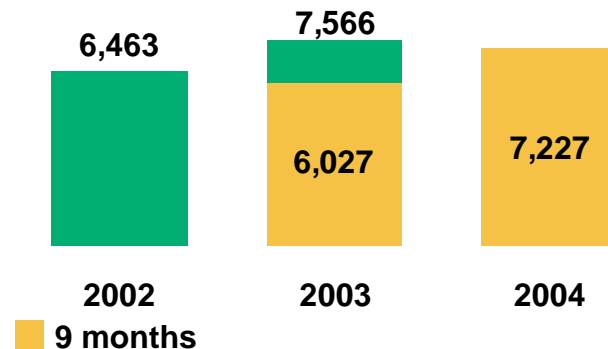
Institutional Securities

Institutional Securities Financial Performance

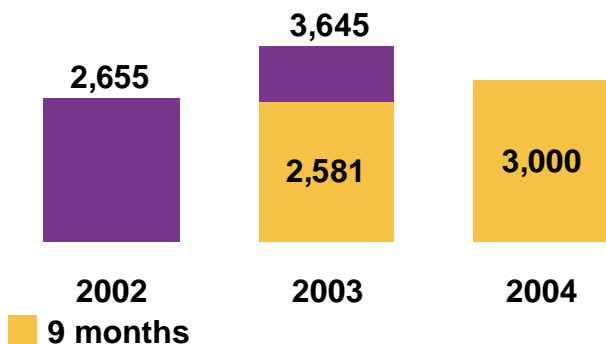
Net Revenues (\$MM)



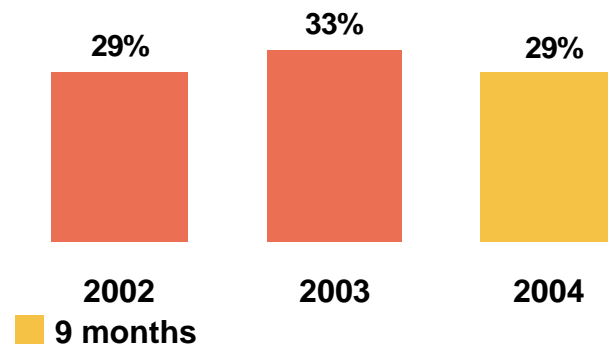
Expenses (\$MM)



Profit Before Tax (\$MM)



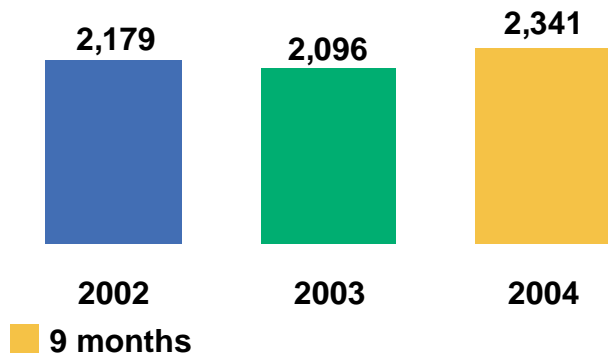
PBT Margin



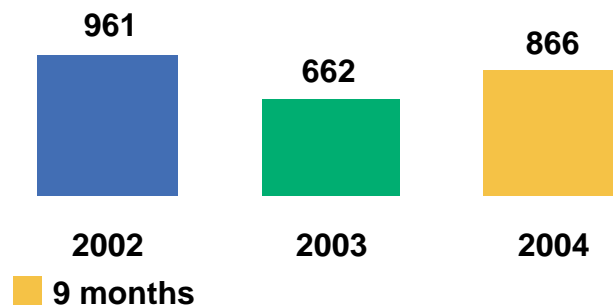
Source: Morgan Stanley SEC filings and 3Q 2004 Financial Supplement

Institutional Securities – Investment Banking

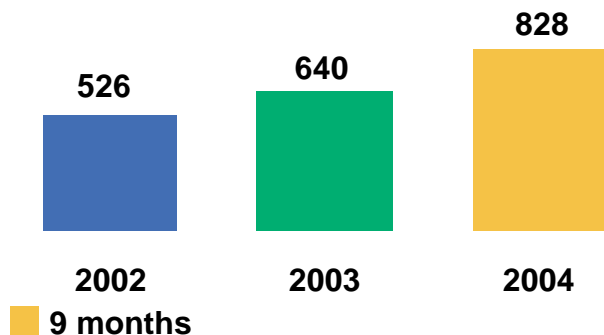
Total Investment Banking (\$MM)



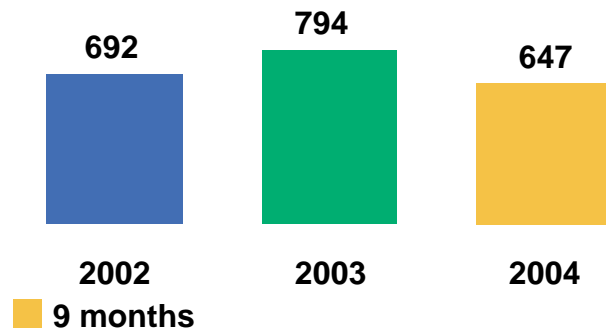
Advisory (\$MM)



Equity Underwriting (\$MM)



Debt Underwriting (\$MM)



Source: Morgan Stanley SEC filings and 3Q 2004 Financial Supplement

Morgan Stanley Market Position

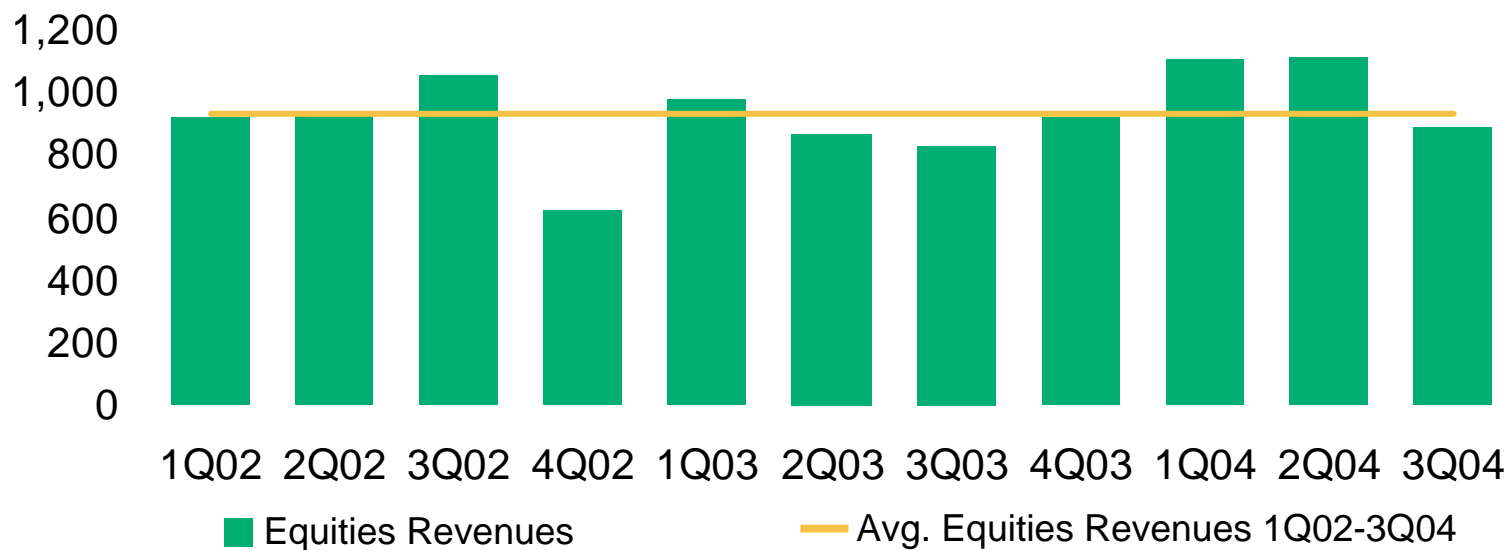
Institutional Securities	2002	2003	2004 YTD
Global Announced M&A Market Share	18.3%	20.4%	21.5%
Rank	3	2	5
Global Completed M&A Market Share	28.4%	19.1%	27.5%
Rank	2	3	2
Global IPOs	5.1%	4.9%	12.4%
Rank	6	5	1
Global Equity Underwriting Market Share	7.9%	10.2%	11.6%
Rank	4	3	1
Global Debt Underwriting Market Share	6.3%	7.2%	6.6%
Rank	6	3	3

Source: Thomson Financial – Calendar year basis; 2004 data is for January 1 – October 31

Trading – Equities

Equity Sales and Trading Net Revenues

(\$ Millions)

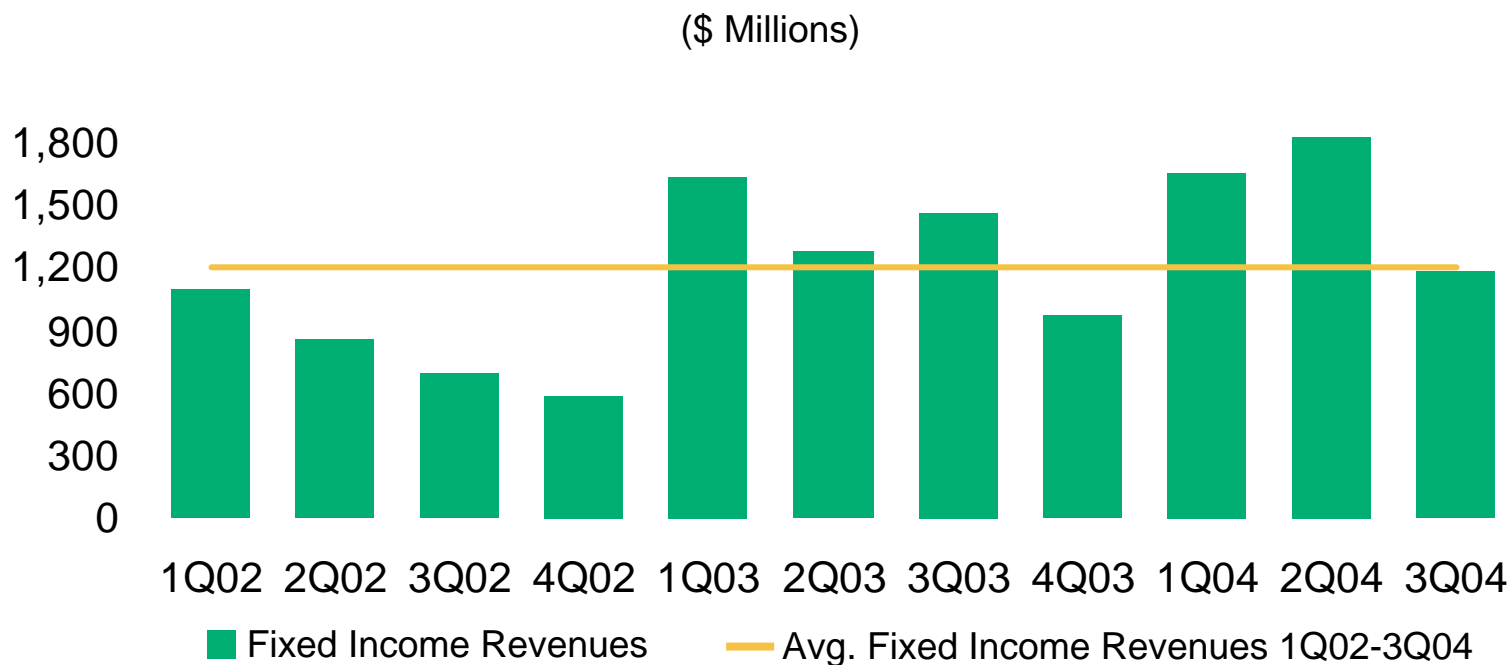


9 mos. YTD 2004	\$3,101
9 mos. YTD 2003	\$2,672

Source: Morgan Stanley SEC filings and 3Q 2004 Financial Supplement

Trading – Fixed Income

Fixed Income Sales and Trading Net Revenues

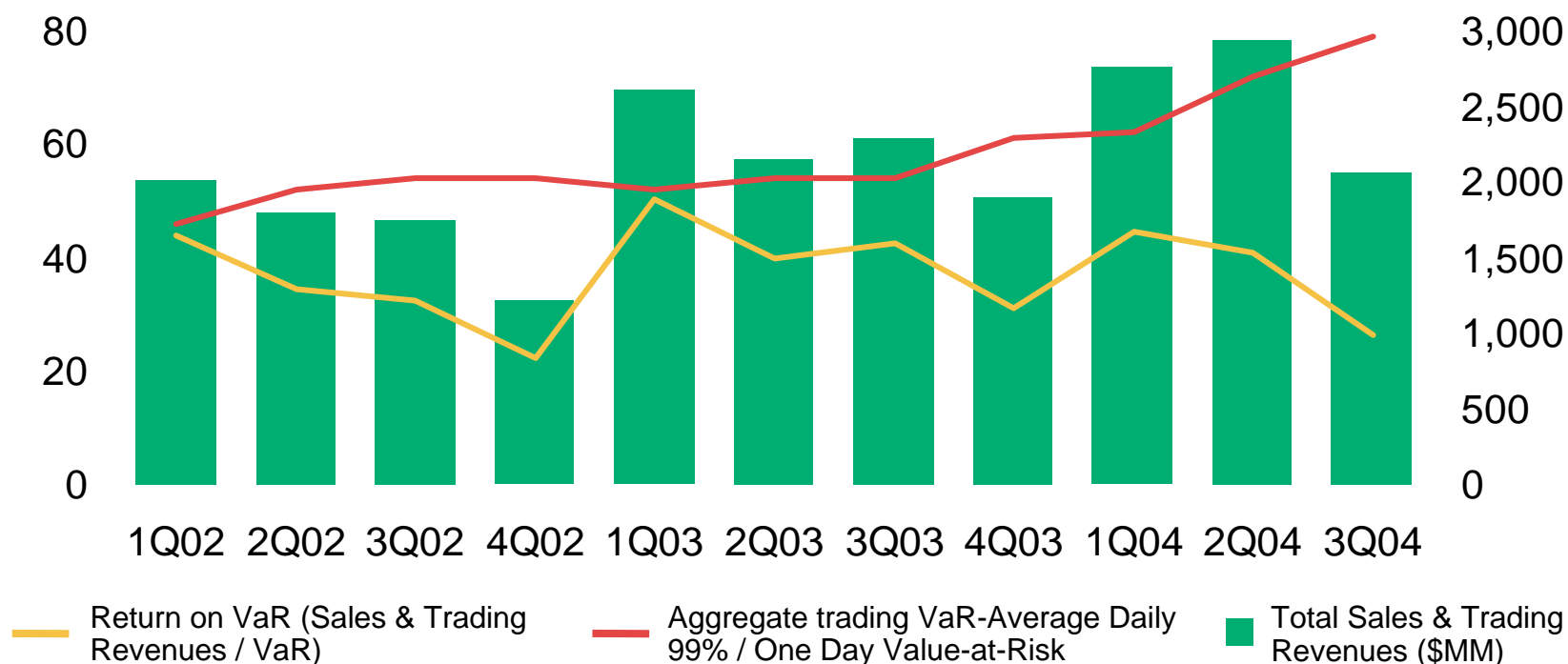


9 mos. YTD 2004	\$4,665
9 mos. YTD 2003	\$4,379

Source: Morgan Stanley SEC filings and 3Q 2004 Financial Supplement

Trading VaR

Quarterly Sales and Trading Net Revenues vs. VaR



Source: Morgan Stanley SEC filings and 3Q 2004 Financial Supplement

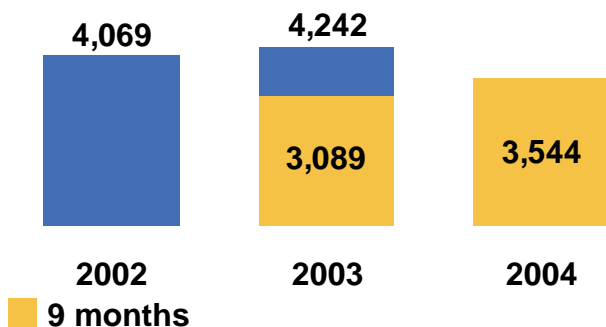
Institutional Securities Primary Goals

- Continued momentum with clients
- Invest in growth markets – Asia, U.K., Russia, Eastern Europe
- Provide risk management advice and solutions for clients
 - Build services businesses (Prime Brokerage, MSCI/Barra)
- Further integrate fixed income and equity groups
- Improve capital and risk efficiency
- Keep and leverage firm talent

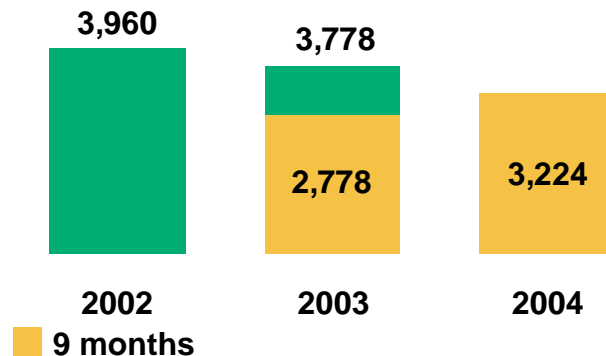
Individual Investor Group

Individual Investor Group Financial Performance

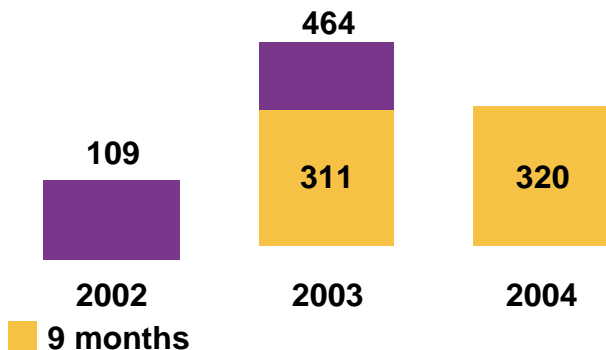
Net Revenues (\$MM)



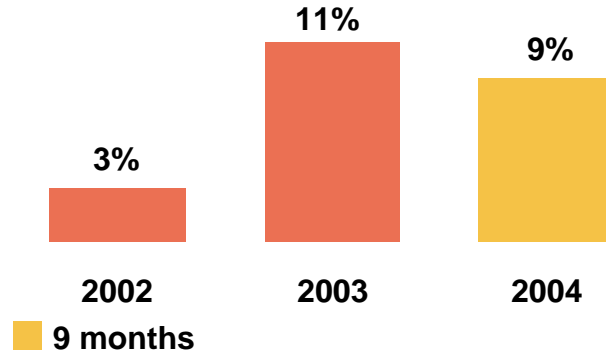
Expenses (\$MM)



Profit Before Tax (\$MM)



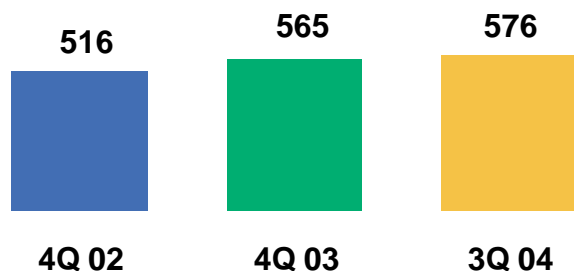
PBT Margin



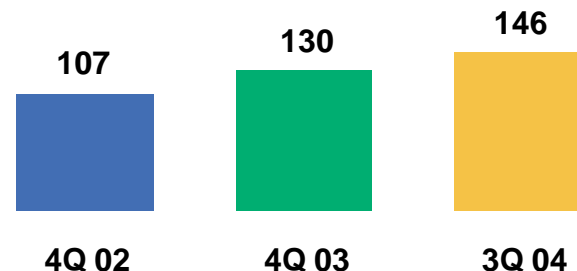
Source: Morgan Stanley SEC filings and 3Q 2004 Financial Supplement

Individual Investor Group

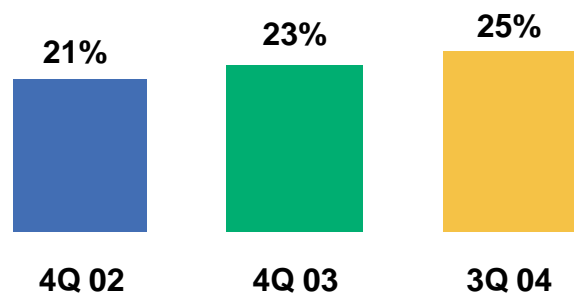
Total Client Assets (\$Bn)



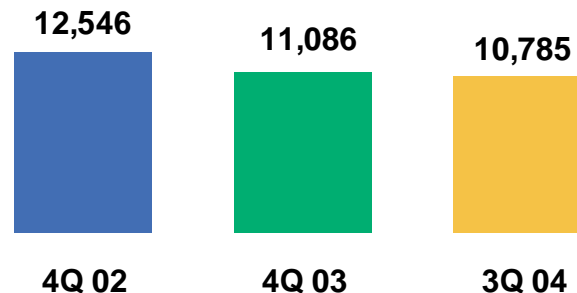
Fee-Based Assets (\$Bn)



Fee-Based Assets % Total Client Assets



Global Financial Advisors



Source: Morgan Stanley SEC filings and 3Q 2004 Financial Supplement

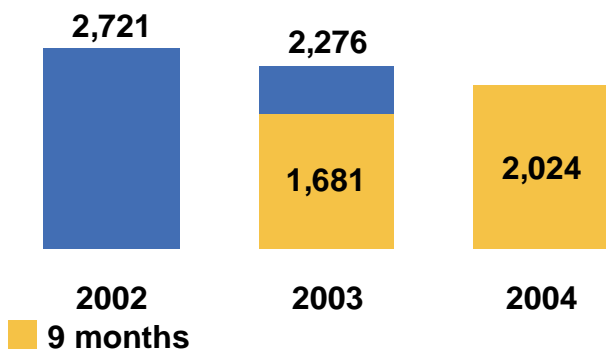
Individual Investor Group Primary Goals

- Improve margins
- Grow number of financial advisors and assets
- Improve FA retention
- Leverage synergies with Institutional Securities
- Continue to invest for growth, including building infrastructure
- Protect / enhance our brand

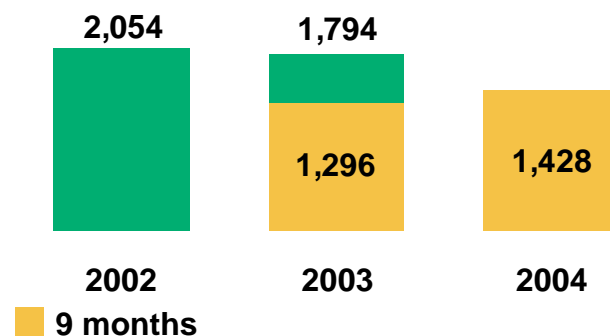
Investment Management

Investment Management Financial Performance

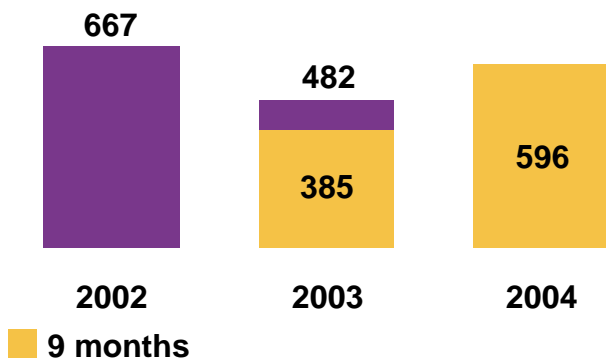
Net Revenues (\$MM)



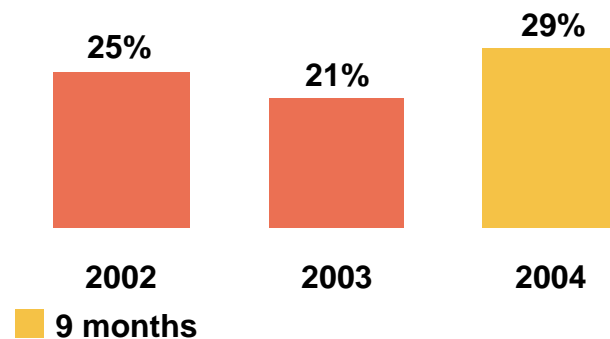
Expenses (\$MM)



Profit Before Tax (\$MM)



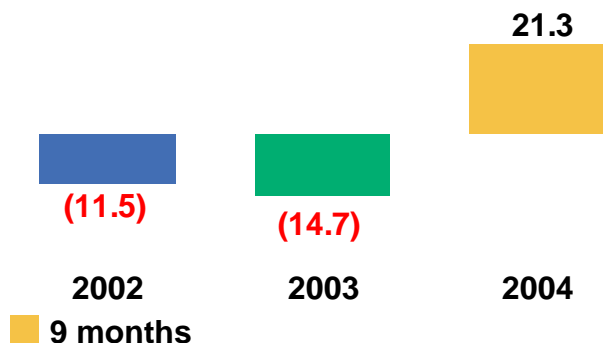
PBT Margin



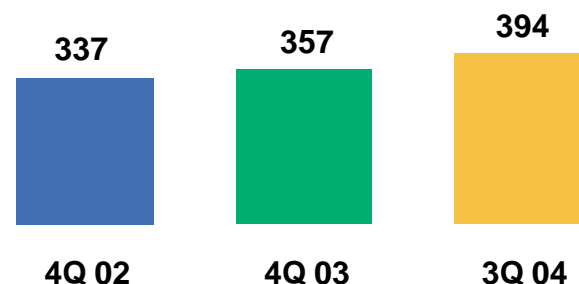
Source: Morgan Stanley SEC filings and 3Q 2004 Financial Supplement

Investment Management

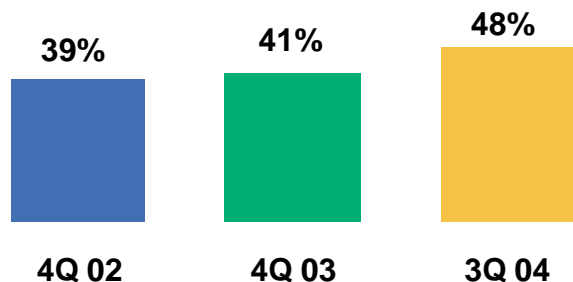
Net Fund Flows (\$Bn) ⁽¹⁾



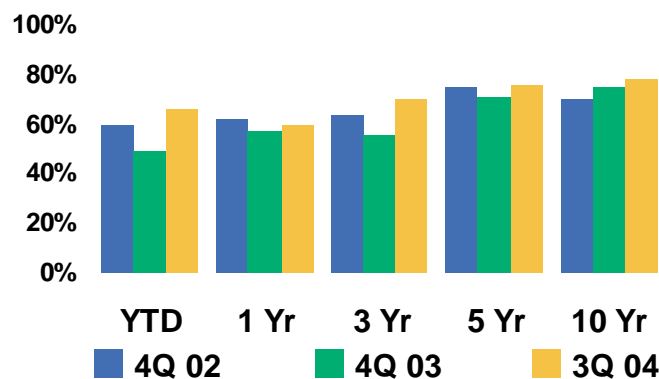
Assets Under Management (\$Bn)



Percentage of Assets Ranked 4/5 Star by Morningstar



Percentage of Assets in Lipper Top Half



Note: (1) Includes money market flows
 Source: Morgan Stanley SEC filings and 3Q 2004 Financial Supplement, Morningstar, Lipper

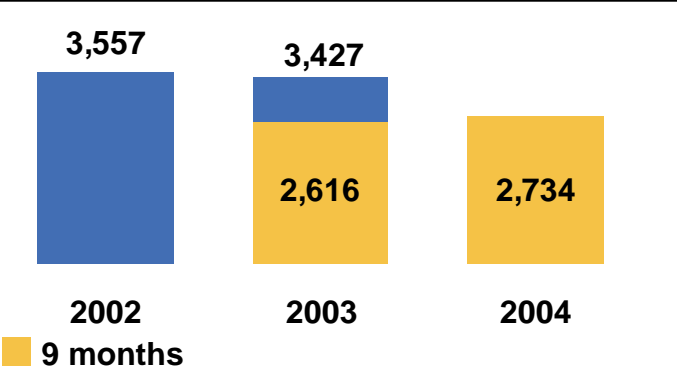
Investment Management Primary Goals

- Build out in product growth areas (Separately Managed Accounts, Alternative Products)
- Capture more flows
- Continue to improve fund performance and standings
- Concentrate assets under the best performing managers
- Protect / enhance our brand

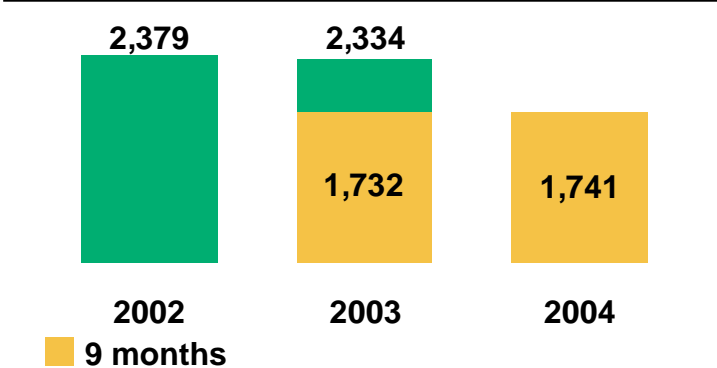
Credit Services

Credit Services Financial Performance

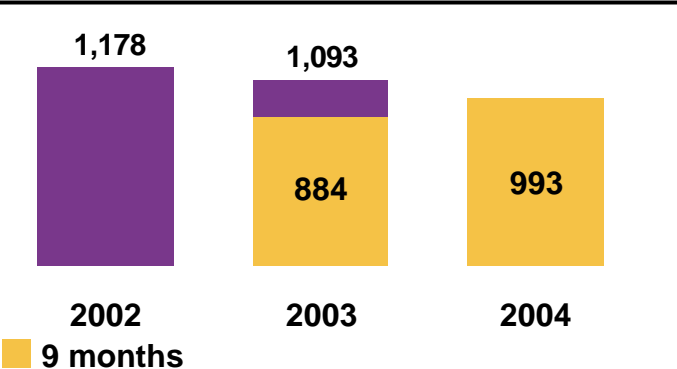
Net Revenues (\$MM)



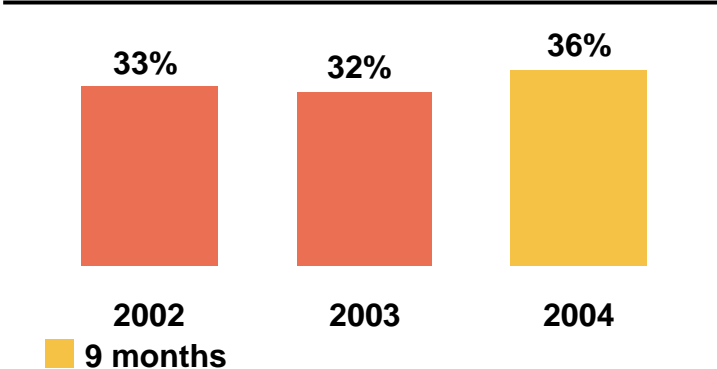
Expenses (\$MM)



Profit Before Tax (\$MM)



PBT Margin



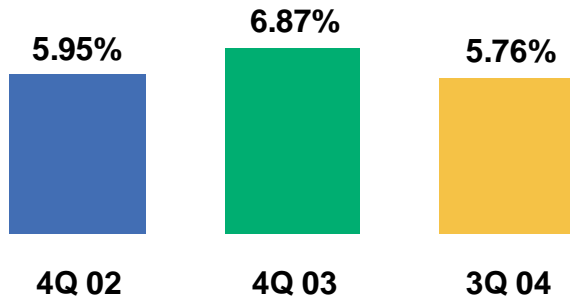
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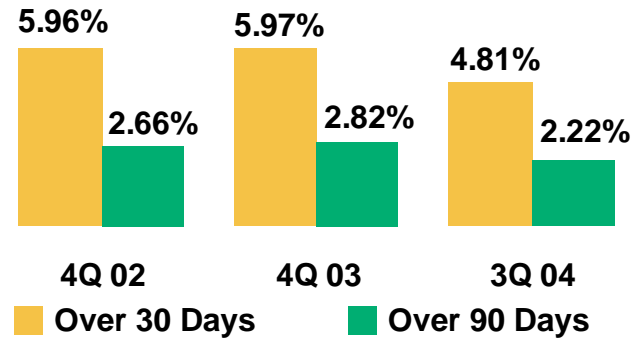
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Credit Services

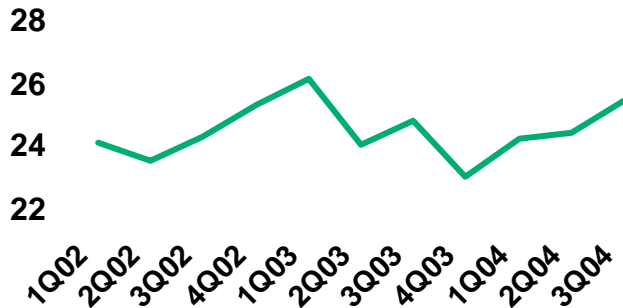
Net Charge-Off Rate



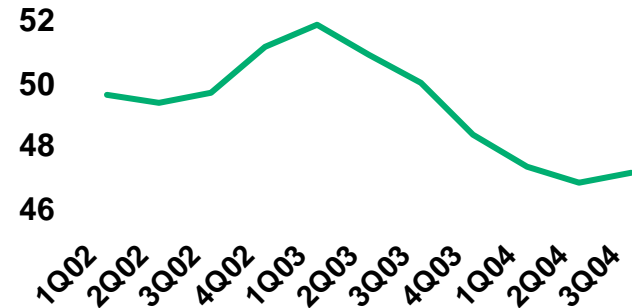
Delinquency Rates



Transaction Volume (\$Bn)



Period End Managed Loans (\$Bn)



Source: Morgan Stanley SEC filings and 3Q 2004 Financial Supplement

Credit Services Primary Goals

- Add merchants and exclusives
- Continue to leverage and enhance CashBack Bonus
- Capitalize on Supreme Court decision
 - Network opportunities
 - Issuing opportunities
 - Pulse acquisition
- Restart profitable growth
- Maintain focus on credit quality

Priorities: Last 24 Months

- Institutional: Improve market share ✓
- Investment Management: Improve investment performance ✓
- Individual Investor Group: Upgrade platform
- Discover: Improve credit quality ✓
- Strong balance sheet ✓
- Premium return

Priorities: Next 24 months

- Institutional: Accelerate profit momentum
- Investment Management: Convert performance momentum into sales
- Individual Investor Group: Continue investment in platform while gathering assets
- Discover: Capitalize on unique assets
- Regain premium return distinction
- Leverage full firm benefits
- Protect / enhance reputation

Philip J. Purcell, Chairman and Chief Executive Officer
Stephen S. Crawford, Chief Administrative Officer
David H. Sidwell, Chief Financial Officer

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