

MORGAN STANLEY
Financial Supplement - 2Q 2008
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MORGAN STANLEY
Quarterly Financial Summary
(unaudited, dollars in millions)

	Quarter Ended						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 29, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08	May 31, 2007	May 31, 2008	
Net revenues											
Institutional Securities ⁽¹⁾	\$ 7,162	\$ 7,429	\$ 4,983	\$ (3,425)	\$ 6,213	\$ 3,625	(51%)	(42%)	\$ 14,591	\$ 9,838	(33%)
Global Wealth Management Group ⁽²⁾	1,511	1,642	1,683	1,789	1,606	2,436	48%	52%	3,153	4,042	28%
Asset Management	1,368	1,509	1,364	1,252	543	488	(68%)	(10%)	2,877	1,031	(64%)
Intersegment Eliminations	(47)	(56)	(72)	(66)	(40)	(39)	30%	3%	(103)	(79)	23%
Consolidated net revenues	<u>\$ 9,994</u>	<u>\$ 10,524</u>	<u>\$ 7,958</u>	<u>\$ (450)</u>	<u>\$ 8,322</u>	<u>\$ 6,510</u>	(38%)	(22%)	<u>\$ 20,518</u>	<u>\$ 14,832</u>	(28%)
Income / (loss) before taxes⁽³⁾											
Institutional Securities	\$ 2,845	\$ 2,950	\$ 1,501	\$ (6,479)	\$ 2,117	\$ 679	(77%)	(68%)	\$ 5,795	\$ 2,796	(52%)
Global Wealth Management Group	226	264	287	378	254	989	*	*	490	1,243	154%
Asset Management	379	303	491	294	(161)	(227)	(175%)	(41%)	682	(388)	(157%)
Intersegment Eliminations	6	7	(14)	3	4	5	(29%)	25%	13	9	(31%)
Consolidated income / (loss) before taxes	<u>\$ 3,456</u>	<u>\$ 3,524</u>	<u>\$ 2,265</u>	<u>\$ (5,804)</u>	<u>\$ 2,214</u>	<u>\$ 1,446</u>	(59%)	(35%)	<u>\$ 6,980</u>	<u>\$ 3,660</u>	(48%)
Earnings / (loss) applicable to common shareholders	<u>\$ 2,655</u>	<u>\$ 2,565</u>	<u>\$ 1,526</u>	<u>\$ (3,605)</u>	<u>\$ 1,534</u>	<u>\$ 1,012</u>	(61%)	(34%)	<u>\$ 5,220</u>	<u>\$ 2,546</u>	(51%)
Earnings per basic share:⁽⁴⁾											
Income from continuing operations	\$ 2.28	\$ 2.35	\$ 1.45	\$ (3.61)	\$ 1.50	\$ 0.97	(59%)	(35%)	\$ 4.63	\$ 2.47	(47%)
Discontinued operations ⁽⁵⁾	\$ 0.35	\$ 0.22	\$ 0.07	\$ -	\$ -	\$ -	*	--	\$ 0.58	\$ -	*
Earnings per basic share	<u>\$ 2.63</u>	<u>\$ 2.57</u>	<u>\$ 1.52</u>	<u>\$ (3.61)</u>	<u>\$ 1.50</u>	<u>\$ 0.97</u>	(62%)	(35%)	<u>\$ 5.21</u>	<u>\$ 2.47</u>	(53%)
Earnings per diluted share:⁽⁴⁾											
Income from continuing operations	\$ 2.17	\$ 2.24	\$ 1.38	\$ (3.61)	\$ 1.45	\$ 0.95	(58%)	(34%)	\$ 4.41	\$ 2.40	(46%)
Discontinued operations ⁽⁵⁾	\$ 0.34	\$ 0.21	\$ 0.06	\$ -	\$ -	\$ -	*	--	\$ 0.55	\$ -	*
Earnings per diluted share	<u>\$ 2.51</u>	<u>\$ 2.45</u>	<u>\$ 1.44</u>	<u>\$ (3.61)</u>	<u>\$ 1.45</u>	<u>\$ 0.95</u>	(61%)	(34%)	<u>\$ 4.96</u>	<u>\$ 2.40</u>	(52%)
Average common shares outstanding											
Basic	1,009,186,993	996,544,761	1,002,330,181	999,553,568	1,020,802,234	1,038,145,038			1,002,894,369	1,029,473,636	
Diluted	1,057,912,545	1,045,643,087	1,057,495,875	999,553,568	1,057,867,487	1,067,184,178			1,051,684,753	1,062,525,833	
Period end common shares outstanding	1,061,644,077	1,051,690,047	1,062,450,986	1,056,289,659	1,105,301,550	1,108,865,416			1,051,690,047	1,108,865,416	
Return on average common equity											
from continuing operations	30.9%	29.4%	17.2%	*	19.7%	12.3%			30.1%	15.9%	
Return on average common equity	29.9%	27.4%	17.1%	*	19.7%	12.3%			28.7%	15.9%	

(1) The quarter ended May 31, 2008 includes a pre-tax gain of \$744 million related to the secondary offering of MSCI In

(2) The quarter ended May 31, 2008 includes a pre-tax gain of \$748 million on the sale of the Spanish wealth management business, Morgan Stanley Wealth Management S.V., S.A

(3) Represents consolidated income / (loss) from continuing operations before gain / (loss) from unconsolidated investees, taxes and gain / (loss) from discontinued operations.

(4) Summation of the quarters' earnings per common share may not equal the annual amounts due to the averaging effect of the number of shares and share equivalents throughout the year. 2007 is also affected by the loss reported for the quarter ended November 30, 2007. As a result of this loss, basic and diluted shares outstanding are equal for this period.

(5) All periods have been restated to include the results of Discover Financial Services in discontinued operations.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 18.

MORGAN STANLEY
Quarterly Consolidated Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 29, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08	May 31, 2007	May 31, 2008	
Investment banking	\$ 1,227	\$ 1,913	\$ 1,659	\$ 1,569	\$ 1,109	\$ 1,049	(45%)	(5%)	\$ 3,140	\$ 2,158	(31%)
Principal transactions:											
Trading	4,158	4,838	1,381	(7,171)	3,390	1,403	(71%)	(59%)	8,996	4,793	(47%)
Investments	880	1,004	558	820	(346)	(464)	(146%)	(34%)	1,884	(810)	(143%)
Commissions	1,005	1,123	1,264	1,290	1,199	1,155	3%	(4%)	2,128	2,354	11%
Asset management, distribution and admin. fees	1,479	1,596	1,701	1,743	1,550	1,464	(8%)	(6%)	3,075	3,014	(2%)
Interest and dividends	14,171	15,400	14,405	16,107	13,965	10,117	(34%)	(28%)	29,571	24,082	(19%)
Other ⁽¹⁾	272	321	262	353	317	1,799	*	*	593	2,116	*
Total revenues	23,192	26,195	21,230	14,711	21,184	16,523	(37%)	(22%)	49,387	37,707	(24%)
Interest expense	13,198	15,671	13,272	15,161	12,862	10,013	(36%)	(22%)	28,869	22,875	(21%)
Net revenues	9,994	10,524	7,958	(450)	8,322	6,510	(38%)	(22%)	20,518	14,832	(28%)
Compensation and benefits	4,775	4,994	3,596	3,187	4,071	2,960	(41%)	(27%)	9,769	7,031	(28%)
Occupancy and equipment	260	279	279	312	286	329	18%	15%	539	615	14%
Brokerage, clearing and exchange fees	361	366	459	470	444	448	22%	1%	727	892	23%
Information processing and communications	277	286	302	328	305	312	9%	2%	563	617	10%
Marketing and business development	153	199	190	271	183	207	4%	13%	352	390	11%
Professional services	419	510	507	676	379	472	(7%)	25%	929	851	(8%)
Other	293	366	360	110	440	336	(8%)	(24%)	659	776	18%
Total non-compensation expenses	1,763	2,006	2,097	2,167	2,037	2,104	5%	3%	3,769	4,141	10%
Total non-interest expenses	6,538	7,000	5,693	5,354	6,108	5,064	(28%)	(17%)	13,538	11,172	(17%)
Income / (loss) from continuing operations before gain / (loss) from unconsolidated investees and taxes	3,456	3,524	2,265	(5,804)	2,214	1,446	(59%)	(35%)	6,980	3,660	(48%)
Gain / (loss) from unconsolidated investees	(26)	(20)	(19)	18	2	19	195%	*	(46)	21	146%
Provision / (benefit) for income taxes	1,116	1,141	772	(2,198)	665	439	(62%)	(34%)	2,257	1,104	(51%)
Income / (loss) from continuing operations	2,314	2,363	1,474	(3,588)	1,551	1,026	(57%)	(34%)	4,677	2,577	(45%)
Discontinued operations ⁽²⁾											
Gain / (loss) from discontinued operations	564	349	111	0	0	0	*	--	913	0	*
Income tax provision / (benefit)	206	130	42	0	0	0	*	--	336	0	*
Gain / (loss) from discontinued operations	358	219	69	0	0	0	*	--	577	0	*
Net income / (loss)	\$ 2,672	\$ 2,582	\$ 1,543	\$ (3,588)	\$ 1,551	\$ 1,026	(60%)	(34%)	\$ 5,254	\$ 2,577	(51%)
Preferred stock dividend requirements	\$ 17	\$ 17	\$ 17	\$ 17	\$ 17	\$ 14	(18%)	(18%)	\$ 34	\$ 31	(9%)
Earnings / (loss) applicable to common shareholders	\$ 2,655	\$ 2,565	\$ 1,526	\$ (3,605)	\$ 1,534	\$ 1,012	(61%)	(34%)	\$ 5,220	\$ 2,546	(51%)
Return on average common equity from continuing operations	30.9%	29.4%	17.2%	*	19.7%	12.3%			30.1%	15.9%	
Return on average common equity	29.9%	27.4%	17.1%	*	19.7%	12.3%			28.7%	15.9%	
Pre-tax profit margin ⁽³⁾	35%	34%	29%	*	27%	22%			34%	25%	
Compensation and benefits as a % of net revenues	48%	48%	45%	*	49%	46%			48%	47%	
Non-Compensation expenses as a % of net revenues	18%	19%	26%	*	25%	32%			18%	28%	
Effective tax rate	32.5%	32.6%	34.4%	*	30.0%	30.0%			32.5%	30.0%	

(1) The quarter ended May 31, 2008 includes a pre-tax gain of \$744 million related to the secondary offering of MSCI Inc., (reported in Institutional Securities) and a pre-tax gain of \$748 million on the sale of the Spanish wealth management business, Morgan Stanley Wealth Management S.V., S.A.U. (reported in Global Wealth Management Group).

(2) All periods have been restated to include the results of Discover Financial Services in discontinued operations.

(3) Income / (loss) from continuing operations before gain / (loss) from unconsolidated investees, as a % of net revenues.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 18.

MORGAN STANLEY
Quarterly Consolidated Financial Information and Statistical Data
(unaudited)

	Quarter Ended				Percentage Change From:		Six Months Ended		Percentage Change		
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 29, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08		May 31, 2007	May 31, 2008
Morgan Stanley											
Regional revenue (millions) ^{(1) (2)}											
Americas ⁽³⁾	\$ 6,072	\$ 6,049	\$ 4,121	\$ (4,092)	\$ 3,823	\$ 3,517	(42%)	(8%)	\$ 12,121	\$ 7,340	(39%)
EMEA (Europe, Middle East, Africa) ⁽⁴⁾	2,702	2,970	2,405	1,931	3,267	2,071	(30%)	(37%)	5,672	5,338	(6%)
Asia	1,220	1,505	1,432	1,711	1,232	922	(39%)	(25%)	2,725	2,154	(21%)
Consolidated net revenues	\$ 9,994	\$ 10,524	\$ 7,958	\$ (450)	\$ 8,322	\$ 6,510	(38%)	(22%)	\$ 20,518	\$ 14,832	(28%)
Worldwide employees ⁽¹⁾	44,797	45,845	47,713	48,256	47,050	46,390	1%	(1%)			
Total assets (millions)	\$ 1,182,061	\$ 1,199,993	\$ 1,185,131	\$ 1,045,409	\$ 1,090,896	\$ 1,031,228	(14%)	(5%)			
Adjusted assets (millions) ⁽⁵⁾	\$ 653,875	\$ 704,421	\$ 688,966	\$ 565,585	\$ 636,892	\$ 579,124	(18%)	(9%)			
Tangible shareholders' equity (millions) ⁽⁶⁾	\$ 38,577	\$ 40,253	\$ 36,674	\$ 32,074	\$ 39,840	\$ 41,070	2%	3%			
Leverage Ratio ⁽⁷⁾	30.6x	29.8x	32.3x	32.6x	27.4x	25.1x					
Adjusted Leverage Ratio ⁽⁸⁾	16.9x	17.5x	18.8x	17.6x	16.0x	14.1x					
Shareholders' equity (millions)	\$ 37,954	\$ 39,511	\$ 35,250	\$ 31,269	\$ 33,280	\$ 34,493	(13%)	4%			
Common equity (millions)	\$ 36,854	\$ 38,411	\$ 34,150	\$ 30,169	\$ 32,180	\$ 33,393	(13%)	4%			
Period end common shares outstanding (millions)	1,061.6	1,051.7	1,062.5	1,056.3	1,105.3	1,108.9	5%	--			
Book value per common share ⁽⁹⁾	\$ 34.71	\$ 36.52	\$ 32.14	\$ 28.56	\$ 29.11	\$ 30.11	(18%)	3%			
Total capital (millions) ⁽¹⁰⁾	\$ 177,270	\$ 187,250	\$ 187,480	\$ 191,085	\$ 198,210	\$ 210,131	12%	6%			
Average liquidity											
Parent company liquidity (billions)	\$ 46	\$ 38	\$ 49	\$ 64	\$ 71	\$ 74	95%	4%			
Bank and other subsidiary liquidity (billions)	18	30	44	56	51	61	103%	20%			
Total liquidity (billions)	\$ 64	\$ 68	\$ 93	\$ 120	\$ 122	\$ 135	99%	11%			
Average Daily 95%/One-Day Value-at-Risk ("VaR") ⁽¹¹⁾											
Primary Market Risk Category (\$ millions, pre-tax)											
Interest rate and credit spread	\$ 39	\$ 40	\$ 52	\$ 53	\$ 59	\$ 66					
Equity price	\$ 45	\$ 44	\$ 43	\$ 41	\$ 37	\$ 38					
Foreign exchange rate	\$ 15	\$ 16	\$ 17	\$ 25	\$ 30	\$ 28					
Commodity price	\$ 40	\$ 34	\$ 38	\$ 35	\$ 38	\$ 39					
Trading VaR	\$ 90	\$ 81	\$ 87	\$ 89	\$ 97	\$ 99					
Non - trading VaR	\$ 14	\$ 17	\$ 20	\$ 36	\$ 37	\$ 45					
Aggregate trading and non - trading VaR	\$ 92	\$ 87	\$ 91	\$ 98	\$ 103	\$ 112					

(1) Restated to exclude Discover Financial Services.

(2) Reflects the regional view of the Company's consolidated net revenues, on a managed basis, based on the following methodology:
Institutional Securities: investment banking - client location, equity capital markets - client location, debt capital markets - revenue recording location, sales & trading - trading desk location
Global Wealth Management: financial advisor location
Asset Management: client location except for the merchant banking business which is based on asset location

(3) The quarter ended May 31, 2008 includes a pre-tax gain of \$744 million related to the secondary offering of MSCI Inc.

(4) The quarter ended May 31, 2008 includes a pre-tax gain of \$748 million on the sale of the Spanish wealth management business, Morgan Stanley Wealth Management S.V., S.A.U.

(5) Adjusted assets exclude certain self-funded assets considered to have minimal market, credit and/or liquidity risk that are generally attributable to matched book and securities lending businesses as measured by aggregate resale agreements and securities borrowed less non-derivative short positions. See page 15 for further information.

(6) Tangible shareholders' equity equals shareholders' equity plus junior subordinated debt issued to capital trusts less goodwill and intangible assets.

(7) Leverage ratio equals total assets divided by tangible shareholders' equity.

(8) Adjusted leverage ratio equals adjusted total assets divided by tangible shareholders' equity.

(9) Book value per common share equals common equity divided by period end common shares outstanding. The Company's spin-off of Discover Financial Services on June 30, 2007 reduced book value per common share by approximately \$5.79.

(10) Includes common equity, preferred equity, junior subordinated debt issued to capital trusts, capital units and the non-current portion of long-term debt.

(11) 95%/One-Day VaR represents the loss amount that one would not expect to exceed, on average, more than five times every one hundred trading days in the Company's trading positions if the portfolio were held constant for a one day period. For a further discussion of the calculation of VaR and the limitations of the Company's VaR methodology, see Part II, Item 7A "Quantitative and Qualitative Disclosures about Market Risk" in the Company's Form 10-K for fiscal 2007.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.
Refer to Legal Notice page 18.

MORGAN STANLEY
Quarterly Consolidated Financial Information and Statistical Data
(unaudited)

	Quarter Ended						Six Months Ended					
	Feb 29, 2008			May 31, 2008			May 31, 2008			May 31, 2008		
	Average tier 1 equity (billions) (1)	Average common equity (billions) (1)	Return on average common equity	Average tier 1 equity (billions) (1)	Average common equity (billions) (1)	Return on average common equity	Average tier 1 equity (billions) (1)	Average common equity (billions) (1)	Return on average common equity	Average tier 1 equity (billions) (1)	Average common equity (billions) (1)	Return on average common equity
Institutional Securities	\$ 27.5	\$ 24.4	24%	\$ 27.3	\$ 24.0	9%	\$ 27.4	\$ 24.2	17%	\$ 27.4	\$ 24.2	17%
Global Wealth Management Group	1.6	1.5	42%	1.7	1.5	172%	1.6	1.5	105%	1.6	1.5	105%
Asset Management	3.2	3.8	*	3.1	3.4	*	3.2	3.6	*	3.2	3.6	*
Unallocated capital	1.5	1.5		3.9	3.9		2.7	2.7		2.7	2.7	
Total - continuing operations	33.8	31.2	20%	36.0	32.8	12%	34.9	32.0	16%	34.9	32.0	16%
Discontinued operations	0.0	0.0		0.0	0.0		0.0	0.0		0.0	0.0	
Firm	<u>\$ 33.8</u>	<u>\$ 31.2</u>	20%	<u>\$ 36.0</u>	<u>\$ 32.8</u>	12%	<u>\$ 34.9</u>	<u>\$ 32.0</u>	16%	<u>\$ 34.9</u>	<u>\$ 32.0</u>	16%

	Quarter Ended									Six Months Ended					
	Feb 28, 2007			May 31, 2007			Aug 31, 2007			Nov 30, 2007			May 31, 2007		
	Average tier 1 equity (billions) (1)	Average common equity (billions) (1)	Return on average common equity	Average tier 1 equity (billions) (1)	Average common equity (billions) (1)	Return on average common equity	Average tier 1 equity (billions) (1)	Average common equity (billions) (1)	Return on average common equity	Average tier 1 equity (billions) (1)	Average common equity (billions) (1)	Return on average common equity	Average tier 1 equity (billions) (1)	Average common equity (billions) (1)	Return on average common equity
Institutional Securities	\$ 21.0	\$ 20.0	38%	\$ 23.7	\$ 22.8	35%	\$ 25.7	\$ 25.1	16%	\$ 28.0	\$ 27.7	*	\$ 22.4	\$ 21.4	37%
Global Wealth Management Group	1.5	1.7	32%	1.5	1.6	40%	1.6	1.7	39%	1.6	1.7	52%	1.5	1.7	36%
Asset Management	2.3	3.0	31%	2.7	3.4	23%	2.8	3.6	35%	3.1	3.9	18%	2.5	3.2	27%
Unallocated capital	5.1	5.1		4.2	4.2		3.5	3.5		(0.4)	(0.4)		4.6	4.6	
Total - continuing operations	29.9	29.8	31%	32.1	32.0	29%	33.6	33.9	17%	32.3	32.9	*	31.0	30.9	30%
Discontinued operations	4.6	5.7		4.5	5.4		1.6	1.9		0.0	0.0		4.6	5.5	
Firm	<u>\$ 34.5</u>	<u>\$ 35.5</u>	30%	<u>\$ 36.6</u>	<u>\$ 37.4</u>	27%	<u>\$ 35.2</u>	<u>\$ 35.8</u>	17%	<u>\$ 32.3</u>	<u>\$ 32.9</u>	*	<u>\$ 35.6</u>	<u>\$ 36.4</u>	29%

(1) The Company's economic capital framework estimates the amount of equity capital required to support the businesses over a wide range of market environments while simultaneously satisfying regulatory, rating agency and investor requirements. Economic capital is assigned to each segment based on regulatory capital usage plus additional capital for stress losses. Economic capital requirements are met by regulatory Tier 1 equity (including common shareholders' equity, certain preferred stock, eligible hybrid capital instruments and deductions of certain goodwill, intangible assets and net deferred tax assets), subject to regulatory limits. The framework will evolve over time in response to changes in the business and regulatory environment and to incorporate improvements in modeling techniques.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation. Additionally, the average equity related to Discover Financial Services and Quilter Holdings Limited have been reclassified to discontinued operations in all periods.
Refer to Legal Notice page 18.

MORGAN STANLEY
Quarterly Institutional Securities Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended ⁽¹⁾						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 29, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08	May 31, 2007	May 31, 2008	
Investment banking	\$ 1,032	\$ 1,704	\$ 1,439	\$ 1,363	\$ 980	\$ 875	(49%)	(11%)	\$ 2,736	\$ 1,855	(32%)
Principal transactions:											
Trading	4,029	4,705	1,236	(7,230)	3,394	1,309	(72%)	(61%)	8,734	4,703	(46%)
Investments	350	396	217	496	(141)	(257)	(165%)	(82%)	746	(398)	(153%)
Commissions	691	766	911	894	840	813	6%	(3%)	1,457	1,653	13%
Asset management, distribution and admin. fees	25	25	24	29	31	34	36%	10%	50	65	30%
Interest and dividends	14,021	15,193	14,141	15,776	13,660	9,793	(36%)	(28%)	29,214	23,453	(20%)
Other ⁽²⁾	205	266	222	290	209	975	*	*	471	1,184	151%
Total revenues	<u>20,353</u>	<u>23,055</u>	<u>18,190</u>	<u>11,618</u>	<u>18,973</u>	<u>13,542</u>	(41%)	(29%)	43,408	32,515	(25%)
Interest expense	<u>13,191</u>	<u>15,626</u>	<u>13,207</u>	<u>15,043</u>	<u>12,760</u>	<u>9,917</u>	(37%)	(22%)	28,817	22,677	(21%)
Net revenues	<u>7,162</u>	<u>7,429</u>	<u>4,983</u>	<u>(3,425)</u>	<u>6,213</u>	<u>3,625</u>	(51%)	(42%)	<u>14,591</u>	<u>9,838</u>	(33%)
Total non-interest expenses	<u>4,317</u>	<u>4,479</u>	<u>3,482</u>	<u>3,054</u>	<u>4,096</u>	<u>2,946</u>	(34%)	(28%)	<u>8,796</u>	<u>7,042</u>	(20%)
Income / (loss) from continuing operations before gain / (loss) from unconsolidated investees and taxes	2,845	2,950	1,501	(6,479)	2,117	679	(77%)	(68%)	5,795	2,796	(52%)
Gain / (loss) from unconsolidated investees	(26)	(20)	(19)	18	2	19	195%	*	(46)	21	146%
Income / (loss) before taxes ⁽²⁾	<u>2,819</u>	<u>2,930</u>	<u>1,482</u>	<u>(6,461)</u>	<u>2,119</u>	<u>698</u>	(76%)	(67%)	5,749	2,817	(51%)
Provision / (benefit) for income taxes	878	932	483	(2,463)	627	160	(83%)	(74%)	1,810	787	(57%)
Income / (loss) from continuing operations ⁽³⁾	<u>\$ 1,941</u>	<u>\$ 1,998</u>	<u>\$ 999</u>	<u>\$ (3,998)</u>	<u>\$ 1,492</u>	<u>\$ 538</u>	(73%)	(64%)	<u>\$ 3,939</u>	<u>\$ 2,030</u>	(48%)
Return on average common equity ⁽⁴⁾	38%	35%	16%	*	24%	9%			37%	17%	
Pre-tax profit margin ⁽⁵⁾	40%	40%	30%	*	34%	19%			40%	28%	

(1) Principal transactions investments revenue reflects net gain / (loss) on investments marked at fair value. The related investment asset balance for the quarters ended Feb 28, 2007, May 31, 2007, Aug 31, 2007, Nov 30, 2007, Feb 29, 2008 and May 31, 2008 are \$4.4 billion, \$5.9 billion, \$8.2 billion, \$9.7 billion, \$10.3 billion and \$10.1 billion, respectively.

(2) The quarter ended May 31, 2008 includes a pre-tax gain of \$744 and income before taxes of \$732 million related to the secondary offering of MSCI Inc.

(3) Excludes gain / (loss) from discontinued operations.

(4) Refer to page 4 for the allocation of average common equity.

(5) Income / (loss) from continuing operations before gain / (loss) from unconsolidated investees and taxes, as a % of net revenues.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 18.

MORGAN STANLEY
Quarterly Financial Information and Statistical Data
Institutional Securities
(unaudited, dollars in millions)

	Quarter Ended						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 29, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08	May 31, 2007	May 31, 2008	
Investment Banking											
Advisory revenue	\$ 373	\$ 725	\$ 664	\$ 779	\$ 444	\$ 367	(49%)	(17%)	\$ 1,098	\$ 811	(26%)
Underwriting revenue											
Equity	300	493	429	348	261	298	(40%)	14%	793	559	(30%)
Fixed income	359	486	346	236	275	210	(57%)	(24%)	845	485	(43%)
Total underwriting revenue	\$ 659	\$ 979	\$ 775	\$ 584	\$ 536	\$ 508	(48%)	(5%)	\$ 1,638	\$ 1,044	(36%)
Total investment banking revenue	\$ 1,032	\$ 1,704	\$ 1,439	\$ 1,363	\$ 980	\$ 875	(49%)	(11%)	\$ 2,736	\$ 1,855	(32%)
Sales & Trading ^{(1) (2)}											
Equity	\$ 2,318	\$ 2,374	\$ 1,880	\$ 2,468	\$ 3,467	\$ 2,103	(11%)	(39%)	\$ 4,692	\$ 5,570	19%
Fixed income	3,321	2,738	2,078	(7,869)	2,769	414	(85%)	(85%)	6,059	3,183	(47%)
Other	(89)	(74)	(877)	(202)	(1,102)	(519)	*	53%	(163)	(1,621)	*
Total sales & trading net revenue	\$ 5,550	\$ 5,038	\$ 3,081	\$ (5,603)	\$ 5,134	\$ 1,998	(60%)	(61%)	\$ 10,588	\$ 7,132	(33%)

	Fiscal View						Calendar View	
	Quarter Ended (3)						Five Months Ended (3)	
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 29, 2008	May 31, 2008	May 31, 2007	May 31, 2008
Mergers and acquisitions announced transactions								
Morgan Stanley global market volume (billions)	\$ 330.0	\$ 489.1	\$ 280.9	\$ 298.3	\$ 69.1	\$ 178.7	\$ 716.2	\$ 197.1
Market share	35.9%	38.8%	24.2%	35.4%	10.5%	22.2%	39.3%	17.5%
Rank	2	1	2	4	8	6	1	7
Mergers and acquisitions completed transactions								
Morgan Stanley global market volume (billions)	\$ 209.2	\$ 360.1	\$ 249.7	\$ 500.9	\$ 168.8	\$ 97.0	\$ 513.8	\$ 214.2
Market share	23.0%	39.2%	26.3%	45.7%	25.7%	17.0%	35.9%	21.4%
Rank	3	1	2	2	4	9	1	8
Global equity and related issues								
Morgan Stanley global market volume (billions)	\$ 13.9	\$ 20.2	\$ 18.3	\$ 14.9	\$ 7.8	\$ 14.3	\$ 26.0	\$ 16.9
Market share	7.5%	8.7%	8.2%	6.3%	6.1%	8.1%	7.7%	7.2%
Rank	4	3	4	6	5	4	5	4
Global IPO's								
Morgan Stanley global market volume (billions)	\$ 4.1	\$ 6.4	\$ 6.5	\$ 6.9	\$ 3.0	\$ 3.3	\$ 8.0	\$ 3.7
Market Share	7.6%	8.3%	8.2%	7.0%	8.8%	7.0%	7.7%	6.5%
Rank	3	3	3	5	1	6	3	7
Global debt								
Morgan Stanley global market volume (billions)	\$ 102.0	\$ 141.6	\$ 87.8	\$ 67.6	\$ 58.6	\$ 64.4	\$ 203.1	\$ 109.5
Market share	5.6%	6.5%	5.2%	5.1%	4.2%	4.5%	6.2%	4.7%
Rank	6	5	8	6	7	8	5	7

(1) Includes principal transactions trading, commissions and net interest revenue. Other sales and trading net revenue primarily includes net losses from the mark-to-market of loans and closed and pipeline commitments and related hedges, and results related to Investment Banking and other activities.

(2) Prior periods have been restated for the reclassification of certain proprietary trading net revenues from fixed income to equity to reflect the current management structure. Mortgage proprietary trading net revenues will continue to be reported in fixed income.

(3) Source: Thomson Financial, data as of June 4, 2008.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation. Refer to Legal Notice page 18.

MORGAN STANLEY
Quarterly Financial Information and Statistical Data
Institutional Securities - Corporate Lending ⁽¹⁾
(unaudited, dollars in billions)

	Quarter Ended						Percentage Change From:	
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 29, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08
Corporate funded loans								
Investment grade	\$ 6.2	\$ 13.7	\$ 11.1	\$ 13.0	\$ 15.6	\$ 14.6	7%	(6%)
Non-investment grade	3.9	4.9	7.5	10.9	10.7	10.3	110%	(4%)
Total corporate funded loans	<u>\$ 10.1</u>	<u>\$ 18.6</u>	<u>\$ 18.6</u>	<u>\$ 23.9</u>	<u>\$ 26.3</u>	<u>\$ 24.9</u>	34%	(5%)
Corporate lending commitments								
Investment grade	\$ 31.5	\$ 42.1	\$ 50.4	\$ 50.2	\$ 44.2	\$ 39.9	(5%)	(10%)
Non-investment grade	25.5	32.4	35.7	20.0	15.3	12.0	(63%)	(22%)
Total corporate lending commitments	<u>\$ 57.0</u>	<u>\$ 74.5</u>	<u>\$ 86.1</u>	<u>\$ 70.2</u>	<u>\$ 59.5</u>	<u>\$ 51.9</u>	(30%)	(13%)
Corporate funded loans plus lending commitments								
Investment grade	\$ 37.7	\$ 55.8	\$ 61.5	\$ 63.2	\$ 59.8	\$ 54.5	(2%)	(9%)
Non-investment grade ⁽²⁾	\$ 29.4	\$ 37.3	\$ 43.2	\$ 30.9	\$ 26.0	\$ 22.3	(40%)	(14%)
% investment grade	56%	60%	59%	67%	70%	71%		
% non-investment grade	44%	40%	41%	33%	30%	29%		
Total corporate funded loans and lending commitments	\$ 67.1	\$ 93.1	\$ 104.7	\$ 94.1	\$ 85.8	\$ 76.8	(18%)	(10%)
Hedges ⁽³⁾	\$ 29.9	\$ 34.2	\$ 37.5	\$ 37.6	\$ 40.6	\$ 36.7	7%	(10%)
Total corporate funded loans and lending commitments net of hedges	<u>\$ 37.2</u>	<u>\$ 58.9</u>	<u>\$ 67.2</u>	<u>\$ 56.5</u>	<u>\$ 45.2</u>	<u>\$ 40.1</u>	(32%)	(11%)

(1) In connection with certain of its Institutional Securities business activities, the Company provides loans or lending commitments to select clients related to its leveraged acquisition finance or relationship lending activities. For a further discussion of this activity, see the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2007.

(2) For the quarters ended November 30, 2007, February 29, 2008 and May 31, 2008, the leveraged acquisition finance portfolio of pipeline commitments and closed deals was \$19.6 billion, \$15.9 billion and \$12.7 billion, respectively.

(3) Includes hedges utilized by the lending business.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.
Refer to Legal Notice page 18.

MORGAN STANLEY
Quarterly Global Wealth Management Group Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 29, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08	May 31, 2007	May 31, 2008	
Investment banking	\$ 166	\$ 164	\$ 166	\$ 129	\$ 104	\$ 152	(7%)	46%	\$ 330	\$ 256	(22%)
Principal transactions:											
Trading	129	133	145	191	177	210	58%	19%	262	387	48%
Investments	(2)	20	3	8	(4)	(3)	(115%)	25%	18	(7)	(139%)
Commissions	315	357	353	408	363	346	(3%)	(5%)	672	709	6%
Asset management, distribution and admin. fees	729	769	788	781	716	694	(10%)	(3%)	1,498	1,410	(6%)
Interest and dividends	274	298	321	328	302	319	7%	6%	572	621	9%
Other ⁽¹⁾	38	40	33	52	39	801	*	*	78	840	*
Total revenues	1,649	1,781	1,809	1,897	1,697	2,519	41%	48%	3,430	4,216	23%
Interest expense	138	139	126	108	91	83	(40%)	(9%)	277	174	(37%)
Net revenues	1,511	1,642	1,683	1,789	1,606	2,436	48%	52%	3,153	4,042	28%
Total non-interest expenses	1,285	1,378	1,396	1,411	1,352	1,447	5%	7%	2,663	2,799	5%
Income before taxes ⁽¹⁾	226	264	287	378	254	989	*	*	490	1,243	154%
Provision for income taxes	87	102	119	151	95	370	*	*	189	465	146%
Income from continuing operations	<u>\$ 139</u>	<u>\$ 162</u>	<u>\$ 168</u>	<u>\$ 227</u>	<u>\$ 159</u>	<u>\$ 619</u>	*	*	<u>\$ 301</u>	<u>\$ 778</u>	158%
Return on average common equity ⁽²⁾	32%	40%	39%	52%	42%	172%			36%	105%	
Pre-tax profit margin ⁽³⁾	15%	16%	17%	21%	16%	41%			16%	31%	

(1) The quarter ended May 31, 2008 includes a pre-tax gain of \$748 million and income before taxes of \$698 million, on the sale of the Spanish wealth management business, Morgan Stanley Wealth Management S.V., S.A.U.

(2) Refer to page 4 for the allocation of average common equity.

(3) Income before taxes as a % of net revenues.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 18.

MORGAN STANLEY
Quarterly Financial Information and Statistical Data
Global Wealth Management Group
(unaudited)

	Quarter Ended						Percentage Change From:	
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 29, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08
Global representatives ⁽¹⁾	7,993	8,137	8,341	8,429	8,456	8,350	3%	(1%)
Annualized revenue per global representative (thousands) ⁽²⁾	\$ 758	\$ 814	\$ 817	\$ 853	\$ 761	\$ 810	--	6%
Assets by client segment (billions)								
\$10m or more	210	223	228	247	229	235	5%	3%
\$1m - \$10m	248	268	265	275	262	276	3%	5%
Subtotal - > \$1m	458	491	493	522	491	511	4%	4%
\$100k - \$1m	174	180	182	179	175	176	(2%)	1%
< \$100k	26	24	24	23	23	22	(8%)	(4%)
Client assets excluding corporate / other	658	695	699	724	689	709	2%	3%
Corporate / other	32	33	35	34	33	30	(9%)	(9%)
Total client assets (billions)	\$ 690	\$ 728	\$ 734	\$ 758	\$ 722	\$ 739	2%	2%
% of assets by client segment > \$1m ⁽³⁾	70%	71%	71%	72%	71%	72%		
Fee-based client account assets (billions) ⁽⁴⁾	\$ 202	\$ 210	\$ 211	\$ 201	\$ 185	\$ 194	(8%)	5%
Fee-based assets as a % of client assets	29%	29%	29%	27%	26%	26%		
Bank deposit program (millions)	\$ 16,364	\$ 18,226	\$ 19,409	\$ 26,160	\$ 33,365	\$ 34,334	88%	3%
Client assets per global representative (millions) ⁽⁵⁾	\$ 86	\$ 89	\$ 88	\$ 90	\$ 85	\$ 89	--	5%
Domestic retail net new assets (billions) ⁽⁶⁾	\$ 6.7	\$ 8.7	\$ 14.6	\$ 10.0	\$ 11.4	\$ 13.3	53%	17%
Domestic retail locations	451	453	455	451	447	459	1%	3%

(1) Global Representatives for the quarter ended May 31, 2008 includes a decline of 233 global representatives resulting from the sale of Morgan Stanley Wealth Management, S.V., S.A.U.

(2) Annualized revenue divided by average global representative headcount. Computation for the quarter ended May 31, 2008 excludes revenues associated with the sale of the Spanish wealth management business, Morgan Stanley Wealth Management S.V., S.A.U.

(3) Excludes corporate / other assets.

(4) Represents the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.

(5) Total client assets divided by period end global representative headcount.

(6) Represents net new assets in the U.S. broad-based branch system.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 18.

MORGAN STANLEY
Quarterly Asset Management Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended ⁽¹⁾						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 29, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08	May 31, 2007	May 31, 2008	
Investment banking	\$ 31	\$ 61	\$ 92	\$ 80	\$ 26	\$ 30	(51%)	15%	\$ 92	\$ 56	(39%)
Principal transactions:											
Trading ⁽²⁾	0	0	0	(129)	(179)	(113)	*	37%	0	(292)	*
Investments	532	588	338	316	(201)	(204)	(135%)	(1%)	1,120	(405)	(136%)
Commissions	6	6	6	5	4	5	(17%)	25%	12	9	(25%)
Asset management, distribution and admin. fees	768	844	926	986	845	779	(8%)	(8%)	1,612	1,624	1%
Interest and dividends	14	29	14	17	15	16	(45%)	7%	43	31	(28%)
Other	34	18	10	13	71	15	(17%)	(79%)	52	86	65%
Total revenues	<u>1,385</u>	<u>1,546</u>	<u>1,386</u>	<u>1,288</u>	<u>581</u>	<u>528</u>	(66%)	(9%)	<u>2,931</u>	<u>1,109</u>	(62%)
Interest expense	<u>17</u>	<u>37</u>	<u>22</u>	<u>36</u>	<u>38</u>	<u>40</u>	8%	5%	<u>54</u>	<u>78</u>	44%
Net revenues	<u>1,368</u>	<u>1,509</u>	<u>1,364</u>	<u>1,252</u>	<u>543</u>	<u>488</u>	(68%)	(10%)	<u>2,877</u>	<u>1,031</u>	(64%)
Total non-interest expenses	<u>989</u>	<u>1,206</u>	<u>873</u>	<u>958</u>	<u>704</u>	<u>715</u>	(41%)	2%	<u>2,195</u>	<u>1,419</u>	(35%)
Income / (loss) before taxes	379	303	491	294	(161)	(227)	(175%)	(41%)	682	(388)	(157%)
Provision / (benefit) for income taxes	<u>149</u>	<u>105</u>	<u>174</u>	<u>113</u>	<u>(58)</u>	<u>(94)</u>	(190%)	(62%)	<u>254</u>	<u>(152)</u>	(160%)
Income / (loss) from continuing operations	<u>\$ 230</u>	<u>\$ 198</u>	<u>\$ 317</u>	<u>\$ 181</u>	<u>\$ (103)</u>	<u>\$ (133)</u>	(167%)	(29%)	<u>\$ 428</u>	<u>\$ (236)</u>	(155%)
Return on average common equity ⁽³⁾	31%	23%	35%	18%	*	*			27%	*	
Pre-tax profit margin ⁽⁴⁾	28%	20%	36%	24%	*	*			24%	*	

(1) Principal transactions investments revenue reflects net gain/(loss) on investments marked at fair value including real estate funds, private equity funds and seed capital investments. The related investment asset balance for the quarters ended Feb 28, 2007, May 31, 2007, Aug 31, 2007, Nov 30, 2007, Feb 29, 2008 and May 31, 2008 are \$2.9 billion, \$3.9 billion, \$4.6 billion, \$4.5 billion, \$4.4 billion and \$5.1 billion, respectively.

(2) Trading results for the quarters ended November 30, 2007, February 29, 2008 and May 31, 2008 include losses related to securities issued by structured investment vehicles.

(3) Refer to page 4 for the allocation of average common equity.

(4) Income / (loss) before taxes as a % of net revenues.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 18.

MORGAN STANLEY
Quarterly Financial Information and Statistical Data
Asset Management
(unaudited, dollars in billions)

	Quarter Ended				Percentage Change From:		Six Months Ended		Percentage Change		
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 28, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08		May 31, 2007	May 31, 2008
Assets under management or supervision											
Net flows by distribution channel											
Morgan Stanley Retail & Intermediary	(1.7)	0.8	1.2	(1.6)	(1.5)	(0.6)	*	60%	(0.9)	(2.1)	(133%)
Van Kampen Retail & Intermediary	0.7	1.1	0.6	(1.2)	(2.3)	(2.1)	*	9%	1.8	(4.4)	*
Retail money markets	(1.8)	(1.5)	0.5	(2.4)	1.6	3.2	*	100%	(3.3)	4.8	*
Total Americas Retail	(2.8)	0.4	2.3	(5.2)	(2.2)	0.5	25%	123%	(2.4)	(1.7)	29%
U.S. Institutional	0.0	1.2	0.2	1.2	0.6	0.9	(25%)	50%	1.2	1.5	25%
Institutional money markets	2.5	3.5	12.3	(2.9)	7.8	12.8	*	64%	6.0	20.6	*
Non- U.S.	4.8	4.2	6.0	7.3	0.4	1.3	(69%)	*	9.0	1.7	(81%)
Total net flows	4.5	9.3	20.8	0.4	6.6	15.5	67%	135%	13.8	22.1	60%
Assets under management or supervision by distribution channel											
Morgan Stanley Retail & Intermediary	75	80	80	81	75	76	(5%)	1%			
Van Kampen Retail & Intermediary	144	155	149	150	135	138	(11%)	2%			
Retail money markets	34	32	33	31	33	37	16%	12%			
Total Americas Retail	253	267	262	262	243	251	(6%)	3%			
U.S. Institutional	109	119	121	128	123	127	7%	3%			
Institutional money markets	52	57	70	68	76	89	56%	17%			
Non- U.S.	102	112	118	132	128	131	17%	2%			
Total assets under management or supervision	516	555	571	590	570	598	8%	5%			
Share of minority interest assets ⁽¹⁾	5	5	6	7	7	7	40%	--			
Total	\$ 521	\$ 560	\$ 577	\$ 597	\$ 577	\$ 605	8%	5%			

(1) Amount represents Asset Management's proportional share of assets managed by entities in which it owns a minority interest.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 18.

MORGAN STANLEY
Quarterly Financial Information and Statistical Data
Asset Management
(unaudited, dollars in billions)

	Quarter Ended						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 28, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08	May 31, 2007	May 31, 2008	
Assets under management or supervision											
Net flows by asset class											
Core Asset Management											
Equity	(1.8)	(2.5)	(6.4)	(1.8)	(6.8)	(5.7)	(128%)	16%	\$ (4.3)	\$ (12.5)	*
Fixed income	1.4	5.2	13.4	(5.5)	8.9	16.6	*	87%	6.6	25.5	*
Alternatives ⁽²⁾	4.6	2.3	6.2	4.7	4.3	3.0	30%	(30%)	6.9	7.3	6%
Unit trusts	0.5	0.6	0.4	0.1	(0.3)	(0.1)	(117%)	67%	1.1	(0.4)	(136%)
Total Core Asset Management	<u>4.7</u>	<u>5.6</u>	<u>13.6</u>	<u>(2.5)</u>	<u>6.1</u>	<u>13.8</u>	146%	126%	<u>10.3</u>	<u>19.9</u>	93%
Merchant Banking											
Private Equity	(0.3)	(0.1)	0.9	0.0	(0.1)	(0.1)	--	--	(0.4)	(0.2)	50%
Infrastructure	0.0	0.6	0.9	0.9	0.4	1.2	100%	*	0.6	1.6	*
Real Estate	0.1	3.2	5.4	2.0	0.2	0.6	(81%)	*	3.3	0.8	(76%)
Total Merchant Banking	<u>(0.2)</u>	<u>3.7</u>	<u>7.2</u>	<u>2.9</u>	<u>0.5</u>	<u>1.7</u>	(54%)	*	<u>3.5</u>	<u>2.2</u>	(37%)
Total net flows	<u>\$ 4.5</u>	<u>\$ 9.3</u>	<u>\$ 20.8</u>	<u>\$ 0.4</u>	<u>\$ 6.6</u>	<u>\$ 15.5</u>	67%	135%	<u>\$ 13.8</u>	<u>\$ 22.1</u>	60%
Assets under management or supervision by asset class											
Core Asset Management											
Equity	\$ 245	\$ 265	\$ 254	\$ 265	\$ 234	\$ 239	(10%)	2%			
Fixed income	179	187	201	201	210	227	21%	8%			
Alternatives ⁽²⁾	54	58	63	67	69	73	26%	6%			
Unit trusts	15	16	15	15	14	14	(13%)	--			
Total Core Asset Management	<u>493</u>	<u>526</u>	<u>533</u>	<u>548</u>	<u>527</u>	<u>553</u>	5%	5%			
Merchant Banking											
Private Equity	2	2	3	4	3	3	50%	--			
Infrastructure	0	1	1	2	3	4	*	33%			
Real Estate	21	26	34	36	37	38	46%	3%			
Total Merchant Banking	<u>23</u>	<u>29</u>	<u>38</u>	<u>42</u>	<u>43</u>	<u>45</u>	55%	5%			
Total Assets Under Management/Supervision	<u>\$ 516</u>	<u>\$ 555</u>	<u>\$ 571</u>	<u>\$ 590</u>	<u>\$ 570</u>	<u>\$ 598</u>	8%	5%			
Share of minority interest assets ⁽¹⁾	5	5	6	7	7	7	40%	--			
Total	<u>\$ 521</u>	<u>\$ 560</u>	<u>\$ 577</u>	<u>\$ 597</u>	<u>\$ 577</u>	<u>\$ 605</u>	8%	5%			

(1) Amount represents Asset Management's proportional share of assets managed by entities in which it owns a minority interest.

(2) Includes a range of alternative investment products such as hedge funds, funds of hedge funds and funds of private equity funds.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.
Refer to Legal Notice page 18.

Morgan Stanley
Quarterly Financial Information and Statistical Data
Consolidated Assets Under Management or Supervision
(unaudited, dollars in billions)

	Quarter Ended						Percentage Change From:	
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 28, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08
Assets under management or supervision by distribution channel								
Morgan Stanley Retail & Intermediary	\$ 75	\$ 80	\$ 80	\$ 81	\$ 75	\$ 76	(5%)	1%
Van Kampen Retail & Intermediary	144	155	149	150	135	138	(11%)	2%
Retail money markets	34	32	33	31	33	37	16%	12%
Total Americas Retail	<u>\$ 253</u>	<u>\$ 267</u>	<u>\$ 262</u>	<u>\$ 262</u>	<u>\$ 243</u>	<u>\$ 251</u>	(6%)	3%
U.S. Institutional	109	119	121	128	123	127	7%	3%
Institutional money markets	52	57	70	68	76	89	56%	17%
Non- U.S.	102	112	118	132	128	131	17%	2%
Sub-total assets under management or supervision	<u>\$ 516</u>	<u>\$ 555</u>	<u>\$ 571</u>	<u>\$ 590</u>	<u>\$ 570</u>	<u>\$ 598</u>	8%	5%
 Global Wealth Management Group	 153	 157	 162	 185	 172	 174	 11%	 1%
Total assets under management or supervision	<u>\$ 669</u>	<u>\$ 712</u>	<u>\$ 733</u>	<u>\$ 775</u>	<u>\$ 742</u>	<u>\$ 772</u>	8%	4%
Share of minority interest assets ⁽¹⁾	5	5	6	7	7	7	40%	--
Total	<u>\$ 674</u>	<u>\$ 717</u>	<u>\$ 739</u>	<u>\$ 782</u>	<u>\$ 749</u>	<u>\$ 779</u>	9%	4%
 Consolidated assets under management or supervision by asset class								
Equity	\$ 317	\$ 344	\$ 333	\$ 355	\$ 316	\$ 327	(5%)	3%
Fixed income	201	210	227	235	241	261	24%	8%
Alternatives ⁽²⁾	54	58	63	67	69	73	26%	6%
Private Equity	2	2	3	4	3	3	50%	--
Infrastructure	0	1	1	2	3	4	*	33%
Real Estate	21	26	34	36	37	38	46%	3%
Sub-total	<u>595</u>	<u>641</u>	<u>661</u>	<u>699</u>	<u>669</u>	<u>706</u>	10%	6%
Unit trusts	15	16	15	15	14	14	(13%)	--
Other ⁽³⁾	59	55	57	61	59	52	(5%)	(12%)
Total assets under management or supervision	<u>\$ 669</u>	<u>\$ 712</u>	<u>\$ 733</u>	<u>\$ 775</u>	<u>\$ 742</u>	<u>\$ 772</u>	8%	4%
Share of minority interest assets ⁽¹⁾	5	5	6	7	7	7	40%	--
Total	<u>\$ 674</u>	<u>\$ 717</u>	<u>\$ 739</u>	<u>\$ 782</u>	<u>\$ 749</u>	<u>\$ 779</u>	9%	4%

(1) Amount represents Asset Management's proportional share of assets managed by entities in which it owns a minority interest.
(2) Includes a range of alternative investment products such as hedge funds, funds of hedge funds and funds of private equity funds.
(3) Includes assets under management or supervision associated with the Global Wealth Management Group.
Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.
Refer to Legal Notice page 18.

MORGAN STANLEY
Quarterly Intersegment Eliminations Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 29, 2008	May 31, 2008	2Q08 vs. 2Q07	2Q08 vs. 1Q08	May 31, 2007	May 31, 2008	
Investment banking ⁽¹⁾	\$ (2)	\$ (16)	\$ (38)	\$ (3)	\$ (1)	\$ (8)	50%	*	\$ (18)	\$ (9)	50%
Principal transactions:											
Trading	0	0	0	(3)	(2)	(3)	*	(50%)	0	(5)	*
Investments	0	0	0	0	0	0	--	--	0	0	--
Commissions	(7)	(6)	(6)	(17)	(8)	(9)	(50%)	(13%)	(13)	(17)	(31%)
Asset management, distribution and admin. fees	(43)	(42)	(37)	(53)	(42)	(43)	(2%)	(2%)	(85)	(85)	--
Interest and dividends	(138)	(120)	(71)	(14)	(12)	(11)	91%	8%	(258)	(23)	91%
Other	(5)	(3)	(3)	(2)	(2)	8	*	*	(8)	6	175%
Total revenues	(195)	(187)	(155)	(92)	(67)	(66)	65%	1%	(382)	(133)	65%
Interest expense	(148)	(131)	(83)	(26)	(27)	(27)	79%	--	(279)	(54)	81%
Net revenues	(47)	(56)	(72)	(66)	(40)	(39)	30%	3%	(103)	(79)	23%
Total non-interest expenses	(53)	(63)	(58)	(69)	(44)	(44)	30%	--	(116)	(88)	24%
Income before taxes	6	7	(14)	3	4	5	(29%)	25%	13	9	(31%)
Provision for income taxes	2	2	(4)	1	1	3	50%	200%	4	4	--
Income from continuing operations	<u>\$ 4</u>	<u>\$ 5</u>	<u>\$ (10)</u>	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 2</u>	(60%)	(33%)	<u>\$ 9</u>	<u>\$ 5</u>	(44%)

(1) Included in the August 31, 2007 amount is \$25 million related to the spin-off of Discover Financial Services.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 18.

The following (page 15) presents a reconciliation for adjusted assets.

Balance sheet leverage ratios are one indicator of capital adequacy when viewed in the context of a company's overall liquidity and capital policies. The Company views the adjusted leverage ratio as a more relevant measure of financial risk when comparing financial services firms and evaluating leverage trends. The Company has adopted a definition of adjusted assets that excludes certain self-funded assets considered to have minimal market, credit and/or liquidity risk. These low-risk assets generally are attributable to the Company's matched book and securities lending businesses. Adjusted assets are calculated by reducing gross assets by aggregate resale agreements and securities borrowed less non-derivative short positions and assets recorded under certain provisions of SFAS No. 140 and FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities" ("FIN 46R"). Gross assets are also reduced by the full amount of cash and securities deposited with clearing organizations or segregated under federal and other regulations or requirements. The adjusted leverage ratio reflects the deduction from shareholders' equity of the amount of equity used to support goodwill and intangible assets (as the Company does not view this amount of equity as available to support its risk capital needs). In addition, the Company views junior subordinated debt issued to capital trusts as a component of its capital base given the inherent characteristics of the securities. These characteristics include the long-dated nature (e.g., some have final maturity at issuance of 30 years extendible at the Company's option by a further 19 years, others have a 60-year final maturity at issuance), the Company's ability to defer coupon interest for up to 20 consecutive quarters and the subordinated nature of the obligations in the capital structure. The Company also receives rating agency equity credit for these securities.

MORGAN STANLEY
Quarterly Reconciliation of Adjusted Assets
(unaudited, dollars in millions, except ratios)

	Quarter Ended					
	Feb 28, 2007	May 31, 2007	Aug 31, 2007	Nov 30, 2007	Feb 29, 2008	May 31, 2008
Total assets	\$ 1,182,061	\$ 1,199,993	\$ 1,185,131	\$ 1,045,409	\$ 1,090,896	\$ 1,031,228
Less: Securities purchased under agreements to resell	(193,162)	(144,051)	(176,910)	(126,887)	(143,097)	(165,928)
Securities borrowed	(277,093)	(252,213)	(257,032)	(239,994)	(243,695)	(257,796)
Add: Financial instruments sold, not yet purchased	157,807	166,549	176,097	134,341	171,111	161,748
Less: Derivative contracts sold, not yet purchased	(51,574)	(58,919)	(62,088)	(71,604)	(89,392)	(77,439)
Subtotal	<u>818,039</u>	<u>911,359</u>	<u>865,198</u>	<u>741,265</u>	<u>785,823</u>	<u>691,813</u>
Less: Cash and securities deposited with clearing organizations or segregated under federal and other regulations or requirements ⁽¹⁾	(35,739)	(47,114)	(43,229)	(61,608)	(60,964)	(53,393)
Assets recorded under certain provisions of SFAS No.140 and FIN 46	(124,163)	(155,692)	(129,552)	(110,001)	(83,906)	(55,406)
Goodwill and intangible assets	(4,262)	(4,132)	(3,451)	(4,071)	(4,061)	(3,890)
Adjusted assets	<u>\$ 653,875</u>	<u>\$ 704,421</u>	<u>\$ 688,966</u>	<u>\$ 565,585</u>	<u>\$ 636,892</u>	<u>\$ 579,124</u>
Common equity	\$ 36,854	\$ 38,411	\$ 34,150	\$ 30,169	\$ 32,180	\$ 33,393
Preferred equity	1,100	1,100	1,100	1,100	1,100	1,100
Shareholders' equity	<u>37,954</u>	<u>39,511</u>	<u>35,250</u>	<u>31,269</u>	<u>33,280</u>	<u>34,493</u>
Junior subordinated debt issued to capital trusts ^{(2) (3)}	4,885	4,874	4,875	4,876	10,621	10,467
Subtotal	<u>42,839</u>	<u>44,385</u>	<u>40,125</u>	<u>36,145</u>	<u>43,901</u>	<u>44,960</u>
Less: Goodwill and intangible assets	(4,262)	(4,132)	(3,451)	(4,071)	(4,061)	(3,890)
Tangible shareholders' equity	<u>\$ 38,577</u>	<u>\$ 40,253</u>	<u>\$ 36,674</u>	<u>\$ 32,074</u>	<u>\$ 39,840</u>	<u>\$ 41,070</u>
Leverage ratio ⁽⁴⁾	<u>30.6x</u>	<u>29.8x</u>	<u>32.3x</u>	<u>32.6x</u>	<u>27.4x</u>	<u>25.1x</u>
Adjusted leverage ratio ⁽⁵⁾	<u>16.9x</u>	<u>17.5x</u>	<u>18.8x</u>	<u>17.6x</u>	<u>16.0x</u>	<u>14.1x</u>

- (1) In the second quarter of fiscal 2007, the adjusted assets calculation was revised in order to reduce gross assets by the full amount of cash and securities deposited with clearing organizations or segregated under federal and other regulations or requirements. All prior periods have been restated to conform to the current presentation.
- (2) The Company views the junior subordinated debt issued to capital trusts as a component of its equity capital base given the inherent characteristics of the securities. These characteristics include the long dated nature (some have final maturity at issuance of thirty years extendible at the Company's option by a further nineteen years, others have a sixty year final maturity at issuance), the Company's ability to defer coupon interest for up to 20 consecutive quarters, and the subordinated nature of the obligations in the capital structure. The Company also receives rating agency equity credit for these securities.
- (3) During the quarter ended February 29, 2008, the Company issued \$5,579 million of junior subordinated debt securities related to China Investment Corporation's investment in the Company in December 2007. For a further discussion of this investment, see the Company's Annual Report on Form 10-K for fiscal year ended November 30, 2007.
- (4) Leverage ratio equals total assets divided by tangible shareholders' equity.
- (5) Adjusted leverage ratio equals adjusted total assets divided by tangible shareholders' equity.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.
Refer to Legal Notice page 18.

MORGAN STANLEY
Institutional Securities - U.S. Subprime Analysis
(unaudited, dollars in billions)

	Statement of Financial Condition		Profit / (Loss)		Net Exposure (1)	
	Feb 29, 2008	May 31, 2008	Three Months Ended May 31, 2008	Six Months Ended May 31, 2008	Feb 29, 2008	May 31, 2008
Super Senior Exposure						
High- Grade	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mezzanine	(8.5)	(7.4)	(0.4)	(0.9)	2.8	1.6
CDO-Squared	-	-	-	-	-	-
Total ABS CDO Super Senior Exposure	\$ (8.5)	\$ (7.4)	\$ (0.4)	\$ (0.9)	\$ 2.8	\$ 1.6
Other Retained and Warehouse Exposure						
ABS CDO CDS	\$ 2.4	\$ 2.1	\$ 0.1	\$ 0.6	\$ (1.0)	\$ (0.8)
ABS CDO Bonds	0.8	0.7	(0.1)	(0.3)	0.8	0.7
CDO Warehouse	-	-	-	-	-	-
Total Other Retained and Warehouse Exposure	3.2	2.8	-	0.3	(0.2)	(0.1)
Subtotal ABS CDO Related Exposure (2)	\$ (5.3)	\$ (4.6)	\$ (0.4)	\$ (0.6)	\$ 2.6	\$ 1.5
U.S. Subprime Mortgage Related Exposure						
Loans	\$ 0.5	\$ 0.4	\$ -	\$ -	\$ 0.5	\$ 0.4
Total Rate of Return Swaps	-	-	-	-	0.1	0.1
ABS Bonds	1.9	1.3	(0.4)	(0.8)	1.9	1.3
ABS CDS	10.5	14.0	1.1	1.7	(3.3)	(3.0)
Subtotal U.S. Subprime Mortgage Related Exposure (3)	\$ 12.9	\$ 15.7	\$ 0.7	\$ 0.9	\$ (0.8)	\$ (1.2)
Total ABS CDO / Subprime Net Exposure (4)	\$ 7.6	\$ 11.1	\$ 0.3	\$ 0.3	\$ 1.8	\$ 0.3

- (1) Net Exposure is defined as potential loss to the Firm in an event of 100% default, assuming zero recovery, over a period of time. The value of these positions remains subject to mark-to-market volatility. Positive amounts indicate potential loss (long position) in a default scenario. Negative amounts indicate potential gain (short position) in a default scenario.
- (2) In determining the fair value of the Firm's ABS CDO - related exposures – which represent the most senior tranches of the capital structure of subprime ABS CDOs – Morgan Stanley took into consideration observable transactions and data for relevant benchmark instruments in synthetic subprime markets. The deterioration of these inputs have led to significant declines in the estimates of fair value. These declines reflect increased implied losses across this portfolio. These implied loss levels are consistent with the losses in the range between 18% - 41% implied by the ABX indices. These cumulative loss levels, at a severity rate of 55%, imply defaults in the range of 73% - 84% for 2005 and 2006 outstanding mortgages.
- (3) In calculating the fair value of the Firm's U.S. subprime mortgage related exposures – including loans, total rate-of-return swaps, ABS bonds (including subprime residuals) and ABS CDS – Morgan Stanley took into consideration observable transactions, the continued deterioration in market data, as reflected by the sharp decline in the ABX indices, and other market developments, including updated cumulative loss data.
- (4) Statement of financial condition is presented on a net basis. These balances are presented on a gross basis in the Company's statement of financial condition.

At May 31, 2008, the investment portfolios of Morgan Stanley Bank (Utah) and Morgan Stanley Trust FSB (collectively, the "Subsidiary Banks") include certain subprime-related securities. The securities in the Subsidiary Banks' portfolios are part of the company's overall Treasury liquidity management portfolio. Such portfolios do not contain any subprime whole loans, subprime residuals or CDOs. The market value of the Subsidiary Banks' subprime-related securities, most of which are AAA-rated residential mortgage-backed securities, was \$4.0 at May 31, 2008 and \$4.7 at February 29, 2008. For the three and six months ended May 31, 2008, these portfolios incurred losses of \$0.1 and \$0.3, respectively.

Note: Refer to Legal Notice page 18.

Morgan Stanley

This page represents an addendum to the 2Q 2008 Financial Supplement.

MORGAN STANLEY
Institutional Securities - CMBS and Commercial Whole Loan Analysis
(unaudited, dollars in billions)

	Statement of Financial Condition		Profit / (Loss)		Net Exposure (1)	
			Three Months Ended	Six Months Ended		
	Feb 29, 2008	May 31, 2008	May 31, 2008	May 31, 2008	Feb 29, 2008	May 31, 2008
CMBS Bonds	\$ 6.1	\$ 5.8	\$ (0.1)	\$ (0.5)	\$ 6.1	\$ 5.8
CMBS Backed Warehouse Lines ⁽²⁾	1.1	1.9	0.0	0.0	2.0	1.9
Commercial Loans ⁽²⁾	9.3	6.3	0.0	0.0	9.9	6.7
CMBS Swaps ⁽³⁾	1.3	2.0	0.0	0.9	(6.4)	(8.0)
Other Secured Financing ⁽⁴⁾	5.7	6.1	0.0	0.0	0.0	0.0
Total CMBS / Commercial Whole Loan Net Exposure ⁽⁵⁾	\$ 23.5	\$ 22.1	\$ (0.1)	\$ 0.4	\$ 11.6	\$ 6.4

(1) Net Exposure is defined as potential loss to the Firm in an event of 100% default, assuming zero recovery, over a period of time. The value of these positions remains subject to mark-to-market volatility. Positive amounts indicate potential loss (long position) in a default scenario. Negative amounts indicate potential gain (short position) in a default scenario.

(2) Includes unfunded loan commitments.

(3) Includes credit default, index and total rate-of-return swaps.

(4) Represents assets recorded under certain provisions of SFAS 140 and FASB Interpretation 46R that function as collateral for an offsetting amount of non-recourse debt to third parties. Any retained interests in these transactions are reflected in CMBS Bonds.

(5) Statement of financial condition is presented on a net basis. These balances are presented on a gross basis in the Company's statement of financial condition.

Note: Refer to Legal Notice page 18.

Morgan Stanley

MORGAN STANLEY
Legal Notice

This Financial Supplement contains financial, statistical and business-related information, as well as business and segment trends. The information should be read in conjunction with the Company's second quarter earnings press release issued June 18, 2008.