

## Morgan Stanley Asia: Overview

July 2007

# 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](http://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 "Quantitative and Qualitative Disclosures About Market Risk" in the Company's 2007 Quarterly Reports on Form 10-Q and other items throughout the Form 10-K and the Company's 2007 Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

# Overview

Morgan Stanley

# 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)

# Morgan Stanley's Market Position



Best TMT House in Asia (2006)  
Best Foreign Investment Bank in China & Taiwan (2006)  
Best Equity House & Debt House in China (2006)  
Best Equity House in Taiwan (2006)



Best M&A House in Asia (2006)  
Best M&A House in China, India & Taiwan (2006), in Hong Kong & Singapore (2007)  
Best Investment Bank in Taiwan (2007)  
Best Debt House in China & Singapore (2007)



2007 Best Prime Broker in Asia  
2006 Best Prime Brokerage for:  
- Client Servicing  
- Consulting/Capital Introductions  
- Market Access Products  
- Stock Borrowing



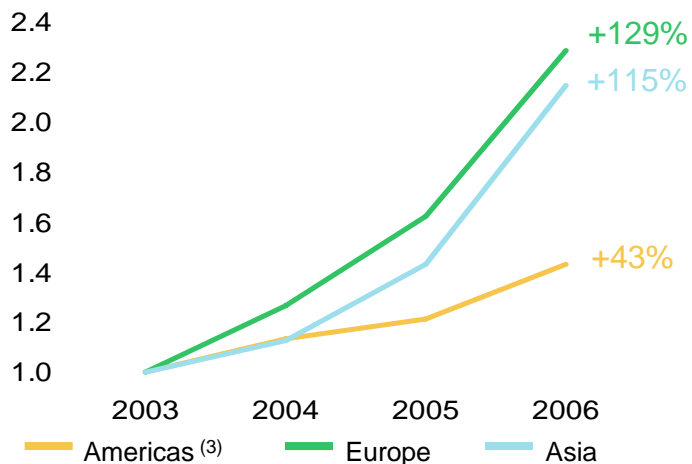
Best Mid-cap Equity House (2006)  
Best Foreign Investment Bank in Taiwan (2006), in Singapore (2007)



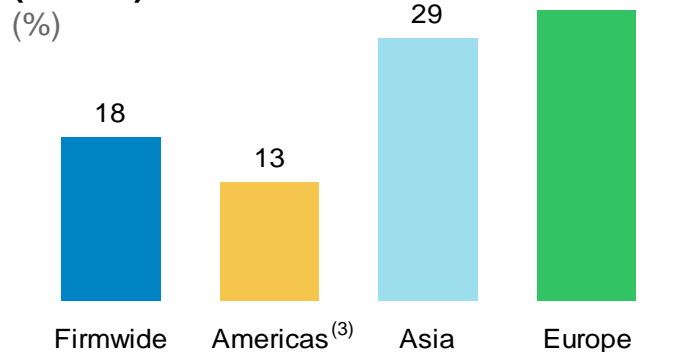
2006 Investment Banks' Poll:  
# 2 in Best Asian Bond  
# 1 & 2 in Best Asian HY Bond  
# 1 in Best Asian Financial Institution Bond  
# 3 in Best Asian Financial Institution Bond

# Regional Growth<sup>(1)</sup>

**Regional Revenue Growth 2003 – 2006 (Indexed)<sup>(2)</sup>**

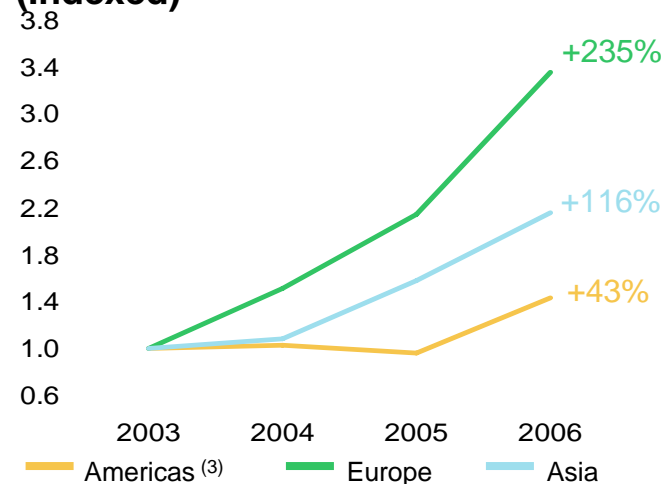


**Regional Revenue Growth 2003 – 2006 (CAGR)<sup>(2)</sup>**

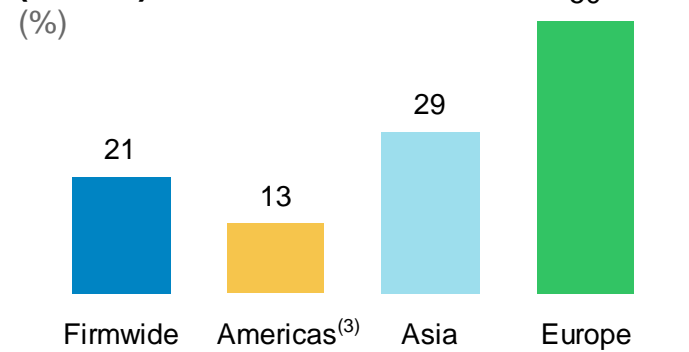


Source: Company SEC Filings

**Regional PBT Growth 2003 – 2006 (Indexed)**



**Regional PBT Growth 2003 – 2006 (CAGR)**



Notes: (1) Includes Discover financial results for years 2003 – 2006

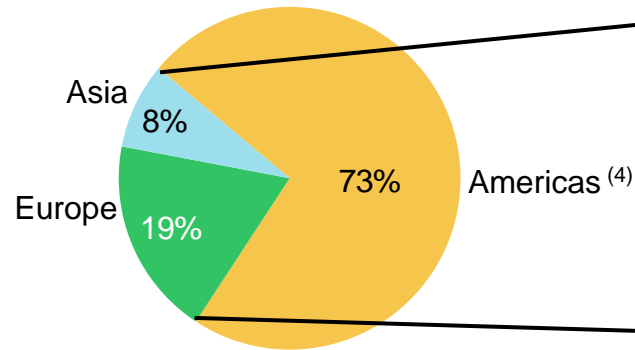
(2) Excluding eliminations of (\$1,993MM) in 2006, (\$1,558MM) in 2005, (\$1,346MM) in 2004 and (\$873MM) in 2003

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

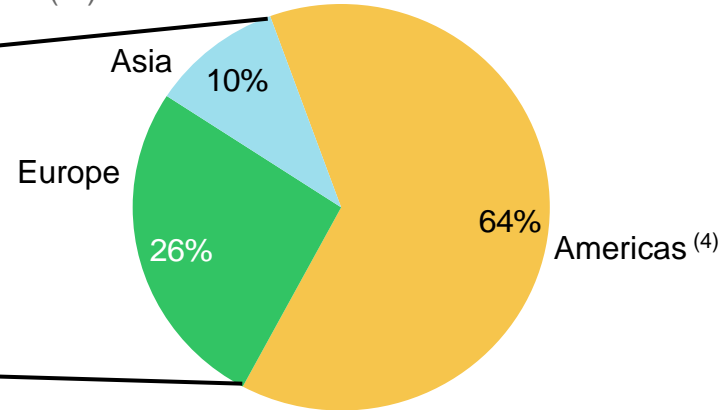
This slide is part of a presentation by Morgan Stanley and is intended to be viewed as part of that presentation. The presentation is based on information generally available to the public and does not contain any material, non-public information. No representation is made that it is accurate or complete. 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 Contributions<sup>(1)</sup>: FY 2003 and FY 2006

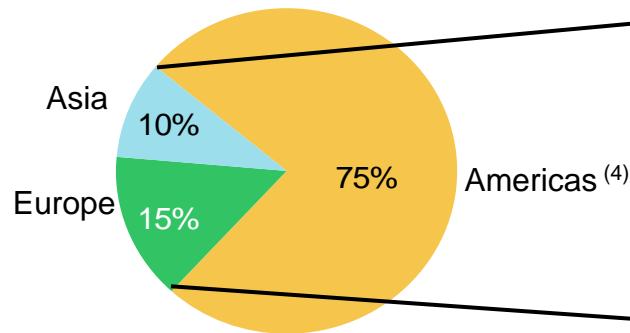
**2003 Net Revenues of \$21.7Bn** <sup>(2)</sup>  
(%)



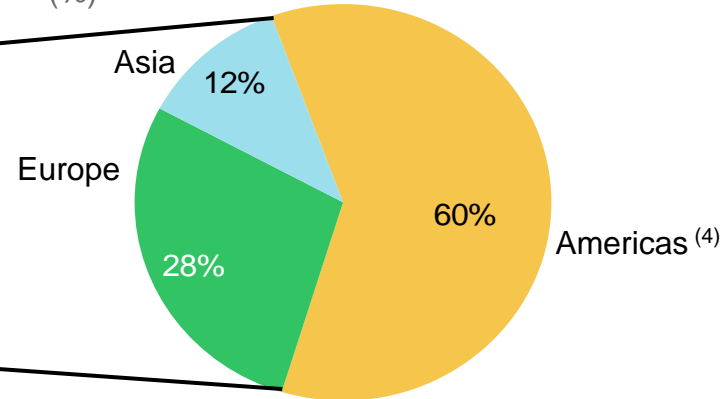
**2006 Net Revenues of \$35.9Bn** <sup>(3)</sup>  
(%)



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



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



Source: Company SEC Filings

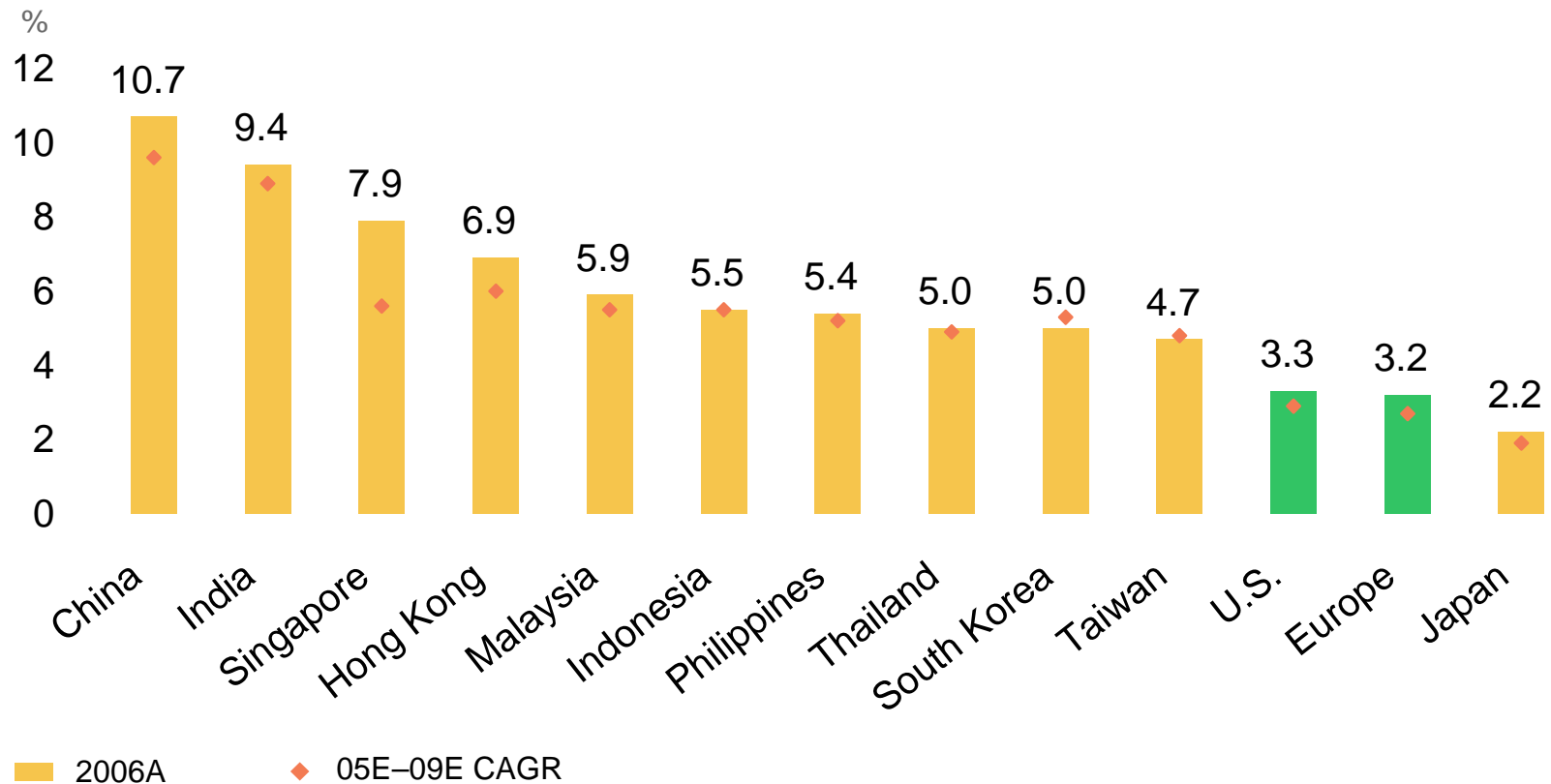
- Notes: (1) Includes Discover financial results for years 2003 and 2006  
 (2) Excluding eliminations of (\$873MM)  
 (3) Excluding eliminations of (\$1,993MM)  
 (4) Includes U.S., Canada, Latin America and Other

# Asia's Strategy

Morgan Stanley

# Positive Macro Economic Environment

## Real GDP Growth



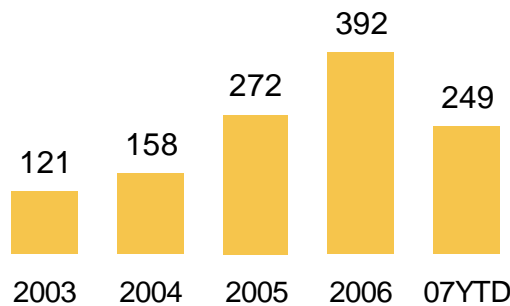
Source Global Insight, June 2007

# Asia: Positive Impact for Our Business

Dec End Data, 2007 YTD as of July 10, 2007

## AP Announced M&A Volume

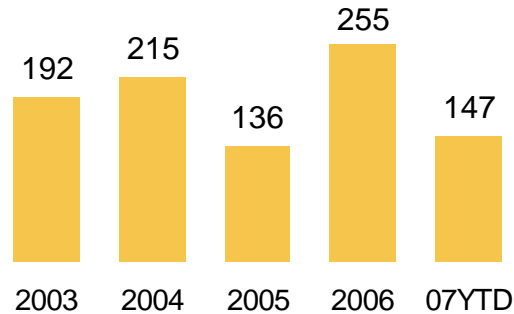
(US\$Bn)



% Global 10.0% 9.2% 10.8% 11.7% 10.1%

## AP Debt Issuance Volume <sup>(2)</sup>

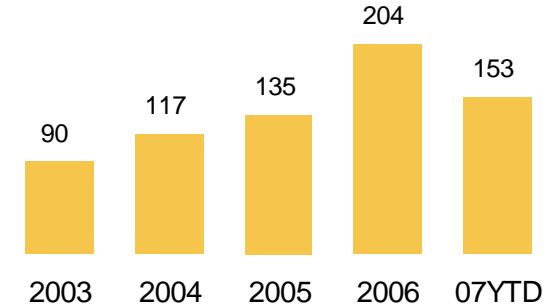
(US\$Bn)



4.2% 4.3% 3.6% 3.6% 3.8%

## AP Equity and Equity-Linked Issuance Volume <sup>(3)</sup>

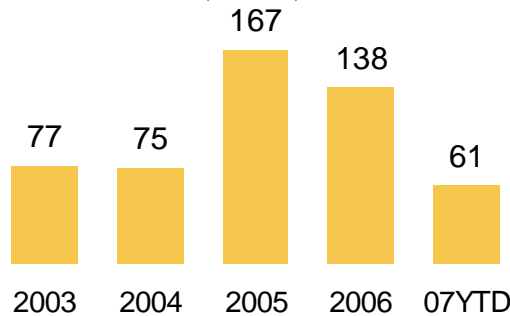
(US\$Bn)



18.9% 19.9% 21.4% 24.8% 26.9%

## Japan Announced M&A Volume <sup>(1)</sup>

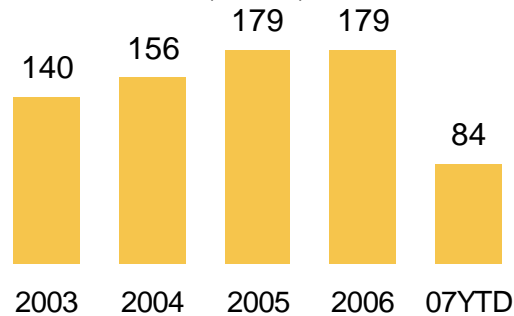
(US\$Bn)



% Global 6.4% 4.3% 6.6% 4.1% 2.5%

## Japan Debt Issuance Volume <sup>(2)</sup>

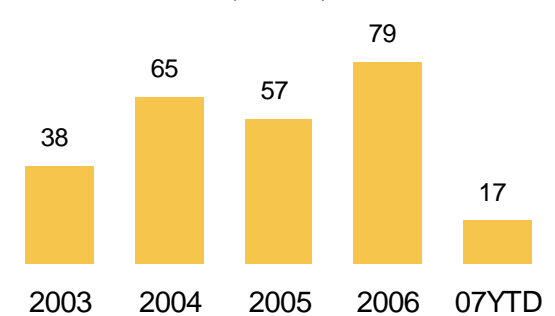
(US\$Bn)



3.1% 3.1% 2.7% 2.5% 2.2%

## Japan Equity and Equity-Linked Issuance Volume <sup>(3)</sup>

(US\$Bn)



7.9% 10.9% 8.9% 9.5% 2.9%

Source Dealogic, Thomson Financials

- Notes: (1) Any Japanese involvement announced yearly volume where target, acquirer or ultimate parent is Japan excluding equity carveouts, withdrawn deals, open market repurchase and exchange offer  
 (2) Including domestic bond deals, excluding government or non-government bond deals with no bookrunners. All domestic straight bond deals excluding convertibles and including samurais and zaito agency bonds. Average annual exchange rates used to convert annual volume from JPY to USD  
 (3) All equity and equity linked products including domestic deals

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: Asia

- Institutional Securities
  - Aggressive localization and growth of Asian offices
    - Building out the China platform: Morgan Stanley Bank International (China) Limited
    - Focus on local licenses in Korea, Taiwan (obtained Integrated Securities House License) and India
  - Building on core strengths: MSREF expansion in China/Japan and established prime brokerage teams in Singapore and Australia
  - Continue to expand 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 in Asia
- Cross-divisional
  - Build strength in Japan, maintain CMBS strength, and reinvest in investment banking, institutional equities evaluate GWM opportunities
  - Build full ownership, full service institutional securities platform in India

## Morgan Stanley Asia: Overview

July 2007