

Morgan Stanley

Important Notice Regarding Issuance of Paper Stock Certificates

July 31, 2007

Dear Morgan Stanley Shareholder:

We are announcing to all of our valued Morgan Stanley shareholders an important change to our practice of issuing traditional paper common stock certificates.

Effective September 3, 2007, Morgan Stanley will no longer issue paper common stock certificates on any transactions, including stock purchases, transfers or replacement of lost, stolen or destroyed stock certificates. Instead, shares will be uncertificated, meaning that they will be recorded in book entry on the records of Morgan Stanley's transfer agent and registrar through the Direct Registration System, which will provide improved security, facilitate transferability and be more environmentally friendly. Mellon Investor Services, the record keeper and transfer agent for your Morgan Stanley stock ownership, will still manage this process and your existing account number will remain the same.

This change is pursuant to a new Delaware law and Morgan Stanley's bylaws.

Morgan Stanley is committed to its shareholders. To help you understand this change, we have included several "Frequently Asked Questions." If you have questions, or require further assistance, please contact Mellon Investor Services at 1-800-622-2393 or 1-201-680-6578 (outside the U.S.) or log on to www.melloninvestor.com/isd.

Sincerely,

Morgan Stanley

Morgan Stanley

FREQUENTLY ASKED QUESTIONS

Why is Morgan Stanley no longer issuing paper common stock certificates?

Most state laws allow companies to do away with paper stock certificates. Paper certificates can be easily lost, stolen or destroyed. They are inefficient to hold, protect, and trade and they are expensive to issue and replace. Direct registration shares cannot be lost, stolen or destroyed so you avoid the significant cost and effort involved in replacing lost, stolen or destroyed certificates.

Are the paper certificates I have still valid?

Yes. Existing certificates will not be called back or cancelled. They will still be valid and can be presented for sale or transfer just as before.

How will this change affect me?

You will not see any change until a transaction takes place -- such as, you purchase more shares, transfer ownership of shares to another person or report that you have lost your existing Morgan Stanley common stock certificate and request replacement of the certificate.

At the time a transaction takes place that would have resulted in you receiving a stock certificate in the past, you will instead receive a transaction advice reporting the share transaction – similar to your bank statement or mutual fund statement.

What is the Direct Registration System (DRS)?

DRS is a form of stock ownership commonly referred to as "book entry." It is a safe and efficient way to keep track of your shares. Your shares remain registered in your name and are issued, transferred and sold electronically without using a paper stock certificate. DRS also allows for the transfer of shares between authorized issuers and broker dealers without the use of paper stock certificates.

Can I request a paper stock certificate after I receive a statement?

No. Effective September 3, 2007, Morgan Stanley will not issue new stock certificates.

Can I access my account via the internet?

Yes, you can access your account and request transactions via the internet. To access your account online go to <https://vault.melloninvestor.com/isd> and log on to Investor Service Direct and follow the instructions.

Can I sell my book entry shares through the transfer agent?

Yes, you can request the sale of all or a portion of your book entry shares through the transfer agent. Contact Mellon Investor Services at 1-800-622-2393 or 1-201-680-6578 (outside the U.S.). You may also sell your book entry shares online by accessing your account at <https://vault.melloninvestor.com/isd> and clicking on Sell Shares.

Does holding shares in book entry form have an effect on my dividends?

No. Your dividends will not be affected by holding shares in book entry form, whether your account is set up for dividends to be reinvested or paid to you by check or by direct deposit.

When will I receive statements?

You will receive a transaction advice or confirmation detailing any activity affecting your book entry shares shortly after a transaction has taken place. You may periodically also receive statements indicating the number of shares you hold. Plus, you can contact the transfer agent, Mellon Investor Services, and request a statement. It is important to keep your statements for tax purposes. And remember, you can also view your account balance and account activity at any time online at <https://vault.melloninvestor.com/isd>.

Can I convert my certificated shares into book entry shares?

Yes, you can convert your shares held in certificate form into book entry shares. By depositing your shares in book entry, you will eliminate the risk of loss, destruction or theft of your certificates. Contact Mellon Investor Services at 1-800-622-2393 or 1-201-680-6578 (outside the U.S.) or log on to www.melloninvestor.com/isd for details.

How do I transfer my book entry shares?

The requirements for transferring ownership of book entry shares are the same as for certificated shares. For more information, or to request a Transfer of Ownership Form, please go to www.melloninvestor.com and click on "Investors," then click on the box with the down arrow and scroll down and click on "Find Forms," or call the transfer agent, Mellon Investor Services, at 1-800-622-2393 or 1-201-680-6578 (outside the U.S.).

Is it possible to move shares from my brokerage account to my book entry account?

Yes. Your broker can move shares electronically from your brokerage account to either a new or an existing account at the transfer agent. Please contact your broker for more information.

How do I deliver my book entry shares to my brokerage account?

Your book entry shares can be moved to your brokerage account electronically through the DRS. If your broker does participate in the DRS, you will need to supply your broker with specific information about your book entry account at the transfer agent, Mellon Investor Services, in order for your broker to move your shares. The information you will need (account key and investor ID number) is printed on your transaction advice, your dividend check stub or your dividend reinvestment statement. Please contact your broker for more information.