

Morgan Stanley Investment Management

Asset Management Overview

July 2006

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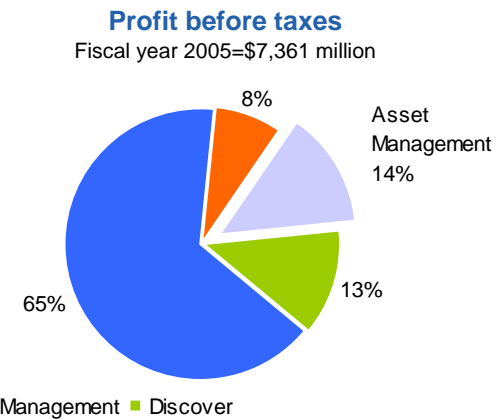
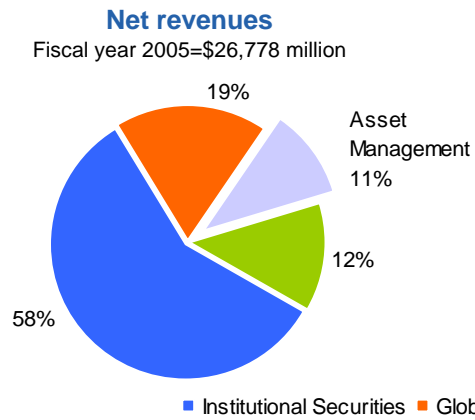
Section 1	Strengths of MSIM Today
Section 2	MSIM Growth Strategy

Section 1

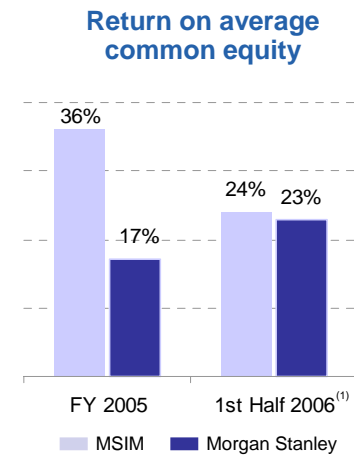
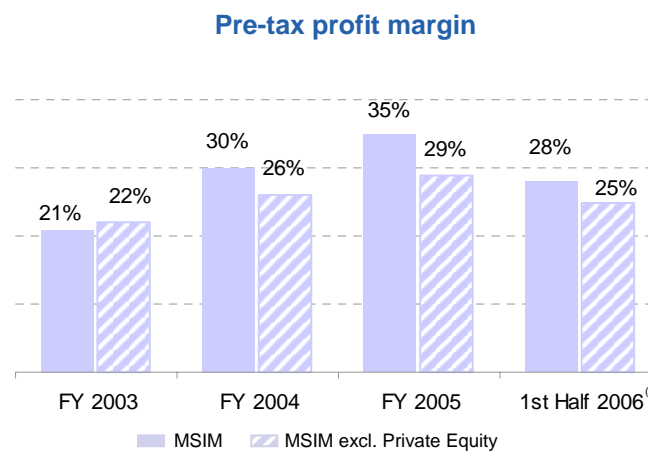
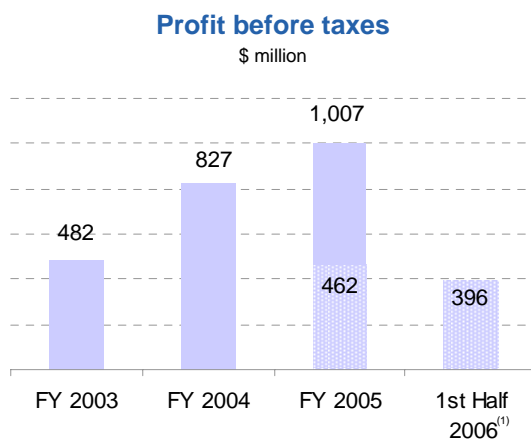
Strengths of MSIM Today

MSIM Is a Key Business of Morgan Stanley

Morgan Stanley



Asset Management

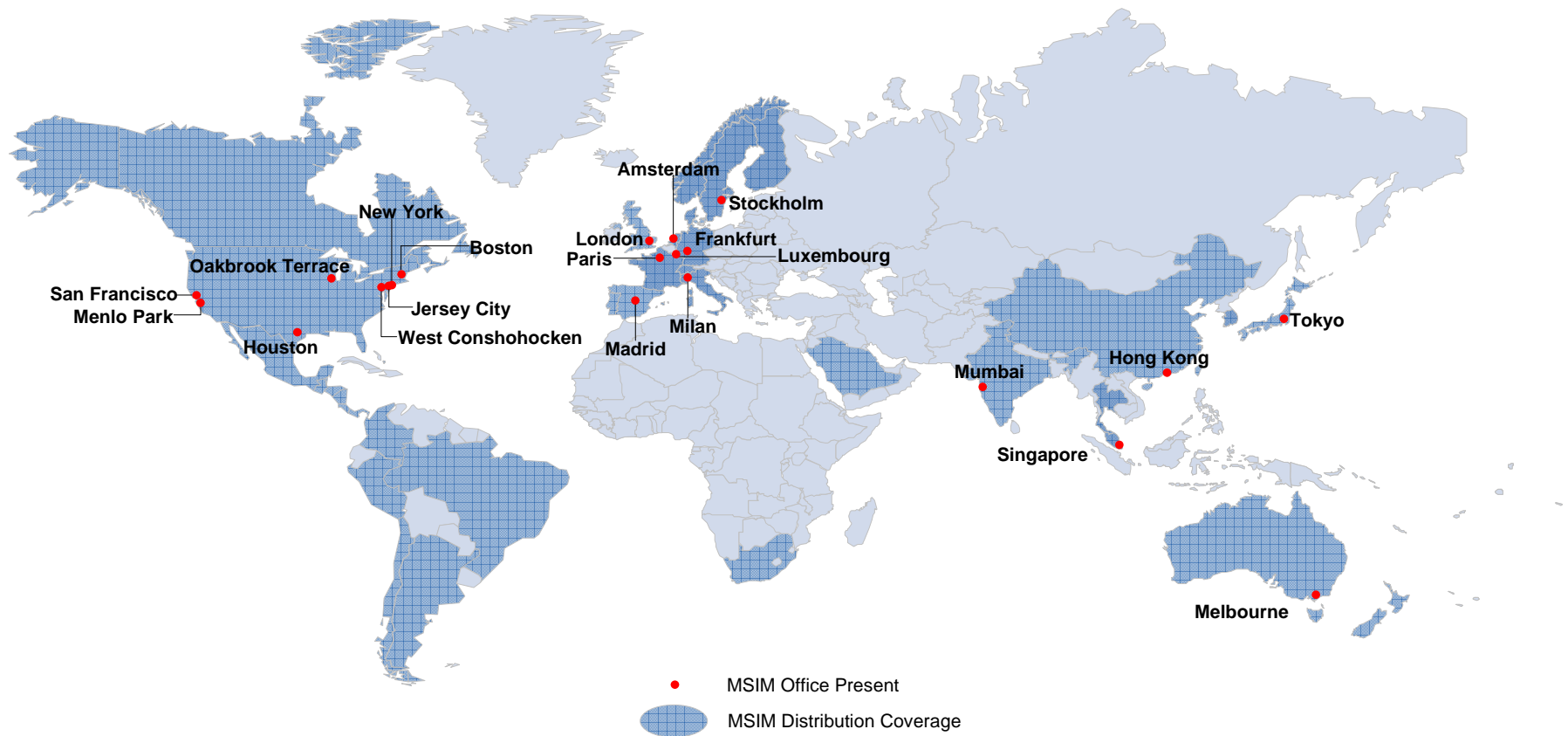


MSIM Key Strengths

- **Strong brand recognition**
 - Morgan Stanley
 - Van Kampen
- **Global footprint**
- **Scale**
- **Breadth of products**
- **Multiple channels of distribution**
- **Community of boutiques**
- **Full firm commitment and resources**

MSIM Has a Global Footprint

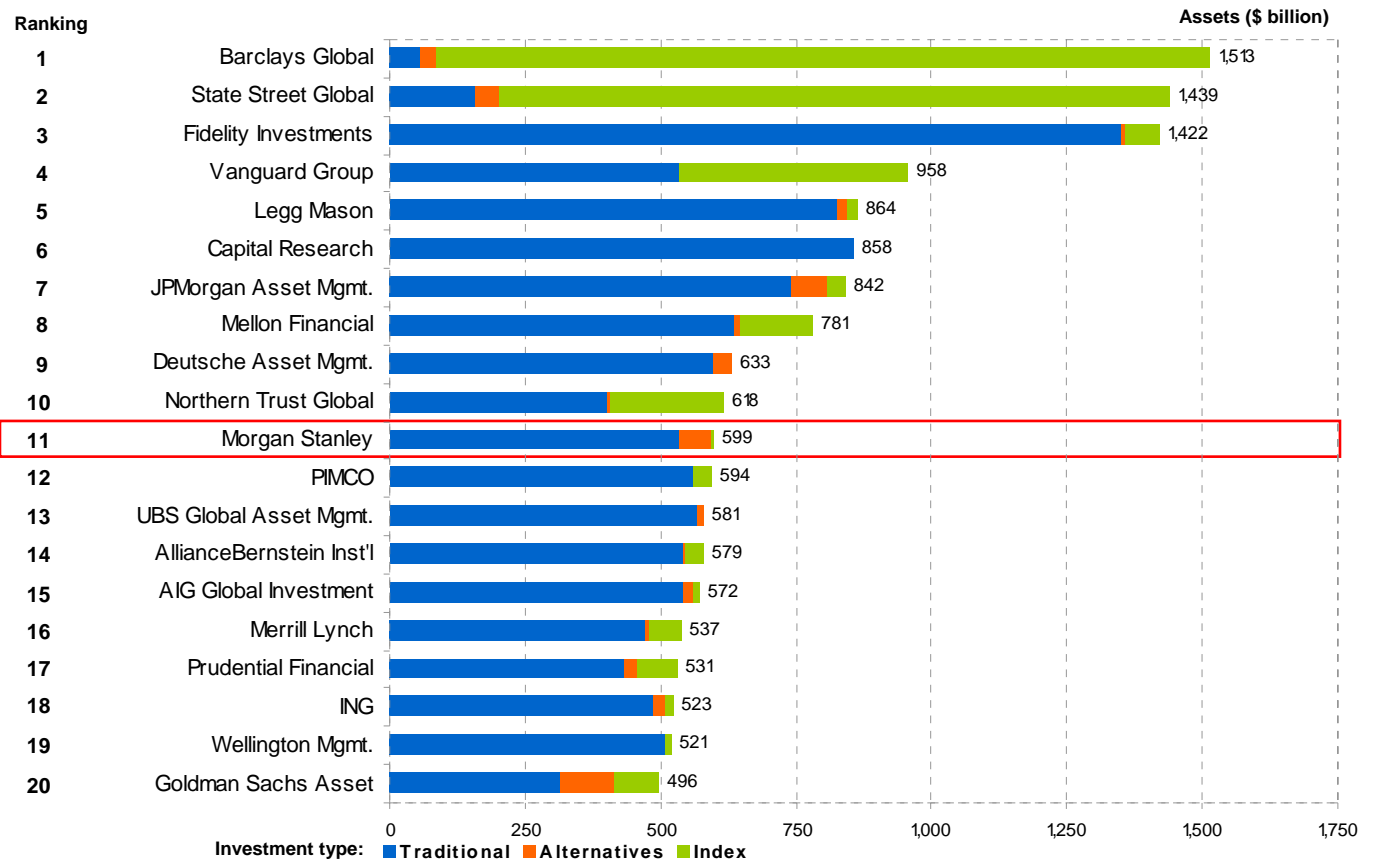
Products and Distribution



MSIM Has The Scale to Succeed

Top 20 money managers

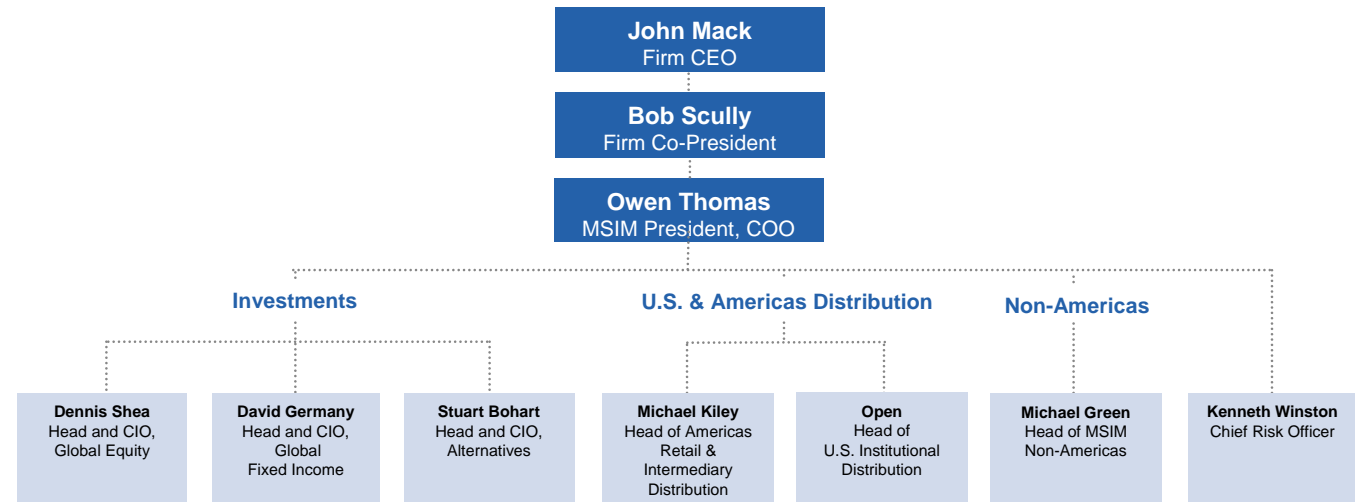
Pensions and Investments, June 2006



Source: Total assets are from June 2006 Pensions and Investments, using year end 2005 data. Morgan Stanley assets reflect Morgan Stanley consolidated assets at fiscal year end 2005. Investment types, which are derived from June 2006 Pension and Investments and July 2006 Institutional Investors, are for comparison purposes

- In June 2006, Pensions and Investments ranked Morgan Stanley #11 by worldwide assets
- MSIM's strength is in traditional, actively managed investments

MSIM Organization 2006



Attracting new talent

Internal

- Head and CIO Global Equity
- Head and CIO Alternatives
- Head of Operations
- Two investment teams:
 - Defined Value team, Absolute Return Strategies
 - Structured Products team
- Pension Asset/Liability expertise
- Global Infrastructure sector expertise
- Senior U.S. Institutional sales professional

External

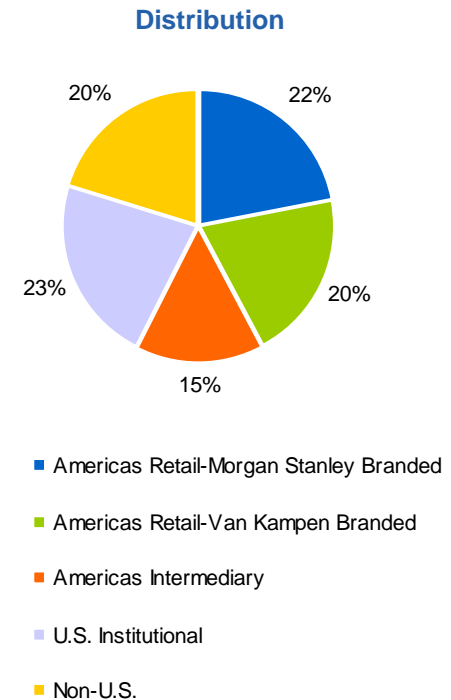
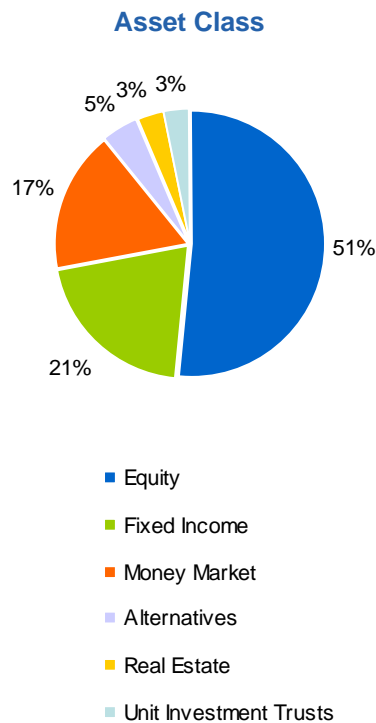
- CIO London Equity
- Two investment teams in Absolute Return Strategies
 - Process-Driven team
 - Global Mid-Cap Equity Market Neutral team
- Six investment professionals:
 - European Senior Loans
 - Alternative Investment Partners
 - Global Value
 - International Value
- Head of Morgan Stanley Funds Distribution
- Senior Middle East sales professional

- Investment expertise is organized around investment product areas
- Distribution is organized around clients
- Focused on communicating effectively among the groups
- Decentralized, with all components of the organization accountable for financial results

MSIM Product and Distribution Balance

- MSIM offers a broad array of traditional products and is increasing its offering of alternative products
- MSIM utilizes multiple channels of distribution globally leveraging the Morgan Stanley brand and resources where possible

May 31, 2006 Ending AUM/AUS = \$440 billion



MSIM Offers Clients a Broad Product Array

Key Product Type by Investment Group

Global Equity Dennis Shea, CIO

AUM=\$241 billion ⁽¹⁾

U.S. Equity

- U.S. Small-, Mid-, Multi-, and Large-Cap Value
- U.S. Small-, Mid-, Multi-, and Large-Cap Growth
- U.S. Large-Cap Core
- Systematic Active Equity
- Global REITs (U.S./European/Asian)
- Sector Funds

Global/International Equity

- International Value
- International Growth
- International Small-Cap
- Global Emerging Markets
- Global Core
- Global Small- and Large-Cap Value
- Global Systematic Active Equity
- European
- Japan (Small-Cap, Value, Growth, Core)
- Asian (ex. Japan) and Pacific Basin

Asset Allocation

- Balanced Funds
- Global Tactical Asset Allocation
 - Fully Funded
 - Global Macro

Global Fixed Income J. David Germany, CIO

AUM=\$166 billion ⁽¹⁾

- Core/Core Plus
- Long Duration
- Mortgage
- Corporate
- Targeted Duration
- Intermediate Duration

- High Yield
- Short Duration
- Enhanced LIBOR

- Customized
- Global/International
- Emerging Markets Debt

- Institutional Liquidity
- Enhanced Cash
- Retail Money Markets

Alternatives Stuart Bohart, CIO

AUM=\$20 billion ⁽¹⁾

- Absolute Return Strategies (Hedge Funds)
 - Quantitative Equity Strategies
 - Fundamental Equity Strategies
 - Global Macro Strategies

- Alternative Investment Partners
 - Fund of Hedge Funds
 - Fund of Private Equity Funds
 - Insurance Dedicated Fund of Hedge Funds
 - Portable Alpha

- Senior Loans
 - Collateralized Loan Obligations

- Structured Products and Derivatives

- Managed Futures

- Private Equity

Unit Trusts

AUS=\$13 billion ⁽¹⁾

- Unit Investment Trusts

MSIM Utilizes a Multi-Channel Distribution Approach

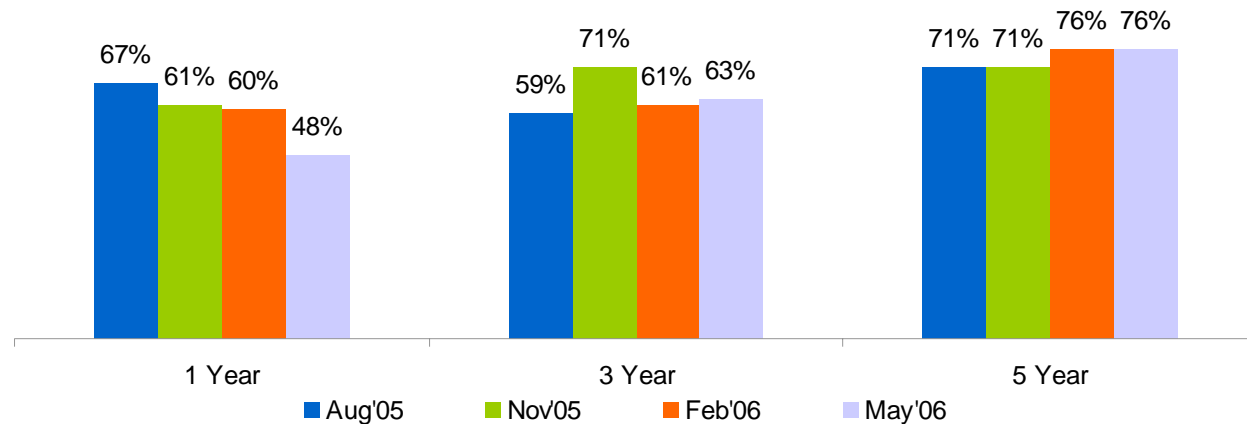
Core Distribution Channels	Americas Retail- Morgan Stanley Branded	Americas Retail- Van Kampen Branded	Americas Intermediary	U.S. Institutional	Non-U.S.
Customer Tiers	Morgan Stanley Global Wealth Management <ul style="list-style-type: none"> • Financial Advisors • Private Wealth Management Investment Representatives 	<ul style="list-style-type: none"> • Broker Dealers • Investment Advisors • Banks • Financial Planners 	<ul style="list-style-type: none"> • Banks • Intermediaries 	<ul style="list-style-type: none"> • Consultants • Corporations • Public Plans • Foundations /Endowments • Insurance General Accounts/ Financial Institutions 	<ul style="list-style-type: none"> • Consultants • Corporations • Public Plans • Private Banks • Intermediaries
Core Investment Vehicles/Products	<u>Morgan Stanley Brand</u> <ul style="list-style-type: none"> • Mutual Funds • Institutional Funds • Affiliated Separately Managed Accounts • Variable Annuities • Alternative Investments 	<u>Van Kampen Brand</u> <ul style="list-style-type: none"> • Mutual Funds • Variable Annuities • Unit Investment Trusts • Alternative Investments 	<u>Van Kampen Brand</u> <ul style="list-style-type: none"> • Mutual Funds • Platform Business • External Separately Managed Accounts • Variable Annuities • Unit Investment Trusts <u>Morgan Stanley Brand</u> <ul style="list-style-type: none"> • Institutional Funds • Liquidity Products • Société d'investissement à Capital Variable (SICAV) Funds <u>Sub-Advised</u> <ul style="list-style-type: none"> • Mutual Funds 	<ul style="list-style-type: none"> • Separate Accounts • Pooled Trust • Liquidity Products • Alternative Investments • Institutional Funds 	<ul style="list-style-type: none"> • Separate Accounts • Liquidity Products • Société d'investissement à Capital Variable (SICAV) Funds • Alternative Investments • Investment Trust Management Company (ITM) Funds
Ending AUM/AUS As of May 31, 2006	\$96 billion	\$90 billion	\$67 billion	\$98 billion	\$89 billion

- Performance is key to driving growth
- On February 22nd, 2006, Barron's annual ranking placed MSIM
 - 30th out of 65 fund families for 1-year performance
 - 24th out of 56 for 5-year performance
 - 4th out of 40 for 10-year performance
 - The 1-year rankings placed MSIM outpacing Vanguard, Franklin Templeton, JPMorgan and Putnam
- On July 5th, 2006, Wall Street Journal named seven MSIM funds as "Category Kings":
 - Large-Cap Growth
 - Morgan Stanley Institutional Focus Equity
 - Morgan Stanley Institutional U.S. Large Cap Growth
 - Morgan Stanley Growth
 - Multicap Growth
 - Morgan Stanley Capital Opportunities
 - Morgan Stanley Aggressive Equity
 - Pacific Region
 - Morgan Stanley Pacific Growth
 - Real Estate
 - Morgan Stanley Institutional International Real Estate

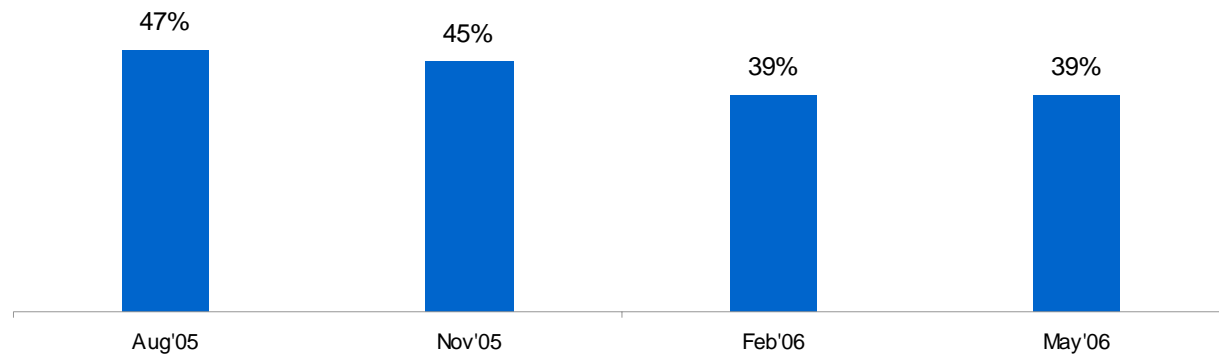
MSIM Investment Performance

U.S. Mutual Funds Performance

% Long-Term Fund Assets Above Lipper Median



% Rated Assets with Morningstar 4/5-Star Rating



Section 2

MSIM Growth Strategy

Growth Strategy

Our Strategy for Growth

- Increase value of Morgan Stanley's Asset Management business
 - PBT growth
 - Multiple (P/E) expansion by demonstrating net sales and AUM growth
- Focus on revenue growth and diversification by investing in the business
 - People
 - Acquisitions
 - Infrastructure
- Leverage Morgan Stanley franchise and MSIM scale and positioning
- Enhance traditional product strength and build Alternatives
- Performance, performance, performance



Critical Initiatives

- Build alternatives capability
- Create new traditional products using existing capabilities and through lift-outs / acquisitions
- Expand non-U.S. footprint: distribution and products
- Invest in Van Kampen - Intermediary and Unit Investment Trusts growth
- Stem outflows of Morgan Stanley retail mutual funds
- Rebuild institutional reputation and business, particularly in the U.S.

Build a Much Broader Alternatives Capability

What We Have

- The Alternative Investments group is composed of 4 distinct groups:
 - Absolute Return Strategies (ARS)
 - Alternative Investment Partners (AIP)
 - Senior Loans
 - Structured Products

What We've Done

First Quarter 2006

- Internal transfer of Structured Products team
- Completed lift-out of Process-Driven Strategies team
- Launched / incubated 6 new alternative investment products

Second Quarter 2006

- Hired Stuart Bohart as the head and CIO of Alternatives
- Completed Oxhead Capital acquisition
- Internal transfer of Defined Value team
- Internal transfer of sector expertise to run the global infrastructure initiative (initiated June 2006)
- Launched Japanese Equities Market Neutral product
- Re-opened Traxis to new investors

What We're Doing

Absolute Return Strategies

- Continue efforts on lift-out / acquisitions, and minority stakes to build business

Alternative Investment Partners

- Expand AIP product line and introduce new funds
- Distribution focus on smaller mid-market and high net worth

Senior Loans

- Growth driven by client focused new products through introduction of funds, Collateralized Loan Obligations, Separately Managed Accounts

Structured Products

- Develop custom approaches to build structured products
- Introduce Liability Driven Investments

Enhance Traditional Product Offerings

Through both Organic Launches and Bolt-on Acquisitions/Lift-Outs

What We Have

- Many top performing equity strategies at or near capacity
- Fixed Income products with improved performance, and capacity
- Good performing strategies building three year track records
- Product gaps in large asset gathering categories

What We've Done

First Quarter 2006

- Launched / incubated 5 new equity products

Second Quarter 2006

- Launched / incubated 8 new products
 - 7 Equity
 - 1 Fixed Income

What We're Doing

Organic launches

- Leverage current talent pool to build out strong product pipeline

Acquisitions / lift-outs

- Targeted acquisitions / lift-outs to complement our existing product line

Expand Non-U.S. Footprint

Distribution and products

What We Have

- \$89 billion, or 20% of MSIM AUM/AUS is sourced from non-U.S.⁽¹⁾
- MSIM is represented in 13 non-U.S. countries
- Outside of the U.S., portfolio managers are located in:
 - Europe
 - Japan
 - Singapore
 - India

What We've Done

First Quarter 2006

- Increased distribution focus on Alternatives
- Signed a global agreement with Merrill Lynch Global Private Client division to distribute MSIM products through Merrill Lynch's International distribution network worldwide

Second Quarter 2006

Middle East

- Hired sales head
- Leveraging Firm's Dubai office

China

- Dedicated sales hire
- Applied (and gained the approval in July 2006) for license to manage domestic Chinese equity products

What We're Doing

Expand the footprint

- Asia
 - Korea
 - Australia
 - China
 - India
- Europe
 - Middle East
 - Switzerland
- Fill product gaps
- Explore new client opportunities: central banks and direct wholesaling
- Evaluate acquisitions in
 - Australia
 - China
 - Brazil
 - Korea
 - Taiwan

Invest in Van Kampen - Intermediary and Unit Investment Trusts Growth

What We Have

- Vibrant \$100+ billion fund and Unit Investment Trusts complex⁽¹⁾
 - 6th largest 3rd party fund sponsor⁽²⁾
 - One of the fastest growing complexes over the last 4 years⁽²⁾
 - 2nd largest Unit Investment Trusts sponsor⁽³⁾
- Strong brand presence within broker community
- Established leader with distinguished capabilities in several key product areas: U.S. Large Cap Value / U.S. Moderate Allocation / High Yield Municipals / Senior Loans
- Leader in intermediary platform market
 - On 20 of top 25 annuity platforms⁽⁴⁾
 - On 22 of top 25 Defined Contribution platforms⁽⁵⁾
 - Attractive blend of run rate and takeover business flows

What We've Done

First Quarter 2006

- Launched Van Kampen International Growth Fund and Van Kampen Leaders Fund
- Introduced new retirement education and support materials
- Added Variable Insurance field sales professionals

Second Quarter 2006

- Launched Van Kampen Equity Premium Income
- Issued 14 new Unit Investment Trusts products
- Introduced new television advertising

What We're Doing

- Increase resources for high growth / margin businesses:
 - **Defined Contribution:** Doubling field sales force
 - **Unit Investment Trusts:** 38% increase in field sales force
- Expand product offering to add diversity
 - International & Global
 - Closed End Funds
 - Income Oriented products
 - Retail Separately Managed Account strategies
- Position Van Kampen to take advantage of retirement markets from a product and distribution standpoint

Stem Outflows of Morgan Stanley Retail Mutual Funds

What We Have

- Morgan Stanley Advisors funds (excluding Money Market and Closed End) represents 7% of total MSIM AUM/AUS ⁽¹⁾
- Favorable market share in Morgan Stanley Global Wealth Management Group (GWMG)
- Outflows in Morgan Stanley Advisor products

What We've Done

First Quarter 2006

- Deployed a new client focused field coverage model
 - Assigned dedicated internal and external wholesalers to distributing Morgan Stanley Funds in Morgan Stanley GWMG

Second Quarter 2006

- Hired the head of Morgan Stanley Funds Distribution
 - A newly created position to focus on the Morgan Stanley-branded funds

What We're Doing

- Preserve favorable market share in Morgan Stanley GWMG
- Actively pursue third party distribution of Morgan Stanley Funds in 401(K), financial planner, and Registered Investment Advisor communities
- Develop distinctive Morgan Stanley fund offering
 - Launch distinctive new products
 - Rationalize existing product line

Rebuild Institutional Reputation and Business, Particularly in the U.S.

What We Have

- \$187 billion in AUM, 43% of MSIM total ⁽¹⁾
- MSIM covers over 100 consulting firms
- Manages assets for 20 of the top 50 U.S. Pension funds, 56 of the top 200 U.S. Pension funds ⁽²⁾

What We've Done

First Quarter 2006

- Launched / incubated 9 new products within the channel
- Conducted road shows with consultants and clients

Second Quarter 2006

- Launched / incubated 9 new products within the channel
- Internal transfer of Pension Asset / Liability management expertise
- Senior management meetings and road shows with consultants and clients
- Hosted the annual investment roundtable of industry thought leaders (Lyford Cay Conference)

What We're Doing

Client

- Communicate MSIM story to clients and consultants
- Form Institutional Client Solutions Group
- Leverage client service

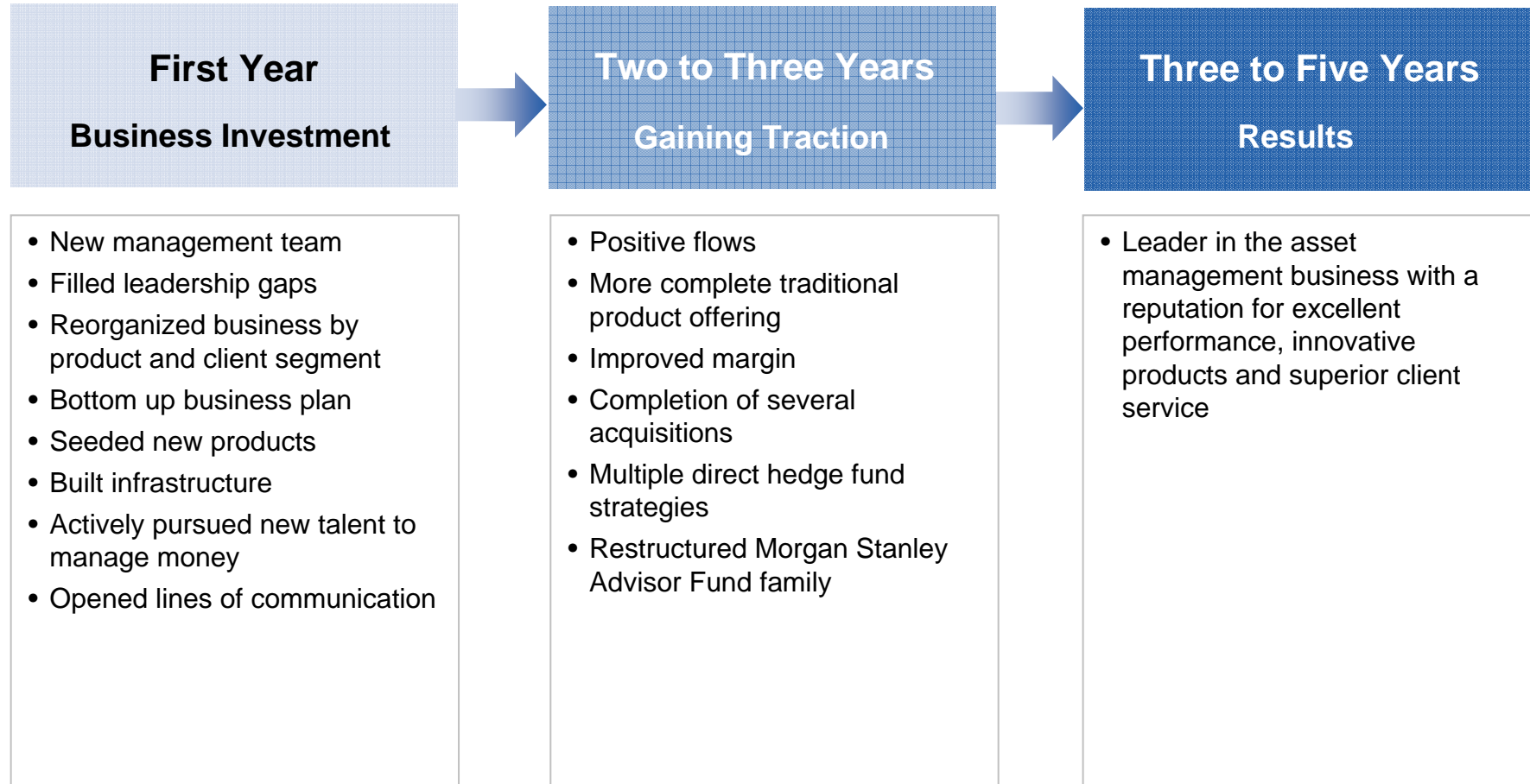
People

- Hire US Institutional leader
- Hire additional salespeople

Product

- Develop products to address client needs
- Enhance ability to place alternatives
- Communicate Fixed Income turnaround story
- Retain clients in International Value Equity products

Summary: Measuring Our Progress



Measuring Our Performance: Key Success Metrics

	FY 2005 Results ⁽¹⁾	Aspiration
• Net revenues	\$2.9 billion	Double digit growth
• Pre-tax margin	35% (incl. Private Equity) 29% (excl. Private Equity)	30%~35%
• Assets Under Management	\$431 billion	\$600 billion+
• Net Flows	(\$19) billion	Strong and competitive positive flows
• FY New products launched	3	30+
• Retail Product Performance		
– % of Morningstar rated assets in 4/5 star funds	45%	50%+

1. Full Year ended November 30, 2005