

UBS Conference

May 14, 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.

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 Quarterly Report on Form 10-Q for the Quarter Ended February 28, 2007 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.

Morgan Stanley

Owen D. Thomas
President, Investment Management

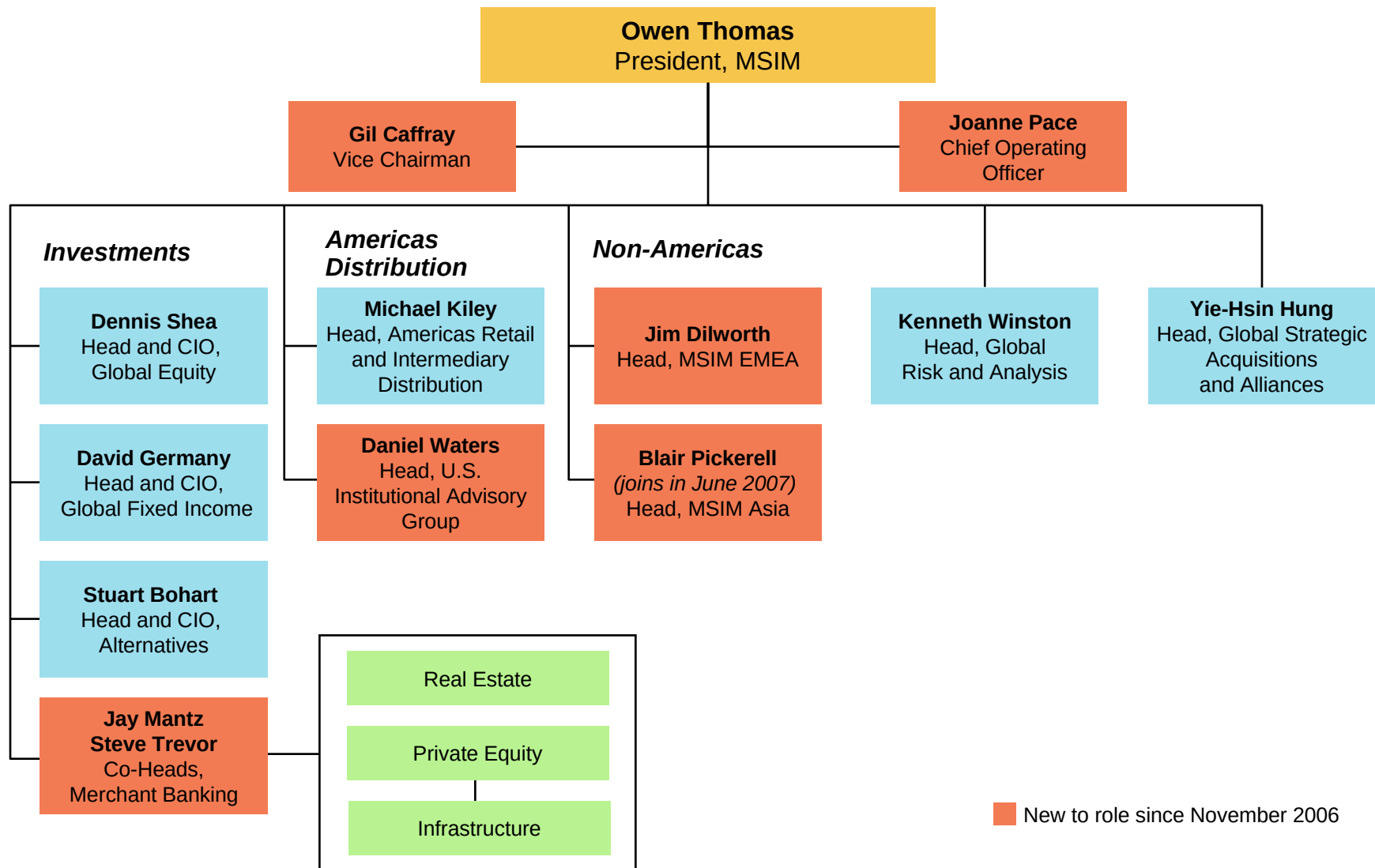
This slide is part of a presentation by Morgan Stanley and is intended to be viewed as part of that presentation. The presentation is based on information generally available to the public and does not contain any material, non-public information. No representation is made that it is accurate or complete. 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.

Agenda

Morgan Stanley Investment Management

- Overview
- Growth Strategy and Critical Initiatives
- Real Estate
- Private Equity
- Non-U.S. Business
- Measuring Our Progress

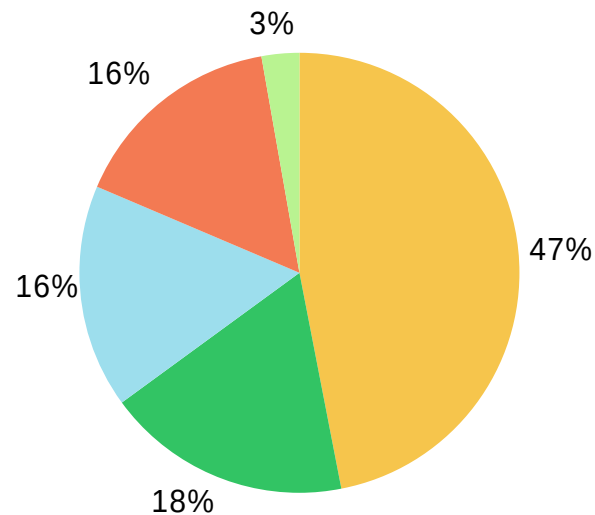
The Right People in the Right Place



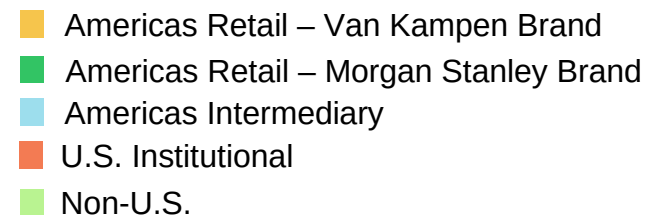
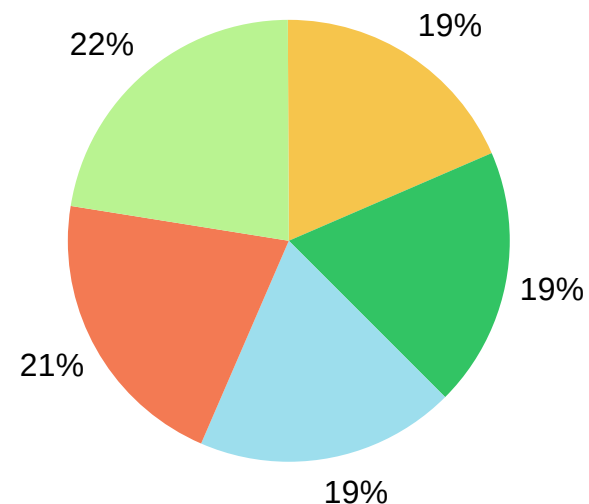
MSIM Product and Distribution Balance

Adjusted 1Q 2007 Ending AUM/AUS = \$521 billion

Asset Category ⁽¹⁾



Distribution ⁽²⁾

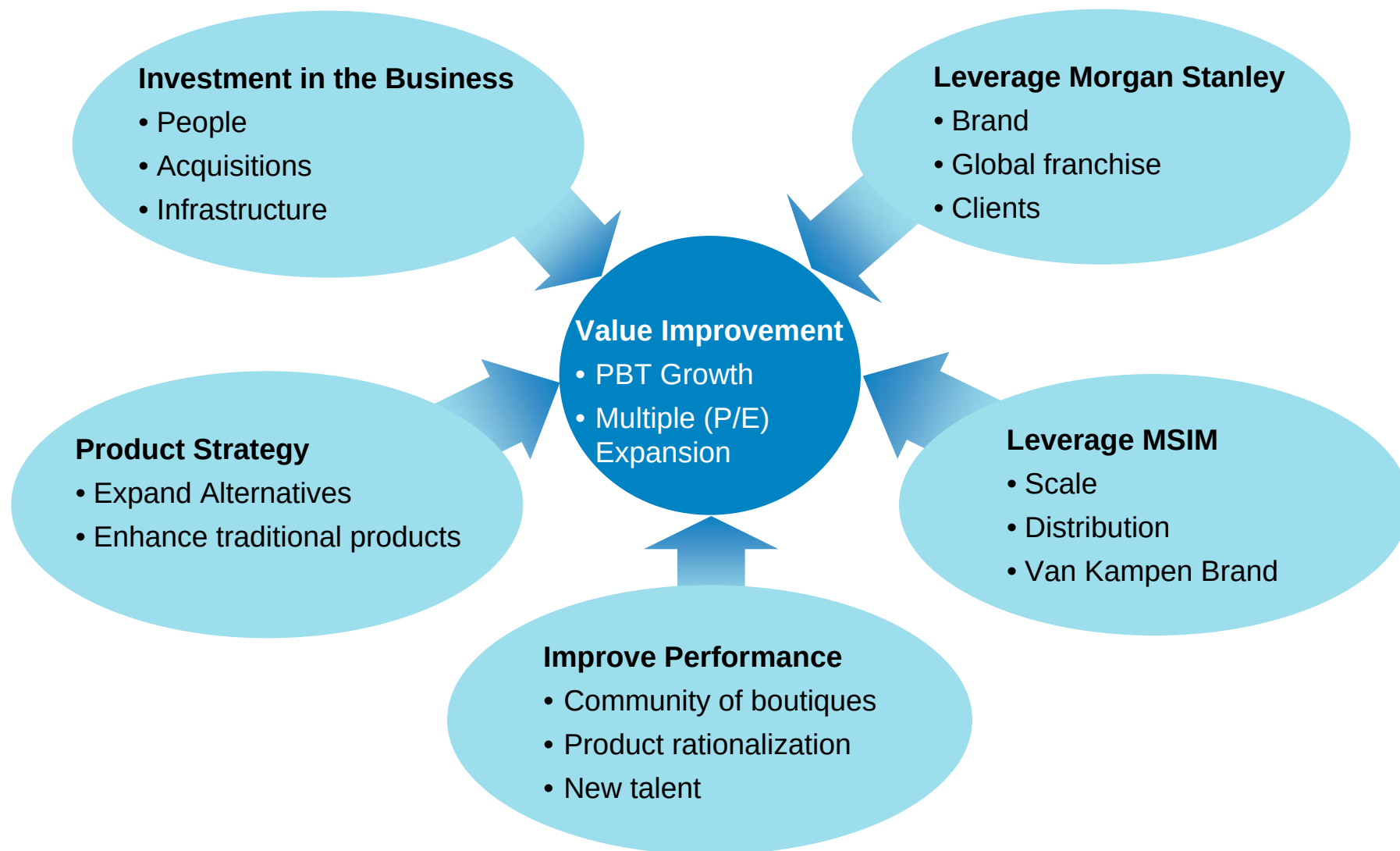


Source: Morgan Stanley
Notes:

- (1) Alternatives includes alternatives, real estate, and share of minority interest assets previously disclosed on page 11 of Morgan Stanley's 1Q07 Financial Supplement, as well as real property assets under management net of the debt utilized to finance such assets. These assets were previously managed within Institutional Securities and disclosed on a gross basis (including debt) in Morgan Stanley's consolidated assets under management on page 12 of Morgan Stanley's 1Q07 Financial Supplement.
- (2) Sourced assets under management by distribution channel include institutional money markets/liquidity and retail money market assets.

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.

MSIM Growth Strategy



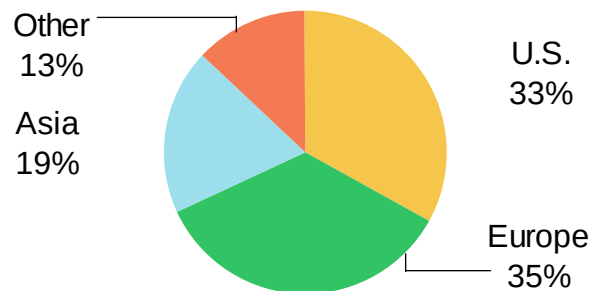
MSIM Critical Initiatives

- **Build Merchant Banking business**
 - **Real Estate Funds**
 - **Private Equity and Infrastructure**
- **Expand non-U.S. footprint**
- Expand Alternatives capability
- Rebuild U.S. Institutional reputation and business
- Expand traditional products
 - Equity and Fixed Income
- Invest in Van Kampen and Americas Intermediary channels
- Reposition Morgan Stanley retail brand

Real Estate – Market Opportunities

Current Global Commercial Real Estate Value

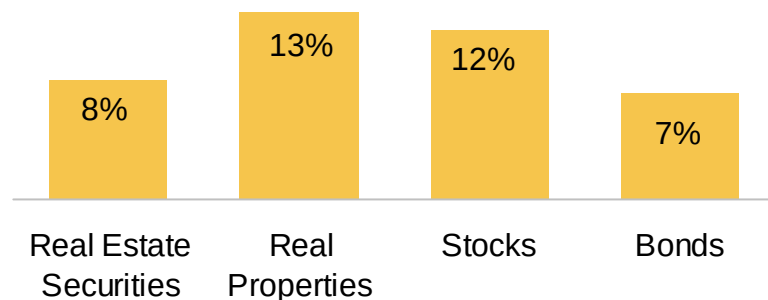
Estimated \$20 trillion



Source: Morgan Stanley

U.S. Industry Returns by Asset Class

Annual Total Return 1986 – 2006 (%)



Source: Morgan Stanley

Real estate investments offer:

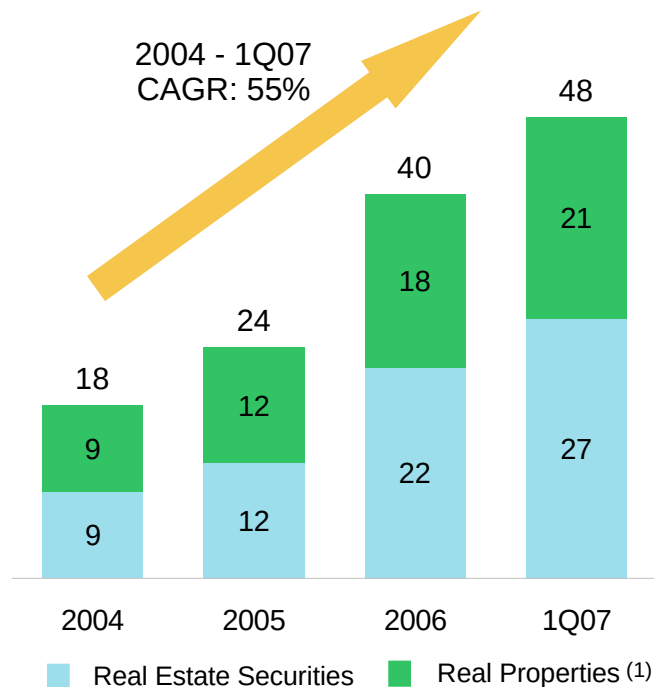
- Strong historic and anticipated total returns
- Favorable risk-adjusted returns – high and stable income returns
- Protection against unexpected inflation
- Reduced overall portfolio risk through diversification
 - Low correlation to stocks and bonds

Real estate industry opportunities:

- Continued healthy flows
- Globalization

Real Estate – What We Have

MSIM Real Estate AUM (\$billion)



Source: Morgan Stanley

Notes:

(1) Real property assets under management are presented net of the debt utilized to finance such assets. These assets were previously managed within Institutional Securities and were disclosed on a gross basis (including debt) in Morgan Stanley's consolidated assets under management on page 12 of Morgan Stanley's 1Q07 Financial Supplement.

- Leading global real estate franchise
- Full array of products and strategies
- 25 offices globally: 600+ professionals
- Diverse investor base
- Significant deal sourcing from Morgan Stanley Investment Banking
- Real estate securities and real property businesses have complementary skills

Real Estate – What We Have

Return
Parameters

	Core	Public Securities	Value-Added	Opportunistic
Americas	Prime Property Fund 1973 - Present Separate Accounts 1955 - Present	Global Core Fund (KAG) 2005 - Present MSIF Fund <i>US</i> 1995 - Present <i>International</i> 1997 - Present <i>Global</i> 2006 - Present	SICAV Funds <i>US</i> 1995 - Present <i>Europe</i> 1997 - Present <i>Asia</i> 1997 - Present <i>Global</i> 2006 - Present	Separate Accounts <i>US</i> 1995 - Present <i>International</i> 1997 - Present <i>Europe</i> 1997 - Present <i>Global</i> 1998 - Present
Europe	Eurozone Office Fund 2004 - Present			Global Best Ideas 2005 - Present
Asia	Japan Core Fund 2005 - Present		Separate Accounts 1990 - Present Other Funds 1994 - Present	MSREF Domestic 1991 - Present MSREF Related Accounts 2006 - Present MSREF International 1997 - Present Special Situations <i>Europe</i> 2001 - Present <i>Asia</i> 1997 - Present

Real Estate – What We Are Doing

Record capital raised

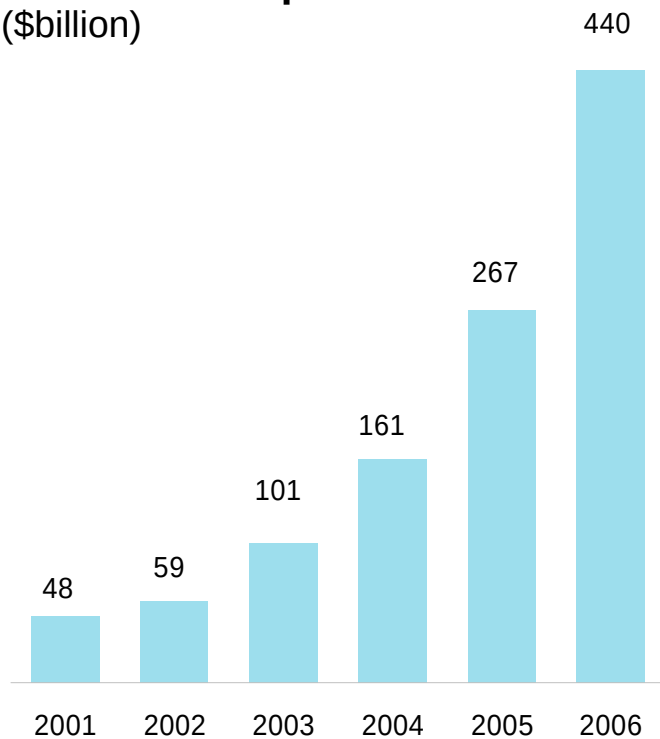
- High uptake among existing and new investors
- Increased global interest in core products
- Increased focus on international investment vehicles
- Capital being deployed more quickly
- New products

Global investment focus

- Valuation opportunities in Germany and Japan
- Emerging market opportunities to develop and monetize real estate assets
- Opportunities in assets with high barriers to entry (offices in gateway cities, upscale urban and resort hotels)
- Opportunities driven by demographic trends in U.S.
- Public to private opportunities in U.S.

Private Equity – Market Opportunities

**LBO Transaction Volume
U.S. and Europe
(\$billion)**



Source: S&P Leveraged Buyout Review (US) 4Q 2006
S&P LCD European Leveraged Buyout Review 4Q 2006

- LBOs are at record volumes and in 2006 accounted for approximately 25% of U.S. M&A activity
- Record \$221 billion raised in 2006
 - Fueled by strong returns
- Average private equity fund size has grown
- Higher price transactions
 - Fueled by robust leveraged finance markets and benign credit environment
- Private equity has become increasingly active in emerging markets (e.g. Asia)

Private Equity – What We are Doing

- Morgan Stanley has a competitive advantage in sourcing transactions
 - Investment bankers in every major market
 - Deep vertical expertise in 14 industries
- Global distribution capabilities through institutional and high net worth relationships

Private Equity

- Leadership in place
- Strong existing Asia business
- Building out team
- Building out investment pipeline

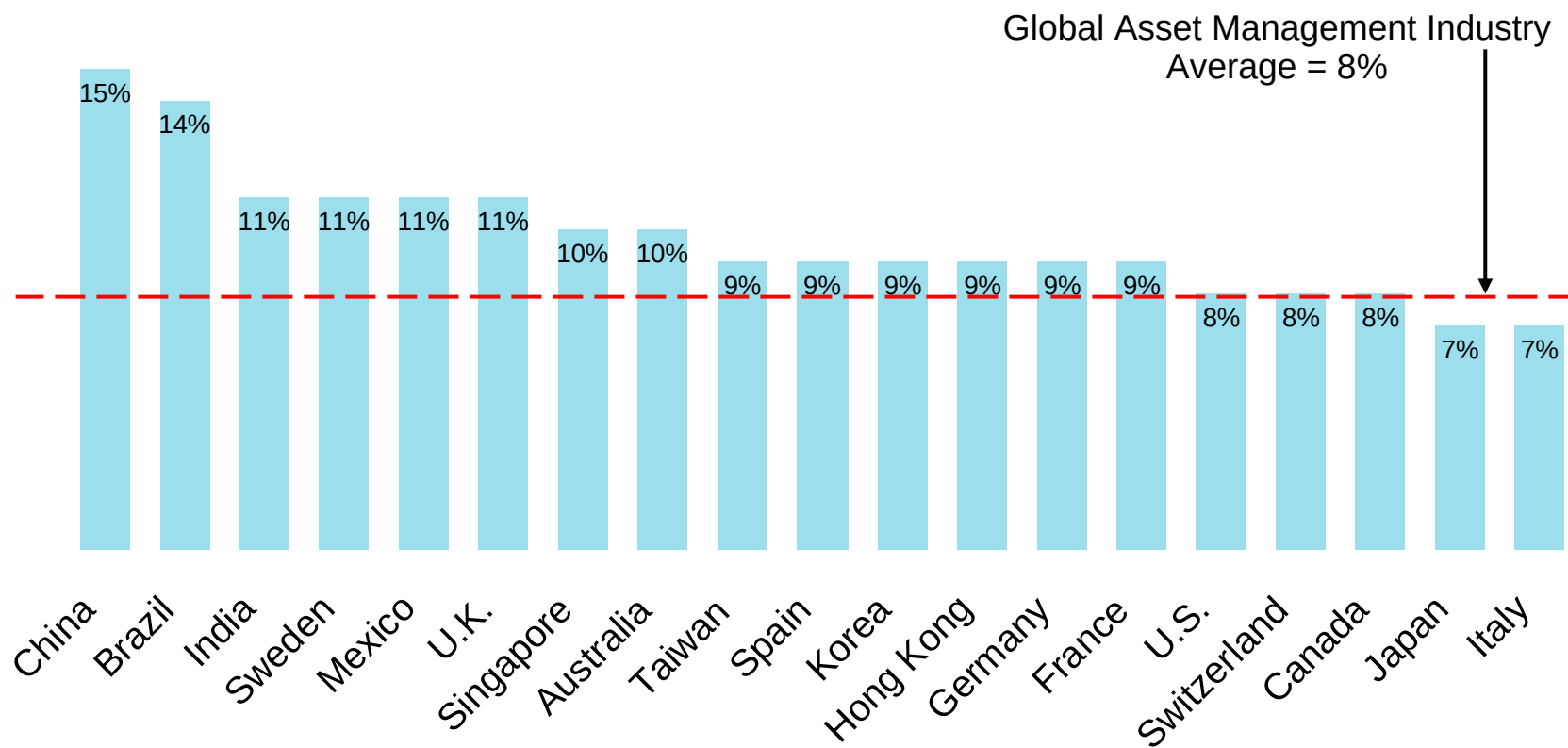
Infrastructure

- Leadership in place
- Built out team
- Made two investments: Chicago Downtown Public Parking System, Montreal Gateway Terminals

Non-U.S. – Market Opportunities

Estimated AUM Growth Rate by Selected Country

Mutual Funds AUM CAGR 2005-2010 (%)

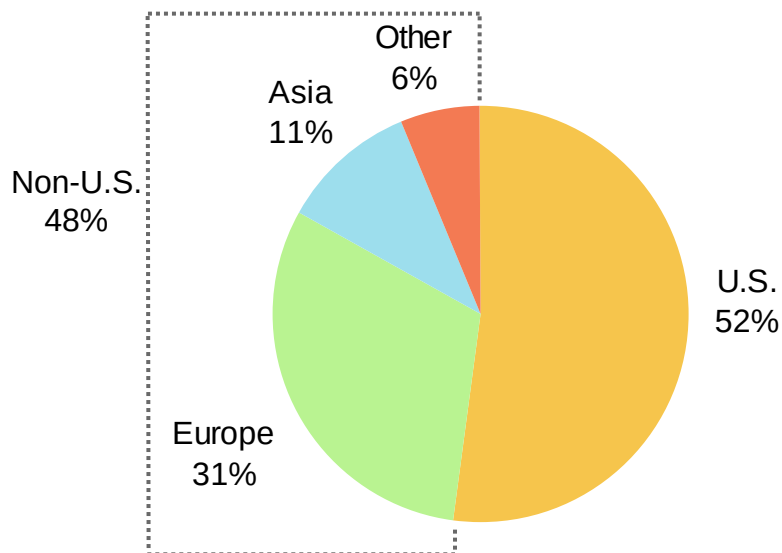


Source: "Cerulli Year-end 2005", June 2006

Non-U.S. – Market Opportunities

Global Industry Sourced AUM

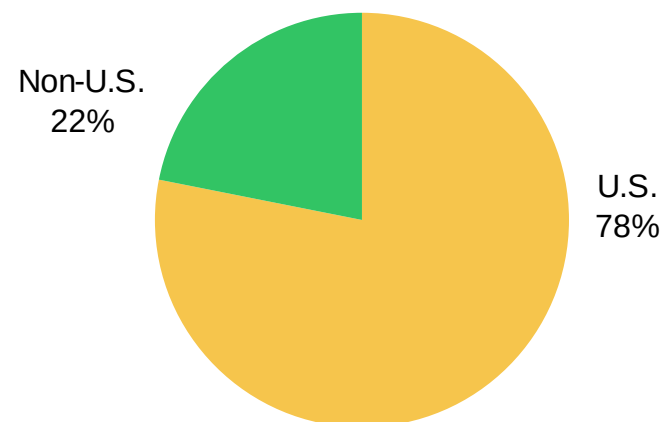
2007 estimate = \$50 trillion



Source: Empirical Research Partners, July 2006. Non-US from "Cerulli Year-end 2005", June 2006

MSIM Sourced AUM

1Q07 Total AUM = \$521 billion ⁽¹⁾



Source: Morgan Stanley

Notes:

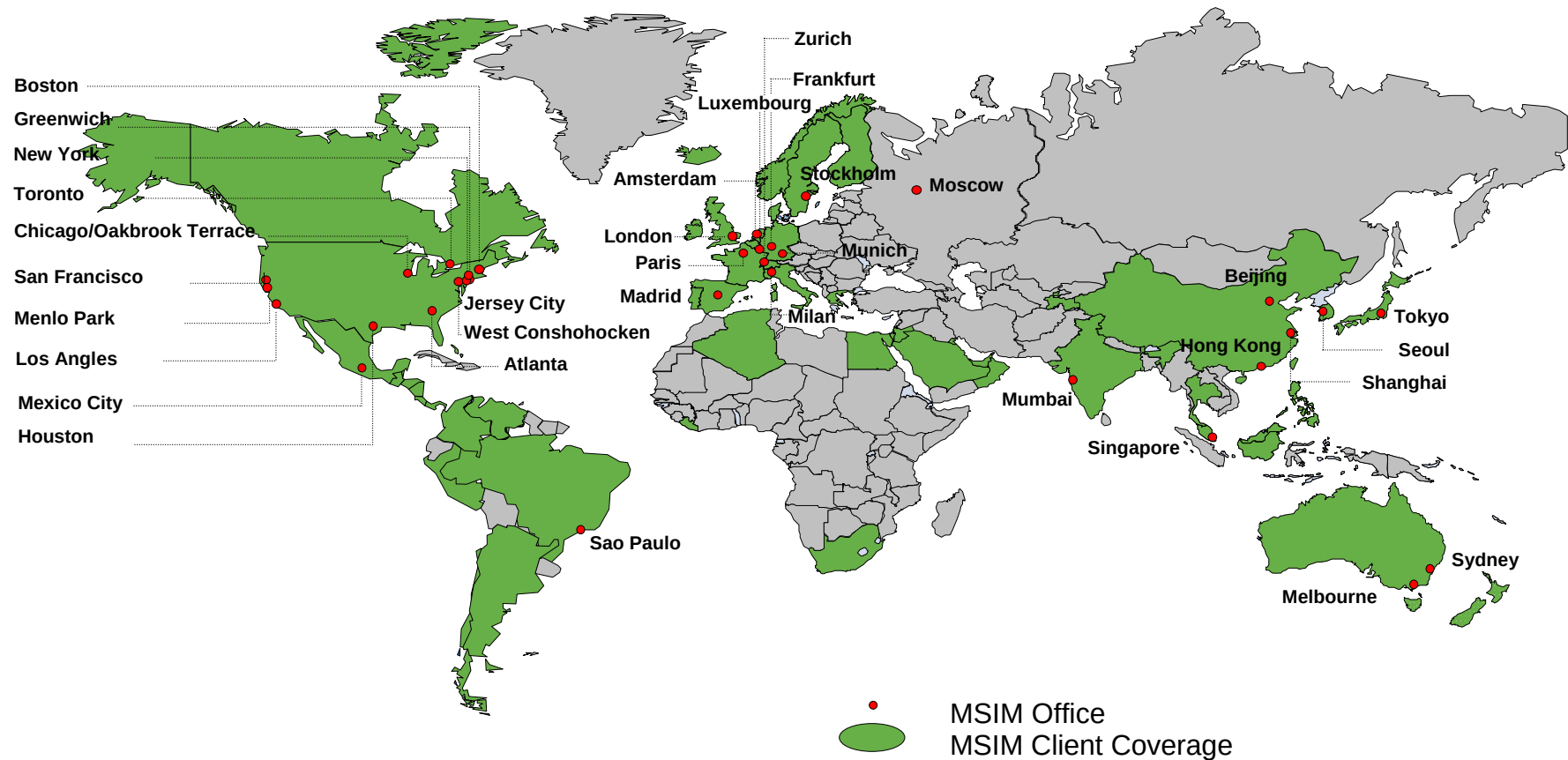
- (1) Sourced assets under management include real property assets on a net basis previously managed within Institutional Securities and disclosed on a gross basis (including debt) in Morgan Stanley's consolidated assets under management on page 12 of Morgan Stanley's 1Q07 Financial Supplement, as well as institutional money markets/liquidity and retail money market assets.

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.

Non-U.S. – What We Have

MSIM's Global Footprint:

~3,900 employees, 850+ investment professionals, 34 offices in 20 countries



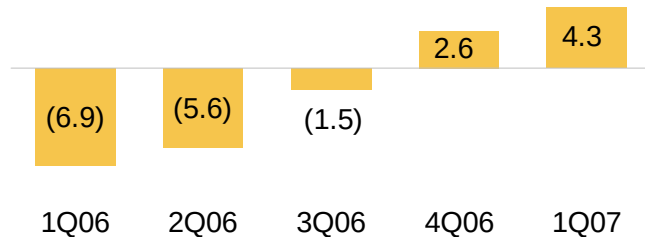
As of December 31, 2006.

Non-U.S. – What We Are Doing

- Continue filling product gaps through acquisitions/lift-outs and building teams
- In mature markets, distribute global products through strong existing institutional and intermediary platforms
- In high growth markets, develop local platforms to distribute local products:
 - Exploring possibilities in China, Taiwan, and Brazil
 - New J.V. in Saudi Arabia and presence in Dubai
 - Building domestic business in India
- Leverage Morgan Stanley global franchise and relationships to generate new business
- Capitalize on opportunity offered by governments/pension funds diversifying holdings

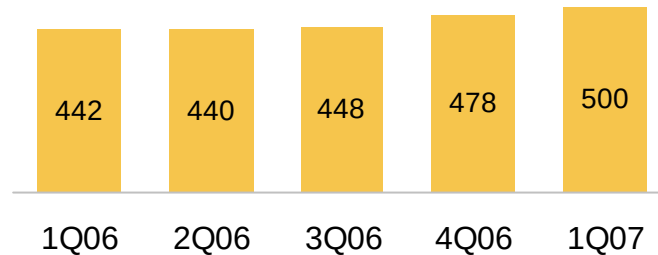
MSIM First Quarter 2007 Highlights ⁽¹⁾

Net Flows (\$billion)



Source: Morgan Stanley SEC Filings

Assets Under Management / Supervision (\$billion)



Source: Morgan Stanley SEC Filings

Notes:

(1) Excludes migration of real property business from Institutional Securities to MSIM.

- The second consecutive quarter with positive net flows
- AUM/AUS reached \$500 billion
- FrontPoint Partners made a meaningful contribution to 1Q 2007 results
- Launched / Incubated new products:
 - 12 Alternative
 - 5 Equity
 - 4 Fixed Income

Measuring Our Progress

First Year

Business Investment

- ✓ New management team
- ✓ Fill leadership gaps
- ✓ Reorganize business
- ✓ Bottom-up business plan
- ✓ Complete several team acquisitions, lift-outs and minority stakes
- ✓ Build foundation for Alternative business
- ✓ Re-enter the Private Equity business
- ✓ Build out Infrastructure business
- ✓ Seed new products
- ✓ Build MSIM infrastructure
- ✓ Open lines of communication
- ✓ Margin pressure

Two to Three Years

Gaining Traction

- ✓ Continue to attract high-quality talent
- ✓ Positive flows
- More complete traditional product offering
- Continue to selectively pursue acquisitions, minority stakes, lift-outs and alliances, particularly outside the U.S.
- ✓ Increasing number of hedge fund and private equity strategies
- Revitalize Morgan Stanley Advisor Fund family
- Rationalize current fund product offerings
- Initial margin pressure followed by improvement

Three to Five Years

Results

- Industry leader
 - Improving performance
 - Innovative products
 - Superior client service
- First choice for clients
- Competitive fund flows
- Competitive PBT margin
- Enhanced value for Morgan Stanley shareholders

Measuring Our Progress

Key success metrics ⁽¹⁾

	FY 2006	1Q07	Aspiration
YoY Net Revenue Growth (%)	(5%)	28%	Double-digit growth
Pre-tax Margin (%)	26%	26%	25-30%
Assets Under Management (\$billion)	478	500	600+
Net Flows (\$billion)	(11)	4	Strong and competitive positive flows
New Products Launched	58	21	~30 (FY)
Retail Product Performance: % of Morningstar-rated Assets in 4- and 5-star funds	39	38	50+

Source: Morgan Stanley SEC Filings and Earning Releases, Morningstar

Notes:

(1) Excludes migration of the real property business from Institutional Securities to MSIM.

UBS Conference

May 14, 2007