

Morgan Stanley

IMPORTANT INFORMATION REGARDING A SHAREHOLDER PROGRAM

November 7, 2006

Dear Shareholder:

Morgan Stanley is pleased to announce a **voluntary** and **cost free program** for shareholders owning less than 100 shares of Morgan Stanley common stock. Shareholders owning less than 100 shares may conveniently **(i) sell all their shares and receive the net proceeds or (ii) purchase enough additional shares to increase their holdings to 100 shares or (iii) donate all their shares to *ShareGift USA*, a share donation charity.**

OPTION 1 Sell all your shares and receive the proceeds

- To sell all your shares, simply return your properly completed Acceptance Card below and share certificate(s), if any, in the envelope provided.

OPTION 2 Purchase enough shares to increase your holdings to 100 shares

- To purchase additional shares, simply return your properly completed Acceptance Card and enclose a check payable to **Morgan Stanley Shareholder Program** in the purchase deposit amount indicated on the Acceptance Card in the envelope provided. D.F. King, information agent for the program, will facilitate your purchase by matching purchase requests with shares submitted for sale in the program.

OPTION 3 Donate your shares to *ShareGift USA*

- You may donate your shares to *ShareGift USA*, a charity qualified by the IRS as a 501(c)(3) organization that distributes the proceeds from the sale of donated shares to several U.S. charities. More information on *ShareGift USA* can be found on the reverse side. To donate your shares, simply return your properly completed Acceptance Card and share certificate(s), if any, in the envelope provided.

Your authorization to sell, purchase or donate shares must be received in good order no later than December 22, 2006, at which time this special cost free program will expire. Additional details and terms of the program are explained in the Questions and Answers on the reverse side. Neither Morgan Stanley nor D. F. King & Co., Inc. makes any recommendations as to your participation in the program.

If you sign and return the Acceptance Card without checking the "Sell", "Purchase" or "Donate" box, you will be deemed to have instructed Morgan Stanley to sell all your shares and to send you the net proceeds.

The distribution of this document in jurisdictions other than the United States may be restricted by the laws of those jurisdictions, and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. The offer under this program is not made and may not be accepted in any jurisdiction in which such offer is unlawful.

If you have any questions, please call the Information Agent, D.F. King & Co., Inc., toll-free Monday through Friday 8:00 am to 6:00 pm at **1-800-556-0790**.

Sincerely,

Morgan Stanley

Detach Card Here

ACCEPTANCE CARD FOR MORGAN STANLEY VOLUNTARY SHAREHOLDER PROGRAM

I, the undersigned, owning fewer than 100 shares of Morgan Stanley common stock, do hereby authorize the sale, purchase or donation of shares, as applicable, as indicated below. I agree to the terms of the program described in the letter dated **November 7, 2006** and certify that the Social Security Number or Tax Identification Number ("TIN") on record is accurate and that I am not subject to backup withholding.

The last 4 digits of your Social Security Number or TIN are indicated next to "TIN" below. If the digits are incorrect or missing, please provide your entire Social Security Number or TIN in the space provided on the reverse side of this card.

Indicate Your Election (Check One Box)

NOTE: IF YOU SIGN THIS ACCEPTANCE CARD AND RETURN IT WITHOUT CHECKING THE "SELL", "PURCHASE" OR "DONATE" BOX, YOU WILL BE DEEMED TO HAVE INSTRUCTED US TO SELL ALL YOUR MORGAN STANLEY SHARES AND TO SEND YOU THE NET PROCEEDS.

- CHECK ONE: **A SELL ALL MY MORGAN STANLEY SHARES**
 B PURCHASE _____ MORGAN STANLEY SHARES
 To purchase shares, enclose a check drawn on a U.S. bank for _____ made payable to "Morgan Stanley Shareholder Program"
 C DONATE ALL MY MORGAN STANLEY SHARES TO *SHAREGIFT USA*

SIGN:

SIGNATURE OF OWNER

SIGNATURE OF JOINT OWNER (IF ANY)

DATE

TELEPHONE

NOTICE FOR HOLDERS WHO ARE SELLING SHARES AND WHOSE CERTIFICATES HAVE BEEN LOST, STOLEN OR DESTROYED

Any share certificate not presented along with this signed Acceptance Card will be deemed lost, stolen or destroyed and your signature above will acknowledge that you agree to the terms and conditions and surety bond program described in the affidavit on the back of this card.

QUESTIONS & ANSWERS

1 How do I sell all of my Morgan Stanley shares?

Check Box A on the Acceptance Card, and sign and return it, along with any certificates you hold, in the envelope provided. You also must sign the W-9 certification and provide your Tax Identification Number (TIN) below.

2 How do I purchase additional shares of Morgan Stanley common stock to round up to 100?

Check Box B on the Acceptance Card, and sign and return it, along with a check drawn on a U.S. bank for the purchase deposit as indicated on the Acceptance Card, payable to “Morgan Stanley Shareholder Program”, in the envelope provided. D.F. King, information agent for the program, will facilitate your purchase by matching purchase requests with shares submitted for sale in the program. The purchase deposit is equal to **\$88.00** multiplied by the difference between the number of total shares you own and 100 shares. **The purchase deposit is an estimated price. The difference between the actual purchase price and the purchase deposit will either be refunded or billed to you promptly following the processing of your purchase request.** The purchase deposit was established at a price higher than the current market price to minimize the possibility of invoicing purchasers.

3 How do I donate my Morgan Stanley shares to ShareGift USA?

Check Box C on the Acceptance Card, and sign and return it, along with any certificates you hold, in the envelope provided. You will receive a letter from *ShareGift USA* acknowledging your donation. You also must sign the W-9 certification and provide your Tax Identification Number (TIN) below.

About ShareGift USA

ShareGift USA is a 501(c)(3) charitable organization that makes it easy for shareholders to donate shares to benefit U.S. charities. *ShareGift USA* collects these shares, sells them and awards the net proceeds to charitable organizations. For example, the selected charities focus on education (**Scholarship America**), health (**The American Heart Association**), human services (**Childhelp USA**), public society (**The National Council on the Aging**), and the environment (**The Sierra Club Foundation**). **Morgan Stanley makes no endorsement of these charities.** For more information on *ShareGift USA*, visit www.sharegiftusa.org or call 212-813-9677.

4 If I choose to sell or purchase shares for my own account, what will it cost me to participate in the program?

There is **no cost** to participate in the program except the cost of postage to return the card. In appreciation for the confidence that our

shareholders have expressed in our Company, Morgan Stanley will pay all processing fees for each participating shareholder. If your certificate(s) have been lost, stolen or destroyed, see question 7.

5 What price will I receive if I sell, or what price will I pay if I purchase, Morgan Stanley shares under this program?

The actual sales or purchase price is not being guaranteed in advance. Shares submitted for sale will be matched to purchase requests. The balance of shares not matched will be purchased weekly by Morgan Stanley. You will receive or pay the average of the closing prices for Morgan Stanley Common Stock on the business days on which the New York Stock Exchange is open for business in the week in which your transaction is processed.

6 What if my shares are held in the Share Purchase and Dividend Reinvestment Plan?

Plan participants may sell their shares through the program and should consult their Plan prospectus.

7 What if my certificate(s) have been lost, stolen or destroyed?

If your certificate(s) have been lost, stolen or destroyed, you can still participate in the program. If you are selling your shares, a surety bond premium of two percent (**2%**) of the sales price of your shares (minimum of **\$20.00**) will be deducted from the proceeds of your sale to replace your lost, stolen or destroyed certificate(s). Please read the Affidavit below. Shareholders that donate their shares to *ShareGift USA* will not incur a surety bond premium.

8 How do I find the market price of Morgan Stanley shares?

Morgan Stanley shares are listed on the New York Stock Exchange under the symbol “MS”. Closing prices, which change daily, can be found on the internet and in most newspapers under the Company’s name.

9 When will I receive my proceeds or new shares or donation confirmation?

Your sale proceeds check with an attached IRS Form 1099B or certificate or your donation confirmation will be mailed approximately fifteen business days after your Acceptance Card is received in good form.

10 Can I revoke my authorization to sell, purchase or donate shares under the program?

No. Your authorization to sell, purchase or donate your shares under the program is irrevocable.

Detach Card Here

SIGN THE FRONT OF THIS CARD

TERMS AND CONDITIONS FOR SHAREHOLDERS WITH LOST, STOLEN OR DESTROYED CERTIFICATES: Please read the following information. Your signature on the reverse side of this form indicates your acceptance of the terms of the bond of indemnity herein.

AFFIDAVIT FOR LOST, STOLEN OR DESTROYED STOCK CERTIFICATE(S):

NOTE: A surety bond premium of 2% of the value of the shares (\$20.00 minimum) will be deducted from the proceeds of the sale of your shares. Shares donated to *ShareGift USA* will not incur a surety bond premium.

I am the lawful owner of the shares described on the reverse side of this form. I have made a diligent search for the certificate(s) and have been unable to find them (or they have been stolen or destroyed, as the case may be), and make this affidavit for the purpose of inducing the liquidation of the certificate(s) without surrender of the certificate(s) and the sale of the shares represented thereby, and hereby agree to surrender the certificate(s) for cancellation should I, at any time, find the certificate(s). The certificate(s) has (have) not been endorsed, cashed, negotiated, transferred, assigned, or otherwise disposed of. I, in consideration of the receipt of the proceeds of the sale of the shares represented by the certificate(s), agree to indemnify, protect and hold harmless Morgan Stanley, Mellon Investor Services LLC, D. F. King & Co., Inc., Seaboard Surety Company, and any other party to the transaction (the “Obligees”), from and against all losses, costs and damages, including court costs and attorneys fees, which they may be subject to or liable for in respect to the cancellation and replacement of the certificate(s), the sale and purchase of shares represented thereby, and the distribution of the proceeds of the certificate(s). The rights accruing to the Obligees under the preceding sentences shall not be limited by the negligence, inadvertence, accident, oversight or breach of any duty or obligations on the part of the Obligees or their respective officers, employees and agents or their failure to inquire into, contest, or litigate any claim, whenever such negligence, inadvertence, accident, oversight, breach or failure may occur or have occurred. I agree that this affidavit shall be delivered to accompany a bond of indemnity 381785 underwritten by Seaboard Surety Company to protect the foregoing parties.

W-9 Certification

Under penalties of perjury, I certify that (1) the number I have indicated on this form is my correct U.S. taxpayer identification number (TIN), (2) I am not subject to backup withholding tax either because : (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and (3) I am a U.S. person (including a U.S. resident alien). If I am signing this card as a co-owner, I understand that these representations are intended to apply to all co-owners collectively. The IRS does not require your consent to any provisions of this document other than the certifications required above to avoid backup withholding.

Certification Instructions: You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all dividend and interest on your tax return.

TIN# _____

SIGNATURE(S) _____

DATE _____

SEE REVERSE SIDE