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Morgan Stanley

For Immediate Release

**STARWOOD HOTELS AND MORGAN STANLEY REAL ESTATE
ANNOUNCE JOINT VENTURE AGREEMENT TO ACQUIRE
SHERATON GRANDE TOKYO BAY HOTEL**

Singapore, February 23, 2007 – Starwood Hotels & Resorts Worldwide, Inc.® (NYSE: HOT) and a fund managed by Morgan Stanley Real Estate have entered into a definitive joint venture agreement to acquire the Sheraton® Grande Tokyo Bay Hotel from Taisei Corporation Group, with a closing of the acquisition expected before the end of March 2007. The fund, managed by Morgan Stanley Real Estate, will own approximately 75% of the joint venture and Starwood will own approximately 25%.

The 802-room Sheraton Grande Tokyo Bay has been managed by Starwood® since its opening in 1988 and will continue to be operated by Starwood under a long-term management agreement with the joint venture.

The Sheraton Grande Tokyo Bay is located in the Tokyo Disney Resort area and offers guests direct access to Disney via monorail. One of the five official Tokyo Disney hotels, the Sheraton Grande Tokyo Bay offers sweeping views of Tokyo Bay and Tokyo Disneyland. The hotel is a leading wedding facility in Japan, with two chapels and 13 event rooms. Other amenities include eight restaurants, the Oasis sport and recreation complex, indoor and outdoor pools.

The number of visitors to the popular Tokyo Disney Resort area is anticipated to grow in the next few years as a result of the construction of a new 2,000-seat theater for the world-renowned Cirque du Soleil, as well as celebrations and events for Tokyo Sea Disney's fifth anniversary and Tokyo Disneyland's twenty-fifth anniversary.

About Starwood Hotels & Resorts Worldwide, Inc.

Starwood Hotels & Resorts Worldwide, Inc. is one of the leading hotel and leisure companies in the world with approximately 850 properties in more than 95 countries and 145,000 employees at its owned and managed properties. Starwood® Hotels is a fully integrated owner, operator and franchisor of hotels and resorts with the following internationally renowned brands: St. Regis®, The Luxury Collection®, Sheraton®, Westin®, Four Points® by Sheraton, W®, Le Méridien® and the recently announced AloftSM and ElementSM Hotels. Starwood Hotels also owns Starwood Vacation Ownership, Inc., one of the premier developers and operators of high quality vacation interval ownership resorts. For more information, please visit www.starwoodhotels.com.

About Morgan Stanley Real Estate

Morgan Stanley Real Estate is comprised of three major global businesses: Investing, Banking and Lending. Since 1991, Morgan Stanley has acquired \$102.0 billion of real estate assets worldwide and currently manages \$60.5 billion in real estate assets on behalf of its clients. In addition, Morgan Stanley Real Estate provides a complete range of market-leading investment banking services to its clients, including advice on strategy, mergers, acquisitions and restructurings, as well as underwriting public and private debt and equity financings. Morgan Stanley is also a global leader in real estate lending offering approximately \$156.0 billion of CMBS through the capital markets since 1997, including \$35.5 billion in 2006. For more information about Morgan Stanley Real Estate, go to www.morganstanley.com/realestate.

About Morgan Stanley

Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, investment management, wealth management and credit services. The Firm's employees serve clients worldwide including corporations, governments, institutions and individuals from more than 600 offices in 30 countries. For further information about Morgan Stanley, please visit www.morganstanley.com.

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Note: This press release contains forward-looking statements within the meaning of United States federal securities regulations. Forward-looking statements are not guarantees of future performance or events and involve risks and uncertainties and other factors that may cause actual results or events to differ materially from those anticipated at the time the forward-looking statements are made. These risks and uncertainties are presented in detail in our filings with the Securities and Exchange Commission. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that results and events will not materially differ. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.