

MORGAN STANLEY  
Form 4  
October 05, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
NELMS DAVID W

(Last) (First) (Middle)

MORGAN STANLEY, 1585  
BROADWAY

(Street)

NEW YORK, NY 10036

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
MORGAN STANLEY [MS]

3. Date of Earliest Transaction  
(Month/Day/Year)  
10/03/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
\_\_\_\_ Officer (give title below)  Other (specify below)  
Business Unit Head

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	10/03/2006		M		10,128	A	\$ 6.25
Common Stock	10/03/2006		M		16,880	A	\$ 6.69
Common Stock	10/03/2006		M		15,360	A	\$ 35.65
Common Stock	10/03/2006		F		22,434	D	\$ 73.25
Common Stock	10/04/2006		S		196	D	\$ 73.33

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Common Stock 10/04/2006 S 14,900 D \$ 73 448,229.499 D

Common Stock 872.287 I By 401(k) Plan/ESOP Trust

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying Security (Instr. 3 and 4)
				Code V (A) (D)		Date Exercisable Expiration Date	Title
Employee Stock Option (Right to Buy)	\$ 6.25	10/03/2006		M	10,128	01/02/1999 <sup>(1)</sup> 09/25/2008	Common Stock
Employee Stock Option (Right to Buy)	\$ 6.69	10/03/2006		M	16,880	01/02/1999 <sup>(1)</sup> 09/25/2008	Common Stock
Employee Stock Option (Right to Buy)	\$ 35.65	10/03/2006		M	15,360	01/02/2000 <sup>(1)</sup> 01/02/2009	Common Stock
Restoration Option (Right to buy)	\$ 73.56	10/03/2006		A	10,522	10/03/2006 01/02/2009	Common Stock

## Reporting Owners

Reporting Owner Name / Address Relationships

Reporting Owners

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Director 10% Owner Officer Other

NELMS DAVID W  
MORGAN STANLEY  
1585 BROADWAY  
NEW YORK, NY 10036

Business Unit Head

## Signatures

/s/ Charlene R. Herzer,  
Attorney-in-Fact

10/05/2006

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Initial vesting date of ratably vested stock options, all of which are presently exercisable.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.  
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