

MORGAN STANLEY

Form 4

October 05, 2006

FORM 4
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

OMB APPROVAL

OMB
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(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 ____X____ Other (specify
below) below)

Business Unit Head

6. Individual or Joint/Group Filing(Check
Applicable Line)
X 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	453,519.499	D
Common Stock	10/03/2006		M		16,880	A	\$ 6.69	470,399.499	D
Common Stock	10/03/2006		M		15,360	A	\$ 35.65	485,759.499	D
Common Stock	10/03/2006		F		22,434	D	\$ 73.25	463,325.499	D
Common Stock	10/04/2006		S		196	D	\$ 73.33	463,129.499	D

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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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(9-02)

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 ⁽¹⁾ 09/25/2008	Common Stock
Employee Stock Option (Right to Buy)	\$ 6.69	10/03/2006		M	16,880	01/02/1999 ⁽¹⁾ 09/25/2008	Common Stock
Employee Stock Option (Right to Buy)	\$ 35.65	10/03/2006		M	15,360	01/02/2000 ⁽¹⁾ 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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