

**BASE PROSPECTUS SUPPLEMENT FOR WARRANTS AND CERTIFICATES**

# Morgan Stanley

*as issuer and guarantor  
(incorporated under  
the laws of the State of Delaware in the United States of America)*

***MORGAN STANLEY (JERSEY) LIMITED***

*as issuer  
(incorporated with limited liability in Jersey, Channel Islands)*

***MORGAN STANLEY B.V.***

*as issuer  
(incorporated with limited liability in The Netherlands)*

**Program for the**

**Issuance of Warrants and Certificates**

Morgan Stanley ("**Morgan Stanley**"), Morgan Stanley (Jersey) Limited and Morgan Stanley B.V. (together the "**Issuers**") have prepared this base prospectus supplement (the "**Base Prospectus Supplement**"), which constitutes a supplementary prospectus for the purposes of 87G of the Financial Services and Markets Act 2000 ("**FSMA 2000**") and has been approved by the Financial Services Authority in its capacity as the competent authority in the United Kingdom as a prospectus supplement for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"), to supplement and be read in conjunction with the base prospectus dated 19 June 2008 prepared by the Issuers (the "**Base Prospectus**") (and any documents incorporated by reference therein and any supplements thereto) and used in connection with the program (the "**Program**") under which any of the Issuers may offer from time to time warrants (the "**Warrants**") and certificates (the "**Certificates**", together with the Warrants, the "**Securities**").

Defined terms used in the Base Prospectus shall have the same meaning when used in this Base Prospectus Supplement.

On 13 October 2008, Morgan Stanley announced that Mitsubishi UFJ Financial Group, Inc ("**MUFG**") had closed on a \$9 billion equity investment in Morgan Stanley that gives MUFG a 21 percent ownership interest in Morgan Stanley on a fully diluted basis. The investment is part of a previously announced global strategic alliance.

Under the revised terms of the transaction, MUFG has acquired \$7.8 billion of perpetual noncumulative convertible preferred stock with a 10 percent dividend and a conversion price of \$25.25 per share, and \$1.2 billion of perpetual non-cumulative non-convertible preferred stock with a 10 percent dividend.

On 14 October 2008, Morgan Stanley filed a Form 8-K with the Securities and Exchange Commission relating to the announcement made by it on 13 October 2008, the text of which is set out in Appendix 1 to this Base Prospectus Supplement. Copies of such Form 8-K will be made available for inspection at the offices of the parties at whose offices documents are to be available for inspection as identified in "General Information" in the Base Prospectus dated 19 June 2008. Save as disclosed in this Base Prospectus Supplement, no significant new factor, material mistake or inaccuracy relating to

information included in the Base Prospectus has arisen since the publication of the Base Prospectus Supplement dated 26 September 2008.

To the extent that there is any inconsistency between any statement in this Base Prospectus Supplement and any other statement in or incorporated by reference in the Base Prospectus or any previous Base Prospectus Supplement thereto, the statements in this Base Prospectus Supplement will prevail.

Save as disclosed in this Base Prospectus Supplement, no significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen since the publication of the Base Prospectus Supplement dated 26 September 2008.

Each Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuers (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus Supplement is available for viewing, and copies may be obtained from, the offices of the Issuers and the Paying Agents.

**THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE SECURITIES MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OF U.S. PERSONS (AS DEFINED IN EITHER REGULATION S UNDER THE SECURITIES ACT OR THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED).**

**Investors should be aware of their rights under Section 87Q(4) of FSMA 2000.**

**None of the Issuers nor Morgan Stanley & Co. International plc nor Morgan Stanley & Co. Incorporated, as agents for the Securities, has or will take any action in any country or jurisdiction that would permit a public offering of the Securities or possession or distribution of any offering material in relation to a public offering in any country or jurisdiction where action for that purpose is required. Each investor must comply with all applicable laws and regulations in each country or jurisdiction in or from which the investor purchases, offers, sells or delivers the Securities or has in the investor's possession or distributes this Base Prospectus Supplement, the Base Prospectus or any accompanying Final Terms.**

**MORGAN STANLEY**

24 October 2008

# Appendix 1

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549  
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## FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest reported event): October 13, 2008

**MORGAN STANLEY**  
(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**1-11758**  
(Commission File Number)

**36-3145972**  
(IRS Employer  
Identification Number)

**1555 Broadway, New York, New York 10036**  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (212) 761-4000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 8.01. Other Events**

On October 13, 2008, Morgan Stanley (the "Company") issued a press release announcing that Mitsubishi UFJ Financial Group, Inc. ("MUFG") closed on a \$9 billion equity investment in the Company that gives MUFG a 21% ownership interest in the Company on a fully diluted basis. The investment is part of a previously announced global strategic alliance. Under the revised terms of the transaction, MUFG has acquired approximately \$7.8 billion of perpetual non-cumulative convertible preferred stock with a 10 percent dividend and a conversion price of \$25.25 per share, and approximately \$1.2 billion of perpetual non-cumulative non-convertible preferred stock with a 10 percent dividend. A copy of the press release is being filed as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference in its entirety.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release of the Company dated October 13, 2008

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**MORGAN STANLEY**

Date: October 14, 2008

By: /s/ Martin M. Cohen  
Martin M. Cohen  
Assistant Secretary and Counsel

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EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release of the Company dated October 13, 2008

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**Morgan Stanley**

For Immediate Release

**MITSUBISHI UFJ FINANCIAL GROUP CLOSSES \$9 BILLION EQUITY  
INVESTMENT IN MORGAN STANLEY AS PART OF GLOBAL STRATEGIC  
ALLIANCE**

TOKYO and NEW YORK, October 13, 2008 – Mitsubishi UFJ Financial Group, Inc. (“MUFG”) (NYSE: MTU), Japan’s largest financial group and the world’s second largest bank holding company with \$1.1 trillion in bank deposits, and Morgan Stanley (NYSE: MS), a global financial services firm and a market leader in investment banking, today announced that MUFG has closed on a \$9 billion equity investment in Morgan Stanley that gives MUFG a 21 percent ownership interest in Morgan Stanley on a fully diluted basis. The investment is part of a previously announced global strategic alliance.

Under the revised terms of the transaction, MUFG has acquired \$7.8 billion of perpetual non-cumulative convertible preferred stock with a 10 percent dividend and a conversion price of \$25.25 per share, and \$1.2 billion of perpetual non-cumulative non-convertible preferred stock with a 10 percent dividend.

MUFG and Morgan Stanley have already identified numerous areas of potential collaboration for their global strategic alliance, including corporate and investment banking, certain areas of retail banking and asset management, as well as lending activities such as corporate and project related loans. The alliance will provide both MUFG and Morgan Stanley with a valuable strategic partner as they seek to enhance their global footprints and capture financial services opportunities around the world. MUFG will receive a Morgan Stanley Board seat and the companies will establish a Steering Committee to maximize the strategic benefits of their alliance.

The MUFG investment further bolsters Morgan Stanley’s already strong capital position. Morgan Stanley’s Tier 1 Capital Ratio is now estimated to be more than 15.5 percent on a pro-forma basis as of August 31, 2008. This is far in excess of the 6 percent required by the Federal Reserve to be treated as well-capitalized and is one of the highest Tier 1 Capital Ratios among bank holding companies peers. The MUFG investment also reduces Morgan Stanley’s leverage ratio to just under 20 times and its adjusted leverage ratio to just over 10 times on a pro-forma basis at August 31, 2008. In addition, Morgan Stanley has continued to reduce the size of its balance sheet since the end of the third quarter. As of today, total assets are now under \$900 billion, down from \$987 billion at August 31, 2008.

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Nobuo Kuroyanagi, MUFG's President and Chief Executive Officer, said, "Despite a very challenging environment, MUFG and Morgan Stanley have demonstrated our mutual commitment to this strategic alliance and have revised the terms of our investment in the best interests of both companies and our shareholders. We are now looking forward to working with Morgan Stanley to deliver the significant strategic benefits that we believe our alliance will bring."

John J. Mack, Morgan Stanley's Chairman and Chief Executive Officer, said, "We are honored to welcome Mitsubishi UFJ, a global leader in commercial banking, as a long-term investor and strategic partner of Morgan Stanley. We are working toward numerous areas of collaboration, and we are confident that these two world-class institutions will create a powerful global alliance in the current challenging market environment. Today's investment further bolsters our strong capital position and, together with our strategic alliance, will accelerate our transition under our new bank holding company structure and help us realize opportunities created by the continuing dislocation in the financial markets."

Half of the convertible preferred stock automatically converts after one year into common stock when Morgan Stanley's stock trades above 150 percent of the conversion price for a certain period and the other half converts on the same basis after year two. The non-convertible preferred stock is callable after year three at 110 percent of the purchase price.

Lazard served as financial advisor to MUFG, and Sullivan & Cromwell LLP and Mori Hamada & Matsumoto served as MUFG's U.S. and Japanese legal advisors, respectively. BlackRock provided advice to MUFG on asset valuation. Wachtell, Lipton, Rosen & Katz served as legal advisor to Morgan Stanley.

#### **About MUFG**

MUFG is one of the world's leading financial groups, with total assets of more than JPY190 trillion (approximately US\$1.8 trillion) as of March 31, 2008. MUFG's services include commercial banking, trust banking, securities, credit cards, consumer finance, asset management and leasing. The Group's operating companies include BTMU, Japan's largest commercial bank, Mitsubishi UFJ Trust and Banking Corporation, Japan's leading trust bank, and Mitsubishi UFJ Securities, one of Japan's largest securities firms. For more information about MUFG, please visit <http://www.mufg.jp/english/index.html>.

#### **About Morgan Stanley**

Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, investment management and wealth management services. The Firm's employees serve clients worldwide including corporations, governments, institutions and individuals from more than 600 offices in 35 countries. For further information about Morgan Stanley, please visit [www.morganstanley.com](http://www.morganstanley.com).



**Cautionary Statement Concerning Forward-Looking Information**

This press release contains forward-looking statements such as “expects,” “looking forward” and other similar words regarding the current expectations of MUFG. Such forward-looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors. MUFG does not undertake any obligation to update the forward-looking statements contained herein, or to update the reasons why actual results could differ from those projected in the forward-looking statements.

The information above contains forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made and 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. Morgan Stanley's actual results or performance may differ materially from those suggested, expressed or implied by forward-looking statements due to a wide range of factors including, but not limited to, the general business environment, regulatory actions or changes. For a discussion of additional risks and uncertainties that may affect the future results of Morgan Stanley, 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 Morgan Stanley's Annual Report on Form 10-K for the fiscal year ended November 30, 2007 and “Management's Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” in Morgan Stanley's Quarterly Reports on Forms 10-Q and other items throughout the Form 10-K, Forms 10-Q and Morgan Stanley's 2008 Current Reports on Form 8-K.

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