

**BASE PROSPECTUS SUPPLEMENT**

# 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 Notes, Series A and B**

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 notes (the "**Notes**").

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

On 21 September 2008, Morgan Stanley announced that its application to the U.S. Federal Reserve Board of Governors to become a bank holding company was approved and that Morgan Stanley has elected to be deemed a financial holding company under the Bank Holding Company Act.

On 22 September 2008, Morgan Stanley announced that it had entered into a letter of intent to pursue a strategic alliance with Mitsubishi UFJ Financial Group, Inc.

On 22 September 2008, Morgan Stanley filed a Form 8-K with the Securities and Exchange Commission relating to the announcements made by it on 21 and 22 September 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.

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 20 August 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 NOTES 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 NOTES 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 Notes, has or will take any action in any country or jurisdiction that would permit a public offering of the Notes 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 Notes or has in the investor's possession or distributes this Base Prospectus Supplement, the Base Prospectus or any accompanying Final Terms.**

**MORGAN STANLEY**

26 September 2008

**Appendix 1**  
**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**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): September 21, 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)

**1585 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))

**Item 8.01. Other Events**

On September 21, 2008, Morgan Stanley (the “Company”) issued a press release announcing that its application to become a bank holding company was approved by the U.S. Federal Reserve Board of Governors and that the Company has elected to be deemed a financial holding company under the Bank Holding Company Act. 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.

On September 22, 2008, the Company issued a press release announcing that it had entered into a letter of intent to pursue a strategic alliance with Mitsubishi UFJ Financial Group, Inc. The letter of intent relates to an investment in the Company that would eventually reach 20 percent of its equity on a fully diluted basis. The investment would be based on the Company's book value as agreed upon completion of satisfactory due diligence. The letter of intent is nonbinding and subject to definitive documentation and due diligence. The closing of the transaction would be subject to regulatory approvals and other customary conditions. A copy of the press release is being filed as Exhibit 99.2 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

Exhibit

<u>Number</u>	<u>Description</u>
99.1	Press release of the Company dated September 21, 2008
99.2	Press release of the Company dated September 22, 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: September 22, 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 September 21, 2008
99.2	Press release of the Company dated September 22, 2008

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Contact: Media Relations  
Jeanmarie McFadden  
212 762 6901

For Immediate Release



**Morgan Stanley Granted Federal Bank Holding Company Status By U.S. Federal Reserve Board of Governors**

***Provides Ongoing and Expanded Access to Federal Reserve Window and Other New Funding Opportunities***

NEW YORK, September 21, 2008 – Morgan Stanley today announced that its application to become a bank holding company was approved by the U.S. Federal Reserve Board of Governors. Morgan Stanley has elected to be deemed a financial holding company under the Bank Holding Company Act.

Morgan Stanley sought this new status from the Federal Reserve to provide the Firm maximum flexibility and stability to pursue new business opportunities as the financial marketplace undergoes rapid and profound changes. The Firm will pursue initiatives to expand the retail banking services it offers its retail clients and build a stable base of core deposits. Morgan Stanley has more than 3 million retail accounts and had \$36 billion in bank deposits as of August 31, 2008.

The Firm's status as a Federal Bank Holding Company also provides Morgan Stanley ongoing access to the Federal Reserve Bank Discount Window and expanded opportunities for funding.

John J. Mack, Chairman and Chief Executive Officer, said, "This new bank holding structure will ensure that Morgan Stanley is in the strongest possible position – with the stability and flexibility to seize opportunities in the rapidly changing financial marketplace. It also offers the marketplace certainty about the strength of our financial position and our access to funding. As we evolve our business model and move quickly to seize these new opportunities, we remain intensely focused on continuing to provide world-class service and advice to our clients and deliver long-term value to our shareholders."

As part of this process, Morgan Stanley will convert its Utah industrial bank to a national bank and will become subject to supervision of the Federal Reserve. The Firm also will be regulated by the Federal Deposit Insurance Corporation (FDIC), which will continue to insure deposits at Morgan Stanley Bank to the maximum extent allowed by the FDIC.

The Firm does not expect significant adverse tax or accounting effects from this new status, nor does the Firm expect there to be limitations on its activities that would have a material impact on Morgan Stanley's overall business.

Morgan Stanley (NYSE: MS) 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).



Contact Media

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For Immediate Release

## Morgan Stanley

### **Morgan Stanley Announces Plan to Pursue Global Strategic Alliance with Mitsubishi UFJ Financial Group**

NEW YORK, September 22, 2008 – Morgan Stanley today announced that it has entered into a letter of intent to pursue a strategic alliance with Mitsubishi UFJ Financial Group, Inc. (“MUFG”), Japan’s largest banking group and the world’s second largest bank holding company with \$1.1 trillion in bank deposits.

The letter of intent relates to an investment in Morgan Stanley that would eventually reach 20 percent of its equity on a fully diluted basis. The investment would be based on Morgan Stanley’s book value as agreed upon completion of satisfactory due diligence. Upon the closing, a representative of MUFG will join the Morgan Stanley board.

In addition to further strengthening the Firm’s capital position, this alliance would benefit Morgan Stanley and MUFG by providing each with a valuable strategic partner as it seeks to enhance its global footprint and capture financial services opportunities around the world. Morgan Stanley was granted approval yesterday by the U.S. Federal Reserve Board of Governors to become a Federal Bank Holding Company.

John J. Mack, Morgan Stanley’s Chairman and Chief Executive Officer, said, “This strategic alliance with Mitsubishi UFJ can put Morgan Stanley in an even stronger position as we look to realize the opportunities we see in the rapidly changing financial marketplace. As one of the largest commercial banks in the world, Mitsubishi UFJ would be a valuable partner as we transition to a bank holding company and build our bank services and deposit base. This alliance also would build on Morgan Stanley’s deep ties and market leadership in Japan and throughout Asia, and help us to continue growing our business in this critically important region. We would be honored to welcome a distinguished bank like Mitsubishi UFJ as a long-term investor and strategic partner of Morgan Stanley, and we would look forward to working closely with them to strengthen both of our businesses.”

The letter of intent is nonbinding and subject to definitive documentation and due diligence. The closing of the transaction would be subject to regulatory approvals and other customary conditions.

The Company's common stock to be sold in the proposed private placement transaction will not at the time of issuance be registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration with the Securities and Exchange Commission or an applicable exemption from the registration requirements.

Morgan Stanley (NYSE: MS) 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).

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. The Company'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, and the risk that the proposed private placement transaction is not successfully completed. For a discussion of additional risks and uncertainties that may affect the future results of the Company, 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 the Company'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 the Company's Quarterly Reports on Forms 10-Q and other items throughout the Form 10-K, Forms 10-Q and the Company's 2008 Current Reports on Form 8-K.

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