

**MORGAN STANLEY**  
**Financial Supplement - 1Q03**  
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**MORGAN STANLEY**  
**Financial Summary**  
(unaudited, dollars in millions)

	QUARTER ENDED					Percentage Change From:	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	1Q03 vs. 1Q02	1Q03 vs. 4Q02
<b>Net revenues</b>							
Institutional Securities	\$ 2,800	\$ 2,435	\$ 2,152	\$ 1,881	\$ 3,161	13%	68%
Individual Investor Group	1,019	1,041	1,013	907	900	(12%)	(1%)
Investment Management	623	622	545	541	519	(17%)	(4%)
Credit Services	823	874	933	927	898	9%	(3%)
Consolidated net revenues	<u>\$ 5,265</u>	<u>\$ 4,972</u>	<u>\$ 4,643</u>	<u>\$ 4,256</u>	<u>\$ 5,478</u>	4%	29%
<b>Net income / (loss)</b>							
Institutional Securities	\$ 530	\$ 448	\$ 272	\$ 453	\$ 618	17%	36%
Individual Investor Group	7	12	5	(31)	(1)	(114%)	97%
Investment Management	144	141	124	116	106	(26%)	(9%)
Credit Services	167	196	210	194	182	9%	(6%)
Consolidated net income	<u>\$ 848</u>	<u>\$ 797</u>	<u>\$ 611</u>	<u>\$ 732</u>	<u>\$ 905</u>	7%	24%
<b>Basic earnings per common share</b>	\$ 0.78	\$ 0.73	\$ 0.57	\$ 0.68	\$ 0.84	8%	24%
<b>Diluted earnings per common share</b>	\$ 0.76	\$ 0.72	\$ 0.55	\$ 0.67	\$ 0.82	8%	22%
<b>Average common shares outstanding</b>							
Basic	1,082,380,245	1,084,993,202	1,081,708,833	1,074,654,825	1,079,052,442		
Diluted	1,112,959,092	1,113,949,482	1,105,494,894	1,095,716,005	1,099,724,140		
<b>Period end common shares outstanding</b>	1,101,194,353	1,097,109,821	1,093,052,009	1,081,417,377	1,089,745,941		
Return on common equity	16.4%	15.1%	11.4%	13.7%	16.3%		

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.  
Refer to Legal Notice page 15.

**MORGAN STANLEY**  
**Quarterly Consolidated Income Statement Information**  
(unaudited, dollars in millions)

	QUARTER ENDED				Percentage Change From:		
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	1Q03 vs. 1Q02	1Q03 vs. 4Q02
Investment banking	\$ 674	\$ 663	\$ 470	\$ 671	\$ 589	(13%)	(12%)
Principal transactions:							
Trading	1,132	696	469	433	1,556	37%	*
Investments	33	(16)	(64)	16	(22)	(167%)	*
Commissions	777	900	855	748	670	(14%)	(10%)
Fees:							
Asset management, distribution and admin.	1,016	1,054	971	904	903	(11%)	--
Merchant and cardmember	342	347	359	372	363	6%	(2%)
Servicing	540	506	510	523	567	5%	8%
Interest and dividends	3,836	3,877	4,376	3,790	3,789	(1%)	--
Other	196	129	217	120	87	(56%)	(28%)
Total revenues	<u>8,546</u>	<u>8,156</u>	<u>8,163</u>	<u>7,577</u>	<u>8,502</u>	(1%)	12%
Interest expense	2,936	2,844	3,188	3,002	2,688	(8%)	(10%)
Provision for consumer loan losses	345	340	332	319	336	(3%)	5%
Net revenues	<u>5,265</u>	<u>4,972</u>	<u>4,643</u>	<u>4,256</u>	<u>5,478</u>	4%	29%
Compensation and benefits	2,489	2,236	2,061	1,147	2,548	2%	122%
Occupancy and equipment	198	208	198	221	196	(1%)	(11%)
Brokerage, clearing and exchange fees	179	176	208	212	191	7%	(10%)
Information processing and communications	322	337	341	379	316	(2%)	(17%)
Marketing and business development	254	259	291	329	269	6%	(18%)
Professional services	225	250	273	346	225	--	(35%)
Other	251	259	302	230	307	22%	33%
Restructuring and other charges	0	0	0	235	0	--	*
Total non-interest expenses	<u>3,918</u>	<u>3,725</u>	<u>3,674</u>	<u>3,099</u>	<u>4,052</u>	3%	31%
Income before taxes and dividends on preferred securities subject to mandatory redemption	1,347	1,247	969	1,157	1,426	6%	23%
Income tax expense	477	428	337	403	499	5%	24%
Div. on pref. sec. subject to mandatory redemption	22	22	21	22	22	--	--
Net income	<u>\$ 848</u>	<u>\$ 797</u>	<u>\$ 611</u>	<u>\$ 732</u>	<u>\$ 905</u>	7%	24%
Compensation and benefits as a % of net revenues	47%	45%	44%	27%	47%		

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.  
Refer to Legal Notice page 15.



**MORGAN STANLEY**  
**Quarterly Financial Information and Statistical Data**  
**(unaudited)**

	<b>QUARTER ENDED</b>					<b>Percentage Change From:</b>	
	<b>Feb 28, 2002</b>	<b>May 31, 2002</b>	<b>Aug 31, 2002</b>	<b>Nov 30, 2002</b>	<b>Feb 28, 2003</b>	<b>1Q03 vs. 1Q02</b>	<b>1Q03 vs. 4Q02</b>
<b>Morgan Stanley</b>							
Total assets (millions)	\$ 492,000	\$ 554,000	\$ 517,000	\$ 530,000	\$ 558,000	13%	5%
Period end common shares outstanding (millions)	1,101.2	1,097.1	1,093.1	1,081.4	1,089.7	(1%)	1%
Book value per common share	\$ 18.97	\$ 19.39	\$ 19.59	\$ 20.24	\$ 20.62	9%	2%
Shareholders' equity (millions) (1)	\$ 22,102	\$ 22,486	\$ 22,626	\$ 23,096	\$ 24,475	11%	6%
Total capital (millions) (2)	\$ 61,042	\$ 67,690	\$ 66,631	\$ 65,936	\$ 72,432	19%	10%
Worldwide employees	59,875	58,538	57,799	55,726	54,493	(9%)	(2%)

(1) Includes preferred and common equity and preferred securities subject to mandatory redemption.

(2) Includes preferred and common equity, preferred securities subject to mandatory redemption, capital units and non-current portion of long-term debt.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 15.



MORGAN STANLEY  
 Quarterly Institutional Securities Income Statement Information  
 (unaudited, dollars in millions)

	QUARTER ENDED					Percentage Change From:	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	1Q03 vs. 1Q02	1Q03 vs. 4Q02
Investment banking	\$ 603	\$ 588	\$ 401	\$ 599	\$ 503	(17%)	(16%)
Principal transactions:							
Trading	957	568	340	298	1,425	49%	*
Investments	30	(17)	13	15	(11)	(137%)	(173%)
Commissions	492	560	556	465	415	(16%)	(11%)
Asset management, distribution and admin. fees	25	23	30	28	22	(12%)	(21%)
Interest and dividends	3,179	3,172	3,633	3,098	3,166	--	2%
Other	143	92	75	91	61	(57%)	(33%)
Total revenues	<u>5,429</u>	<u>4,986</u>	<u>5,048</u>	<u>4,594</u>	<u>5,581</u>	3%	21%
Interest expense	<u>2,629</u>	<u>2,551</u>	<u>2,896</u>	<u>2,713</u>	<u>2,420</u>	(8%)	(11%)
Net revenues	<u>2,800</u>	<u>2,435</u>	<u>2,152</u>	<u>1,881</u>	<u>3,161</u>	13%	68%
Total non-interest expenses	<u>1,953</u>	<u>1,752</u>	<u>1,720</u>	<u>1,139</u>	<u>2,194</u>	12%	93%
Income before taxes and dividends on preferred securities subject to mandatory redemption	847	683	432	742	967	14%	30%
Income tax expense	295	213	139	267	327	11%	22%
Div. on pref. sec. subject to mandatory redemption	<u>22</u>	<u>22</u>	<u>21</u>	<u>22</u>	<u>22</u>	--	--
Net income	<u>\$ 530</u>	<u>\$ 448</u>	<u>\$ 272</u>	<u>\$ 453</u>	<u>\$ 618</u>	17%	36%
Profit margin (1)	19%	18%	13%	24%	20%		

(1) Net income as a % of net revenues.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 15.

MORGAN STANLEY  
 Quarterly Financial Information and Statistical Data  
 Institutional Securities  
 (unaudited)

	QUARTER ENDED					Percentage Change From:	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	1Q03 vs. 1Q02	1Q03 vs. 4Q02
Advisory revenue (millions)	\$ 292	\$ 250	\$ 149	\$ 271	\$ 166	(43%)	(39%)
Underwriting revenue (millions)	\$ 311	\$ 338	\$ 252	\$ 328	\$ 337	8%	3%
Sales and trading net revenue (millions) (1)							
Equity	\$ 931	\$ 953	\$ 1,066	\$ 634	\$ 977	5%	54%
Fixed Income	\$ 1,123	\$ 881	\$ 713	\$ 610	\$ 1,662	48%	172%
Mergers and acquisitions announced transactions (2)							
Morgan Stanley global market volume (billions)	\$ 36.0	\$ 85.4	\$ 126.9	\$ 198.0	\$ 26.8		
Rank	5	3	4	3	2		
Worldwide equity and related issues (2)							
Morgan Stanley global market volume (billions)	\$ 6.1	\$ 11.3	\$ 13.7	\$ 25.6	\$ 3.8		
Rank	5	5	5	4	2		

(1) Includes principal trading, commissions and net interest revenue.

(2) Source: Thomson Financial Securities Data - January 1 to February 28, 2003.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 15.



MORGAN STANLEY  
 Quarterly Individual Investor Group Income Statement Information  
 (unaudited, dollars in millions)

	QUARTER ENDED					Percentage Change From:	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	1Q03 vs. 1Q02	1Q03 vs. 4Q02
Investment banking	\$ 62	\$ 67	\$ 61	\$ 65	\$ 78	26%	20%
Principal transactions:							
Trading	175	128	129	135	131	(25%)	(3%)
Investments	1	0	(45)	(1)	0	*	*
Commissions	274	328	288	267	245	(11%)	(8%)
Asset management, distribution and admin fees	421	444	407	368	376	(11%)	2%
Interest and dividends	96	97	88	78	74	(23%)	(5%)
Other	27	12	115	24	24	(11%)	--
Total revenues	<u>1,056</u>	<u>1,076</u>	<u>1,043</u>	<u>936</u>	<u>928</u>	(12%)	(1%)
Interest expense	<u>37</u>	<u>35</u>	<u>30</u>	<u>29</u>	<u>28</u>	(24%)	(3%)
Net revenues	<u>1,019</u>	<u>1,041</u>	<u>1,013</u>	<u>907</u>	<u>900</u>	(12%)	(1%)
Total non-interest expenses	<u>1,010</u>	<u>1,017</u>	<u>1,005</u>	<u>963</u>	<u>903</u>	(11%)	(6%)
Income / (loss) before income taxes	<u>9</u>	<u>24</u>	<u>8</u>	<u>(56)</u>	<u>(3)</u>	(133%)	95%
Income tax expense / (benefit)	<u>2</u>	<u>12</u>	<u>3</u>	<u>(25)</u>	<u>(2)</u>	(200%)	92%
Net income / (loss)	<u>\$ 7</u>	<u>\$ 12</u>	<u>\$ 5</u>	<u>\$ (31)</u>	<u>\$ (1)</u>	(114%)	97%
Profit margin (1)	1%	1%	0%	(3%)	(0%)		

(1) Net income as a % of net revenues.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.  
 Refer to Legal Notice page 15.



MORGAN STANLEY  
 Quarterly Financial Information and Statistical Data  
 Individual Investor Group  
 (unaudited)

	QUARTER ENDED					Percentage Change From:	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	1Q03 vs. 1Q02	1Q03 vs. 4Q02
Global financial advisors	14,115	13,707	13,590	12,546	12,056	(15%)	(4%)
Total client assets (billions)	\$ 588	\$ 570	\$ 520	\$ 517	\$ 499	(15%)	(3%)
Fee-based client account assets (billions) (1)	\$ 114	\$ 116	\$ 107	\$ 108	\$ 106	(7%)	(2%)
Domestic retail locations	680	663	649	608	558	(18%)	(8%)

(1) Represents the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 15.



MORGAN STANLEY  
 Quarterly Investment Management Income Statement Information  
 (unaudited, dollars in millions)

	QUARTER ENDED					Percentage Change From:	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	1Q03 vs. 1Q02	1Q03 vs. 4Q02
Investment banking	\$ 9	\$ 8	\$ 8	\$ 7	\$ 8	(11%)	14%
Principal transactions:							
Trading	0	0	0	0	0	--	--
Investments	2	1	(32)	2	(11)	*	*
Commissions	11	12	11	16	10	(9%)	(38%)
Asset management, distribution and admin fees	570	587	534	508	505	(11%)	(1%)
Interest and dividends	8	6	9	2	3	(63%)	50%
Other	24	8	15	5	5	(79%)	--
Total revenues	<u>624</u>	<u>622</u>	<u>545</u>	<u>540</u>	<u>520</u>	(17%)	(4%)
Interest expense	1	0	0	(1)	1	--	200%
Net revenues	<u>623</u>	<u>622</u>	<u>545</u>	<u>541</u>	<u>519</u>	(17%)	(4%)
Total non-interest expenses	<u>387</u>	<u>394</u>	<u>335</u>	<u>373</u>	<u>347</u>	(10%)	(7%)
Income before income taxes	<u>236</u>	<u>228</u>	<u>210</u>	<u>168</u>	<u>172</u>	(27%)	2%
Income tax expense	<u>92</u>	<u>87</u>	<u>86</u>	<u>52</u>	<u>66</u>	(28%)	27%
Net income	<u>\$ 144</u>	<u>\$ 141</u>	<u>\$ 124</u>	<u>\$ 116</u>	<u>\$ 106</u>	(26%)	(9%)
Profit margin (1)	23%	23%	23%	21%	20%		

(1) Net income as a % of net revenues.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 15.

MORGAN STANLEY  
 Quarterly Statistical Data  
 Investment Management  
 (unaudited)

	QUARTER ENDED					Percentage Change From:	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	1Q03 vs. 1Q02	1Q03 vs. 4Q02
(\$ billions)							
Net flows							
Retail	\$ 1.6	\$ 1.2	\$ (0.7)	\$ (1.0)	\$ (0.5)	(131%)	50%
Institutional	(0.6)	(0.6)	0.0	(0.8)	(2.5)	*	*
Net flows excluding money markets	1.0	0.6	(0.7)	(1.8)	(3.0)	*	(67%)
Money markets	(1.2)	(4.1)	1.0	(1.2)	(0.9)	25%	25%
Assets under management or supervision by distribution channel							
Retail	\$ 280	\$ 276	\$ 260	\$ 256	\$ 242	(14%)	(5%)
Institutional	172	175	164	164	158	(8%)	(4%)
Total	<u>\$ 452</u>	<u>\$ 451</u>	<u>\$ 424</u>	<u>\$ 420</u>	<u>\$ 400</u>	(12%)	(5%)
Assets under management or supervision by asset class							
Equity	\$ 196	\$ 201	\$ 175	\$ 172	\$ 152	(22%)	(12%)
Fixed income	128	126	127	127	128	--	1%
Money market	70	65	66	66	67	(4%)	2%
Other (1)	58	59	56	55	53	(9%)	(4%)
Total	<u>\$ 452</u>	<u>\$ 451</u>	<u>\$ 424</u>	<u>\$ 420</u>	<u>\$ 400</u>	(12%)	(5%)

(1) Includes Alternative Investments.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 15.



MORGAN STANLEY  
Quarterly Credit Services Income Statement Information  
(unaudited, dollars in millions)

	QUARTER ENDED					Percentage Change From:	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	1Q03 vs. 1Q02	1Q03 vs. 4Q02
Fees:							
Merchant and cardmember	\$ 342	\$ 347	\$ 359	\$ 372	\$ 363	6%	(2%)
Servicing	540	506	510	523	567	5%	8%
Other	2	17	12	0	(3)	*	*
Total non-interest revenues	<u>884</u>	<u>870</u>	<u>881</u>	<u>895</u>	<u>927</u>	5%	4%
Interest revenue	553	602	646	612	546	(1%)	(11%)
Interest expense	<u>269</u>	<u>258</u>	<u>262</u>	<u>261</u>	<u>239</u>	(11%)	(8%)
Net interest income	284	344	384	351	307	8%	(13%)
Provision for consumer loan losses	<u>345</u>	<u>340</u>	<u>332</u>	<u>319</u>	<u>336</u>	(3%)	5%
Net credit income	(61)	4	52	32	(29)	52%	(191%)
Net revenues	<u>823</u>	<u>874</u>	<u>933</u>	<u>927</u>	<u>898</u>	9%	(3%)
Total non-interest expenses	<u>568</u>	<u>562</u>	<u>614</u>	<u>624</u>	<u>608</u>	7%	(3%)
Income before taxes	<u>255</u>	<u>312</u>	<u>319</u>	<u>303</u>	<u>290</u>	14%	(4%)
Income tax expense	<u>88</u>	<u>116</u>	<u>109</u>	<u>109</u>	<u>108</u>	23%	(1%)
Net income	<u>\$ 167</u>	<u>\$ 196</u>	<u>\$ 210</u>	<u>\$ 194</u>	<u>\$ 182</u>	9%	(6%)
Profit margin (1)	20%	22%	23%	21%	20%		

(1) Net income as a % of net revenues.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 15.



MORGAN STANLEY  
 Quarterly Credit Services Income Statement Information  
 (unaudited, dollars in millions)  
 (Managed loan basis)

	QUARTER ENDED					Percentage Change From:	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	1Q03 vs. 1Q02	1Q03 vs. 4Q02
Fees:							
Merchant and cardmember Servicing	\$ 527	\$ 516	\$ 525	\$ 542	\$ 547	4%	1%
Other	0	0	0	0	0	--	--
Total non-interest revenues	16	36	25	3	54	*	*
Interest revenue	543	552	550	545	601	11%	10%
Interest expense	1,611	1,614	1,643	1,606	1,580	(2%)	(2%)
Net interest income	499	480	483	475	441	(12%)	(7%)
Provision for consumer loan losses	1,112	1,134	1,160	1,131	1,139	2%	1%
Net credit income	832	812	777	749	842	1%	12%
Net revenues	280	322	383	382	297	6%	(22%)
Total non-interest expenses	823	874	933	927	898	9%	(3%)
Income before taxes	568	562	614	624	608	7%	(3%)
Income tax expense	255	312	319	303	290	14%	(4%)
Net income	88	116	109	109	108	23%	(1%)
Profit margin (1)	\$ 167	\$ 196	\$ 210	\$ 194	\$ 182	9%	(6%)
	20%	22%	23%	21%	20%		

(1) Net income as a % of net revenues.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 15.



MORGAN STANLEY  
 Quarterly Financial Information and Statistical Data  
 Credit Services  
 (unaudited, dollars in millions)

	QUARTER ENDED					Percentage Change From:	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	1Q03 vs. 1Q02	1Q03 vs. 4Q02
<b>Owned credit card loans</b>							
Period end	\$ 20,138	\$ 19,834	\$ 21,452	\$ 22,153	\$ 20,847	4%	(6%)
Average	\$ 20,558	\$ 20,362	\$ 20,083	\$ 21,641	\$ 22,305	8%	3%
<b>Managed credit card loans (1)</b>							
Period end	\$ 49,569	\$ 49,377	\$ 49,677	\$ 51,143	\$ 51,811	5%	1%
Average	\$ 50,396	\$ 49,379	\$ 49,344	\$ 50,239	\$ 52,802	5%	5%
Interest yield	12.63%	12.64%	12.86%	12.45%	11.78%	(85 bp)	(67 bp)
Interest spread	8.61%	8.72%	8.92%	8.62%	8.36%	(25 bp)	(26 bp)
Net charge-off rate	6.40%	6.35%	6.07%	5.95%	6.17%	(23 bp)	22 bp
Delinquency rate (over 30 days)	6.75%	5.63%	5.72%	5.96%	6.33%	(42 bp)	37 bp
Delinquency rate (over 90 days)	3.12%	2.65%	2.49%	2.66%	2.95%	(17 bp)	29 bp
Transaction volume (billions)	\$ 24.1	\$ 23.5	\$ 24.3	\$ 25.3	\$ 26.1	8%	3%
Accounts (millions)	46.0	46.2	46.2	46.5	46.5	1%	--
Active accounts (millions)	23.8	23.4	22.8	22.6	22.3	(6%)	(1%)
Average receivables per avg. active account (actual \$)	\$ 2,098	\$ 2,086	\$ 2,145	\$ 2,214	\$ 2,333	11%	5%
Securitization gain	\$ 8	\$ 11	\$ (3)	\$ 4	\$ 35	*	*

(1) Includes owned and securitized credit card loans.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 15.

