

Equity Research
Global

Strategy

Small Cap Exec. Conf. Disclosures

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Market Commentary/Strategy

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Please see analyst certification and other important disclosures starting on page 3.

Small Cap Exec. Conf. Disclosures

Companies in list:

ANR Alpha Natural Resources	ITG Investment Technology Group
BTRX Barrier Therapeutics	IPCR IPC Holdings
BBG Bill Barrett Corp	JLL Jones Lang LaSalle
CAI CACI Intl	JRN Journal Communications
CE Celanese	KSU Kansas City Southern
CLF Cleveland Cliffs	MXRE Max Re
DRQ Dril-Quip	NNI Nelnet Inc
DRS DRS Technologies	OMM OMI
DSCM Drugstore.com	ONNN On Semiconductor
FLS Flowserve	PLCM Polycom
FCL Foundation Coal	POL PolyOne
HW Headwaters	PRM Primedia
HLF Herbalife	PRS Primus Guaranty
NDE Indymac Bancorp	RNOW RightNow Technologies
IO Input-Output	SMTC Semtech Corp
ISE Intl Securities Exchange	STLD Steel Dynamics

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(as of May 31, 2005)

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	Count	% of Total	Count	% of Total IBC	% of Rating Category
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Equal-weight/Hold	865	46%	299	45%	35%
Underweight/Sell	352	19%	91	14%	26%
Total	1,890		659		

Data include common stock and ADRs currently assigned ratings. For disclosure purposes (in accordance with NASD and NYSE requirements), we note that Overweight, our most positive stock rating, most closely corresponds to a buy recommendation; Equal-weight and Underweight most closely correspond to neutral and sell recommendations, respectively. However, Overweight, Equal-weight, and Underweight are not the equivalent of buy, neutral, and sell but represent recommended relative weightings (see definitions below). An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley or an affiliate received investment banking compensation in the last 12 months.

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