

MORGAN STANLEY
Financial Supplement - 1Q03
Table of Contents

Page #		
1	.....	Financial Summary
2	.....	Quarterly Consolidated Income Statement
3	.....	Quarterly Total Company Financial Information and Statistical Data
4	.....	Quarterly Institutional Securities Income Statement
5	.....	Quarterly Institutional Securities Financial Information and Statistical Data
6	.....	Quarterly Individual Investor Group Income Statement
7	.....	Quarterly Individual Investor Group Financial Information and Statistical Data
8	.....	Quarterly Investment Management Income Statement
9	.....	Quarterly Investment Management Financial Information and Statistical Data
10	.....	Quarterly Credit Services Income Statement
11	.....	Quarterly Credit Services Income Statement (Managed Loan Basis)
12	.....	Quarterly Credit Services Financial Information and Statistical Data
13	.....	Quarterly Inst'l. Securities, Individual Investor Group and Investment Mgmt. Combined Financial Information
14	.....	Quarterly Credit Services Financial Information (Managed Loan Basis)
15	.....	Legal Notice

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
Net revenues							
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%
Net income / (loss)							
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%
Basic earnings per common share	\$ 0.78	\$ 0.73	\$ 0.57	\$ 0.68	\$ 0.84	8%	24%
Diluted earnings per common share	\$ 0.76	\$ 0.72	\$ 0.55	\$ 0.67	\$ 0.82	8%	22%
Average common shares outstanding							
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		
Period end common shares outstanding	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				Feb 28, 2003	Percentage Change From:	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002		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)

	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
Morgan Stanley							
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	37	35	30	29	28	(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	9	24	8	(56)	(3)	(133%)	95%
Income tax expense / (benefit)	2	12	3	(25)	(2)	(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	236	228	210	168	172	(27%)	2%
Income tax expense	92	87	86	52	66	(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	345	340	332	319	336	(3%)	5%
Net credit income	<u>(61)</u>	<u>4</u>	<u>52</u>	<u>32</u>	<u>(29)</u>	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	255	312	319	303	290	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	\$ 527	\$ 516	\$ 525	\$ 542	\$ 547	4%	1%
Servicing	0	0	0	0	0	--	--
Other	16	36	25	3	54	*	*
Total non-interest revenues	<u>543</u>	<u>552</u>	<u>550</u>	<u>545</u>	<u>601</u>	11%	10%
Interest revenue	1,611	1,614	1,643	1,606	1,580	(2%)	(2%)
Interest expense	<u>499</u>	<u>480</u>	<u>483</u>	<u>475</u>	<u>441</u>	(12%)	(7%)
Net interest income	1,112	1,134	1,160	1,131	1,139	2%	1%
Provision for consumer loan losses	<u>832</u>	<u>812</u>	<u>777</u>	<u>749</u>	<u>842</u>	1%	12%
Net credit income	280	322	383	382	297	6%	(22%)
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	255	312	319	303	290	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 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
Owned credit card loans							
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%
Managed credit card loans (1)							
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.



The following (page 13) presents more detailed financial information regarding the results of operations for the combined institutional securities, individual investor group and investment management businesses. Morgan Stanley believes that a combined presentation is informative due to certain synergies among these businesses, as well as to facilitate comparisons of the Company's results with those of other companies in the financial services industry. Morgan Stanley also provides this type of presentation for its credit services activities (page 14) in order to provide helpful comparison to other credit card issuers.

MORGAN STANLEY
 Quarterly Institutional Securities, Individual Investor Group and Investment Management
 Combined 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%)
Asset management, distribution and administration fees	1,016	1,054	971	904	903	(11%)	--
Interest and dividends	3,283	3,275	3,730	3,178	3,243	(1%)	2%
Other	194	112	205	120	90	(54%)	(25%)
Total revenues	<u>7,109</u>	<u>6,684</u>	<u>6,636</u>	<u>6,070</u>	<u>7,029</u>	(1%)	16%
Interest expense	<u>2,667</u>	<u>2,586</u>	<u>2,926</u>	<u>2,741</u>	<u>2,449</u>	(8%)	(11%)
Net revenues	<u>4,442</u>	<u>4,098</u>	<u>3,710</u>	<u>3,329</u>	<u>4,580</u>	3%	38%
Compensation and benefits	2,297	2,039	1,855	968	2,334	2%	141%
Occupancy and equipment	182	190	180	200	176	(3%)	(12%)
Brokerage, clearing and exchange fees	179	176	208	212	191	7%	(10%)
Information processing and communications	242	246	247	281	228	(6%)	(19%)
Marketing and business development	134	157	145	159	116	(13%)	(27%)
Professional services	174	191	211	266	174	--	(35%)
Other	142	164	214	154	225	58%	46%
Restructuring and other charges	0	0	0	235	0	--	*
Total non-interest expenses	<u>3,350</u>	<u>3,163</u>	<u>3,060</u>	<u>2,475</u>	<u>3,444</u>	3%	39%
Income before taxes and dividend on pref. sec. subject to mandatory redemption	1,092	935	650	854	1,136	4%	33%
Income tax expense	389	312	228	294	391	1%	33%
Div. on pref. sec. subject to mandatory redemption	22	22	21	22	22	--	--
Net income	<u>\$ 681</u>	<u>\$ 601</u>	<u>\$ 401</u>	<u>\$ 538</u>	<u>\$ 723</u>	6%	34%
Compensation and benefits as a % of net revenues	52%	50%	50%	29%	51%		
Non-compensation expenses as a % of net revenues (1)	24%	27%	32%	38%	24%		
Profit margin (2)	15%	15%	11%	16%	16%		
Number of employees (3)	43,878	43,237	42,585	40,424	38,867	(11%)	(4%)

(1) Excludes restructuring and other charges.

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

(3) Includes Institutional Securities, Individual Investor Group, Investment Management and Infrastructure / Company areas.

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	\$ 527	\$ 516	\$ 525	\$ 542	\$ 547	4%	1%
Servicing	0	0	0	0	0	--	--
Other	16	36	25	3	54	*	*
Total non-interest revenues	<u>543</u>	<u>552</u>	<u>550</u>	<u>545</u>	<u>601</u>	11%	10%
Interest revenue	1,611	1,614	1,643	1,606	1,580	(2%)	(2%)
Interest expense	499	480	483	475	441	(12%)	(7%)
Net interest income	<u>1,112</u>	<u>1,134</u>	<u>1,160</u>	<u>1,131</u>	<u>1,139</u>	2%	1%
Provision for consumer loan losses	832	812	777	749	842	1%	12%
Net credit income	<u>280</u>	<u>322</u>	<u>383</u>	<u>382</u>	<u>297</u>	6%	(22%)
Net revenues	<u>823</u>	<u>874</u>	<u>933</u>	<u>927</u>	<u>898</u>	9%	(3%)
Compensation and benefits	192	197	206	179	214	11%	20%
Occupancy and equipment	16	18	18	21	20	25%	(5%)
Information processing and communications	80	91	94	98	88	10%	(10%)
Marketing and business development	120	102	146	170	153	28%	(10%)
Professional services	51	59	62	80	51	--	(36%)
Other	109	95	88	76	82	(25%)	8%
Total non-interest expenses	<u>568</u>	<u>562</u>	<u>614</u>	<u>624</u>	<u>608</u>	7%	(3%)
Income before taxes	255	312	319	303	290	14%	(4%)
Income tax expense	88	116	109	109	108	23%	(1%)
Net income	<u>\$ 167</u>	<u>\$ 196</u>	<u>\$ 210</u>	<u>\$ 194</u>	<u>\$ 182</u>	9%	(6%)
Compensation and benefits as a % of net revenues	23%	23%	22%	19%	24%		
Non-compensation expenses as a % of net revenues	46%	42%	44%	48%	44%		
Profit margin (1)	20%	22%	23%	21%	20%		
Number of employees	15,997	15,301	15,214	15,302	15,626	(2%)	2%

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

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

This Financial Supplement contains financial, statistical and business-related information, as well as business and segment trends. The information should be read in conjunction with the Company's first quarter earnings press release issued March 20, 2002.