



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>	<u>3%</u>	<u>21%</u>	
Interest expense	2,629	2,551	2,896	2,713	2,420	(8%)	(11%)	
Net revenues	<u>2,800</u>	<u>2,435</u>	<u>2,152</u>	<u>1,881</u>	<u>3,161</u>	<u>13%</u>	<u>68%</u>	
Total non-interest expenses	1,953	1,752	1,720	1,139	2,194	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	22	22	21	22	22	--	--	
Net income	<u>\$ 530</u>	<u>\$ 448</u>	<u>\$ 272</u>	<u>\$ 453</u>	<u>\$ 618</u>	<u>17%</u>	<u>36%</u>	
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.