

MORGAN STANLEY
Financial Supplement - 2Q03
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MORGAN STANLEY
 Quarterly Financial Summary
 (unaudited, dollars in millions)

	QUARTER ENDED						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03	May 31, 2002	May 31, 2003	
Net revenues											
Institutional Securities	\$ 2,800	\$ 2,435	\$ 2,152	\$ 1,881	\$ 3,161	\$ 2,706	11%	(14%)	\$ 5,235	\$ 5,867	12%
Individual Investor Group	1,019	1,041	1,013	907	900	924	(11%)	3%	2,060	1,824	(11%)
Investment Management	623	622	545	541	519	535	(14%)	3%	1,245	1,054	(15%)
Credit Services	823	874	933	927	898	884	1%	(2%)	1,697	1,782	5%
Consolidated net revenues	<u>\$ 5,265</u>	<u>\$ 4,972</u>	<u>\$ 4,643</u>	<u>\$ 4,256</u>	<u>\$ 5,478</u>	<u>\$ 5,049</u>	2%	(8%)	<u>\$ 10,237</u>	<u>\$ 10,527</u>	3%
Net income / (loss)											
Institutional Securities	\$ 530	\$ 448	\$ 272	\$ 453	\$ 618	\$ 298	(33%)	(52%)	\$ 978	\$ 916	(6%)
Individual Investor Group	7	12	5	(31)	(1)	(2)	(117%)	(100%)	19	(3)	(116%)
Investment Management	144	141	124	116	106	109	(23%)	3%	285	215	(25%)
Credit Services	167	196	210	194	182	194	(1%)	7%	363	376	4%
Consolidated net income	<u>\$ 848</u>	<u>\$ 797</u>	<u>\$ 611</u>	<u>\$ 732</u>	<u>\$ 905</u>	<u>\$ 599</u>	(25%)	(34%)	<u>\$ 1,645</u>	<u>\$ 1,504</u>	(9%)
Basic earnings per common share	\$ 0.78	\$ 0.73	\$ 0.57	\$ 0.68	\$ 0.84	\$ 0.56	(23%)	(33%)	\$ 1.52	\$ 1.40	(8%)
Diluted earnings per common share	\$ 0.76	\$ 0.72	\$ 0.55	\$ 0.67	\$ 0.82	\$ 0.55	(24%)	(33%)	\$ 1.48	\$ 1.37	(7%)
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	1,077,386,468			1,084,223,242	1,077,413,715	
Diluted	1,112,959,092	1,113,949,482	1,105,494,894	1,095,716,005	1,099,724,140	1,097,478,351			1,113,925,043	1,097,824,226	
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	1,086,735,086			1,097,109,821	1,086,735,086	
Return on common equity	16.4%	15.1%	11.4%	13.7%	16.3%	10.6%			15.7%	13.4%	

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.
 Refer to Legal Notice page 20.



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

	QUARTER ENDED						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03	May 31, 2002	May 31, 2003	
Investment banking	\$ 674	\$ 663	\$ 470	\$ 671	\$ 589	\$ 536	(19%)	(9%)	\$ 1,337	\$ 1,125	(16%)
Principal transactions:											
Trading	1,132	696	469	433	1,556	1,583	127%	2%	1,828	3,139	72%
Investments	33	(16)	(64)	16	(22)	59	*	*	17	37	118%
Commissions	777	900	855	748	670	709	(21%)	6%	1,677	1,379	(18%)
Fees:											
Asset management, distribution and admin.	1,016	1,054	971	904	903	885	(16%)	(2%)	2,070	1,788	(14%)
Merchant and cardmember	342	347	359	372	363	339	(2%)	(7%)	689	702	2%
Servicing	540	506	510	523	567	503	(1%)	(11%)	1,046	1,070	2%
Interest and dividends	3,836	3,877	4,376	3,790	3,789	3,692	(5%)	(3%)	7,713	7,481	(3%)
Other	196	129	217	120	87	112	(13%)	29%	325	199	(39%)
Total revenues	8,546	8,156	8,163	7,577	8,502	8,418	3%	(1%)	16,702	16,920	1%
Interest expense	2,936	2,844	3,188	3,002	2,688	3,060	8%	14%	5,780	5,748	(1%)
Provision for consumer loan losses	345	340	332	319	336	309	(9%)	(8%)	685	645	(6%)
Net revenues	5,265	4,972	4,643	4,256	5,478	5,049	2%	(8%)	10,237	10,527	3%
Compensation and benefits	2,489	2,236	2,061	1,147	2,548	2,272	2%	(11%)	4,725	4,820	2%
Occupancy and equipment	198	208	198	221	196	195	(6%)	(1%)	406	391	(4%)
Brokerage, clearing and exchange fees	179	176	208	212	191	202	15%	6%	355	393	11%
Information processing and communications	322	337	341	379	316	316	(6%)	--	659	632	(4%)
Marketing and business development	254	259	291	329	269	257	(1%)	(4%)	513	526	3%
Professional services	225	250	273	346	225	259	4%	15%	475	484	2%
Other	251	259	302	230	307	633	144%	106%	510	940	84%
Restructuring and other charges	0	0	0	235	0	0	--	--	0	0	--
Total non-interest expenses	3,918	3,725	3,674	3,099	4,052	4,134	11%	2%	7,643	8,186	7%
Income before taxes and dividends on preferred securities subject to mandatory redemption	1,347	1,247	969	1,157	1,426	915	(27%)	(36%)	2,594	2,341	(10%)
Income tax expense	477	428	337	403	499	276	(36%)	(45%)	905	775	(14%)
Div. on pref. sec. subject to mandatory redemption	22	22	21	22	22	40	82%	82%	44	62	41%
Net income	\$ 848	\$ 797	\$ 611	\$ 732	\$ 905	\$ 599	(25%)	(34%)	\$ 1,645	\$ 1,504	(9%)
Compensation and benefits as a % of net revenues	47%	45%	44%	27%	47%	45%			46%	46%	

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation
Refer to Legal Notice page 20.

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	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03
Total assets (millions)	\$ 491,651	\$ 553,924	\$ 516,772	\$ 529,499	\$ 559,436	\$ 586,881	6%	5%
Adjusted assets (1)	\$ 341,782	\$ 382,306	\$ 361,517	\$ 358,470	\$ 389,103	\$ 406,977	6%	5%
Period end common shares outstanding (millions)	1,101.2	1,097.1	1,093.1	1,081.4	1,089.7	1,086.7	(1%)	--
Book value per common share	\$ 18.97	\$ 19.39	\$ 19.59	\$ 20.24	\$ 20.62	\$ 20.83	7%	1%
Shareholders' equity (millions) (2)	\$ 22,102	\$ 22,486	\$ 22,626	\$ 23,096	\$ 24,475	\$ 25,341	13%	4%
Total capital (millions) (3)	\$ 61,042	\$ 67,690	\$ 66,631	\$ 65,936	\$ 72,432	\$ 78,665	16%	9%
Worldwide employees	59,875	58,538	57,799	55,726	54,493	53,507	(9%)	(2%)
Average Daily 99%/One-Day Value-at-Risk ("VaR") (4)								
Primary Market Risk Category (\$ millions, pre-tax)								
Interest rate and credit spread	\$ 30	\$ 34	\$ 45	\$ 40	\$ 42	\$ 41		
Equity price	23	26	22	15	24	23		
Foreign exchange rate	9	5	7	6	12	11		
Commodity price	29	27	22	23	29	27		
Aggregate trading VaR	\$ 46	\$ 52	\$ 54	\$ 54	\$ 52	\$ 54		

- (1) Represents total assets less assets attributable to matched resale agreements, certain securities borrowed transactions and segregated customer cash balances. See page 19 for further information.
- (2) Includes preferred and common equity and preferred securities subject to mandatory redemption.
- (3) Includes preferred and common equity, preferred securities subject to mandatory redemption, capital units and the non-current portion of long-term debt.
- (4) 99%/One-Day VaR represents the loss amount that one would not expect to exceed, on average, more than one time every one hundred trading days in the Company's Institutional trading positions if the portfolio were held constant for a one day period. The Company's VaR incorporates substantially all financial instruments generating market risk that are managed by the Company's Institutional trading businesses. For a further discussion of the calculation of VaR and the limitations of the Company's VaR methodology, see Part II, Item 7A "Quantitative and Qualitative Disclosures about Market Risk" in the firm's Annual Report on Form 10-K for the fiscal year ended November 30, 2002.

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:		Six Months Ended		Percentage Change
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03	May 31, 2002	May 31, 2003	
Investment banking	\$ 603	\$ 588	\$ 401	\$ 599	\$ 503	\$ 463	(21%)	(8%)	\$ 1,191	\$ 966	(19%)
Principal transactions:											
Trading	957	568	340	298	1,425	1,439	*	1%	1,525	2,864	88%
Investments	30	(17)	13	15	(11)	46	*	*	13	35	*
Commissions	492	560	556	465	415	424	(24%)	2%	1,052	839	(20%)
Asset management, distribution and admin. fees	25	23	30	28	22	20	(13%)	(9%)	48	42	(13%)
Interest and dividends	3,179	3,172	3,633	3,098	3,166	3,071	(3%)	(3%)	6,351	6,237	(2%)
Other	143	92	75	91	61	77	(16%)	26%	235	138	(41%)
Total revenues	<u>5,429</u>	<u>4,986</u>	<u>5,048</u>	<u>4,594</u>	<u>5,581</u>	<u>5,540</u>	11%	(1%)	10,415	11,121	7%
Interest expense	<u>2,629</u>	<u>2,551</u>	<u>2,896</u>	<u>2,713</u>	<u>2,420</u>	<u>2,834</u>	11%	17%	5,180	5,254	1%
Net revenues	<u>2,800</u>	<u>2,435</u>	<u>2,152</u>	<u>1,881</u>	<u>3,161</u>	<u>2,706</u>	11%	(14%)	5,235	5,867	12%
Total non-interest expenses	<u>1,953</u>	<u>1,752</u>	<u>1,720</u>	<u>1,139</u>	<u>2,194</u>	<u>2,281</u>	30%	4%	3,705	4,475	21%
Income before taxes and dividends on preferred securities subject to mandatory redemption	847	683	432	742	967	425	(38%)	(56%)	1,530	1,392	(9%)
Income tax expense	295	213	139	267	327	87	(59%)	(73%)	508	414	(19%)
Div. on pref. sec. subject to mandatory redemption	22	22	21	22	22	40	82%	82%	44	62	41%
Net income	<u>\$ 530</u>	<u>\$ 448</u>	<u>\$ 272</u>	<u>\$ 453</u>	<u>\$ 618</u>	<u>\$ 298</u>	(33%)	(52%)	<u>\$ 978</u>	<u>\$ 916</u>	(6%)
Profit margin (1)	19%	18%	13%	24%	20%	11%			19%	16%	

(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 20.

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

	QUARTER ENDED						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03	May 31, 2002	May 31, 2003	
Advisory revenue (millions)	\$ 292	\$ 250	\$ 149	\$ 271	\$ 166	\$ 141	(44%)	(15%)	\$ 542	\$ 307	(43%)
Underwriting revenue (millions)	\$ 311	\$ 338	\$ 252	\$ 328	\$ 337	\$ 322	(5%)	(4%)	\$ 649	\$ 659	2%
Sales and trading net revenue (millions) (1)											
Equity	\$ 931	\$ 953	\$ 1,066	\$ 634	\$ 977	\$ 865	(9%)	(11%)	\$ 1,884	\$ 1,842	(2%)
Fixed income	\$ 1,123	\$ 881	\$ 713	\$ 610	\$ 1,662	\$ 1,308	48%	(21%)	\$ 2,004	\$ 2,970	48%
Mergers and acquisitions announced transactions (2)											
Morgan Stanley global market volume (billions)	\$ 36.0	\$ 85.4	\$ 126.9	\$ 198.0	\$ 26.8	\$ 48.4					
Rank	5	3	4	3	2	6					
Worldwide equity and related issues (2)											
Morgan Stanley global market volume (billions)	\$ 6.1	\$ 11.3	\$ 13.7	\$ 25.6	\$ 3.8	\$ 13.5					
Rank	5	5	5	4	2	2					

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

(2) Source: Thomson Financial Securities Data - January 1 to May 31, 2003.

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

Refer to Legal Notice page 20.



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

	QUARTER ENDED						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03	May 31, 2002	May 31, 2003	
Investment banking	\$ 62	\$ 67	\$ 61	\$ 65	\$ 78	\$ 64	(4%)	(18%)	\$ 129	\$ 142	10%
Principal transactions:											
Trading	175	128	129	135	131	144	13%	10%	303	275	(9%)
Investments	1	0	(45)	(1)	0	0	--	--	1	0	*
Commissions	274	328	288	267	245	275	(16%)	12%	602	520	(14%)
Asset management, distribution and admin fees	421	444	407	368	376	372	(16%)	(1%)	865	748	(14%)
Interest and dividends	96	97	88	78	74	77	(21%)	4%	193	151	(22%)
Other	27	12	115	24	24	20	67%	(17%)	39	44	13%
Total revenues	1,056	1,076	1,043	936	928	952	(12%)	3%	2,132	1,880	(12%)
Interest expense	37	35	30	29	28	28	(20%)	--	72	56	(22%)
Net revenues	1,019	1,041	1,013	907	900	924	(11%)	3%	2,060	1,824	(11%)
Total non-interest expenses	1,010	1,017	1,005	963	903	916	(10%)	1%	2,027	1,819	(10%)
Income / (loss) before income taxes	9	24	8	(56)	(3)	8	(67%)	*	33	5	(85%)
Income tax expense / (benefit)	2	12	3	(25)	(2)	10	(17%)	*	14	8	(43%)
Net income / (loss)	\$ 7	\$ 12	\$ 5	\$ (31)	\$ (1)	\$ (2)	(117%)	(100%)	\$ 19	\$ (3)	(116%)
Profit margin (1)	1%	1%	0%	(3%)	(0%)	(0%)			1%	(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 20.



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	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03
Global financial advisors	14,115	13,707	13,590	12,546	12,056	11,644	(15%)	(3%)
Total client assets (billions)	\$ 588	\$ 570	\$ 520	\$ 517	\$ 498	\$ 532	(7%)	7%
Fee-based client account assets (billions) (1)	\$ 114	\$ 116	\$ 107	\$ 108	\$ 105	\$ 113	(3%)	8%
Domestic retail locations	680	663	649	608	558	547	(17%)	(2%)

(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 20.



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

	QUARTER ENDED						Percentage Change From:		Six Months Ended		Percentage
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03	May 31, 2002	May 31, 2003	Change
Investment banking	\$ 9	\$ 8	\$ 8	\$ 7	\$ 8	\$ 9	13%	13%	\$ 17	\$ 17	--
Principal transactions:											
Investments	2	1	(32)	2	(11)	13	*	*	3	2	(33%)
Commissions	11	12	11	16	10	10	(17%)	--	23	20	(13%)
Asset management, distribution and admin fees	570	587	534	508	505	493	(16%)	(2%)	1,157	998	(14%)
Interest and dividends	8	6	9	2	3	1	(83%)	(67%)	14	4	(71%)
Other	24	8	15	5	5	10	25%	100%	32	15	(53%)
Total revenues	624	622	545	540	520	536	(14%)	3%	1,246	1,056	(15%)
Interest expense	1	0	0	(1)	1	1	*	--	1	2	100%
Net revenues	623	622	545	541	519	535	(14%)	3%	1,245	1,054	(15%)
Total non-interest expenses	387	394	335	373	347	361	(8%)	4%	781	708	(9%)
Income before income taxes	236	228	210	168	172	174	(24%)	1%	464	346	(25%)
Income tax expense	92	87	86	52	66	65	(25%)	(2%)	179	131	(27%)
Net income	<u>\$ 144</u>	<u>\$ 141</u>	<u>\$ 124</u>	<u>\$ 116</u>	<u>\$ 106</u>	<u>\$ 109</u>	(23%)	3%	<u>\$ 285</u>	<u>\$ 215</u>	(25%)
Profit margin (1)	23%	23%	23%	21%	20%	20%			23%	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 20.

MORGAN STANLEY
Quarterly Financial Information and Statistical Data
Investment Management
(unaudited)

	QUARTER ENDED						Percentage Change From:		Six Months Ended		Percentage
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03	May 31, 2002	May 31, 2003	Change
(\$ billions)											
Net flows											
Retail	\$ 1.6	\$ 1.2	\$ (0.7)	\$ (1.0)	\$ (0.5)	\$ 1.2	--	*	\$ 2.8	\$ 0.7	(75%)
Institutional	(0.6)	(0.6)	0.0	(0.8)	(2.5)	(4.0)	*	(60%)	(1.2)	(6.5)	*
Net flows excluding money markets	1.0	0.6	(0.7)	(1.8)	(3.0)	(2.8)	*	7%	1.6	(5.8)	*
Money markets	(1.2)	(4.1)	1.0	(1.2)	(0.9)	(2.6)	37%	*	(5.3)	(3.5)	34%
Assets under management or supervision by distribution channel											
Retail	\$ 280	\$ 276	\$ 260	\$ 256	\$ 246	\$ 259	(6%)	5%			
Institutional	172	175	164	164	158	162	(7%)	3%			
Total	\$ 452	\$ 451	\$ 424	\$ 420	\$ 404	\$ 421	(7%)	4%			
Assets under management or supervision by asset class											
Equity	\$ 196	\$ 201	\$ 175	\$ 172	\$ 155	\$ 174	(13%)	12%			
Fixed income	128	126	127	127	129	127	1%	(2%)			
Money market	70	65	66	66	67	65	--	(3%)			
Other (1)	58	59	56	55	53	55	(7%)	4%			
Total	\$ 452	\$ 451	\$ 424	\$ 420	\$ 404	\$ 421	(7%)	4%			

(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 20.



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

	QUARTER ENDED						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03	May 31, 2002	May 31, 2003	
Fees:											
Merchant and cardmember	\$ 342	\$ 347	\$ 359	\$ 372	\$ 363	\$ 339	(2%)	(7%)	\$ 689	\$ 702	2%
Servicing	540	506	510	523	567	503	(1%)	(11%)	1,046	1,070	2%
Other	2	17	12	0	(3)	5	(71%)	*	19	2	(89%)
Total non-interest revenues	<u>884</u>	<u>870</u>	<u>881</u>	<u>895</u>	<u>927</u>	<u>847</u>	(3%)	(9%)	1,754	1,774	1%
Interest revenue	553	602	646	612	546	543	(10%)	(1%)	1,155	1,089	(6%)
Interest expense	<u>269</u>	<u>258</u>	<u>262</u>	<u>261</u>	<u>239</u>	<u>197</u>	(24%)	(18%)	527	436	(17%)
Net interest income	284	344	384	351	307	346	1%	13%	628	653	4%
Provision for consumer loan losses	<u>345</u>	<u>340</u>	<u>332</u>	<u>319</u>	<u>336</u>	<u>309</u>	(9%)	(8%)	685	645	(6%)
Net credit income	(61)	4	52	32	(29)	37	*	*	(57)	8	114%
Net revenues	<u>823</u>	<u>874</u>	<u>933</u>	<u>927</u>	<u>898</u>	<u>884</u>	1%	(2%)	1,697	1,782	5%
Total non-interest expenses	<u>568</u>	<u>562</u>	<u>614</u>	<u>624</u>	<u>608</u>	<u>576</u>	2%	(5%)	1,130	1,184	5%
Income before taxes	255	312	319	303	290	308	(1%)	6%	567	598	5%
Income tax expense	<u>88</u>	<u>116</u>	<u>109</u>	<u>109</u>	<u>108</u>	<u>114</u>	(2%)	6%	204	222	9%
Net income	<u>\$ 167</u>	<u>\$ 196</u>	<u>\$ 210</u>	<u>\$ 194</u>	<u>\$ 182</u>	<u>\$ 194</u>	(1%)	7%	<u>\$ 363</u>	<u>\$ 376</u>	4%
Profit margin (1)	20%	22%	23%	21%	20%	22%			21%	21%	

(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 20.

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

	QUARTER ENDED						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03	May 31, 2002	May 31, 2003	
Fees:											
Merchant and cardmember	\$ 527	\$ 516	\$ 525	\$ 542	\$ 547	\$ 524	2%	(4%)	\$ 1,043	\$ 1,071	3%
Servicing	0	0	0	0	0	0	--	--	0	0	--
Other	16	36	25	3	54	35	(3%)	(35%)	52	89	71%
Total non-interest revenues	543	552	550	545	601	559	1%	(7%)	1,095	1,160	6%
Interest revenue	1,611	1,614	1,643	1,606	1,580	1,592	(1%)	1%	3,225	3,172	(2%)
Interest expense	499	480	483	475	441	410	(15%)	(7%)	979	851	(13%)
Net interest income	1,112	1,134	1,160	1,131	1,139	1,182	4%	4%	2,246	2,321	3%
Provision for consumer loan losses	832	812	777	749	842	857	6%	2%	1,644	1,699	3%
Net credit income	280	322	383	382	297	325	1%	9%	602	622	3%
Net revenues	823	874	933	927	898	884	1%	(2%)	1,697	1,782	5%
Total non-interest expenses	568	562	614	624	608	576	2%	(5%)	1,130	1,184	5%
Income before taxes	255	312	319	303	290	308	(1%)	6%	567	598	5%
Income tax expense	88	116	109	109	108	114	(2%)	6%	204	222	9%
Net income	\$ 167	\$ 196	\$ 210	\$ 194	\$ 182	\$ 194	(1%)	7%	\$ 363	\$ 376	4%
Profit margin (1)	20%	22%	23%	21%	20%	22%			21%	21%	

(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 20.

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

	QUARTER ENDED						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03	May 31, 2002	May 31, 2003	
Owned credit card loans											
Period end	\$ 20,138	\$ 19,834	\$ 21,452	\$ 22,153	\$ 20,847	\$ 18,465	(7%)	(11%)	\$ 19,834	\$ 18,465	(7%)
Average	\$ 20,558	\$ 20,362	\$ 20,083	\$ 21,641	\$ 22,305	\$ 19,120	(6%)	(14%)	\$ 20,459	\$ 20,695	1%
Managed credit card loans (1)											
Period end	\$ 49,569	\$ 49,377	\$ 49,677	\$ 51,143	\$ 51,811	\$ 50,880	3%	(2%)	\$ 49,377	\$ 50,880	3%
Average	\$ 50,396	\$ 49,379	\$ 49,344	\$ 50,239	\$ 52,802	\$ 51,174	4%	(3%)	\$ 49,882	\$ 51,979	4%
Interest yield	12.63%	12.64%	12.86%	12.45%	11.78%	11.97%	(67 bp)	19 bp	12.63%	11.87%	(76 bp)
Interest spread	8.61%	8.72%	8.91%	8.62%	8.36%	8.78%	6 bp	42 bp	8.66%	8.56%	(10 bp)
Net charge-off rate	6.40%	6.35%	6.07%	5.95%	6.17%	6.50%	15 bp	33 bp	6.38%	6.34%	(4 bp)
Delinquency rate (over 30 days)	6.75%	5.63%	5.72%	5.96%	6.33%	6.21%	58 bp	(12 bp)	5.63%	6.21%	58 bp
Delinquency rate (over 90 days)	3.12%	2.65%	2.49%	2.66%	2.95%	3.01%	36 bp	6 bp	2.65%	3.01%	36 bp
Transaction volume (billions)	\$ 24.1	\$ 23.5	\$ 24.3	\$ 25.3	\$ 26.1	\$ 24.0	2%	(8%)	\$ 47.6	\$ 50.1	5%
Accounts (millions)	46.0	46.2	46.2	46.5	46.5	46.4	1%	--	46.2	46.4	1%
Active accounts (millions)	23.8	23.4	22.8	22.6	22.3	21.8	(7%)	(2%)	23.4	21.8	(7%)
Average receivables per avg. active account (actual \$)	\$ 2,098	\$ 2,086	\$ 2,145	\$ 2,214	\$ 2,333	\$ 2,319	11%	(1%)	\$ 2,092	\$ 2,326	11%
Securitization gain	\$ 8	\$ 11	\$ (3)	\$ 4	\$ 35	\$ 11	--	(69%)	\$ 19	\$ 46	142%

(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 20.



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:		Six Months Ended		Percentage Change
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03	May 31, 2002	May 31, 2003	
Investment banking	\$ 674	\$ 663	\$ 470	\$ 671	\$ 589	\$ 536	(19%)	(9%)	\$ 1,337	\$ 1,125	(16%)
Principal transactions:											
Trading	1,132	696	469	433	1,556	1,583	127%	2%	1,828	3,139	72%
Investments	33	(16)	(64)	16	(22)	59	*	*	17	37	118%
Commissions	777	900	855	748	670	709	(21%)	6%	1,677	1,379	(18%)
Asset management, distribution and administration fees	1,016	1,054	971	904	903	885	(16%)	(2%)	2,070	1,788	(14%)
Interest and dividends	3,283	3,275	3,730	3,178	3,243	3,149	(4%)	(3%)	6,558	6,392	(3%)
Other	194	112	205	120	90	107	(4%)	19%	306	197	(36%)
Total revenues	7,109	6,684	6,636	6,070	7,029	7,028	5%	--	13,793	14,057	2%
Interest expense	2,667	2,586	2,926	2,741	2,449	2,863	11%	17%	5,253	5,312	1%
Net revenues	4,442	4,098	3,710	3,329	4,580	4,165	2%	(9%)	8,540	8,745	2%
Compensation and benefits	2,297	2,039	1,855	968	2,334	2,069	1%	(11%)	4,336	4,403	2%
Occupancy and equipment	182	190	180	200	176	176	(7%)	--	372	352	(5%)
Brokerage, clearing and exchange fees	179	176	208	212	191	202	15%	6%	355	393	11%
Information processing and communications	242	246	247	281	228	234	(5%)	3%	488	462	(5%)
Marketing and business development	134	157	145	159	116	129	(18%)	11%	291	245	(16%)
Professional services	174	191	211	266	174	196	3%	13%	365	370	1%
Other	142	164	214	154	225	552	*	145%	306	777	*
Restructuring and other charges	0	0	0	235	0	0	--	--	0	0	--
Total non-interest expenses	3,350	3,163	3,060	2,475	3,444	3,558	12%	3%	6,513	7,002	8%
Income before taxes and dividend on pref. sec. subject to mandatory redemption	1,092	935	650	854	1,136	607	(35%)	(47%)	2,027	1,743	(14%)
Income tax expense	389	312	228	294	391	162	(48%)	(59%)	701	553	(21%)
Div. on pref. sec. subject to mandatory redemption	22	22	21	22	22	40	82%	82%	44	62	41%
Net income	\$ 681	\$ 601	\$ 401	\$ 538	\$ 723	\$ 405	(33%)	(44%)	\$ 1,282	\$ 1,128	(12%)
Compensation and benefits as a % of net revenues	52%	50%	50%	29%	51%	50%			51%	50%	
Non-compensation expenses as a % of net revenues (1)	24%	27%	32%	38%	24%	36%			25%	30%	
Profit margin (2)	15%	15%	11%	16%	16%	10%			15%	13%	
Number of employees (3)	43,878	43,237	42,585	40,424	38,867	38,031	(12%)	(2%)			

(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 20.



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

	QUARTER ENDED						Percentage Change From:		Six Months Ended		Percentage Change
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	2Q03 vs. 2Q02	2Q03 vs. 1Q03	May 31, 2002	May 31, 2003	
Fees:											
Merchant and cardmember	\$ 527	\$ 516	\$ 525	\$ 542	\$ 547	\$ 524	2%	(4%)	\$ 1,043	\$ 1,071	3%
Servicing	0	0	0	0	0	0	--	--	0	0	--
Other	16	36	25	3	54	35	(3%)	(35%)	52	89	71%
Total non-interest revenues	543	552	550	545	601	559	1%	(7%)	1,095	1,160	6%
Interest revenue	1,611	1,614	1,643	1,606	1,580	1,592	(1%)	1%	3,225	3,172	(2%)
Interest expense	499	480	483	475	441	410	(15%)	(7%)	979	851	(13%)
Net interest income	1,112	1,134	1,160	1,131	1,139	1,182	4%	4%	2,246	2,321	3%
Provision for consumer loan losses	832	812	777	749	842	857	6%	2%	1,644	1,699	3%
Net credit income	280	322	383	382	297	325	1%	9%	602	622	3%
Net revenues	823	874	933	927	898	884	1%	(2%)	1,697	1,782	5%
Compensation and benefits	192	197	206	179	214	203	3%	(5%)	389	417	7%
Occupancy and equipment	16	18	18	21	20	19	6%	(5%)	34	39	15%
Information processing and communications	80	91	94	98	88	82	(10%)	(7%)	171	170	(1%)
Marketing and business development	120	102	146	170	153	128	25%	(16%)	222	281	27%
Professional services	51	59	62	80	51	63	7%	24%	110	114	4%
Other	109	95	88	76	82	81	(15%)	(1%)	204	163	(20%)
Total non-interest expenses	568	562	614	624	608	576	2%	(5%)	1,130	1,184	5%
Income before taxes	255	312	319	303	290	308	(1%)	6%	567	598	5%
Income tax expense	88	116	109	109	108	114	(2%)	6%	204	222	9%
Net income	\$ 167	\$ 196	\$ 210	\$ 194	\$ 182	\$ 194	(1%)	7%	\$ 363	\$ 376	4%
Compensation and benefits as a % of net revenues	23%	23%	22%	19%	24%	23%			23%	23%	
Non-compensation expenses as a % of net revenues	46%	42%	44%	48%	44%	42%			44%	43%	
Profit margin (1)	20%	22%	23%	21%	20%	22%			21%	21%	
Number of employees	15,997	15,301	15,214	15,302	15,626	15,476	1%	(1%)			

(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 20.



The following (pages 15 - 18) present a reconciliation for certain information disclosed on pages 10, 11 and 12.

The data is presented on both a "managed" loan basis and as reported under generally accepted accounting principles ("owned" loan basis). Managed loan data assumes that the Company's securitized loan receivables have not been sold and presents the results of securitized loan receivables in the same manner as the Company's owned loans. The Company operates its Credit Services business and analyzes its financial performance on a managed basis. Accordingly, underwriting and servicing standards are comparable for both owned and securitized loans. The Company believes that managed loan information is useful to investors because it provides information regarding the quality of loan origination and credit performance of the entire managed portfolio and allows investors to understand the related credit risks inherent in owned loans and retained interests in securitizations. In addition, investors often request information on a managed basis, which provides a more meaningful comparison to industry competitors.

MORGAN STANLEY
Quarterly Credit Services Reconciliation of General Purpose Credit Card Loan Data (1)
(unaudited, dollars in millions)

Quarter Ended May 31, 2003							
General Purpose Credit Card Loans:	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	Delinquency Rate	
						30 Days	90 Days
Owned	\$ 18,465	\$ 19,120	10.57%	6.28%	5.92%	5.27%	2.56%
Securitized	32,415	32,054	12.81%	10.23%	6.84%	6.74%	3.27%
Managed	<u>\$ 50,880</u>	<u>\$ 51,174</u>	11.97%	8.78%	6.50%	6.21%	3.01%

Quarter Ended Feb 28, 2003							
General Purpose Credit Card Loans:	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	Delinquency Rate	
						30 Days	90 Days
Owned	\$ 20,847	\$ 22,305	9.26%	4.73%	5.55%	5.60%	2.63%
Securitized	30,964	30,497	13.61%	10.96%	6.63%	6.82%	3.17%
Managed	<u>\$ 51,811</u>	<u>\$ 52,802</u>	11.78%	8.36%	6.17%	6.33%	2.95%

(1) The tables provide a reconciliation of certain managed and owned basis statistical data (period-end and average loan balances, interest yield, interest spread, net charge-off rates, and 30- and 90-day delinquency rates) for the periods indicated.

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

Refer to Legal Notice page 20.

MORGAN STANLEY
 Quarterly Credit Services Reconciliation of General Purpose Credit Card Loan Data (1)
 (unaudited, dollars in millions)

		Quarter Ended Nov 30, 2002						
						Delinquency Rate		
		Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	30 Days	90 Days
General Purpose Credit Card Loans:								
Owned		\$ 22,153	\$ 21,641	10.69%	5.59%	5.83%	5.32%	2.41%
Securitized		28,990	28,598	13.78%	10.84%	6.03%	6.45%	2.85%
Managed		<u>\$ 51,143</u>	<u>\$ 50,239</u>	12.45%	8.62%	5.95%	5.96%	2.66%
		Quarter Ended Aug 31, 2002						
						Delinquency Rate		
		Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	30 Days	90 Days
General Purpose Credit Card Loans:								
Owned		\$ 21,452	\$ 20,083	12.09%	6.68%	6.07%	5.37%	2.38%
Securitized		28,225	29,261	13.40%	10.41%	6.07%	5.98%	2.57%
Managed		<u>\$ 49,677</u>	<u>\$ 49,344</u>	12.86%	8.91%	6.07%	5.72%	2.49%
		Quarter Ended May 31, 2002						
						Delinquency Rate		
		Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	30 Days	90 Days
General Purpose Credit Card Loans:								
Owned		\$ 19,834	\$ 20,362	11.08%	5.81%	6.15%	5.23%	2.49%
Securitized		29,543	29,017	13.73%	10.71%	6.50%	5.91%	2.76%
Managed		<u>\$ 49,377</u>	<u>\$ 49,379</u>	12.64%	8.72%	6.35%	5.63%	2.65%
		Quarter Ended Feb 28, 2002						
						Delinquency Rate		
		Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	30 Days	90 Days
General Purpose Credit Card Loans:								
Owned		\$ 20,138	\$ 20,558	10.28%	4.87%	6.21%	5.96%	2.79%
Securitized		29,431	29,838	14.25%	11.15%	6.53%	7.29%	3.36%
Managed		<u>\$ 49,569</u>	<u>\$ 50,396</u>	12.63%	8.61%	6.40%	6.75%	3.12%

(1) The tables provide a reconciliation of certain managed and owned basis statistical data (period-end and average loan balances, interest yield, interest spread, net charge-off rates, and 30- and 90-day delinquency rates) for the periods indicated.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.
 Refer to Legal Notice page 20.

MORGAN STANLEY

**Year to Date Credit Services Reconciliation of General Purpose Credit Card Loan Data (1)
(unaudited, dollars in millions)**

Six Months Ended May 31, 2003							
	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	Delinquency Rate	
						30 Days	90 Days
General Purpose Credit Card Loans:							
Owned	\$ 18,465	\$ 20,695	9.87%	5.45%	5.73%	5.27%	2.56%
Securitized	32,415	31,284	13.20%	10.59%	6.74%	6.74%	3.27%
Managed	<u>\$ 50,880</u>	<u>\$ 51,979</u>	11.87%	8.56%	6.34%	6.21%	3.01%
Six Months Ended May 31, 2002							
	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	Delinquency Rate	
						30 Days	90 Days
General Purpose Credit Card Loans:							
Owned	\$ 19,834	\$ 20,459	10.68%	5.34%	6.18%	5.23%	2.49%
Securitized	29,543	29,423	13.99%	10.93%	6.52%	5.91%	2.76%
Managed	<u>\$ 49,377</u>	<u>\$ 49,882</u>	12.63%	8.66%	6.38%	5.63%	2.65%

(1) The tables provide a reconciliation of certain managed and owned basis statistical data (period-end and average loan balances, interest yield, interest spread, net charge-off rates, and 30- and 90-day delinquency rates) for the periods indicated.

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

Refer to Legal Notice page 20.

MORGAN STANLEY
Reconciliation of Managed Income Statement Data (1)
(unaudited, dollars in millions)

	QUARTER ENDED						Six Months Ended	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003	May 31, 2002	May 31, 2003
Merchant and cardmember fees:								
Owned	\$ 342	\$ 347	\$ 359	\$ 372	\$ 363	\$ 339	\$ 689	\$ 702
Securitization adjustment	185	169	166	170	184	185	354	369
Managed	<u>\$ 527</u>	<u>\$ 516</u>	<u>\$ 525</u>	<u>\$ 542</u>	<u>\$ 547</u>	<u>\$ 524</u>	<u>\$ 1,043</u>	<u>\$ 1,071</u>
Servicing fees:								
Owned	\$ 540	\$ 506	\$ 510	\$ 523	\$ 567	\$ 503	\$ 1,046	\$ 1,070
Securitization adjustment	(540)	(506)	(510)	(523)	(567)	(503)	(1,046)	(1,070)
Managed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other:								
Owned	\$ 2	\$ 17	\$ 12	\$ 0	\$ (3)	\$ 5	\$ 19	\$ 2
Securitization adjustment	14	19	13	3	57	30	33	87
Managed	<u>\$ 16</u>	<u>\$ 36</u>	<u>\$ 25</u>	<u>\$ 3</u>	<u>\$ 54</u>	<u>\$ 35</u>	<u>\$ 52</u>	<u>\$ 89</u>
Interest revenue:								
Owned	\$ 553	\$ 602	\$ 646	\$ 612	\$ 546	\$ 543	\$ 1,155	\$ 1,089
Securitization adjustment	1,058	1,012	997	994	1,034	1,049	2,070	2,083
Managed	<u>\$ 1,611</u>	<u>\$ 1,614</u>	<u>\$ 1,643</u>	<u>\$ 1,606</u>	<u>\$ 1,580</u>	<u>\$ 1,592</u>	<u>\$ 3,225</u>	<u>\$ 3,172</u>
Interest expense:								
Owned	\$ 269	\$ 258	\$ 262	\$ 261	\$ 239	\$ 197	\$ 527	\$ 436
Securitization adjustment	230	222	221	214	202	213	452	415
Managed	<u>\$ 499</u>	<u>\$ 480</u>	<u>\$ 483</u>	<u>\$ 475</u>	<u>\$ 441</u>	<u>\$ 410</u>	<u>\$ 979</u>	<u>\$ 851</u>
Provision for consumer loan losses:								
Owned	\$ 345	\$ 340	\$ 332	\$ 319	\$ 336	\$ 309	\$ 685	\$ 645
Securitization adjustment	487	472	445	430	506	548	959	1,054
Managed	<u>\$ 832</u>	<u>\$ 812</u>	<u>\$ 777</u>	<u>\$ 749</u>	<u>\$ 842</u>	<u>\$ 857</u>	<u>\$ 1,644</u>	<u>\$ 1,699</u>

(1) The tables provide a reconciliation of certain managed and owned basis income statement data (merchant and cardmember fees, servicing fees, other revenue, interest revenue, interest expense and provision for consumer loan losses) for the periods indicated.

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

Refer to Legal Notice page 20.



The following (page 19) presents a reconciliation of adjusted assets.

Balance sheet leverage ratios are one indicator of capital adequacy when viewed in the context of a company's overall liquidity and capital policies. The Company views the adjusted leverage ratio as a more relevant measure of financial risk when comparing financial services firms and evaluating leverage trends. This ratio is adjusted to reflect the low-risk nature of assets attributable to matched resale agreements, certain securities borrowed transactions and segregated customer cash balances. In addition, the adjusted leverage ratio reflects the deduction from shareholders' equity of the amount of equity used to support goodwill, as the Company does not view this amount of equity as available to support its risk capital needs.

MORGAN STANLEY
Quarterly Reconciliation of Adjusted Assets
(unaudited)

	QUARTER ENDED					
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003	May 31, 2003
Total assets	\$ 491,651	\$ 553,924	\$ 516,772	\$ 529,499	\$ 559,436	\$ 586,881
Less:						
Lesser of securities purchased under agreements to resell or securities sold under agreements to repurchase	(58,879)	(79,826)	(65,512)	(76,910)	(59,687)	(71,374)
Assets recorded under certain provisions of SFAS No. 140	(12,350)	(12,329)	(10,634)	(19,224)	(21,194)	(24,837)
Lesser of securities borrowed or securities loaned	(35,021)	(39,197)	(45,567)	(43,229)	(55,031)	(55,388)
Segregated customer cash and securities balances	(42,186)	(38,825)	(32,095)	(30,217)	(32,961)	(26,829)
Goodwill	(1,433)	(1,441)	(1,447)	(1,449)	(1,460)	(1,476)
Adjusted assets	<u>\$ 341,782</u>	<u>\$ 382,306</u>	<u>\$ 361,517</u>	<u>\$ 358,470</u>	<u>\$ 389,103</u>	<u>\$ 406,977</u>
Shareholders' equity	\$ 20,892	\$ 21,276	\$ 21,416	\$ 21,885	\$ 22,465	\$ 22,631
Preferred securities subject to mandatory redemption	1,210	1,210	1,210	1,210	2,010	2,710
Subtotal	<u>22,102</u>	<u>22,486</u>	<u>22,626</u>	<u>23,095</u>	<u>24,475</u>	<u>25,341</u>
Less: Goodwill	<u>(1,433)</u>	<u>(1,441)</u>	<u>(1,447)</u>	<u>(1,449)</u>	<u>(1,460)</u>	<u>(1,476)</u>
Tangible shareholders' equity	<u>\$ 20,669</u>	<u>\$ 21,045</u>	<u>\$ 21,179</u>	<u>\$ 21,646</u>	<u>\$ 23,015</u>	<u>\$ 23,865</u>
Leverage ratio (1)	<u>23.8x</u>	<u>26.3x</u>	<u>24.4x</u>	<u>24.5x</u>	<u>24.3x</u>	<u>24.6x</u>
Adjusted leverage ratio (2)	<u>16.5x</u>	<u>18.2x</u>	<u>17.1x</u>	<u>16.6x</u>	<u>16.9x</u>	<u>17.1x</u>

(1) Leverage ratio equals total assets divided by tangible shareholders' equity.

(2) Adjusted leverage ratio equals adjusted total assets divided by tangible shareholders' equity.

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

Refer to Legal Notice page 20.

MORGAN STANLEY
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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 second quarter earnings press release issued June 18, 2003.