



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.