



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	2003 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	5,429	4,986	5,048	4,594	5,581	5,540	11%	(1%)	10,415	11,121	7%
Interest expense	2,629	2,551	2,896	2,713	2,420	2,834	11%	17%	5,180	5,254	1%
Net revenues	2,800	2,435	2,152	1,881	3,161	2,706	11%	(14%)	5,235	5,867	12%
Total non-interest expenses	1,953	1,752	1,720	1,139	2,194	2,281	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.