



MORGAN STANLEY
Quarterly Investment Management 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	
	\$ 9	\$ 8	\$ 8	\$ 7	\$ 8	\$ 9	13%	13%	\$ 17	\$ 17	--
Investment banking											
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.