



MORGAN STANLEY
Financial Summary
(unaudited, dollars in millions)

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	3Q02 vs. 3Q01	3Q02 vs. 2Q02	Aug 31, 2001	Aug 31, 2002	
Net revenues												
Securities	\$ 4,748	\$ 4,427	\$ 3,656	\$ 3,146	\$ 3,831	\$ 3,487	\$ 3,151	(14%)	(10%)	\$ 12,831	\$ 10,469	(18%)
Investment Management	688	639	637	593	605	604	552	(13%)	(9%)	1,964	1,761	(10%)
Credit Services	860	902	893	904	823	874	933	4%	7%	2,655	2,630	(1%)
Consolidated net revenues	<u>\$ 6,296</u>	<u>\$ 5,968</u>	<u>\$ 5,186</u>	<u>\$ 4,643</u>	<u>\$ 5,259</u>	<u>\$ 4,965</u>	<u>\$ 4,636</u>	(11%)	(7%)	<u>\$ 17,450</u>	<u>\$ 14,860</u>	(15%)
Net income												
Securities	\$ 780	\$ 632	\$ 411	\$ 529	\$ 539	\$ 460	\$ 265	(36%)	(42%)	\$ 1,823	\$ 1,264	(31%)
Investment Management	153	127	128	148	142	141	136	6%	(4%)	408	419	3%
Credit Services	142	171	196	193	167	196	210	7%	7%	509	573	13%
Income before extraordinary item and cumulative effect of accounting change	1,075	930	735	870	848	797	611	(17%)	(23%)	2,740	2,256	(18%)
Extraordinary item (1)	0	0	(30)	0	0	0	0	*	--	(30)	0	*
Cumulative effect of accounting change (2)	(59)	0	0	0	0	0	0	--	--	(59)	0	*
Consolidated net income	<u>\$ 1,016</u>	<u>\$ 930</u>	<u>\$ 705</u>	<u>\$ 870</u>	<u>\$ 848</u>	<u>\$ 797</u>	<u>\$ 611</u>	(13%)	(23%)	<u>\$ 2,651</u>	<u>\$ 2,256</u>	(15%)
Preferred stock dividend requirements	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 5</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	*	--	<u>\$ 27</u>	<u>\$ 0</u>	*
Earnings applicable to common shares	<u>\$ 1,007</u>	<u>\$ 921</u>	<u>\$ 696</u>	<u>\$ 865</u>	<u>\$ 848</u>	<u>\$ 797</u>	<u>\$ 611</u>	(12%)	(23%)	<u>\$ 2,624</u>	<u>\$ 2,256</u>	(14%)
Basic earnings per common share												
Income before extraordinary item and cumulative effect of accounting change	\$ 0.98	\$ 0.85	\$ 0.67	\$ 0.80	\$ 0.78	\$ 0.73	\$ 0.57	(15%)	(22%)	\$ 2.49	\$ 2.08	(16%)
Extraordinary Item	\$ -	\$ -	\$ (0.03)	\$ -	\$ -	\$ -	\$ -	*	--	\$ (0.03)	\$ -	*
Cumulative effect of accounting change	\$ (0.05)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	--	--	\$ (0.05)	\$ -	*
Net Income	\$ 0.93	\$ 0.85	\$ 0.64	\$ 0.80	\$ 0.78	\$ 0.73	\$ 0.57	(11%)	(22%)	\$ 2.41	\$ 2.08	(14%)
Diluted earnings per common share												
Income before extraordinary item and cumulative effect of accounting change	\$ 0.94	\$ 0.82	\$ 0.65	\$ 0.78	\$ 0.76	\$ 0.72	\$ 0.55	(15%)	(24%)	\$ 2.41	\$ 2.03	(16%)
Extraordinary Item	\$ -	\$ -	\$ (0.03)	\$ -	\$ -	\$ -	\$ -	*	--	\$ (0.03)	\$ -	*
Cumulative effect of accounting change	\$ (0.05)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	--	--	\$ (0.05)	\$ -	*
Net Income	\$ 0.89	\$ 0.82	\$ 0.62	\$ 0.78	\$ 0.76	\$ 0.72	\$ 0.55	(11%)	(24%)	\$ 2.33	\$ 2.03	(13%)
Average common shares outstanding												
Basic	1,089,270,364	1,085,305,558	1,085,447,127	1,078,517,918	1,082,380,245	1,084,993,202	1,081,708,833			1,089,017,948	1,084,059,497	
Diluted	1,134,150,225	1,120,687,197	1,119,301,107	1,108,980,235	1,112,959,092	1,113,949,482	1,105,494,894			1,126,540,440	1,111,980,428	
Period end common shares outstanding	1,114,434,549	1,110,061,470	1,106,317,423	1,093,006,744	1,101,194,353	1,097,109,821	1,093,052,009			1,106,317,423	1,093,052,009	
Return on common equity (3)	22.5%	19.1%	14.9%	17.6%	16.4%	15.1%	11.4%			18.8%	14.3%	

(1) Represents extraordinary loss on the early extinguishment of debt.

(2) Represents the effects of an accounting change adopted in the first quarter of fiscal 2001 with respect to the accounting for derivative instruments and hedging activities associated with SFAS 133.

(3) Excludes the cumulative effect of accounting change and extraordinary item.

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

Refer to Legal Notice page 11.