

MORGAN STANLEY
Financial Supplement - 3Q2004
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MORGAN STANLEY
Quarterly Financial Summary
(unaudited, dollars in millions)

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04	Aug 31, 2003	Aug 31, 2004	
Net revenues												
Institutional Securities	\$ 3,136	\$ 2,680	\$ 2,792	\$ 2,603	\$ 3,504	\$ 3,947	\$ 2,776	(1%)	(30%)	\$ 8,608	\$ 10,227	19%
Individual Investor Group	985	1,002	1,102	1,153	1,211	1,209	1,124	2%	(7%)	3,089	3,544	15%
Investment Management	525	558	598	595	642	690	692	16%	--	1,681	2,024	20%
Credit Services	898	884	834	811	958	879	897	8%	2%	2,616	2,734	5%
Intersegment Eliminations	(69)	(78)	(77)	(75)	(74)	(75)	(64)	17%	15%	(224)	(213)	5%
Consolidated net revenues	\$ 5,475	\$ 5,046	\$ 5,249	\$ 5,087	\$ 6,241	\$ 6,650	\$ 5,425	3%	(18%)	\$ 15,770	\$ 18,316	16%
Income before taxes ⁽¹⁾												
Institutional Securities	\$ 1,112	\$ 544	\$ 925	\$ 1,064	\$ 1,183	\$ 1,135	\$ 682	(26%)	(40%)	\$ 2,581	\$ 3,000	16%
Individual Investor Group	83	85	143	153	166	132	22	(85%)	(83%)	311	320	3%
Investment Management	110	133	142	97	170	209	217	53%	4%	385	596	55%
Credit Services	293	304	287	209	365	298	330	15%	11%	884	993	12%
Intersegment Eliminations	33	29	31	28	29	29	31	--	7%	93	89	(4%)
Consolidated income before taxes	\$ 1,631	\$ 1,095	\$ 1,528	\$ 1,551	\$ 1,913	\$ 1,803	\$ 1,282	(16%)	(29%)	\$ 4,254	\$ 4,998	17%
Earnings per basic share:												
Income from continuing operations	\$ 0.97	\$ 0.67	\$ 0.96	\$ 0.94	\$ 1.14	\$ 1.13	\$ 0.80	(17%)	(29%)	\$ 2.59	\$ 3.06	18%
Loss from discontinued operations	\$ (0.01)	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ (0.02)	*	*	\$ (0.02)	\$ (0.02)	--
Earnings per basic share	\$ 0.96	\$ 0.66	\$ 0.96	\$ 0.94	\$ 1.14	\$ 1.13	\$ 0.78	(19%)	(31%)	\$ 2.57	\$ 3.04	18%
Earnings per diluted share:												
Income from continuing operations	\$ 0.95	\$ 0.66	\$ 0.94	\$ 0.92	\$ 1.11	\$ 1.10	\$ 0.78	(17%)	(29%)	\$ 2.54	\$ 2.99	18%
Loss from discontinued operations	\$ (0.01)	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ (0.02)	*	*	\$ (0.02)	\$ (0.02)	--
Earnings per diluted share	\$ 0.94	\$ 0.65	\$ 0.94	\$ 0.92	\$ 1.11	\$ 1.10	\$ 0.76	(19%)	(31%)	\$ 2.52	\$ 2.97	18%
Average common shares outstanding												
Basic	1,079,052,442	1,077,386,468	1,077,680,996	1,077,914,054	1,078,718,046	1,082,211,511	1,081,448,663			1,077,140,296	1,081,160,252	
Diluted	1,099,724,140	1,097,478,351	1,100,593,303	1,103,285,225	1,106,000,596	1,110,357,415	1,105,546,130			1,098,234,894	1,107,494,887	
Period end common shares outstanding	1,089,745,941	1,086,735,086	1,088,107,975	1,084,696,446	1,097,652,112	1,098,127,106	1,096,707,183			1,088,107,975	1,096,707,183	
Return on common equity	18.5%	12.5%	17.8%	16.9%	19.2%	18.4%	12.3%			16.2%	16.6%	

(1) Represents consolidated income from continuing operations before losses from unconsolidated investees, taxes and dividends on preferred securities subject to mandatory redemption.

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

Refer to Legal Notice page 22.

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

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04	Aug 31, 2003	Aug 31, 2004	
Investment banking	\$ 589	\$ 536	\$ 608	\$ 707	\$ 829	\$ 983	\$ 783	29%	(20%)	\$ 1,733	\$ 2,595	50%
Principal transactions:												
Trading	1,712	1,670	1,818	992	1,832	2,064	695	(62%)	(66%)	5,200	4,591	(12%)
Investments	(22)	59	38	11	29	191	125	*	(35%)	75	345	*
Commissions	673	709	775	813	901	877	768	(1%)	(12%)	2,157	2,546	18%
Fees:												
Asset management, distribution and admin.	896	881	956	973	1,072	1,113	1,088	14%	(2%)	2,733	3,273	20%
Merchant and cardmember	364	338	340	337	337	306	349	3%	14%	1,042	992	(5%)
Servicing	567	503	462	483	572	485	459	(1%)	(5%)	1,532	1,516	(1%)
Interest and dividends	3,633	3,605	3,821	4,685	3,782	3,663	5,410	42%	48%	11,059	12,855	16%
Other	85	112	108	143	121	118	177	64%	50%	305	416	36%
Total revenues	8,497	8,413	8,926	9,144	9,475	9,800	9,854	10%	1%	25,836	29,129	13%
Interest expense	2,686	3,058	3,367	3,745	2,972	2,950	4,189	24%	42%	9,111	10,111	11%
Provision for consumer loan losses	336	309	310	312	262	200	240	(23%)	20%	955	702	(26%)
Net revenues	5,475	5,046	5,249	5,087	6,241	6,650	5,425	3%	(18%)	15,770	18,316	16%
Compensation and benefits	2,364	2,112	2,287	1,782	2,712	2,923	2,347	3%	(20%)	6,763	7,982	18%
Occupancy and equipment	196	195	191	212	200	206	228	19%	11%	582	634	9%
Brokerage, clearing and exchange fees	191	202	212	233	224	237	231	9%	(3%)	605	692	14%
Information processing and communications	315	315	315	343	320	318	326	3%	3%	945	964	2%
Marketing and business development	263	251	197	256	254	263	279	42%	6%	711	796	12%
Professional services	225	259	283	368	318	356	400	41%	12%	767	1,074	40%
Other	290	617	236	342	300	544	332	41%	(39%)	1,143	1,176	3%
Total non-interest expenses	3,844	3,951	3,721	3,536	4,328	4,847	4,143	11%	(15%)	11,516	13,318	16%
Income from continuing operations before losses												
from unconsolidated investees, income taxes												
and dividends on preferred securities subject												
to mandatory redemption	1,631	1,095	1,528	1,551	1,913	1,803	1,282	(16%)	(29%)	4,254	4,998	17%
Losses from unconsolidated investees	34	36	105	104	93	81	77	(27%)	(5%)	175	251	43%
Provision for income taxes	533	300	342	387	551	498	343	--	(31%)	1,175	1,392	18%
Div. on pref. sec. subject to mandatory redemption (1)	22	40	47	45	45	0	0	*	--	109	45	(59%)
Income from continuing operations	1,042	719	1,034	1,015	1,224	1,224	862	(17%)	(30%)	2,795	3,310	18%
Discontinued operations												
Loss/(gain) from discontinued operations (including												
loss on disposal of \$42 million in 2004)	20	18	(2)	2	(3)	1	42	*	*	36	40	11%
Income tax benefit/(provision)	(8)	(7)	1	(1)	1	0	(17)	*	*	(14)	(16)	(14%)
Loss/(gain) on discontinued operations	12	11	(1)	1	(2)	1	25	*	*	22	24	9%
Net income	\$ 1,030	\$ 708	\$ 1,035	\$ 1,014	\$ 1,226	\$ 1,223	\$ 837	(19%)	(32%)	\$ 2,773	\$ 3,286	18%
Compensation and benefits as a % of net revenues	43%	42%	44%	35%	44%	44%	43%			43%	44%	

(1) At February 29, 2004, preferred securities subject to mandatory redemption were reclassified to junior subordinated debt issued to capital trusts (a component of long-term debt) pursuant to the adoption of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities". Dividends on junior subordinated debt issued to capital trusts are included in interest expense from February 29, 2004 forward.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation. Refer to Legal Notice page 22.

MORGAN STANLEY
Quarterly Financial Information and Statistical Data
(unaudited)

	QUARTER ENDED							Percentage Change From:	
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04
Morgan Stanley									
Total assets (millions)	\$ 559,436	\$ 586,881	\$ 580,632	\$ 602,843	\$ 656,898	\$ 729,501	\$ 745,033	28%	2%
Adjusted assets (millions) (1)	\$ 361,685	\$ 383,501	\$ 363,985	\$ 388,595	\$ 428,479	\$ 448,144	\$ 465,105	28%	4%
Period end common shares outstanding (millions)	1,089.7	1,086.7	1,088.1	1,084.7	1,097.7	1,098.1	1,096.7	1%	--
Book value per common share	\$ 20.73	\$ 21.04	\$ 21.79	\$ 22.93	\$ 23.75	\$ 24.59	\$ 25.00	15%	2%
Shareholders' equity (millions) (2)	\$ 24,600	\$ 25,575	\$ 26,517	\$ 27,677	\$ 28,961	\$ 29,899	\$ 30,317	14%	1%
Total capital (millions) (3)	\$ 72,557	\$ 78,899	\$ 78,241	\$ 82,769	\$ 96,359	\$ 100,127	\$ 101,237	29%	1%
Worldwide employees	54,493	53,507	52,205	51,196	50,979	51,580	52,812	1%	2%
Average Daily 99%/One-Day Value-at-Risk ("VaR") (4)									
Primary Market Risk Category (\$ millions, pre-tax)									
Interest rate and credit spread	\$ 42	\$ 41	\$ 42	\$ 45	\$ 42	\$ 50	\$ 52		
Equity price	24	23	25	29	30	32	36		
Foreign exchange rate	12	11	7	13	11	12	12		
Commodity price	29	27	27	26	27	34	40		
Aggregate trading VaR	\$ 52	\$ 54	\$ 54	\$ 61	\$ 62	\$ 72	\$ 79		

- (1) Adjusted assets exclude certain self-funded assets considered to have minimal market, credit and/or liquidity risk that are generally attributable to matched book and securities lending businesses as measured by aggregate resale agreements and securities borrowed less non-derivative short positions. See page 21 for further information.
- (2) At May 31, 2004 and August 31, 2004, shareholders' equity includes \$2,897 million of junior subordinated debt issued to capital trusts that in prior periods was classified as preferred securities subject to mandatory redemption. This amount was reclassified to long-term debt at February 29, 2004 pursuant to the adoption of FIN 46. See Note 12 to the Consolidated Financial Statements in the Company's Form 10-K for fiscal 2003. At the prior quarter ends, shareholders' equity included preferred securities subject to mandatory redemption. The junior subordinated debt issued to capital trusts and the preferred securities subject to mandatory redemption at quarter ends prior to February 29, 2004 are collectively referred to hereinafter as junior subordinated debt issued to capital trusts.
- (3) Includes common equity, junior subordinated debt issued to capital trusts, 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 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 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 Company's Form 10-K for fiscal 2003.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation. Refer to Legal Notice page 22.

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

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04	Aug 31, 2003	Aug 31, 2004	
Investment banking	\$ 501	\$ 461	\$ 518	\$ 616	\$ 739	\$ 891	\$ 711	37%	(20%)	\$ 1,480	\$ 2,341	58%
Principal transactions:												
Trading	1,558	1,503	1,644	836	1,691	1,923	565	(66%)	(71%)	4,705	4,179	(11%)
Investments	(10)	44	31	(2)	16	136	38	23%	(72%)	65	190	*
Commissions	415	423	441	469	505	527	462	5%	(12%)	1,279	1,494	17%
Asset management, distribution and admin. fees	23	22	24	23	34	32	36	50%	13%	69	102	48%
Interest and dividends	3,038	2,987	3,231	4,125	3,225	3,151	4,831	50%	53%	9,256	11,207	21%
Other	61	75	58	89	75	57	137	136%	140%	194	269	39%
Total revenues	<u>5,586</u>	<u>5,515</u>	<u>5,947</u>	<u>6,156</u>	<u>6,285</u>	<u>6,717</u>	<u>6,780</u>	14%	1%	17,048	19,782	16%
Interest expense	<u>2,450</u>	<u>2,835</u>	<u>3,155</u>	<u>3,553</u>	<u>2,781</u>	<u>2,770</u>	<u>4,004</u>	27%	45%	8,440	9,555	13%
Net revenues	<u>3,136</u>	<u>2,680</u>	<u>2,792</u>	<u>2,603</u>	<u>3,504</u>	<u>3,947</u>	<u>2,776</u>	(1%)	(30%)	<u>8,608</u>	<u>10,227</u>	19%
Total non-interest expenses	<u>2,024</u>	<u>2,136</u>	<u>1,867</u>	<u>1,539</u>	<u>2,321</u>	<u>2,812</u>	<u>2,094</u>	12%	(26%)	<u>6,027</u>	<u>7,227</u>	20%
Income from continuing operations before losses												
from unconsolidated investees, income taxes												
and dividends on preferred securities subject												
to mandatory redemption	1,112	544	925	1,064	1,183	1,135	682	(26%)	(40%)	2,581	3,000	16%
Losses from unconsolidated investees	34	36	105	104	93	81	77	(27%)	(5%)	175	251	43%
Div. on pref. sec. subject to mandatory redemption (1)	22	40	47	45	45	0	0	*	--	109	45	(59%)
Income before taxes and discontinued operations	<u>\$ 1,056</u>	<u>\$ 468</u>	<u>\$ 773</u>	<u>\$ 915</u>	<u>\$ 1,045</u>	<u>\$ 1,054</u>	<u>\$ 605</u>	(22%)	(43%)	<u>\$ 2,297</u>	<u>\$ 2,704</u>	18%
Pre-tax profit margin (2)	35%	19%	31%	39%	33%	29%	25%			29%	29%	

(1) At February 29, 2004, preferred securities subject to mandatory redemption were reclassified to junior subordinated debt issued to capital trusts (a component of long-term debt) pursuant to the adoption of FIN 46. Dividends on junior subordinated debt issued to capital trusts are included in interest expense from February 29, 2004 forward.

(2) Income before taxes and discontinued operations, excluding losses from unconsolidated investees, 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 22.

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

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04	Aug 31, 2003	Aug 31, 2004	
Advisory revenue (millions)	\$ 166	\$ 141	\$ 130	\$ 225	\$ 232	\$ 324	\$ 310	138%	(4%)	\$ 437	\$ 866	98%
Underwriting revenue (millions)												
Equity	\$ 127	\$ 152	\$ 183	\$ 178	\$ 314	\$ 314	\$ 200	9%	(36%)	\$ 462	\$ 828	79%
Fixed income	\$ 208	\$ 168	\$ 205	\$ 213	\$ 193	\$ 253	\$ 201	(2%)	(21%)	\$ 581	\$ 647	11%
Sales and trading net revenue (millions) (1)												
Equity	\$ 977	\$ 865	\$ 830	\$ 919	\$ 1,105	\$ 1,113	\$ 883	6%	(21%)	\$ 2,672	\$ 3,101	16%
Fixed income	\$ 1,635	\$ 1,282	\$ 1,462	\$ 977	\$ 1,651	\$ 1,828	\$ 1,186	(19%)	(35%)	\$ 4,379	\$ 4,665	7%

	Fiscal View							Calendar View	
	Quarter Ended (2)							Eight Months Ended (2)	
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	Aug 31, 2003	Aug 31, 2004
Mergers and acquisitions announced transactions									
Morgan Stanley global market volume (billions)	\$ 51.6	\$ 24.5	\$ 62.4	\$ 120.8	\$ 118.0	\$ 74.5	\$ 79.4	\$ 113.1	\$ 261.9
Market share	21.4%	7.9%	21.9%	32.0%	28.8%	20.9%	20.3%	15.4%	24.4%
Rank	3	10	3	2	3	4	4	5	4
Mergers and acquisitions completed transactions									
Morgan Stanley global market volume (billions)	\$ 44.2	\$ 65.6	\$ 36.1	\$ 33.2	\$ 56.1	\$ 132.5	\$ 135.4	\$ 131.7	\$ 283.5
Market share	17.7%	21.3%	13.9%	14.5%	21.8%	37.3%	32.2%	18.9%	31.7%
Rank	5	4	6	6	4	2	2	3	2
Worldwide equity and related issues									
Morgan Stanley global market volume (billions)	\$ 7.3	\$ 10.1	\$ 8.4	\$ 12.8	\$ 16.7	\$ 16.4	\$ 9.4	\$ 22.4	\$ 38.1
Market share	15.3%	13.9%	7.3%	11.1%	11.9%	12.9%	9.4%	10.3%	12.2%
Rank	2	1	6	2	1	2	2	3	1
Worldwide fixed income									
Morgan Stanley global market volume (billions)	\$ 86.0	\$ 88.5	\$ 88.6	\$ 96.8	\$ 89.7	\$ 102.2	\$ 86.9	\$ 242.5	\$ 251.0
Market share	7.2%	6.8%	7.8%	7.3%	7.1%	7.5%	7.6%	7.2%	7.3%
Rank	3	5	3	3	5	2	2	3	2

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

(2) Source: Thomson Financial, data as of September 13, 2004.

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

Refer to Legal Notice page 22.



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

	QUARTER ENDED						Percentage Change From:		Nine Months Ended		Percentage	
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04	Aug 31, 2003	Aug 31, 2004	Change
Investment banking	\$ 80	\$ 66	\$ 79	\$ 80	\$ 77	\$ 82	\$ 64	(19%)	(22%)	\$ 225	\$ 223	(1%)
Principal transactions:												
Trading	154	167	174	156	141	141	130	(25%)	(8%)	495	412	(17%)
Investments	6	1	(3)	0	4	(4)	(3)	--	25%	4	(3)	*
Commissions	280	310	356	365	417	367	315	(12%)	(14%)	946	1,099	16%
Asset management, distribution and admin fees	386	370	403	432	472	511	514	28%	1%	1,159	1,497	29%
Interest and dividends	89	92	93	96	93	95	103	11%	8%	274	291	6%
Other	28	35	37	59	40	52	45	22%	(13%)	100	137	37%
Total revenues	<u>1,023</u>	<u>1,041</u>	<u>1,139</u>	<u>1,188</u>	<u>1,244</u>	<u>1,244</u>	<u>1,168</u>	3%	(6%)	<u>3,203</u>	<u>3,656</u>	14%
Interest expense	<u>38</u>	<u>39</u>	<u>37</u>	<u>35</u>	<u>33</u>	<u>35</u>	<u>44</u>	19%	26%	<u>114</u>	<u>112</u>	(2%)
Net revenues	<u>985</u>	<u>1,002</u>	<u>1,102</u>	<u>1,153</u>	<u>1,211</u>	<u>1,209</u>	<u>1,124</u>	2%	(7%)	<u>3,089</u>	<u>3,544</u>	15%
Total non-interest expenses	<u>902</u>	<u>917</u>	<u>959</u>	<u>1,000</u>	<u>1,045</u>	<u>1,077</u>	<u>1,102</u>	15%	2%	<u>2,778</u>	<u>3,224</u>	16%
Income before taxes	<u>\$ 83</u>	<u>\$ 85</u>	<u>\$ 143</u>	<u>\$ 153</u>	<u>\$ 166</u>	<u>\$ 132</u>	<u>\$ 22</u>	(85%)	(83%)	<u>\$ 311</u>	<u>\$ 320</u>	3%
Pre-tax profit margin (1)	8%	9%	13%	13%	14%	11%	2%			10%	9%	

(1) Income before taxes 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 22.

MORGAN STANLEY
Quarterly Financial Information and Statistical Data
Individual Investor Group
(unaudited)

	QUARTER ENDED							Percentage Change From:	
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04
Global financial advisors	12,056	11,644	11,326	11,086	10,832	10,722	10,785	(5%)	1%
Total client assets (billions)	\$ 498	\$ 532	\$ 544	\$ 565	\$ 595	\$ 579	\$ 576	6%	(1%)
Fee-based client account assets (billions) (1)	\$ 105	\$ 113	\$ 122	\$ 130	\$ 143	\$ 145	\$ 146	20%	1%
Fee-based assets as a % of client assets	21%	21%	22%	23%	24%	25%	25%		
Domestic retail locations	558	547	544	532	526	526	525	(3%)	--

(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 22.



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

	QUARTER ENDED						Percentage Change From:		Nine Months Ended		Percentage Change	
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04	Aug 31, 2003		Aug 31, 2004
Investment banking	\$ 8	\$ 9	\$ 11	\$ 11	\$ 13	\$ 10	\$ 8	(27%)	(20%)	\$ 28	\$ 31	11%
Principal transactions:												
Investments	(18)	14	10	13	9	59	90	*	53%	6	158	*
Commissions	4	3	7	7	8	8	8	14%	--	14	24	71%
Asset management, distribution and admin fees	523	528	567	556	603	607	578	2%	(5%)	1,618	1,788	11%
Interest and dividends	2	0	(2)	0	2	1	3	*	*	0	6	*
Other	7	8	5	9	9	6	7	40%	17%	20	22	10%
Total revenues	526	562	598	596	644	691	694	16%	--	1,686	2,029	20%
Interest expense	1	4	0	1	2	1	2	*	100%	5	5	--
Net revenues	525	558	598	595	642	690	692	16%	--	1,681	2,024	20%
Total non-interest expenses	415	425	456	498	472	481	475	4%	(1%)	1,296	1,428	10%
Income before taxes	\$ 110	\$ 133	\$ 142	\$ 97	\$ 170	\$ 209	\$ 217	53%	4%	\$ 385	\$ 596	55%
Pre-tax profit margin (1)	21%	24%	24%	16%	27%	30%	31%			23%	29%	

(1) Income before taxes 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 22.

MORGAN STANLEY
Quarterly Financial Information
Investment Management
(unaudited)

	QUARTER ENDED							Percentage Change From:	
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04
Assets under management or supervision (\$ billions)									
Net flows									
Retail	\$ (1.4)	\$ 0.3	\$ 1.1	\$ 1.1	\$ 0.5	\$ (0.6)	\$ (0.3)	(127%)	50%
Institutional	(2.5)	(4.2)	(1.8)	(1.5)	1.4	5.7	(0.2)	89%	(104%)
Net flows excluding money markets	(3.9)	(3.9)	(0.7)	(0.4)	1.9	5.1	(0.5)	29%	(110%)
Money markets	(0.9)	(2.6)	0.2	(2.5)	1.4	4.2	9.2	*	119%
Assets under management or supervision by distribution channel									
Retail	\$ 177	\$ 185	\$ 190	\$ 193	\$ 200	\$ 195	\$ 194	2%	(1%)
Institutional	146	151	155	164	180	189	200	29%	6%
Total	<u>\$ 323</u>	<u>\$ 336</u>	<u>\$ 345</u>	<u>\$ 357</u>	<u>\$ 380</u>	<u>\$ 384</u>	<u>\$ 394</u>	14%	3%
Assets under management or supervision by asset class									
Equity	\$ 126	\$ 142	\$ 153	\$ 167	\$ 186	\$ 182	\$ 179	17%	(2%)
Fixed income	118	116	111	111	111	114	116	5%	2%
Money market	64	62	63	60	62	66	76	21%	15%
Other (1)	15	16	18	19	21	22	23	28%	5%
Total	<u>\$ 323</u>	<u>\$ 336</u>	<u>\$ 345</u>	<u>\$ 357</u>	<u>\$ 380</u>	<u>\$ 384</u>	<u>\$ 394</u>	14%	3%

(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 22.

MORGAN STANLEY
Consolidated Assets Under Management or Supervision
(unaudited, dollars in billions)

	QUARTER ENDED						Percentage Change From:		
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04
Consolidated assets under management or supervision by distribution channel									
Retail	\$ 246	\$ 259	\$ 268	\$ 277	\$ 294	\$ 290	\$ 290	8%	--
Institutional	158	162	165	185	201	210	220	33%	5%
Total (1)	<u>\$ 404</u>	<u>\$ 421</u>	<u>\$ 433</u>	<u>\$ 462</u>	<u>\$ 495</u>	<u>\$ 500</u>	<u>\$ 510</u>	18%	2%
Consolidated assets under management or supervision by asset class									
Equity	\$ 155	\$ 174	\$ 189	\$ 207	\$ 231	\$ 226	\$ 224	19%	(1%)
Fixed income	129	127	123	123	124	128	130	6%	2%
Money market	67	65	66	64	65	70	80	21%	14%
Other (2)	53	55	55	68	75	76	76	38%	--
Total (1)	<u>\$ 404</u>	<u>\$ 421</u>	<u>\$ 433</u>	<u>\$ 462</u>	<u>\$ 495</u>	<u>\$ 500</u>	<u>\$ 510</u>	18%	2%

(1) Revenues and expenses associated with customer assets of \$103 billion, \$85 billion and \$103 billion for fiscal 3Q04, fiscal 3Q03 and fiscal 2Q04, respectively, are included in the Company's Individual Investor Group segment, and \$13 billion, \$3 billion and \$13 billion for fiscal 3Q04, fiscal 3Q03 and fiscal 2Q04, respectively, are included in the Company's Institutional Securities segment.

(2) Includes Alternative Investments.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation. Refer to Legal Notice page 22.



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

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04	Aug 31, 2003	Aug 31, 2004	
Fees:												
Merchant and cardmember	\$ 364	\$ 338	\$ 340	\$ 337	\$ 337	\$ 306	\$ 349	3%	14%	\$ 1,042	\$ 992	(5%)
Servicing	567	503	462	483	572	485	459	(1%)	(5%)	1,532	1,516	(1%)
Other	(4)	6	18	(5)	5	16	(5)	(128%)	(131%)	20	16	(20%)
Total non-interest revenues	927	847	820	815	914	807	803	(2%)	--	2,594	2,524	(3%)
Interest revenue	546	543	515	487	480	435	496	(4%)	14%	1,604	1,411	(12%)
Interest expense	239	197	191	179	174	163	162	(15%)	(1%)	627	499	(20%)
Net interest income	307	346	324	308	306	272	334	3%	23%	977	912	(7%)
Provision for consumer loan losses	336	309	310	312	262	200	240	(23%)	20%	955	702	(26%)
Net credit income	(29)	37	14	(4)	44	72	94	*	31%	22	210	*
Net revenues	898	884	834	811	958	879	897	8%	2%	2,616	2,734	5%
Total non-interest expenses	605	580	547	602	593	581	567	4%	(2%)	1,732	1,741	1%
Income before taxes	<u>\$ 293</u>	<u>\$ 304</u>	<u>\$ 287</u>	<u>\$ 209</u>	<u>\$ 365</u>	<u>\$ 298</u>	<u>\$ 330</u>	15%	11%	<u>\$ 884</u>	<u>\$ 993</u>	12%
Pre-tax profit margin (1)	33%	34%	34%	26%	38%	34%	37%			34%	36%	

(1) Income before taxes 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 22.

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

	QUARTER ENDED						Percentage Change From:		Nine Months Ended		Percentage Change	
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04	Aug 31, 2003		Aug 31, 2004
Fees:												
Merchant and cardmember	\$ 548	\$ 523	\$ 523	\$ 512	\$ 519	\$ 467	\$ 499	(5%)	7%	\$ 1,594	\$ 1,485	(7%)
Servicing	0	0	0	0	0	0	0	--	--	0	0	--
Other	53	36	19	1	35	16	(10)	*	*	108	41	(62%)
Total non-interest revenues	601	559	542	513	554	483	489	(10%)	1%	1,702	1,526	(10%)
Interest revenue	1,580	1,592	1,576	1,517	1,524	1,450	1,422	(10%)	(2%)	4,748	4,396	(7%)
Interest expense	441	410	391	366	350	337	337	(14%)	--	1,242	1,024	(18%)
Net interest income	1,139	1,182	1,185	1,151	1,174	1,113	1,085	(8%)	(3%)	3,506	3,372	(4%)
Provision for consumer loan losses	842	857	893	853	770	717	677	(24%)	(6%)	2,592	2,164	(17%)
Net credit income	297	325	292	298	404	396	408	40%	3%	914	1,208	32%
Net revenues	898	884	834	811	958	879	897	8%	2%	2,616	2,734	5%
Total non-interest expenses	605	580	547	602	593	581	567	4%	(2%)	1,732	1,741	1%
Income before taxes	<u>\$ 293</u>	<u>\$ 304</u>	<u>\$ 287</u>	<u>\$ 209</u>	<u>\$ 365</u>	<u>\$ 298</u>	<u>\$ 330</u>	15%	11%	<u>\$ 884</u>	<u>\$ 993</u>	12%
Pre-tax profit margin (1)	33%	34%	34%	26%	38%	34%	37%			34%	36%	

(1) Income before taxes 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 22.

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

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04	Aug 31, 2003	Aug 31, 2004	
Total owned credit card loans												
Period end	\$ 20,847	\$ 18,465	\$ 18,106	\$ 18,930	\$ 15,850	\$ 17,506	\$ 18,471	2%	6%	\$ 18,106	\$ 18,471	2%
Average	\$ 22,305	\$ 19,120	\$ 18,600	\$ 18,143	\$ 17,880	\$ 16,202	\$ 17,787	(4%)	10%	\$ 19,991	\$ 17,287	(14%)
Total managed credit card loans (1)(2)												
Period end	\$ 51,811	\$ 50,880	\$ 49,965	\$ 48,358	\$ 47,336	\$ 46,828	\$ 47,126	(6%)	1%	\$ 49,965	\$ 47,126	(6%)
Average	\$ 52,802	\$ 51,174	\$ 50,663	\$ 48,835	\$ 48,667	\$ 46,929	\$ 46,873	(7%)	--	\$ 51,537	\$ 47,485	(8%)
Interest yield	11.78%	11.97%	11.94%	12.05%	12.20%	11.88%	11.69%	(25 bp)	(19 bp)	11.90%	11.93%	3 bp
Interest spread	8.36%	8.78%	8.91%	9.05%	9.35%	9.06%	8.83%	(8 bp)	(23 bp)	8.69%	9.09%	40 bp
Transaction volume (billions)	\$ 26.1	\$ 24.0	\$ 24.8	\$ 23.0	\$ 24.2	\$ 24.4	\$ 25.4	2%	4%	\$ 74.8	\$ 73.9	(1%)
Accounts (millions)	46.5	46.4	46.3	46.1	45.9	46.0	46.0	(1%)	--	46.3	46.0	(1%)
Active accounts (millions)	22.3	21.8	21.3	20.8	20.3	19.9	19.6	(8%)	(2%)	21.3	19.6	(8%)
Average receivables per avg. active account (actual \$)	\$ 2,333	\$ 2,319	\$ 2,348	\$ 2,319	\$ 2,360	\$ 2,330	\$ 2,381	1%	2%	\$ 2,333	\$ 2,357	1%
Net gain on securitization	\$ 35	\$ 11	\$ (9)	\$ (7)	\$ 19	\$ (12)	\$ (14)	(56%)	(17%)	\$ 37	\$ (7)	(119%)
Credit quality												
Net charge-off rate	6.17%	6.50%	6.90%	6.87%	6.31%	6.48%	5.76%	(114 bp)	(72 bp)	6.52%	6.19%	(33 bp)
Delinquency rate (over 30 days)	6.33%	6.21%	6.05%	5.97%	5.80%	4.88%	4.81%	(124 bp)	(7 bp)	6.05%	4.81%	(124 bp)
Delinquency rate (over 90 days)	2.95%	3.01%	2.91%	2.82%	2.86%	2.40%	2.22%	(69 bp)	(18 bp)	2.91%	2.22%	(69 bp)
Allowance for loan losses at period end	\$ 937	\$ 958	\$ 969	\$ 982	\$ 985	\$ 940	\$ 939	(3%)	--	\$ 969	\$ 939	(3%)
International managed credit card loans (2)												
Period end	\$ 2,272	\$ 2,332	\$ 2,180	\$ 2,216	\$ 2,463	\$ 2,409	\$ 2,337	7%	(3%)	\$ 2,180	\$ 2,337	7%
Average	\$ 2,283	\$ 2,261	\$ 2,356	\$ 2,192	\$ 2,302	\$ 2,411	\$ 2,389	1%	(1%)	\$ 2,300	\$ 2,368	3%
Accounts (millions)	1.0	1.0	1.1	1.1	1.2	1.2	1.2	9%	--	1.1	1.2	9%
Mortgages												
Mortgage originations	\$ 1,319	\$ 1,368	\$ 1,618	\$ 1,205	\$ 959	\$ 1,380	\$ 1,231	(24%)	(11%)	\$ 4,305	\$ 3,570	(17%)

(1) Includes domestic and international credit card businesses.

(2) 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 22.



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

	QUARTER ENDED						Percentage Change From:		Nine Months Ended		Percentage Change	
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04	Aug 31, 2003		Aug 31, 2004
Investment banking	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	--	--	\$ 0	\$ 0	--
Principal transactions:												
Trading	0	0	0	0	0	0	0	--	--	0	0	--
Investments	0	0	0	0	0	0	0	--	--	0	0	--
Commissions	(26)	(27)	(29)	(28)	(29)	(25)	(17)	41%	32%	(82)	(71)	13%
Asset management, distribution and admin. fees	(36)	(39)	(38)	(38)	(37)	(37)	(40)	(5%)	(8%)	(113)	(114)	(1%)
Interest and dividends	(42)	(17)	(16)	(23)	(18)	(19)	(23)	(44%)	(21%)	(75)	(60)	20%
Other	(7)	(12)	(10)	(9)	(8)	(13)	(7)	30%	46%	(29)	(28)	3%
Total revenues	(111)	(95)	(93)	(98)	(92)	(94)	(87)	6%	7%	(299)	(273)	9%
Interest expense	(42)	(17)	(16)	(23)	(18)	(19)	(23)	(44%)	(21%)	(75)	(60)	20%
Net revenues	(69)	(78)	(77)	(75)	(74)	(75)	(64)	17%	15%	(224)	(213)	5%
Total non-interest expenses	(102)	(107)	(108)	(103)	(103)	(104)	(95)	12%	9%	(317)	(302)	5%
Income before taxes	<u>\$ 33</u>	<u>\$ 29</u>	<u>\$ 31</u>	<u>\$ 28</u>	<u>\$ 29</u>	<u>\$ 29</u>	<u>\$ 31</u>	--	7%	<u>\$ 93</u>	<u>\$ 89</u>	(4%)

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.
Refer to Legal Notice page 22.

The following (page 15) 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 that have securities and asset management businesses. Morgan Stanley provides this type of presentation for its credit services activities (page 16) in order to provide helpful comparison to other credit card issuers.

MORGAN STANLEY
Quarterly Institutional Securities, Individual Investor Group and Investment Management (1)
Combined Income Statement Information
(unaudited, dollars in millions)

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04	Aug 31, 2003	Aug 31, 2004	
Investment banking	\$ 589	\$ 536	\$ 608	\$ 707	\$ 829	\$ 983	\$ 783	29%	(20%)	\$ 1,733	\$ 2,595	50%
Principal transactions:												
Trading	1,712	1,670	1,818	992	1,832	2,064	695	(62%)	(66%)	5,200	4,591	(12%)
Investments	(22)	59	38	11	29	191	125	*	(35%)	75	345	*
Commissions	673	709	775	813	901	877	768	(1%)	(12%)	2,157	2,546	18%
Asset management, distribution and administration fees	896	881	956	973	1,072	1,113	1,088	14%	(2%)	2,733	3,273	20%
Interest and dividends	3,126	3,072	3,316	4,210	3,314	3,241	4,929	49%	52%	9,515	11,484	21%
Other	89	112	93	150	118	105	184	98%	75%	294	407	38%
Total revenues	7,063	7,039	7,604	7,856	8,095	8,574	8,572	13%	--	21,707	25,241	16%
Interest expense	2,486	2,871	3,186	3,578	2,810	2,800	4,042	27%	44%	8,544	9,652	13%
Net revenues	4,577	4,168	4,418	4,278	5,285	5,774	4,530	3%	(22%)	13,163	15,589	18%
Compensation and benefits	2,154	1,913	2,087	1,572	2,514	2,725	2,155	3%	(21%)	6,154	7,394	20%
Occupancy and equipment	176	176	170	191	179	185	205	21%	11%	522	569	9%
Brokerage, clearing and exchange fees	191	202	212	233	224	237	231	9%	(3%)	605	692	14%
Information processing and communications	228	234	227	242	234	232	242	7%	4%	689	708	3%
Marketing and business development	109	123	107	148	111	137	143	34%	4%	339	391	15%
Professional services	174	196	218	290	253	291	334	53%	15%	588	878	49%
Other	207	533	156	260	222	462	268	72%	(42%)	896	952	6%
Total non-interest expenses	3,239	3,377	3,177	2,936	3,737	4,269	3,578	13%	(16%)	9,793	11,584	18%
Income from continuing operations before losses from unconsolidated investees, income taxes and dividends on preferred securities subject to mandatory redemption	1,338	791	1,241	1,342	1,548	1,505	952	(23%)	(37%)	3,370	4,005	19%
Losses from unconsolidated investees	34	36	105	104	93	81	77	(27%)	(5%)	175	251	43%
Div. on pref. sec. subject to mandatory redemption (2)	22	40	47	45	45	0	0	*	--	109	45	(59%)
Income before taxes and discontinued operations	\$ 1,282	\$ 715	\$ 1,089	\$ 1,193	\$ 1,410	\$ 1,424	\$ 875	(20%)	(39%)	\$ 3,086	\$ 3,709	20%
Compensation and benefits as a % of net revenues	47%	46%	47%	37%	48%	47%	48%			47%	47%	
Non-compensation expenses as a % of net revenues	24%	35%	25%	32%	23%	27%	31%			28%	27%	
Pre-tax profit margin (3)	29%	18%	27%	30%	28%	26%	21%			25%	25%	
Number of employees (4)	38,867	38,031	37,493	37,435	37,455	38,058	39,494	5%	4%			

- (1) Includes the elimination of intersegment activity.
(2) At February 29, 2004, preferred securities subject to mandatory redemption were reclassified to junior subordinated debt issued to capital trusts (a component of long-term debt) pursuant to the adoption of FIN 46. Dividends on junior subordinated debt issued to capital trusts are included in interest expense from February 29, 2004 forward.
(3) Income before taxes and discontinued operations, excluding losses from unconsolidated investees, as a % of net revenues.
(4) 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 22.

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

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	3Q04 vs. 3Q03	3Q04 vs. 2Q04	Aug 31, 2003	Aug 31, 2004	
Fees:												
Merchant and cardmember	\$ 548	\$ 523	\$ 523	\$ 512	\$ 519	\$ 467	\$ 499	(5%)	7%	\$ 1,594	\$ 1,485	(7%)
Servicing	0	0	0	0	0	0	0	--	--	0	0	--
Other	53	36	19	1	35	16	(10)	*	*	108	41	(62%)
Total non-interest revenues	601	559	542	513	554	483	489	(10%)	1%	1,702	1,526	(10%)
Interest revenue	1,580	1,592	1,576	1,517	1,524	1,450	1,422	(10%)	(2%)	4,748	4,396	(7%)
Interest expense	441	410	391	366	350	337	337	(14%)	--	1,242	1,024	(18%)
Net interest income	1,139	1,182	1,185	1,151	1,174	1,113	1,085	(8%)	(3%)	3,506	3,372	(4%)
Provision for consumer loan losses	842	857	893	853	770	717	677	(24%)	(6%)	2,592	2,164	(17%)
Net credit income	297	325	292	298	404	396	408	40%	3%	914	1,208	32%
Net revenues	898	884	834	811	958	879	897	8%	2%	2,616	2,734	5%
Compensation and benefits	210	199	200	210	198	198	192	(4%)	(3%)	609	588	(3%)
Occupancy and equipment	20	19	21	21	21	21	23	10%	10%	60	65	8%
Information processing and communications	87	81	88	101	86	86	84	(5%)	(2%)	256	256	--
Marketing and business development	154	128	90	108	143	126	136	51%	8%	372	405	9%
Professional services	51	63	65	78	65	65	66	2%	2%	179	196	9%
Other	83	90	83	84	80	85	66	(20%)	(22%)	256	231	(10%)
Total non-interest expenses	605	580	547	602	593	581	567	4%	(2%)	1,732	1,741	1%
Income before taxes	\$ 293	\$ 304	\$ 287	\$ 209	\$ 365	\$ 298	\$ 330	15%	11%	\$ 884	\$ 993	12%
Compensation and benefits as a % of net revenues	23%	23%	24%	26%	21%	23%	21%			23%	22%	
Non-compensation expenses as a % of net revenues	44%	43%	42%	48%	41%	44%	42%			43%	42%	
Pre-tax profit margin (1)	33%	34%	34%	26%	38%	34%	37%			34%	36%	
Number of employees	15,626	15,476	14,712	13,761	13,524	13,522	13,318	(9%)	(2%)			

(1) Income before taxes 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 22.

The following (pages 17 - 20) present a reconciliation for certain information disclosed on pages 12, 13 and 16.

The data is presented on both a "managed" loan basis and as reported under generally accepted accounting principles ("owned" loan basis). Managed loan data assume 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
Financial Information and Statistical Data (1)
(unaudited, dollars in millions)

Quarter Ended Aug 31, 2004

	<u>Period End</u>	<u>Average</u>	<u>Interest Yield</u>	<u>Interest Spread</u>	<u>Net Charge-offs</u>	<u>Delinquency Rate</u>	
						<u>30 Days</u>	<u>90 Days</u>
General Purpose Credit Card Loans:							
Owned	\$ 18,471	\$ 17,787	10.45%	6.54%	5.36%	4.35%	2.01%
Securitized	28,655	29,086	12.44%	10.15%	6.01%	5.10%	2.35%
Managed	<u>\$ 47,126</u>	<u>\$ 46,873</u>	11.69%	8.83%	5.76%	4.81%	2.22%

Quarter Ended May 31, 2004

	<u>Period End</u>	<u>Average</u>	<u>Interest Yield</u>	<u>Interest Spread</u>	<u>Net Charge-offs</u>	<u>Delinquency Rate</u>	
						<u>30 Days</u>	<u>90 Days</u>
General Purpose Credit Card Loans:							
Owned	\$ 17,506	\$ 16,202	9.93%	5.67%	6.02%	4.37%	2.15%
Securitized	29,322	30,727	12.91%	10.77%	6.73%	5.18%	2.55%
Managed	<u>\$ 46,828</u>	<u>\$ 46,929</u>	11.88%	9.06%	6.48%	4.88%	2.40%

Quarter Ended Feb 29, 2004

	<u>Period End</u>	<u>Average</u>	<u>Interest Yield</u>	<u>Interest Spread</u>	<u>Net Charge-offs</u>	<u>Delinquency Rate</u>	
						<u>30 Days</u>	<u>90 Days</u>
General Purpose Credit Card Loans:							
Owned	\$ 15,850	\$ 17,880	10.13%	6.08%	5.81%	5.17%	2.54%
Securitized	31,486	30,787	13.40%	11.20%	6.60%	6.11%	3.01%
Managed	<u>\$ 47,336</u>	<u>\$ 48,667</u>	12.20%	9.35%	6.31%	5.80%	2.86%

(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 22.

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

Quarter Ended Nov 30, 2003							
	Period End	Average	Interest Yield	Interest Spread	Net Charge-	Delinquency Rate	
						30 Days	90 Days
General Purpose Credit Card Loans:							
Owned	\$ 18,930	\$ 18,143	10.07%	5.86%	6.56%	5.36%	2.53%
Securitized	29,428	30,692	13.23%	10.88%	7.06%	6.36%	3.01%
Managed	<u>\$ 48,358</u>	<u>\$ 48,835</u>	12.05%	9.05%	6.87%	5.97%	2.82%
Quarter Ended Aug 31, 2003							
	Period End	Average	Interest Yield	Interest Spread	Net Charge-	Delinquency Rate	
						30 Days	90 Days
General Purpose Credit Card Loans:							
Owned	\$ 18,106	\$ 18,600	10.28%	6.05%	6.26%	5.28%	2.54%
Securitized	31,859	32,063	12.91%	10.52%	7.26%	6.48%	3.12%
Managed	<u>\$ 49,965</u>	<u>\$ 50,663</u>	11.94%	8.91%	6.90%	6.05%	2.91%
Quarter Ended May 31, 2003							
	Period End	Average	Interest Yield	Interest Spread	Net Charge-	Delinquency Rate	
						30 Days	90 Days
General Purpose Credit Card Loans:							
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							
	Period End	Average	Interest Yield	Interest Spread	Net Charge-	Delinquency Rate	
						30 Days	90 Days
General Purpose Credit Card Loans:							
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 22.

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

Nine Months Ended Aug 31, 2004							
	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	Delinquency Rate	
						30 Days	90 Days
General Purpose Credit Card Loans:							
Owned	\$ 18,471	\$ 17,287	10.18%	6.11%	5.72%	4.35%	2.01%
Securitized	28,655	30,198	12.92%	10.71%	6.45%	5.10%	2.35%
Managed	<u>\$ 47,126</u>	<u>\$ 47,485</u>	11.93%	9.09%	6.19%	4.81%	2.22%

Nine Months Ended Aug 31, 2003							
	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	Delinquency Rate	
						30 Days	90 Days
General Purpose Credit Card Loans:							
Owned	\$ 18,106	\$ 19,991	10.00%	5.64%	5.90%	5.28%	2.54%
Securitized	31,859	31,546	13.10%	10.56%	6.91%	6.48%	3.12%
Managed	<u>\$ 49,965</u>	<u>\$ 51,537</u>	11.90%	8.69%	6.52%	6.05%	2.91%

(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 22.

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

	QUARTER ENDED						Nine Months Ended		
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	Aug 31, 2003	Aug 31, 2004
Merchant and cardmember fees:									
Owned	\$ 364	\$ 338	\$ 340	\$ 337	\$ 337	\$ 306	\$ 349	\$ 1,042	\$ 992
Securitization adjustment	184	185	183	175	182	161	150	552	493
Managed	<u>\$ 548</u>	<u>\$ 523</u>	<u>\$ 523</u>	<u>\$ 512</u>	<u>\$ 519</u>	<u>\$ 467</u>	<u>\$ 499</u>	<u>\$ 1,594</u>	<u>\$ 1,485</u>
Servicing fees:									
Owned	\$ 567	\$ 503	\$ 462	\$ 483	\$ 572	\$ 485	\$ 459	\$ 1,532	\$ 1,516
Securitization adjustment	(567)	(503)	(462)	(483)	(572)	(485)	(459)	(1,532)	(1,516)
Managed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other:									
Owned	\$ (4)	\$ 6	\$ 18	\$ (5)	\$ 5	\$ 16	\$ (5)	\$ 20	\$ 16
Securitization adjustment	57	30	1	6	30	0	(5)	88	25
Managed	<u>\$ 53</u>	<u>\$ 36</u>	<u>\$ 19</u>	<u>\$ 1</u>	<u>\$ 35</u>	<u>\$ 16</u>	<u>\$ (10)</u>	<u>\$ 108</u>	<u>\$ 41</u>
Interest revenue:									
Owned	\$ 546	\$ 543	\$ 515	\$ 487	\$ 480	\$ 435	\$ 496	\$ 1,604	\$ 1,411
Securitization adjustment	1,034	1,049	1,061	1,030	1,044	1,015	926	3,144	2,985
Managed	<u>\$ 1,580</u>	<u>\$ 1,592</u>	<u>\$ 1,576</u>	<u>\$ 1,517</u>	<u>\$ 1,524</u>	<u>\$ 1,450</u>	<u>\$ 1,422</u>	<u>\$ 4,748</u>	<u>\$ 4,396</u>
Interest expense:									
Owned	\$ 239	\$ 197	\$ 191	\$ 179	\$ 174	\$ 163	\$ 162	\$ 627	\$ 499
Securitization adjustment	202	213	200	187	176	174	175	615	525
Managed	<u>\$ 441</u>	<u>\$ 410</u>	<u>\$ 391</u>	<u>\$ 366</u>	<u>\$ 350</u>	<u>\$ 337</u>	<u>\$ 337</u>	<u>\$ 1,242</u>	<u>\$ 1,024</u>
Provision for consumer loan losses:									
Owned	\$ 336	\$ 309	\$ 310	\$ 312	\$ 262	\$ 200	\$ 240	\$ 955	\$ 702
Securitization adjustment	506	548	583	541	508	517	437	1,637	1,462
Managed	<u>\$ 842</u>	<u>\$ 857</u>	<u>\$ 893</u>	<u>\$ 853</u>	<u>\$ 770</u>	<u>\$ 717</u>	<u>\$ 677</u>	<u>\$ 2,592</u>	<u>\$ 2,164</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 22.

The following (page 21) presents a reconciliation for 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. Adjusted assets exclude certain self-funded assets considered to have minimal market, credit and/or liquidity risk that are generally attributable to matched book and securities lending businesses as measured by aggregate resale agreements and securities borrowed less non-derivative short positions. In addition, the adjusted leverage ratio reflects the deduction from shareholders' equity of the amount of equity used to support goodwill and intangible assets, 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, dollars in millions, except ratios)

	QUARTER ENDED						
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004
Total assets	\$ 559,436	\$ 586,881	\$ 580,632	\$ 602,843	\$ 656,898	\$ 729,501	\$ 745,033
Less: Securities purchased under agreements to resell	(59,687)	(71,374)	(74,271)	(78,205)	(76,755)	(96,042)	(92,816)
Securities borrowed	(140,566)	(153,639)	(162,366)	(153,813)	(179,288)	(202,412)	(202,863)
Add: Financial instruments sold, not yet purchased	100,721	123,211	112,054	111,448	129,711	130,440	132,618
Less: Derivative contracts sold, not yet purchased	(42,604)	(48,436)	(36,008)	(36,242)	(43,857)	(41,615)	(39,425)
Subtotal	417,300	436,643	420,041	446,031	486,709	519,872	542,547
Less: Segregated customer cash and securities balances	(32,961)	(26,829)	(25,670)	(20,705)	(16,935)	(29,918)	(35,194)
Assets recorded under certain provisions of SFAS No.140 and FIN 46	(21,194)	(24,837)	(28,920)	(35,217)	(39,756)	(40,279)	(40,057)
Goodwill and intangible assets	(1,460)	(1,476)	(1,466)	(1,514)	(1,539)	(1,531)	(2,191)
Adjusted assets	<u>\$ 361,685</u>	<u>\$ 383,501</u>	<u>\$ 363,985</u>	<u>\$ 388,595</u>	<u>\$ 428,479</u>	<u>\$ 448,144</u>	<u>\$ 465,105</u>
Shareholders' equity	\$ 22,590	\$ 22,865	\$ 23,707	\$ 24,867	\$ 26,064	\$ 27,002	\$ 27,420
Junior subordinated debt issued to capital trusts (1)	2,010	2,710	2,810	2,810	2,897	2,897	2,897
Subtotal	24,600	25,575	26,517	27,677	28,961	29,899	30,317
Less: Goodwill and intangible assets	(1,460)	(1,476)	(1,466)	(1,514)	(1,539)	(1,531)	(2,191)
Tangible shareholders' equity	<u>\$ 23,140</u>	<u>\$ 24,099</u>	<u>\$ 25,051</u>	<u>\$ 26,163</u>	<u>\$ 27,422</u>	<u>\$ 28,368</u>	<u>\$ 28,126</u>
Leverage ratio (2)	<u>24.2x</u>	<u>24.4x</u>	<u>23.2x</u>	<u>23.0x</u>	<u>24.0x</u>	<u>25.7x</u>	<u>26.5x</u>
Adjusted leverage ratio (3)	<u>15.6x</u>	<u>15.9x</u>	<u>14.5x</u>	<u>14.9x</u>	<u>15.6x</u>	<u>15.8x</u>	<u>16.5x</u>

(1) The Company views the junior subordinated debt issued to capital trusts as a component of its equity capital base given the inherent characteristics of the securities. These characteristics include the long dated nature (final maturity at issuance of thirty years extendable at the Company's option by a further nineteen years), the Company's ability to defer coupon interest for up to 20 consecutive quarters, and the subordinated nature of the obligations in the capital structure. The Company also receives rating agency equity credit for these securities.

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

(3) 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 22.

MORGAN STANLEY
Legal Notice

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 third quarter earnings press release issued September 22, 2004.