



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

	QUARTER ENDED								Percentage Change From:		Twelve 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	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
Investment banking	\$ 969	\$ 840	\$ 807	\$ 809	\$ 685	\$ 671	\$ 482	\$ 689	(15%)	43%	\$ 3,425	\$ 2,527	(26%)
Principal transactions:													
Trading	1,697	2,070	1,079	645	1,121	688	457	419	(35%)	(8%)	5,491	2,685	(51%)
Investments	(46)	(107)	(59)	(104)	33	(16)	(64)	12	112%	119%	(316)	(35)	89%
Commissions	851	838	720	753	777	900	855	748	(1%)	(13%)	3,162	3,280	4%
Fees:													
Asset management, distribution and admin.	1,109	1,074	1,054	979	1,016	1,054	971	904	(8%)	(7%)	4,216	3,945	(6%)
Merchant and cardmember	312	325	364	348	342	347	359	372	7%	4%	1,349	1,420	5%
Servicing	427	476	434	567	541	511	514	525	(7%)	2%	1,904	2,091	10%
Interest and dividends	7,236	6,950	5,825	4,116	3,832	3,874	4,373	3,787	(8%)	(13%)	24,127	15,866	(34%)
Other	126	139	108	143	193	120	209	114	(20%)	(45%)	516	636	23%
Total revenues	12,681	12,605	10,332	8,256	8,540	8,149	8,156	7,570	(8%)	(7%)	43,874	32,415	(26%)
Interest expense	6,172	6,406	4,869	3,282	2,936	2,844	3,188	3,002	(9%)	(6%)	20,729	11,970	(42%)
Provision for consumer loan losses	213	231	277	331	345	340	332	319	(4%)	(4%)	1,052	1,336	27%
Net revenues	6,296	5,968	5,186	4,643	5,259	4,965	4,636	4,249	(8%)	(8%)	22,093	19,109	(14%)
Compensation and benefits	2,841	2,733	2,376	1,422	2,489	2,236	2,061	1,147	(19%)	(44%)	9,372	7,933	(15%)
Occupancy and equipment	215	227	224	215	198	208	198	221	3%	12%	881	825	(6%)
Brokerage, clearing and exchange fees	167	177	176	180	179	176	208	212	18%	2%	700	775	11%
Information processing and communications	355	371	363	371	322	337	341	379	2%	11%	1,460	1,379	(6%)
Marketing and business development	373	334	280	290	254	259	291	329	13%	13%	1,277	1,133	(11%)
Professional services	334	336	284	345	225	250	273	346	--	27%	1,299	1,094	(16%)
Other	311	318	311	430	245	252	295	223	(48%)	(24%)	1,370	1,015	(26%)
Restructuring and other charges	0	0	0	0	0	0	0	235	*	*	0	235	*
Total non-interest expenses	4,596	4,496	4,014	3,253	3,912	3,718	3,667	3,092	(5%)	(16%)	16,359	14,389	(12%)
Income before taxes, extraordinary item, div. on pref. sec. and cumulative effect of acctg. change	1,700	1,472	1,172	1,390	1,347	1,247	969	1,157	(17%)	19%	5,734	4,720	(18%)
Income tax expense	618	535	423	498	477	428	337	403	(19%)	20%	2,074	1,645	(21%)
Div. on pref. sec. subject to mandatory redemption	7	7	14	22	22	22	21	22	--	5%	50	87	74%
Income before extraordinary item and cumulative effect of accounting change	1,075	930	735	870	848	797	611	732	(16%)	20%	3,610	2,988	(17%)
Extraordinary item (1)	0	0	(30)	0	0	0	0	0	--	--	(30)	0	*
Cumulative effect of accounting change (2)	(59)	0	0	0	0	0	0	0	--	--	(59)	0	*
Net income	\$ 1,016	\$ 930	\$ 705	\$ 870	\$ 848	\$ 797	\$ 611	\$ 732	(16%)	20%	\$ 3,521	\$ 2,988	(15%)
Preferred stock dividend requirements	\$ 9	\$ 9	\$ 9	\$ 5	\$ 0	\$ 0	\$ 0	\$ 0	*	--	\$ 32	\$ 0	*
Earnings applicable to common shares	\$ 1,007	\$ 921	\$ 696	\$ 865	\$ 848	\$ 797	\$ 611	\$ 732	(15%)	20%	\$ 3,489	\$ 2,988	(14%)
Compensation and benefits as a % of net revenues	45%	46%	46%	31%	47%	45%	44%	27%			42%	42%	

(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.

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

Refer to Legal Notice page 15.