



MORGAN STANLEY
Quarterly Institutional Securities 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	\$ 892	\$ 756	\$ 708	\$ 735	\$ 614	\$ 596	\$ 413	\$ 617	(16%)	49%	\$ 3,091	\$ 2,240	(28%)
Principal transactions:													
Trading	1,468	1,862	903	486	946	560	328	280	(42%)	(15%)	4,719	2,114	(55%)
Investments	(14)	(73)	(54)	(75)	30	(17)	13	15	120%	15%	(216)	41	119%
Commissions	479	483	414	440	492	560	556	465	6%	(16%)	1,816	2,073	14%
Asset management, distribution and admin. fees	28	26	23	19	25	23	30	28	47%	(7%)	96	106	10%
Interest and dividends	6,267	6,089	4,978	3,393	3,175	3,169	3,630	3,095	(9%)	(15%)	20,727	13,069	(37%)
Other	100	121	97	120	147	95	78	94	(22%)	21%	438	414	(5%)
Total revenues	9,220	9,264	7,069	5,118	5,429	4,986	5,048	4,594	(10%)	(9%)	30,671	20,057	(35%)
Interest expense	5,683	5,985	4,498	2,951	2,629	2,551	2,896	2,713	(8%)	(6%)	19,117	10,789	(44%)
Net revenues	3,537	3,279	2,571	2,167	2,800	2,435	2,152	1,881	(13%)	(13%)	11,554	9,268	(20%)
Total non-interest expenses	2,360	2,251	1,839	1,265	1,953	1,752	1,720	1,139	(10%)	(34%)	7,715	6,564	(15%)
Income before taxes, extraordinary item, div. on pref. sec. and cumulative effect of acctg. change	1,177	1,028	732	902	847	683	432	742	(18%)	72%	3,839	2,704	(30%)
Income tax expense	407	356	249	305	295	213	139	267	(12%)	92%	1,317	914	(31%)
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	763	665	469	575	530	448	272	453	(21%)	67%	2,472	1,703	(31%)
Extraordinary item (1)	0	0	(30)	0	0	0	0	0	--	--	(30)	0	*
Cumulative effect of accounting change (2)	(46)	0	0	0	0	0	0	0	--	--	(46)	0	*
Net income	\$ 717	\$ 665	\$ 439	\$ 575	\$ 530	\$ 448	\$ 272	\$ 453	(21%)	67%	\$ 2,396	\$ 1,703	(29%)
Profit margin (3)	22%	20%	18%	27%	19%	18%	13%	24%			21%	18%	

(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) Net income excluding cumulative effect of accounting change 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 15.