MorganStanley

**MORGAN STANLEY**
**Financial Summary**
**(unaudited, dollars in millions)**

| | QUARTER ENDED | | | | | | | | Percentage Change From: | | Twelve Months Ended | | Percentage |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | Change |
| **Net revenues** | | | | | | | | | | | | | |
| Institutional Securities | $ 3,537 | $ 3,279 | $ 2,571 | $ 2,167 | $ 2,800 | $ 2,435 | $ 2,152 | $ 1,881 | (13%) | (13%) | $ 11,554 | $ 9,268 | (20%) |
| Individual Investor Group | 1,224 | 1,163 | 1,077 | 991 | 1,019 | 1,041 | 1,013 | 907 | (8%) | (10%) | 4,455 | 3,980 | (11%) |
| Investment Management | 675 | 624 | 645 | 581 | 617 | 615 | 538 | 534 | (8%) | (1%) | 2,525 | 2,304 | (9%) |
| Credit Services | 860 | 902 | 893 | 904 | 823 | 874 | 933 | 927 | 3% | (1%) | 3,559 | 3,557 | -- |
| Consolidated 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%) |
| **Net income** | | | | | | | | | | | | | |
| Institutional Securities | $ 763 | $ 665 | $ 469 | $ 575 | $ 530 | $ 448 | $ 272 | $ 453 | (21%) | 67% | $ 2,472 | $ 1,703 | (31%) |
| Individual Investor Group | 25 | (25) | (58) | 14 | 7 | 12 | 5 | (31) | * | * | (44) | (7) | 84% |
| Investment Management | 145 | 119 | 128 | 88 | 144 | 141 | 124 | 116 | 32% | (6%) | 480 | 525 | 9% |
| Credit Services | 142 | 171 | 196 | 193 | 167 | 196 | 210 | 194 | 1% | (8%) | 702 | 767 | 9% |
| 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 | * |
| Consolidated 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%) |
| **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 | $ 0.68 | (15%) | 19% | $ 3.29 | $ 2.76 | (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 | $ 0.68 | (15%) | 19% | $ 3.21 | $ 2.76 | (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 | $ 0.67 | (14%) | 22% | $ 3.19 | $ 2.69 | (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 | $ 0.67 | (14%) | 22% | $ 3.11 | $ 2.69 | (14%) |
| **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 | 1,074,654,825 | | | 1,086,121,508 | 1,083,270,783 | |
| 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 | 1,095,716,005 | | | 1,121,764,086 | 1,109,637,953 | |
| **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 | 1,081,417,377 | | | 1,093,006,744 | 1,081,417,377 | |
| Return on common equity (3) | 22.5% | 19.1% | 14.9% | 17.6% | 16.4% | 15.1% | 11.4% | 13.7% | | | 18.5% | 14.1% | |

(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 15.