

**MORGAN STANLEY**  
**Financial Supplement - 4Q2004**  
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**MORGAN STANLEY**  
**Quarterly Financial Summary**  
(unaudited, dollars in millions)

	QUARTER ENDED								Percentage Change From:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
<b>Net revenues</b>													
Institutional Securities	\$ 3,136	\$ 2,680	\$ 2,792	\$ 2,603	\$ 3,504	\$ 3,947	\$ 2,776	\$ 2,836	9%	2%	\$ 11,211	\$ 13,063	17%
Individual Investor Group	985	1,002	1,102	1,153	1,211	1,209	1,124	1,071	(7%)	(5%)	4,242	4,615	9%
Investment Management	525	558	598	595	642	690	692	714	20%	3%	2,276	2,738	20%
Credit Services	898	884	834	811	958	879	897	900	11%	--	3,427	3,634	6%
Intersegment Eliminations	(69)	(78)	(77)	(75)	(74)	(75)	(64)	(72)	4%	(13%)	(299)	(285)	5%
Consolidated net revenues	\$ 5,475	\$ 5,046	\$ 5,249	\$ 5,087	\$ 6,241	\$ 6,650	\$ 5,425	\$ 5,449	7%	--	\$ 20,857	\$ 23,765	14%
<b>Income before taxes <sup>(1)</sup></b>													
Institutional Securities	\$ 1,112	\$ 544	\$ 925	\$ 1,064	\$ 1,183	\$ 1,135	\$ 682	\$ 1,097	3%	61%	\$ 3,645	\$ 4,097	12%
Individual Investor Group	83	85	143	153	166	132	22	51	(67%)	132%	464	371	(20%)
Investment Management	110	133	142	97	170	209	217	231	138%	6%	482	827	72%
Credit Services	293	304	287	209	365	298	330	279	33%	(15%)	1,093	1,272	16%
Intersegment Eliminations	33	29	31	28	29	29	31	29	4%	(6%)	121	118	(2%)
Consolidated income before taxes	\$ 1,631	\$ 1,095	\$ 1,528	\$ 1,551	\$ 1,913	\$ 1,803	\$ 1,282	\$ 1,687	9%	32%	\$ 5,805	\$ 6,685	15%
<b>Earnings per basic share:</b>													
Income from continuing operations	\$ 0.97	\$ 0.67	\$ 0.96	\$ 0.94	\$ 1.14	\$ 1.13	\$ 0.80	\$ 1.11	18%	39%	\$ 3.54	\$ 4.17	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	\$ 1.11	18%	42%	\$ 3.52	\$ 4.15	18%
<b>Earnings per diluted share:</b>													
Income from continuing operations	\$ 0.95	\$ 0.66	\$ 0.94	\$ 0.92	\$ 1.11	\$ 1.10	\$ 0.78	\$ 1.09	18%	40%	\$ 3.47	\$ 4.08	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	\$ 1.09	18%	43%	\$ 3.45	\$ 4.06	18%
<b>Average common shares outstanding</b>													
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	1,076,221,276			1,076,754,740	1,080,121,708	
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	1,098,282,118			1,099,117,972	1,105,185,480	
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	1,087,087,116			1,084,696,446	1,087,087,116	
Return on common equity	18.5%	12.5%	17.8%	16.9%	19.2%	18.4%	12.3%	17.4%			16.4%	16.8%	

(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:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
Investment banking	\$ 589	\$ 536	\$ 608	\$ 707	\$ 829	\$ 983	\$ 783	\$ 746	6%	(5%)	\$ 2,440	\$ 3,341	37%
Principal transactions:													
Trading	1,712	1,670	1,818	992	1,832	2,064	695	934	(6%)	34%	6,192	5,525	(11%)
Investments	(22)	59	38	11	29	191	125	167	*	34%	86	512	*
Commissions	653	689	754	791	868	846	733	817	3%	11%	2,887	3,264	13%
Fees:													
Asset management, distribution and admin.	900	885	963	983	1,093	1,132	1,111	1,076	9%	(3%)	3,731	4,412	18%
Merchant and cardmember	364	338	340	337	337	306	349	326	(3%)	(7%)	1,379	1,318	(4%)
Servicing	567	503	462	483	572	485	459	477	(1%)	4%	2,015	1,993	(1%)
Interest and dividends	3,633	3,605	3,821	4,685	3,782	3,663	5,410	5,735	22%	6%	15,744	18,590	18%
Other	101	128	122	155	133	130	189	142	(8%)	(25%)	506	594	17%
Total revenues	8,497	8,413	8,926	9,144	9,475	9,800	9,854	10,420	14%	6%	34,980	39,549	13%
Interest expense	2,686	3,058	3,367	3,745	2,972	2,950	4,189	4,748	27%	13%	12,856	14,859	16%
Provision for consumer loan losses	336	309	310	312	262	200	240	223	(29%)	(7%)	1,267	925	(27%)
Net revenues	5,475	5,046	5,249	5,087	6,241	6,650	5,425	5,449	7%	--	20,857	23,765	14%
Compensation and benefits	2,364	2,112	2,287	1,782	2,712	2,923	2,347	1,898	7%	(19%)	8,545	9,880	16%
Occupancy and equipment	196	195	191	212	200	206	228	215	1%	(6%)	794	849	7%
Brokerage, clearing and exchange fees	191	202	212	233	224	237	231	240	3%	4%	838	932	11%
Information processing and communications	315	315	315	343	320	318	326	346	1%	6%	1,288	1,310	2%
Marketing and business development	263	251	197	256	254	263	279	333	30%	19%	967	1,129	17%
Professional services	225	259	283	368	318	356	400	475	29%	19%	1,135	1,549	36%
Other	290	617	236	342	300	544	332	255	(25%)	(23%)	1,485	1,431	(4%)
Total non-interest expenses	3,844	3,951	3,721	3,536	4,328	4,847	4,143	3,762	6%	(9%)	15,052	17,080	13%
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	1,687	9%	32%	5,805	6,685	15%
Losses from unconsolidated investees	34	36	105	104	93	81	77	77	(26%)	--	279	328	18%
Provision for income taxes	533	300	342	387	551	498	343	411	6%	20%	1,562	1,803	15%
Div. on pref. sec. subject to mandatory redemption <sup>(1)</sup>	22	40	47	45	45	0	0	0	*	--	154	45	(71%)
Income from continuing operations	1,042	719	1,034	1,015	1,224	1,224	862	1,199	18%	39%	3,810	4,509	18%
Discontinued operations													
Loss/(gain) from discontinued operations (including													
loss on disposal of \$42 million in 2004)	20	18	(2)	2	(3)	1	42	(2)	*	(105%)	38	38	--
Income tax (benefit)/provision	(8)	(7)	1	(1)	1	0	(17)	1	*	106%	(15)	(15)	--
Loss/(gain) on discontinued operations	12	11	(1)	1	(2)	1	25	(1)	*	(104%)	23	23	--
Net income	\$ 1,030	\$ 708	\$ 1,035	\$ 1,014	\$ 1,226	\$ 1,223	\$ 837	\$ 1,200	18%	43%	\$ 3,787	\$ 4,486	18%
Compensation and benefits as a % of net revenues	43%	42%	44%	35%	44%	44%	43%	35%			41%	42%	

(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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04
<b>Morgan Stanley</b>										
Total assets (millions)	\$ 559,436	\$ 586,881	\$ 580,632	\$ 602,843	\$ 656,898	\$ 729,501	\$ 745,033	\$ 775,410	29%	4%
Adjusted assets (millions) <sup>(1)</sup>	\$ 361,685	\$ 383,501	\$ 363,985	\$ 388,586	\$ 428,470	\$ 448,135	\$ 465,105	\$ 438,333	13%	(6%)
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	1,087.1	--	(1%)
Book value per common share	\$ 20.73	\$ 21.04	\$ 21.79	\$ 22.93	\$ 23.75	\$ 24.59	\$ 25.00	\$ 25.95	13%	4%
Shareholders' equity (millions) <sup>(2)</sup>	\$ 24,600	\$ 25,575	\$ 26,517	\$ 27,677	\$ 28,961	\$ 29,899	\$ 30,317	\$ 31,103	12%	3%
Total capital (millions) <sup>(3)</sup>	\$ 72,557	\$ 78,899	\$ 78,241	\$ 82,769	\$ 96,359	\$ 100,127	\$ 101,237	\$ 110,793	34%	9%
Worldwide employees	54,493	53,507	52,205	51,196	50,979	51,580	52,812	53,284	4%	1%
Average Daily 99%/One-Day Value-at-Risk ("VaR") <sup>(4)</sup>										
Primary Market Risk Category (\$ millions, pre-tax)										
Interest rate and credit spread	\$ 42	\$ 41	\$ 42	\$ 45	\$ 42	\$ 50	\$ 52	\$ 51		
Equity price	24	23	25	29	30	32	36	37		
Foreign exchange rate	12	11	7	13	11	12	12	10		
Commodity price	29	27	27	26	27	34	40	30		
Aggregate trading VaR	\$ 52	\$ 54	\$ 54	\$ 61	\$ 62	\$ 72	\$ 79	\$ 80		

- (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 August 31, 2004 and November 30, 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/A 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/A 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:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
Investment banking	\$ 501	\$ 461	\$ 518	\$ 616	\$ 739	\$ 891	\$ 711	\$ 667	8%	(6%)	\$ 2,096	\$ 3,008	44%
Principal transactions:													
Trading	1,558	1,503	1,644	836	1,691	1,923	565	828	(1%)	47%	5,541	5,007	(10%)
Investments	(10)	44	31	(2)	16	136	38	79	*	108%	63	269	*
Commissions	415	423	441	469	505	527	462	504	7%	9%	1,748	1,998	14%
Asset management, distribution and admin. fees	23	22	24	23	34	32	36	42	83%	17%	92	144	57%
Interest and dividends	3,038	2,987	3,231	4,125	3,225	3,151	4,831	5,160	25%	7%	13,381	16,367	22%
Other	61	75	58	89	75	57	137	123	38%	(10%)	283	392	39%
Total revenues	5,586	5,515	5,947	6,156	6,285	6,717	6,780	7,403	20%	9%	23,204	27,185	17%
Interest expense	2,450	2,835	3,155	3,553	2,781	2,770	4,004	4,567	29%	14%	11,993	14,122	18%
Net revenues	3,136	2,680	2,792	2,603	3,504	3,947	2,776	2,836	9%	2%	11,211	13,063	17%
Total non-interest expenses	2,024	2,136	1,867	1,539	2,321	2,812	2,094	1,739	13%	(17%)	7,566	8,966	19%
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	1,097	3%	61%	3,645	4,097	12%
Losses from unconsolidated investees	34	36	105	104	93	81	77	77	(26%)	--	279	328	18%
Div. on pref. sec. subject to mandatory redemption <sup>(1)</sup>	22	40	47	45	45	0	0	0	*	--	154	45	(71%)
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>	<u>\$ 1,020</u>	11%	69%	<u>\$ 3,212</u>	<u>\$ 3,724</u>	16%
Pre-tax profit margin <sup>(2)</sup>	35%	19%	31%	39%	33%	29%	25%	39%			31%	31%	

(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:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
Advisory revenue (millions)	\$ 166	\$ 141	\$ 130	\$ 225	\$ 232	\$ 324	\$ 310	\$ 290	29%	(6%)	\$ 662	\$ 1,156	75%
Underwriting revenue (millions)													
Equity	127	152	183	178	314	314	200	165	(7%)	(18%)	640	993	55%
Fixed income	208	168	205	213	193	253	201	212	--	5%	794	859	8%
Total underwriting revenue	\$ 335	\$ 320	\$ 388	\$ 391	\$ 507	\$ 567	\$ 401	\$ 377	(4%)	(6%)	\$ 1,434	\$ 1,852	29%
Sales and trading net revenue (millions) <sup>(1)</sup>													
Equity	977	865	830	919	1,105	1,113	883	966	5%	9%	3,591	4,067	13%
Fixed income	1,635	1,282	1,462	977	1,651	1,828	1,186	890	(9%)	(25%)	5,356	5,555	4%
Total sales and trading net revenue	\$ 2,612	\$ 2,147	\$ 2,292	\$ 1,896	\$ 2,756	\$ 2,941	\$ 2,069	\$ 1,856	(2%)	(10%)	\$ 8,947	\$ 9,622	8%
Fiscal View												Calendar View	
Quarter Ended (2)												Eleven Months Ended (2)	
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	Nov 30, 2004				Nov 30, 2003	Nov 30, 2004
Mergers and acquisitions announced transactions													
Morgan Stanley global market volume (billions)	\$ 51.6	\$ 24.5	\$ 62.4	\$ 120.2	\$ 118.0	\$ 67.2	\$ 80.2	\$ 60.4			\$ 233.2	\$ 315.8	
Market share	21.4%	7.8%	21.7%	31.1%	28.5%	19.3%	20.3%	14.7%			20.8%	21.2%	
Rank	3	10	3	2	3	4	4	8			2	5	
Mergers and acquisitions completed transactions													
Morgan Stanley global market volume (billions)	\$ 44.2	\$ 65.6	\$ 36.1	\$ 33.2	\$ 58.6	\$ 132.5	\$ 138.3	\$ 53.6			\$ 164.9	\$ 340.0	
Market share	17.4%	21.1%	13.8%	14.3%	22.4%	36.3%	31.2%	15.7%			17.6%	26.8%	
Rank	5	4	7	6	4	2	2	7			4	2	
Worldwide equity and related issues													
Morgan Stanley global market volume (billions)	\$ 7.3	\$ 10.1	\$ 8.4	\$ 12.8	\$ 16.5	\$ 16.4	\$ 9.4	\$ 11.4			\$ 35.2	\$ 49.3	
Market share	15.1%	13.9%	7.3%	11.1%	11.8%	12.8%	9.2%	8.3%			10.5%	10.9%	
Rank	2	1	6	2	1	2	2	3			3	1	
Worldwide fixed income													
Morgan Stanley global market volume (billions)	\$ 86.0	\$ 88.4	\$ 88.6	\$ 96.8	\$ 89.9	\$ 102.5	\$ 89.5	\$ 90.8			\$ 339.1	\$ 344.8	
Market share	7.2%	6.8%	7.9%	7.4%	7.1%	7.5%	7.6%	6.8%			7.3%	7.1%	
Rank	3	5	3	3	5	2	2	3			3	2	

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

(2) Source: Thomson Financial, data as of December 9, 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:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
Investment banking	\$ 80	\$ 66	\$ 79	\$ 80	\$ 77	\$ 82	\$ 64	\$ 67	(16%)	5%	\$ 305	\$ 290	(5%)
Principal transactions:													
Trading	154	167	174	156	141	141	130	106	(32%)	(18%)	651	518	(20%)
Investments	6	1	(3)	0	4	(4)	(3)	(2)	*	33%	4	(5)	*
Commissions	261	290	336	344	385	336	281	325	(6%)	16%	1,231	1,327	8%
Asset management, distribution and admin fees	389	374	409	441	492	530	536	480	9%	(10%)	1,613	2,038	26%
Interest and dividends	89	92	93	96	93	95	103	118	23%	15%	370	409	11%
Other	44	51	51	71	52	64	57	21	(70%)	(63%)	217	194	(11%)
Total revenues	1,023	1,041	1,139	1,188	1,244	1,244	1,168	1,115	(6%)	(5%)	4,391	4,771	9%
Interest expense	38	39	37	35	33	35	44	44	26%	--	149	156	5%
Net revenues	985	1,002	1,102	1,153	1,211	1,209	1,124	1,071	(7%)	(5%)	4,242	4,615	9%
Total non-interest expenses	902	917	959	1,000	1,045	1,077	1,102	1,020	2%	(7%)	3,778	4,244	12%
Income before taxes	\$ 83	\$ 85	\$ 143	\$ 153	\$ 166	\$ 132	\$ 22	\$ 51	(67%)	132%	\$ 464	\$ 371	(20%)
Pre-tax profit margin <sup>(1)</sup>	8%	9%	13%	13%	14%	11%	2%	5%			11%	8%	

(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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04
Global financial advisors	12,056	11,644	11,326	11,086	10,832	10,722	10,785	10,962	(1%)	2%
Total client assets (billions)	\$ 498	\$ 532	\$ 544	\$ 565	\$ 595	\$ 579	\$ 576	\$ 602	7%	5%
Fee-based client account assets (billions) <sup>(1)</sup>	\$ 105	\$ 113	\$ 122	\$ 130	\$ 143	\$ 145	\$ 146	\$ 157	21%	8%
Fee-based assets as a % of client assets	21%	21%	22%	23%	24%	25%	25%	26%		
Domestic retail locations	558	547	544	532	526	526	525	525	(1%)	--

(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:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
Investment banking	\$ 8	\$ 9	\$ 11	\$ 11	\$ 13	\$ 10	\$ 8	\$ 12	9%	50%	\$ 39	\$ 43	10%
Principal transactions:													
Investments	(18)	14	10	13	9	59	90	90	*	--	19	248	*
Commissions	3	3	6	6	7	8	7	5	(17%)	(29%)	18	27	50%
Asset management, distribution and admin fees	524	528	568	557	604	607	579	600	8%	4%	2,177	2,390	10%
Interest and dividends	2	0	(2)	0	2	1	3	2	*	(33%)	0	8	*
Other	7	8	5	9	9	6	7	6	(33%)	(14%)	29	28	(3%)
Total revenues	526	562	598	596	644	691	694	715	20%	3%	2,282	2,744	20%
Interest expense	1	4	0	1	2	1	2	1	--	(50%)	6	6	--
Net revenues	525	558	598	595	642	690	692	714	20%	3%	2,276	2,738	20%
Total non-interest expenses	415	425	456	498	472	481	475	483	(3%)	2%	1,794	1,911	7%
Income before taxes	\$ 110	\$ 133	\$ 142	\$ 97	\$ 170	\$ 209	\$ 217	\$ 231	138%	6%	\$ 482	\$ 827	72%
Pre-tax profit margin <sup>(1)</sup>	21%	24%	24%	16%	27%	30%	31%	32%			21%	30%	

(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:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
Assets under management or supervision (\$ billions)													
Net flows													
Retail	\$ (1.4)	\$ 0.3	\$ 1.1	\$ 1.1	\$ 0.5	\$ (0.6)	\$ (0.3)	\$ 0.4	(64%)	*	\$ 1.1	\$ -	*
Institutional	(2.5)	(4.2)	(1.8)	(1.5)	1.4	5.7	(0.2)	1.2	*	*	(10.0)	8.1	*
Net flows excluding money markets	(3.9)	(3.9)	(0.7)	(0.4)	1.9	5.1	(0.5)	1.6	*	*	(8.9)	8.1	*
Money markets	(0.9)	(2.6)	0.2	(2.5)	1.4	4.2	9.2	5.8	*	(37%)	(5.8)	20.6	*
Assets under management or supervision by distribution channel													
Retail	\$ 177	\$ 185	\$ 190	\$ 193	\$ 200	\$ 195	\$ 194	\$ 202	5%	4%			
Institutional	146	151	155	164	180	189	200	222	35%	11%			
Total	<u>\$ 323</u>	<u>\$ 336</u>	<u>\$ 345</u>	<u>\$ 357</u>	<u>\$ 380</u>	<u>\$ 384</u>	<u>\$ 394</u>	<u>\$ 424</u>	19%	8%			
Assets under management or supervision by asset class													
Equity	\$ 126	\$ 142	\$ 153	\$ 167	\$ 186	\$ 182	\$ 179	\$ 200	20%	12%			
Fixed income	118	116	111	111	111	114	116	114	3%	(2%)			
Money market	64	62	63	60	62	66	76	83	38%	9%			
Other <sup>(1)</sup>	15	16	18	19	21	22	23	27	42%	17%			
Total	<u>\$ 323</u>	<u>\$ 336</u>	<u>\$ 345</u>	<u>\$ 357</u>	<u>\$ 380</u>	<u>\$ 384</u>	<u>\$ 394</u>	<u>\$ 424</u>	19%	8%			

(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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04
Consolidated assets under management or supervision by distribution channel										
Retail	\$ 246	\$ 259	\$ 268	\$ 277	\$ 294	\$ 290	\$ 290	\$ 305	10%	5%
Institutional	158	162	165	185	201	210	220	242	31%	10%
Total <sup>(1)</sup>	<u>\$ 404</u>	<u>\$ 421</u>	<u>\$ 433</u>	<u>\$ 462</u>	<u>\$ 495</u>	<u>\$ 500</u>	<u>\$ 510</u>	<u>\$ 547</u>	18%	7%
Consolidated assets under management or supervision by asset class										
Equity	\$ 155	\$ 174	\$ 189	\$ 207	\$ 231	\$ 226	\$ 224	\$ 251	21%	12%
Fixed income	129	127	123	123	124	128	130	130	6%	--
Money market	67	65	66	64	65	70	80	87	36%	9%
Other <sup>(2)</sup>	53	55	55	68	75	76	76	79	16%	4%
Total <sup>(1)</sup>	<u>\$ 404</u>	<u>\$ 421</u>	<u>\$ 433</u>	<u>\$ 462</u>	<u>\$ 495</u>	<u>\$ 500</u>	<u>\$ 510</u>	<u>\$ 547</u>	18%	7%

(1) Revenues and expenses associated with customer assets of \$110 billion, \$91 billion and \$103 billion for fiscal 4Q04, fiscal 4Q03 and fiscal 3Q04, respectively, are included in the Company's Individual Investor Group segment, and \$13 billion, \$14 billion and \$13 billion for fiscal 4Q04, fiscal 4Q03 and fiscal 3Q04, 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:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
Fees:													
Merchant and cardmember	\$ 364	\$ 338	\$ 340	\$ 337	\$ 337	\$ 306	\$ 349	\$ 326	(3%)	(7%)	\$ 1,379	\$ 1,318	(4%)
Servicing	567	503	462	483	572	485	459	477	(1%)	4%	2,015	1,993	(1%)
Other	(4)	6	18	(5)	5	16	(5)	1	120%	120%	15	17	13%
Total non-interest revenues	927	847	820	815	914	807	803	804	(1%)	--	3,409	3,328	(2%)
Interest revenue	546	543	515	487	480	435	496	482	(1%)	(3%)	2,091	1,893	(9%)
Interest expense	239	197	191	179	174	163	162	163	(9%)	1%	806	662	(18%)
Net interest income	307	346	324	308	306	272	334	319	4%	(4%)	1,285	1,231	(4%)
Provision for consumer loan losses	336	309	310	312	262	200	240	223	(29%)	(7%)	1,267	925	(27%)
Net credit income	(29)	37	14	(4)	44	72	94	96	*	2%	18	306	*
Net revenues	898	884	834	811	958	879	897	900	11%	--	3,427	3,634	6%
Total non-interest expenses	605	580	547	602	593	581	567	621	3%	10%	2,334	2,362	1%
Income before taxes	\$ 293	\$ 304	\$ 287	\$ 209	\$ 365	\$ 298	\$ 330	\$ 279	33%	(15%)	\$ 1,093	\$ 1,272	16%
Pre-tax profit margin <sup>(1)</sup>	33%	34%	34%	26%	38%	34%	37%	31%			32%	35%	

(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:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
Fees:													
Merchant and cardmember	\$ 548	\$ 523	\$ 523	\$ 512	\$ 519	\$ 467	\$ 499	\$ 485	(5%)	(3%)	\$ 2,106	\$ 1,970	(6%)
Servicing	0	0	0	0	0	0	0	0	--	--	0	0	--
Other	53	36	19	1	35	16	(10)	9	*	*	109	50	(54%)
Total non-interest revenues	601	559	542	513	554	483	489	494	(4%)	1%	2,215	2,020	(9%)
Interest revenue	1,580	1,592	1,576	1,517	1,524	1,450	1,422	1,407	(7%)	(1%)	6,265	5,803	(7%)
Interest expense	441	410	391	366	350	337	337	368	1%	9%	1,608	1,392	(13%)
Net interest income	1,139	1,182	1,185	1,151	1,174	1,113	1,085	1,039	(10%)	(4%)	4,657	4,411	(5%)
Provision for consumer loan losses	842	857	893	853	770	717	677	633	(26%)	(6%)	3,445	2,797	(19%)
Net credit income	297	325	292	298	404	396	408	406	36%	--	1,212	1,614	33%
Net revenues	898	884	834	811	958	879	897	900	11%	--	3,427	3,634	6%
Total non-interest expenses	605	580	547	602	593	581	567	621	3%	10%	2,334	2,362	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>	<u>\$ 279</u>	33%	(15%)	<u>\$ 1,093</u>	<u>\$ 1,272</u>	16%
Pre-tax profit margin <sup>(1)</sup>	33%	34%	34%	26%	38%	34%	37%	31%			32%	35%	

(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:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
Total owned credit card loans													
Period end	\$ 20,847	\$ 18,465	\$ 18,106	\$ 18,930	\$ 15,850	\$ 17,506	\$ 18,471	\$ 19,724	4%	7%	\$ 18,930	\$ 19,724	4%
Average	\$ 22,305	\$ 19,120	\$ 18,600	\$ 18,143	\$ 17,880	\$ 16,202	\$ 17,787	\$ 18,579	2%	4%	\$ 19,531	\$ 17,608	(10%)
Total managed credit card loans <sup>(1)(2)</sup>													
Period end	\$ 51,811	\$ 50,880	\$ 49,965	\$ 48,358	\$ 47,336	\$ 46,828	\$ 47,126	\$ 48,261	--	2%	\$ 48,358	\$ 48,261	--
Average	\$ 52,802	\$ 51,174	\$ 50,663	\$ 48,835	\$ 48,667	\$ 46,929	\$ 46,873	\$ 47,090	(4%)	--	\$ 50,864	\$ 47,387	(7%)
Interest yield	11.78%	11.97%	11.94%	12.05%	12.20%	11.88%	11.69%	11.59%	(46 bp)	(10 bp)	11.93%	11.84%	(9 bp)
Interest spread	8.36%	8.78%	8.91%	9.05%	9.35%	9.06%	8.83%	8.43%	(62 bp)	(40 bp)	8.77%	8.92%	15 bp
Transaction volume (billions)	\$ 26.1	\$ 24.0	\$ 24.8	\$ 23.0	\$ 24.2	\$ 24.4	\$ 25.4	\$ 25.7	12%	1%	\$ 97.9	\$ 99.6	2%
Accounts (millions)	46.5	46.4	46.3	46.1	45.9	46.0	46.0	46.2	--	--	46.1	46.2	--
Active accounts (millions)	22.3	21.8	21.3	20.8	20.3	19.9	19.6	19.7	(5%)	1%	20.8	19.7	(5%)
Average receivables per avg. active account (actual \$)	\$ 2,333	\$ 2,319	\$ 2,348	\$ 2,319	\$ 2,360	\$ 2,330	\$ 2,381	\$ 2,407	4%	1%	\$ 2,329	\$ 2,369	2%
Net gain on securitization	\$ 35	\$ 11	\$ (9)	\$ (7)	\$ 19	\$ (12)	\$ (14)	\$ (1)	86%	93%	\$ 30	\$ (8)	(127%)
Credit quality													
Net charge-off rate	6.17%	6.50%	6.90%	6.87%	6.31%	6.48%	5.76%	5.45%	(142 bp)	(31 bp)	6.60%	6.00%	(60 bp)
Delinquency rate (over 30 days)	6.33%	6.21%	6.05%	5.97%	5.80%	4.88%	4.81%	4.55%	(142 bp)	(26 bp)	5.97%	4.55%	(142 bp)
Delinquency rate (over 90 days)	2.95%	3.01%	2.91%	2.82%	2.86%	2.40%	2.22%	2.18%	(64 bp)	(4 bp)	2.82%	2.18%	(64 bp)
Allowance for loan losses at period end	\$ 937	\$ 958	\$ 969	\$ 982	\$ 985	\$ 940	\$ 939	\$ 929	(5%)	(1%)	\$ 982	\$ 929	(5%)
International managed credit card loans <sup>(2)</sup>													
Period end	\$ 2,272	\$ 2,332	\$ 2,180	\$ 2,216	\$ 2,463	\$ 2,409	\$ 2,337	\$ 2,571	16%	10%	\$ 2,216	\$ 2,571	16%
Average	\$ 2,283	\$ 2,261	\$ 2,356	\$ 2,192	\$ 2,302	\$ 2,411	\$ 2,389	\$ 2,372	8%	(1%)	\$ 2,273	\$ 2,369	4%
Accounts (millions)	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.3	18%	8%	1.1	1.3	18%
Mortgages													
Mortgage originations	\$ 1,319	\$ 1,368	\$ 1,618	\$ 1,205	\$ 959	\$ 1,380	\$ 1,231	\$ 1,046	(13%)	(15%)	\$ 5,510	\$ 4,616	(16%)

(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:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
Investment banking	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	--	--	\$ 0	\$ 0	--
Principal transactions:													
Trading	0	0	0	0	0	0	0	0	--	--	0	0	--
Investments	0	0	0	0	0	0	0	0	--	--	0	0	--
Commissions	(26)	(27)	(29)	(28)	(29)	(25)	(17)	(17)	39%	--	(110)	(88)	20%
Asset management, distribution and admin. fees	(36)	(39)	(38)	(38)	(37)	(37)	(40)	(46)	(21%)	(15%)	(151)	(160)	(6%)
Interest and dividends	(42)	(17)	(16)	(23)	(18)	(19)	(23)	(27)	(17%)	(17%)	(98)	(87)	11%
Other	(7)	(12)	(10)	(9)	(8)	(13)	(7)	(9)	--	(29%)	(38)	(37)	3%
Total revenues	(111)	(95)	(93)	(98)	(92)	(94)	(87)	(99)	(1%)	(14%)	(397)	(372)	6%
Interest expense	(42)	(17)	(16)	(23)	(18)	(19)	(23)	(27)	(17%)	(17%)	(98)	(87)	11%
Net revenues	(69)	(78)	(77)	(75)	(74)	(75)	(64)	(72)	4%	(13%)	(299)	(285)	5%
Total non-interest expenses	(102)	(107)	(108)	(103)	(103)	(104)	(95)	(101)	2%	(6%)	(420)	(403)	4%
Income before taxes	<u>\$ 33</u>	<u>\$ 29</u>	<u>\$ 31</u>	<u>\$ 28</u>	<u>\$ 29</u>	<u>\$ 29</u>	<u>\$ 31</u>	<u>\$ 29</u>	4%	(6%)	<u>\$ 121</u>	<u>\$ 118</u>	(2%)

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<sup>(1)</sup>**  
**Combined Income Statement Information**  
(unaudited, dollars in millions)

	QUARTER ENDED								Percentage Change From:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
Investment banking	\$ 589	\$ 536	\$ 608	\$ 707	\$ 829	\$ 983	\$ 783	\$ 746	6%	(5%)	\$ 2,440	\$ 3,341	37%
Principal transactions:													
Trading	1,712	1,670	1,818	992	1,832	2,064	695	934	(6%)	34%	6,192	5,525	(11%)
Investments	(22)	59	38	11	29	191	125	167	*	34%	86	512	*
Commissions	653	689	754	791	868	846	733	817	3%	11%	2,887	3,264	13%
Asset management, distribution and administration fees	900	885	963	983	1,093	1,132	1,111	1,076	9%	(3%)	3,731	4,412	18%
Interest and dividends	3,126	3,072	3,316	4,210	3,314	3,241	4,929	5,270	25%	7%	13,725	16,755	22%
Other	105	128	107	162	130	117	196	143	(12%)	(27%)	502	586	17%
Total revenues	7,063	7,039	7,604	7,856	8,095	8,574	8,572	9,153	17%	7%	29,563	34,395	16%
Interest expense	2,486	2,871	3,186	3,578	2,810	2,800	4,042	4,602	29%	14%	12,122	14,255	18%
Net revenues	4,577	4,168	4,418	4,278	5,285	5,774	4,530	4,551	6%	--	17,441	20,140	15%
Compensation and benefits	2,154	1,913	2,087	1,572	2,514	2,725	2,155	1,711	9%	(21%)	7,726	9,105	18%
Occupancy and equipment	176	176	170	191	179	185	205	193	1%	(6%)	713	762	7%
Brokerage, clearing and exchange fees	191	202	212	233	224	237	231	240	3%	4%	838	932	11%
Information processing and communications	228	234	227	242	234	232	242	258	7%	7%	931	966	4%
Marketing and business development	109	123	107	148	111	137	143	161	9%	13%	487	552	13%
Professional services	174	196	218	290	253	291	334	401	38%	20%	878	1,279	46%
Other	207	533	156	260	222	462	268	179	(31%)	(33%)	1,156	1,131	(2%)
Total non-interest expenses	3,239	3,377	3,177	2,936	3,737	4,269	3,578	3,143	7%	(12%)	12,729	14,727	16%
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	1,408	5%	48%	4,712	5,413	15%
Losses from unconsolidated investees	34	36	105	104	93	81	77	77	(26%)	--	279	328	18%
Div. on pref. sec. subject to mandatory redemption (2)	22	40	47	45	45	0	0	0	*	--	154	45	(71%)
Income before taxes and discontinued operations	\$ 1,282	\$ 715	\$ 1,089	\$ 1,193	\$ 1,410	\$ 1,424	\$ 875	\$ 1,331	12%	52%	\$ 4,279	\$ 5,040	18%
Compensation and benefits as a % of net revenues	47%	46%	47%	37%	48%	47%	48%	38%			44%	45%	
Non-compensation expenses as a % of net revenues	24%	35%	25%	32%	23%	27%	31%	32%			29%	28%	
Pre-tax profit margin (3)	29%	18%	27%	30%	28%	26%	21%	31%			26%	27%	
Number of employees (4)	38,867	38,031	37,493	37,435	37,455	38,058	39,494	39,639	6%	--			

(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:		Twelve 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	Nov 30, 2004	4Q04 vs. 4Q03	4Q04 vs. 3Q04	Nov 30, 2003	Nov 30, 2004	
Fees:													
Merchant and cardmember	\$ 548	\$ 523	\$ 523	\$ 512	\$ 519	\$ 467	\$ 499	\$ 485	(5%)	(3%)	\$ 2,106	\$ 1,970	(6%)
Servicing	0	0	0	0	0	0	0	0	--	--	0	0	--
Other	53	36	19	1	35	16	(10)	9	*	*	109	50	(54%)
Total non-interest revenues	601	559	542	513	554	483	489	494	(4%)	1%	2,215	2,020	(9%)
Interest revenue	1,580	1,592	1,576	1,517	1,524	1,450	1,422	1,407	(7%)	(1%)	6,265	5,803	(7%)
Interest expense	441	410	391	366	350	337	337	368	1%	9%	1,608	1,392	(13%)
Net interest income	1,139	1,182	1,185	1,151	1,174	1,113	1,085	1,039	(10%)	(4%)	4,657	4,411	(5%)
Provision for consumer loan losses	842	857	893	853	770	717	677	633	(26%)	(6%)	3,445	2,797	(19%)
Net credit income	297	325	292	298	404	396	408	406	36%	--	1,212	1,614	33%
Net revenues	898	884	834	811	958	879	897	900	11%	--	3,427	3,634	6%
Compensation and benefits	210	199	200	210	198	198	192	187	(11%)	(3%)	819	775	(5%)
Occupancy and equipment	20	19	21	21	21	21	23	22	5%	(4%)	81	87	7%
Information processing and communications	87	81	88	101	86	86	84	88	(13%)	5%	357	344	(4%)
Marketing and business development	154	128	90	108	143	126	136	172	59%	26%	480	577	20%
Professional services	51	63	65	78	65	65	66	74	(5%)	12%	257	270	5%
Other	83	90	83	84	80	85	66	78	(7%)	18%	340	309	(9%)
Total non-interest expenses	605	580	547	602	593	581	567	621	3%	10%	2,334	2,362	1%
Income before taxes	\$ 293	\$ 304	\$ 287	\$ 209	\$ 365	\$ 298	\$ 330	\$ 279	33%	(15%)	\$ 1,093	\$ 1,272	16%
Compensation and benefits as a % of net revenues	23%	23%	24%	26%	21%	23%	21%	21%			24%	21%	
Non-compensation expenses as a % of net revenues	44%	43%	42%	48%	41%	44%	42%	48%			44%	44%	
Pre-tax profit margin <sup>(1)</sup>	33%	34%	34%	26%	38%	34%	37%	31%			32%	35%	
Number of employees	15,626	15,476	14,712	13,761	13,524	13,522	13,318	13,645	(1%)	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 <sup>(1)</sup>**  
**(unaudited, dollars in millions)**

Quarter Ended Nov 30, 2004							
General Purpose Credit Card Loans:	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	Delinquency Rate	
						30 Days	90 Days
Owned	\$ 19,724	\$ 18,579	9.69%	5.85%	5.01%	4.08%	1.97%
Securitized	28,537	28,511	12.82%	10.06%	5.74%	4.87%	2.34%
Managed	<u>\$ 48,261</u>	<u>\$ 47,090</u>	11.59%	8.43%	5.45%	4.55%	2.18%
Quarter Ended Aug 31, 2004							
General Purpose Credit Card Loans:	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	Delinquency Rate	
						30 Days	90 Days
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							
General Purpose Credit Card Loans:	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	Delinquency Rate	
						30 Days	90 Days
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							
General Purpose Credit Card Loans:	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	Delinquency Rate	
						30 Days	90 Days
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<sup>(1)</sup>**  
**(unaudited, dollars in millions)**

Quarter Ended Nov 30, 2003							
	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	Delinquency Rate	
						30 Days	90 Days
<b>General Purpose Credit Card Loans:</b>							
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-offs	Delinquency Rate	
						30 Days	90 Days
<b>General Purpose Credit Card Loans:</b>							
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-offs	Delinquency Rate	
						30 Days	90 Days
<b>General Purpose Credit Card Loans:</b>							
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-offs	Delinquency Rate	
						30 Days	90 Days
<b>General Purpose Credit Card Loans:</b>							
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<sup>(1)</sup>**  
**(unaudited, dollars in millions)**

<b>Twelve Months Ended Nov 30, 2004</b>							
	<b>Period End</b>	<b>Average</b>	<b>Interest Yield</b>	<b>Interest Spread</b>	<b>Net Charge-offs</b>	<b>Delinquency Rate</b>	
						<b>30 Days</b>	<b>90 Days</b>
<b>General Purpose Credit Card Loans:</b>							
Owned	\$ 19,724	\$ 17,608	10.05%	6.04%	5.53%	4.08%	1.97%
Securitized	28,537	29,779	12.90%	10.56%	6.28%	4.87%	2.34%
Managed	<u>\$ 48,261</u>	<u>\$ 47,387</u>	11.84%	8.92%	6.00%	4.55%	2.18%
<b>Twelve Months Ended Nov 30, 2003</b>							
	<b>Period End</b>	<b>Average</b>	<b>Interest Yield</b>	<b>Interest Spread</b>	<b>Net Charge-offs</b>	<b>Delinquency Rate</b>	
						<b>30 Days</b>	<b>90 Days</b>
<b>General Purpose Credit Card Loans:</b>							
Owned	\$ 18,930	\$ 19,531	10.02%	5.69%	6.05%	5.36%	2.53%
Securitized	29,428	31,333	13.13%	10.64%	6.95%	6.36%	3.01%
Managed	<u>\$ 48,358</u>	<u>\$ 50,864</u>	11.93%	8.77%	6.60%	5.97%	2.82%

(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 <sup>(1)</sup>**  
(unaudited, dollars in millions)

	QUARTER ENDED								Twelve Months Ended	
	Feb 28, 2003	May 31, 2003	Aug 31, 2003	Nov 30, 2003	Feb 29, 2004	May 31, 2004	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Nov 30, 2004
<b>Merchant and cardmember fees:</b>										
Owned	\$ 364	\$ 338	\$ 340	\$ 337	\$ 337	\$ 306	\$ 349	\$ 326	\$ 1,379	\$ 1,318
Securitization adjustment	184	185	183	175	182	161	150	159	727	652
Managed	<u>\$ 548</u>	<u>\$ 523</u>	<u>\$ 523</u>	<u>\$ 512</u>	<u>\$ 519</u>	<u>\$ 467</u>	<u>\$ 499</u>	<u>\$ 485</u>	<u>\$ 2,106</u>	<u>\$ 1,970</u>
<b>Servicing fees:</b>										
Owned	\$ 567	\$ 503	\$ 462	\$ 483	\$ 572	\$ 485	\$ 459	\$ 477	\$ 2,015	\$ 1,993
Securitization adjustment	(567)	(503)	(462)	(483)	(572)	(485)	(459)	(477)	(2,015)	(1,993)
Managed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other:</b>										
Owned	\$ (4)	\$ 6	\$ 18	\$ (5)	\$ 5	\$ 16	\$ (5)	\$ 1	\$ 15	\$ 17
Securitization adjustment	57	30	1	6	30	0	(5)	8	94	33
Managed	<u>\$ 53</u>	<u>\$ 36</u>	<u>\$ 19</u>	<u>\$ 1</u>	<u>\$ 35</u>	<u>\$ 16</u>	<u>\$ (10)</u>	<u>\$ 9</u>	<u>\$ 109</u>	<u>\$ 50</u>
<b>Interest revenue:</b>										
Owned	\$ 546	\$ 543	\$ 515	\$ 487	\$ 480	\$ 435	\$ 496	\$ 482	\$ 2,091	\$ 1,893
Securitization adjustment	1,034	1,049	1,061	1,030	1,044	1,015	926	925	4,174	3,910
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>\$ 1,407</u>	<u>\$ 6,265</u>	<u>\$ 5,803</u>
<b>Interest expense:</b>										
Owned	\$ 239	\$ 197	\$ 191	\$ 179	\$ 174	\$ 163	\$ 162	\$ 163	\$ 806	\$ 662
Securitization adjustment	202	213	200	187	176	174	175	205	802	730
Managed	<u>\$ 441</u>	<u>\$ 410</u>	<u>\$ 391</u>	<u>\$ 366</u>	<u>\$ 350</u>	<u>\$ 337</u>	<u>\$ 337</u>	<u>\$ 368</u>	<u>\$ 1,608</u>	<u>\$ 1,392</u>
<b>Provision for consumer loan losses:</b>										
Owned	\$ 336	\$ 309	\$ 310	\$ 312	\$ 262	\$ 200	\$ 240	\$ 223	\$ 1,267	\$ 925
Securitization adjustment	506	548	583	541	508	517	437	410	2,178	1,872
Managed	<u>\$ 842</u>	<u>\$ 857</u>	<u>\$ 893</u>	<u>\$ 853</u>	<u>\$ 770</u>	<u>\$ 717</u>	<u>\$ 677</u>	<u>\$ 633</u>	<u>\$ 3,445</u>	<u>\$ 2,797</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	Nov 30, 2004
Total assets	\$ 559,436	\$ 586,881	\$ 580,632	\$ 602,843	\$ 656,898	\$ 729,501	\$ 745,033	\$ 775,410
Less: Securities purchased under agreements to resell	(59,687)	(71,374)	(74,271)	(78,205)	(76,755)	(96,042)	(92,816)	(123,041)
Securities borrowed	(140,566)	(153,639)	(162,366)	(153,813)	(179,288)	(202,412)	(202,863)	(208,349)
Add: Financial instruments sold, not yet purchased	100,721	123,211	112,054	111,448	129,711	130,440	132,618	123,761
Less: Derivative contracts sold, not yet purchased	(42,604)	(48,436)	(36,008)	(36,242)	(43,857)	(41,615)	(39,425)	(55,820)
Subtotal	417,300	436,643	420,041	446,031	486,709	519,872	542,547	511,961
Less: Segregated customer cash and securities balances	(32,961)	(26,829)	(25,670)	(20,705)	(16,935)	(29,918)	(35,194)	(26,534)
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)	(44,895)
Goodwill and intangible assets	(1,460)	(1,476)	(1,466)	(1,523)	(1,548)	(1,540)	(2,191)	(2,199)
Adjusted assets	<u>\$ 361,685</u>	<u>\$ 383,501</u>	<u>\$ 363,985</u>	<u>\$ 388,586</u>	<u>\$ 428,470</u>	<u>\$ 448,135</u>	<u>\$ 465,105</u>	<u>\$ 438,333</u>
Shareholders' equity	\$ 22,590	\$ 22,865	\$ 23,707	\$ 24,867	\$ 26,064	\$ 27,002	\$ 27,420	\$ 28,206
Junior subordinated debt issued to capital trusts <sup>(1)</sup>	2,010	2,710	2,810	2,810	2,897	2,897	2,897	2,897
Subtotal	24,600	25,575	26,517	27,677	28,961	29,899	30,317	31,103
Less: Goodwill and intangible assets	(1,460)	(1,476)	(1,466)	(1,523)	(1,548)	(1,540)	(2,191)	(2,199)
Tangible shareholders' equity	<u>\$ 23,140</u>	<u>\$ 24,099</u>	<u>\$ 25,051</u>	<u>\$ 26,154</u>	<u>\$ 27,413</u>	<u>\$ 28,359</u>	<u>\$ 28,126</u>	<u>\$ 28,904</u>
Leverage ratio <sup>(2)</sup>	<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>	<u>26.8x</u>
Adjusted leverage ratio <sup>(3)</sup>	<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>	<u>15.2x</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 fourth quarter earnings press release issued December 21, 2004.