



**Morgan Stanley & Co. Incorporated**  
1585 Broadway  
New York, NY 10036

**SEC-Required Report on Routing of Customer Orders  
For Quarter Ending September 30, 2003**

The Securities and Exchange Commission ("SEC" or "Commission") Rule 11Ac1-6 (the "Rule") requires all brokerage firms to make publicly available quarterly reports that present a general overview of the Firm's routing of non-directed customer orders in covered equity and option securities. Non-directed orders are orders that customers have not specifically instructed to be routed to a specific destination. For these non-directed orders, Morgan Stanley has selected the execution venue on behalf of its customers. In addition, Morgan Stanley must identify the significant venues to which it routed customer orders for execution during the applicable quarter. To obtain information about the rule, you may access the following web site addresses: <http://www.sec.gov/rules/final/34-43590.htm> and <http://www.sec.gov/interp/legals/mrslb13a.htm>

The report is divided into four sections: one for securities listed on the New York Stock Exchange and reported as a Network A eligible security; one for securities listed on The Nasdaq Stock Market; one for securities listed on the American Stock Exchange or regional exchanges and reported as a Network B eligible security; and one for exchange-listed options. For each section, this report identifies the venues most often selected by Morgan Stanley, sets forth the percentage of various types of orders routed to the venues, and discusses the material aspects, if any, of Morgan Stanley's relationship with the venues.

**Securities Listed on New York Stock Exchange/Network A Eligible Security**

**Summary Statistics:**

Non-directed orders as percentage of total customer orders	99%
Market orders as percentage of total non-directed orders	0%
Limit orders as percentage of total non-directed orders	1%
Other orders as percentage of total non-directed orders	98%

**Venues Receiving Significant Percentage of Total Non-Directed Orders:**

1. New York Stock Exchange (NYSE)	99%
-----------------------------------	-----

**Information Concerning Significant Venues:**

1. NYSE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	87%
--	-----

Limit orders as percentage of total limit orders	97%
Other orders as percentage of total other orders	99%

### **Securities Listed On The Nasdaq Stock Market**

#### **Summary Statistics:**

Non-directed orders as percentage of total customer orders	71%
Market orders as percentage of total non-directed orders	3%
Limit orders as percentage of total non-directed orders	7%
Other orders as percentage of total non-directed orders	91%

#### **Venues Receiving Significant Percentage of Total Non-Directed Orders:**

1. Morgan Stanley & Co. Incorporated (MSCO)	46%
2. ARCA	29%
3. BRUT	14%
4. BTRD	4%

#### **Information Concerning Significant Venues:**

##### **1. MSCO**

##### **Types of Orders Routed to Venue:**

Market orders as percentage of total market orders	96%
Limit orders as percentage of total limit orders	85%
Other orders as percentage of total other orders	42%

Morgan Stanley's superior order execution performance has enabled it to attract large amounts of both institutional and retail order flow. Morgan Stanley utilizes various automated systems for its OTC market making, including, but not limited to, "automatic execution" capabilities. These automated systems and the interaction between these two sources of order flow, provide considerable opportunities for liquidity, quick turnaround and nearly instantaneous access to a broad array of market centers. Morgan Stanley may internalize customer order flow to allow the customer to benefit from this pool of liquidity and to offer this order flow improved opportunities for price improvement. Such internalization may enable Morgan Stanley to share in the profits, if any, generated by trading as principal with customer orders.

##### **2. ARCA\***

##### **Types of Orders Routed to Venue:**

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	4%
Other orders as percentage of total other orders	32%

### 3. BRUT\*

#### Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	2%
Other orders as percentage of total other orders	16%

### 4. BTRD\*

#### Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
Limit orders as percentage of total limit orders	1%
Other orders as percentage of total other orders	4%

\*Electronic communication networks ("ECNs") generally charge Morgan Stanley execution fees on a per share basis for accessing liquidity from their markets in the form of equity market and marketable limit orders. In addition, ECNs credit Morgan Stanley on a per share basis for providing liquidity to their markets by placing limit orders in equity securities on their books which are accessed by others.

## **Securities Listed on American Stock Exchange or Regional Exchanges/Network B Eligible Security**

### Summary Statistics:

Non-directed orders as percentage of total customer orders	97%
Market orders as percentage of total non-directed orders	2%
Limit orders as percentage of total non-directed orders	4%
Other orders as percentage of total non-directed orders	94%

### Venues Receiving Significant Percentage of Total Non-Directed Orders:

1. American Stock Exchange (AMEX)	92%
-----------------------------------	-----

### Information Concerning Significant Venues:

#### 1. AMEX

#### Types of Orders Routed to Venue:

Market orders as percentage of total market orders	84%
Limit orders as percentage of total limit orders	82%
Other orders as percentage of total other orders	92%

## **Exchange-Listed Options**

### Summary Statistics:

Non-directed orders as percentage of total customer orders	100%
Market orders as percentage of total non-directed orders	1%
Limit orders as percentage of total non-directed orders	80%
Other orders as percentage of total non-directed orders	19%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

1. International Securities Exchange (ISE)	63%
2. Chicago Board Options Exchange (CBOE)	14%
3. Philadelphia Stock Exchange (PHLX)	10%
4. American Stock Exchange (AMEX)	7%

Information Concerning Significant Venues:

1. ISE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	74%
Limit orders as percentage of total limit orders	63%
Other orders as percentage of total other orders	60%

Morgan Stanley is a Primary Market Maker in 1 bins and a Competitive Market Maker in 9 bins on the ISE.

2. CBOE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	11%
Limit orders as percentage of total limit orders	15%
Other orders as percentage of total other orders	10%

3. PHLX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	4%
Limit orders as percentage of total limit orders	10%
Other orders as percentage of total other orders	7%

4. AMEX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	6%
Limit orders as percentage of total limit orders	6%
Other orders as percentage of total other orders	11%

The information and data provided herein (the "Reports") are the property of Morgan Stanley & Co. Incorporated ("Morgan Stanley") and cannot be redistributed in any form or manner without the prior written consent of Morgan Stanley.

Morgan Stanley has prepared the Reports solely for informational purposes and consistent with Rules 11Ac1-5 and 11Ac1-6 under the Securities Exchange Act of 1934 (the "Disclosure Rules"). The information provided in the Reports is not intended to, and does not, encompass all the factors to be considered in a best execution analysis and related order routing determinations.

To better inform you of Morgan Stanley's performance as a market center, the Reports may contain data that is in addition to that, which is required by the Disclosure Rules.

Morgan Stanley does not represent, warrant, or guarantee that the Reports are accurate, complete, and up to date. Morgan Stanley disclaims liability for any direct, indirect, punitive, special, consequential, or incidental damages related to the Reports or the use of the Reports. The information provided in the Reports may be impacted by market data system outages or errors, both internal and external, and it is dependent upon the integrity and accuracy of data provided by outside sources. Certain assumptions have been made in preparing the Reports, and changes to the assumptions may have a material impact on results. The Reports do not endorse or recommend any particular security or market participant.

This disclaimer applies to the Reports in their entirety, irrespective of whether the Reports are used or viewed in whole or in part, and may be reviewed at any time by accessing the "Disclaimer" posted on the web page where the Reports are made available.