

Morgan Stanley

Morgan Stanley & Co. Incorporated
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SEC-Required Report on Routing of Customer Orders For Quarter Ending December 31, 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/interps/legal/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 | 100% |
| Market orders as percentage of total non-directed orders | 1% |
| Limit orders as percentage of total non-directed orders | 8% |
| Other orders as percentage of total non-directed orders | 91% |

Venues Receiving Significant Percentage of Total Non-Directed Orders:

| | |
|-----------------------------------|-----|
| 1. New York Stock Exchange (NYSE) | 97% |
|-----------------------------------|-----|

Information Concerning Significant Venues:

1. NYSE

Types of Orders Routed to Venue:

| | |
|--|-----|
| Market orders as percentage of total market orders | 92% |
|--|-----|

| | |
|--|------|
| Limit orders as percentage of total limit orders | 100% |
| Other orders as percentage of total other orders | 97% |

Securities Listed On The Nasdaq Stock Market

Summary Statistics:

| | |
|--|-----|
| Non-directed orders as percentage of total customer orders | 93% |
| Market orders as percentage of total non-directed orders | 2% |
| Limit orders as percentage of total non-directed orders | 6% |
| Other orders as percentage of total non-directed orders | 92% |

Venues Receiving Significant Percentage of Total Non-Directed Orders:

| | |
|---|-----|
| 1. ARCA | 34% |
| 2. Morgan Stanley & Co. Incorporated (MSCO) | 30% |
| 3. INCA | 21% |
| 4. BRUT | 10% |

Information Concerning Significant Venues:

1. ARCA*

Types of Orders Routed to Venue:

| | |
|--|-----|
| Market orders as percentage of total market orders | 0% |
| Limit orders as percentage of total limit orders | 10% |
| Other orders as percentage of total other orders | 36% |

2. MSCO

Types of Orders Routed to Venue:

| | |
|--|-----|
| Market orders as percentage of total market orders | 93% |
| Limit orders as percentage of total limit orders | 85% |
| Other orders as percentage of total other orders | 25% |

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.

3. INCA*

Types of Orders Routed to Venue:

| | |
|--|-----|
| Market orders as percentage of total market orders | 0% |
| Limit orders as percentage of total limit orders | 0% |
| Other orders as percentage of total other orders | 22% |

4. BRUT*

Types of Orders Routed to Venue:

| | |
|--|-----|
| Market orders as percentage of total market orders | 1% |
| Limit orders as percentage of total limit orders | 0% |
| Other orders as percentage of total other orders | 11% |

*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 | 99% |
| Market orders as percentage of total non-directed orders | 1% |
| Limit orders as percentage of total non-directed orders | 10% |
| Other orders as percentage of total non-directed orders | 88% |

Venues Receiving Significant Percentage of Total Non-Directed Orders:

| | |
|-----------------------------------|-----|
| 1. American Stock Exchange (AMEX) | 89% |
| 2. INCA | 4% |

Information Concerning Significant Venues:

1. AMEX

Types of Orders Routed to Venue:

| | |
|--|-----|
| Market orders as percentage of total market orders | 97% |
| Limit orders as percentage of total limit orders | 92% |
| Other orders as percentage of total other orders | 89% |

2. INCA

Types of Orders Routed to Venue:

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

Exchange-Listed Options

Summary Statistics:

| | |
|--|------|
| Non-directed orders as percentage of total customer orders | 100% |
| Market orders as percentage of total non-directed orders | 2% |
| Limit orders as percentage of total non-directed orders | 67% |
| Other orders as percentage of total non-directed orders | 31% |

Venues Receiving Significant Percentage of Total Non-Directed Orders:

| | |
|--|-----|
| 1. International Securities Exchange (ISE) | 65% |
| 2. Chicago Board Options Exchange (CBOE) | 12% |
| 3. Philadelphia Stock Exchange (PHLX) | 9% |
| 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 | 75% |
| Limit orders as percentage of total limit orders | 68% |
| Other orders as percentage of total other orders | 56% |

Morgan Stanley is a Primary Market Maker in 1 bin 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 | 10% |
| Limit orders as percentage of total limit orders | 12% |
| Other orders as percentage of total other orders | 11% |

3. PHLX

Types of Orders Routed to Venue:

| | |
|--|----|
| Market orders as percentage of total market orders | 4% |
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| | |
|--|----|
| Limit orders as percentage of total limit orders | 9% |
| Other orders as percentage of total other orders | 8% |

4. AMEX

Types of Orders Routed to Venue:

| | |
|--|-----|
| Market orders as percentage of total market orders | 4% |
| Limit orders as percentage of total limit orders | 5% |
| Other orders as percentage of total other orders | 11% |

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