

Morgan Stanley

Morgan Stanley & Co. Incorporated
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SEC-Required Report on Routing of Customer Orders For Quarter Ending December 31, 2004

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 & Co. Incorporated ("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	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)	97%
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Information Concerning Significant Venues:

1. NYSE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	85%
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Limit orders as percentage of total limit orders	99%
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	98%
Market orders as percentage of total non-directed orders	12%
Limit orders as percentage of total non-directed orders	8%
Other orders as percentage of total non-directed orders	80%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

1. MSCO	32%
2. ArcaEx	24%
3. INCA	24%
4. NASD	11%

Information Concerning Significant Venues:

1. MSCO

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	93%
Limit orders as percentage of total limit orders	86%
Other orders as percentage of total other orders	17%

Morgan Stanley executes 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 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 this activity.

2. ArcaEx*

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	0%
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Limit orders as percentage of total limit orders	1%
Other orders as percentage of total other orders	30%

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	1%
Other orders as percentage of total other orders	29%

4. NASD

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	13%

*Electronic communication networks (“ECNs”) generally charge Morgan Stanley execution fees on a per share basis for accessing liquidity from their market and credit Morgan Stanley on a per share basis for providing liquidity to their market, in some instances, the credit exceeds the fees charged.

Securities Listed on American Stock Exchange or Regional Exchanges/Network B 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	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)	67%
2. ArcaEx (ARCA)	26%

Information Concerning Significant Venues:

1. AMEX

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	86%
Limit orders as percentage of total limit orders	98%
Other orders as percentage of total other orders	66%

2. ArcaEx

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 a percentage of total other orders	28%

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	90%
Other orders as percentage of total non-directed orders	8%

Venues Receiving Significant Percentage of Total Non-Directed Orders:

1. International Securities Exchange (ISE)	85%
2. Chicago Board of Options Exchange (CBOE)	5%

Information Concerning Significant Venues:

1. ISE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	65%
Limit orders as percentage of total limit orders	89%
Other orders as percentage of total other orders	48%

Morgan Stanley is a Primary Market Maker in 1 bin and a Competitive Market Maker in 9 bins on the ISE. Morgan Stanley has an indirect ownership interest in the ISE, which stands to appreciate as a result of any profits the ISE generates from the execution of customer orders.

2. CBOE

Types of Orders Routed to Venue:

Market orders as percentage of total market orders	21%
Limit orders as percentage of total limit orders	4%
Other orders as percentage of total other orders	17%

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