



MORGAN STANLEY
Financial Supplement - 3Q02
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MORGAN STANLEY
Financial Summary
(unaudited, dollars in millions)

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	3Q02 vs. 3Q01	3Q02 vs. 2Q02	Aug 31, 2001	Aug 31, 2002	
Net revenues												
Securities	\$ 4,748	\$ 4,427	\$ 3,656	\$ 3,146	\$ 3,831	\$ 3,487	\$ 3,151	(14%)	(10%)	\$ 12,831	\$ 10,469	(18%)
Investment Management	688	639	637	593	605	604	552	(13%)	(9%)	1,964	1,761	(10%)
Credit Services	860	902	893	904	823	874	933	4%	7%	2,655	2,630	(1%)
Consolidated net revenues	<u>\$ 6,296</u>	<u>\$ 5,968</u>	<u>\$ 5,186</u>	<u>\$ 4,643</u>	<u>\$ 5,259</u>	<u>\$ 4,965</u>	<u>\$ 4,636</u>	(11%)	(7%)	<u>\$ 17,450</u>	<u>\$ 14,860</u>	(15%)
Net income												
Securities	\$ 780	\$ 632	\$ 411	\$ 529	\$ 539	\$ 460	\$ 265	(36%)	(42%)	\$ 1,823	\$ 1,264	(31%)
Investment Management	153	127	128	148	142	141	136	6%	(4%)	408	419	3%
Credit Services	142	171	196	193	167	196	210	7%	7%	509	573	13%
Income before extraordinary item and cumulative effect of accounting change	1,075	930	735	870	848	797	611	(17%)	(23%)	2,740	2,256	(18%)
Extraordinary item (1)	0	0	(30)	0	0	0	0	*	--	(30)	0	*
Cumulative effect of accounting change (2)	(59)	0	0	0	0	0	0	--	--	(59)	0	*
Consolidated net income	<u>\$ 1,016</u>	<u>\$ 930</u>	<u>\$ 705</u>	<u>\$ 870</u>	<u>\$ 848</u>	<u>\$ 797</u>	<u>\$ 611</u>	(13%)	(23%)	<u>\$ 2,651</u>	<u>\$ 2,256</u>	(15%)
Preferred stock dividend requirements	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 5</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	*	--	<u>\$ 27</u>	<u>\$ 0</u>	*
Earnings applicable to common shares	<u>\$ 1,007</u>	<u>\$ 921</u>	<u>\$ 696</u>	<u>\$ 865</u>	<u>\$ 848</u>	<u>\$ 797</u>	<u>\$ 611</u>	(12%)	(23%)	<u>\$ 2,624</u>	<u>\$ 2,256</u>	(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	(15%)	(22%)	\$ 2.49	\$ 2.08	(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	(11%)	(22%)	\$ 2.41	\$ 2.08	(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	(15%)	(24%)	\$ 2.41	\$ 2.03	(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	(11%)	(24%)	\$ 2.33	\$ 2.03	(13%)
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			1,089,017,948	1,084,059,497	
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			1,126,540,440	1,111,980,428	
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			1,106,317,423	1,093,052,009	
Return on common equity (3)	22.5%	19.1%	14.9%	17.6%	16.4%	15.1%	11.4%			18.8%	14.3%	

(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 11.



MORGAN STANLEY
Quarterly Consolidated Income Statement Information
(unaudited, dollars in millions)

	QUARTER ENDED						Percentage Change From:		Nine Months Ended		Percentage Change	
	Feb 28, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	3Q02 vs. 3Q01	3Q02 vs. 2Q02	Aug 31, 2001		Aug 31, 2002
Investment banking	\$ 969	\$ 840	\$ 807	\$ 809	\$ 685	\$ 671	\$ 482	(40%)	(28%)	\$ 2,616	\$ 1,838	(30%)
Principal transactions:												
Trading	1,697	2,070	1,079	645	1,121	688	457	(58%)	(34%)	4,846	2,266	(53%)
Investments	(46)	(107)	(59)	(104)	33	(16)	(64)	(8%)	*	(212)	(47)	78%
Commissions	851	838	720	753	777	900	855	19%	(5%)	2,409	2,532	5%
Fees:												
Asset management, distribution and admin. fees	1,109	1,074	1,054	979	1,016	1,054	971	(8%)	(8%)	3,237	3,041	(6%)
Merchant and cardmember	313	325	362	345	341	359	364	1%	1%	1,000	1,064	6%
Servicing	427	476	434	567	541	511	514	18%	1%	1,337	1,566	17%
Interest and dividends	7,236	6,950	5,825	4,116	3,832	3,874	4,373	(25%)	13%	20,011	12,079	(40%)
Other	125	139	110	146	194	108	204	85%	89%	374	506	35%
Total revenues	12,681	12,605	10,332	8,256	8,540	8,149	8,156	(21%)	--	35,618	24,845	(30%)
Interest expense	6,172	6,406	4,869	3,282	2,936	2,844	3,188	(35%)	12%	17,447	8,968	(49%)
Provision for consumer loan losses	213	231	277	331	345	340	332	20%	(2%)	721	1,017	41%
Net revenues	6,296	5,968	5,186	4,643	5,259	4,965	4,636	(11%)	(7%)	17,450	14,860	(15%)
Compensation and benefits	2,841	2,733	2,376	1,422	2,489	2,236	2,061	(13%)	(8%)	7,950	6,786	(15%)
Occupancy and equipment	215	227	224	215	198	208	198	(12%)	(5%)	666	604	(9%)
Brokerage, clearing and exchange fees	167	177	176	180	179	176	208	18%	18%	520	563	8%
Information processing and communications	355	371	363	371	322	337	341	(6%)	1%	1,089	1,000	(8%)
Marketing and business development	373	334	280	290	254	259	291	4%	12%	987	804	(19%)
Professional services	334	336	284	345	225	250	273	(4%)	9%	954	748	(22%)
Other	311	318	311	430	245	252	295	(5%)	17%	940	792	(16%)
Total non-interest expenses	4,596	4,496	4,014	3,253	3,912	3,718	3,667	(9%)	(1%)	13,106	11,297	(14%)
Income before taxes, extraordinary item, dividends on pref. sec. and cumulative effect of acctg. change	1,700	1,472	1,172	1,390	1,347	1,247	969	(17%)	(22%)	4,344	3,563	(18%)
Income tax expense	618	535	423	498	477	428	337	(20%)	(21%)	1,576	1,242	(21%)
Div. on pref. sec. subject to mandatory redemption	7	7	14	22	22	22	21	50%	(5%)	28	65	132%
Income before extraordinary item and cumulative effect of accounting change	1,075	930	735	870	848	797	611	(17%)	(23%)	2,740	2,256	(18%)
Extraordinary Item (1)	0	0	(30)	0	0	0	0	*	--	(30)	0	*
Cumulative effect of accounting change (2)	(59)	0	0	0	0	0	0	--	--	(59)	0	*
Net income	\$ 1,016	\$ 930	\$ 705	\$ 870	\$ 848	\$ 797	\$ 611	(13%)	(23%)	\$ 2,651	\$ 2,256	(15%)
Preferred stock dividend requirements	\$ 9	\$ 9	\$ 9	\$ 5	\$ 0	\$ 0	\$ 0	*	--	\$ 27	\$ 0	*
Earnings applicable to common shares	\$ 1,007	\$ 921	\$ 696	\$ 865	\$ 848	\$ 797	\$ 611	(12%)	(23%)	\$ 2,624	\$ 2,256	(14%)
Compensation and benefits as a % of net revenues	45%	46%	46%	31%	47%	45%	44%			46%	46%	
Non-compensation expenses as a % of net revenues	28%	30%	32%	39%	27%	30%	35%			30%	30%	
Profit margin (3)	17%	16%	14%	19%	16%	16%	13%			16%	15%	

(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) Net income 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 11.



MORGAN STANLEY
Quarterly Financial Information and Statistical Data
(unaudited)

	QUARTER ENDED							Percentage Change From:	
	Feb 28, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	3Q02 vs. 3Q01	3Q02 vs. 2Q02
Morgan Stanley									
Total assets (millions)	\$ 450,000	\$ 497,000	\$ 506,000	\$ 483,000	\$ 492,000	\$ 554,000	\$ 517,000	2%	(7%)
Period end common shares outstanding (millions)	1,114.4	1,110.1	1,106.3	1,093.0	1,101.2	1,097.1	1,093.1	(1%)	--
Book value per common share	\$ 17.23	\$ 17.54	\$ 17.76	\$ 18.64	\$ 18.97	\$ 19.39	\$ 19.59	10%	1%
Shareholders' equity (millions) (1)	\$ 20,150	\$ 20,419	\$ 21,199	\$ 21,926	\$ 22,102	\$ 22,486	\$ 22,626	7%	1%
Total capital (millions) (2)	\$ 51,249	\$ 61,274	\$ 60,652	\$ 61,633	\$ 61,042	\$ 67,690	\$ 66,631	10%	(2%)
Worldwide employees	63,708	62,909	62,392	61,319	59,875	58,538	57,799	(7%)	(1%)

(1) Includes preferred and common equity and preferred securities subject to mandatory redemption.

(2) Includes preferred and common equity, preferred securities subject to mandatory redemption, capital units and non-current portion of long-term debt.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

Refer to Legal Notice page 11.



MORGAN STANLEY
Quarterly Securities Income Statement Information
(unaudited, dollars in millions)

	QUARTER ENDED						Percentage Change From:		Nine Months Ended		Percentage Change	
	Feb 28, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	3Q02 vs. 3Q01	3Q02 vs. 2Q02	Aug 31, 2001		Aug 31, 2002
Investment banking	\$ 950	\$ 825	\$ 795	\$ 802	\$ 676	\$ 663	\$ 474	(40%)	(29%)	\$ 2,570	\$ 1,813	(29%)
Principal transactions:												
Trading	1,697	2,070	1,079	645	1,121	688	457	(58%)	(34%)	4,846	2,266	(53%)
Investments	(47)	(106)	(58)	(100)	32	(17)	(58)	--	(241%)	(211)	(43)	80%
Commissions	839	829	708	740	766	888	844	19%	(5%)	2,376	2,498	5%
Asset management, distribution and admin fees	486	476	461	420	457	478	449	(3%)	(6%)	1,423	1,384	(3%)
Interest and dividends	6,540	6,279	5,135	3,512	3,271	3,266	3,718	(28%)	14%	17,954	10,255	(43%)
Other	114	135	100	134	174	107	193	93%	80%	349	474	36%
Total revenues	10,579	10,508	8,220	6,153	6,497	6,073	6,077	(26%)	--	29,307	18,647	(36%)
Interest expense	5,831	6,081	4,564	3,007	2,666	2,586	2,926	(36%)	13%	16,476	8,178	(50%)
Net revenues	4,748	4,427	3,656	3,146	3,831	3,487	3,151	(14%)	(10%)	12,831	10,469	(18%)
Compensation and benefits	2,436	2,341	1,988	1,134	2,116	1,866	1,701	(14%)	(9%)	6,765	5,683	(16%)
Occupancy and equipment	171	183	181	173	163	170	162	(10%)	(5%)	535	495	(7%)
Brokerage, clearing and exchange fees	117	127	123	129	126	119	146	19%	23%	367	391	7%
Information processing and communications	243	248	243	236	219	220	220	(9%)	--	734	659	(10%)
Marketing and business development	151	128	116	121	100	125	119	3%	(5%)	395	344	(13%)
Professional services	223	224	189	223	123	140	159	(16%)	14%	636	422	(34%)
Other	193	199	178	297	126	139	223	25%	60%	570	488	(14%)
Total non-interest expenses	3,534	3,450	3,018	2,313	2,973	2,779	2,730	(10%)	(2%)	10,002	8,482	(15%)
Income before taxes, extraordinary item, dividends on pref. sec. and cumulative effect of acctg. change	1,214	977	638	833	858	708	421	(34%)	(41%)	2,829	1,987	(30%)
Income tax expense	427	338	213	282	297	226	135	(37%)	(40%)	978	658	(33%)
Div. on pref. sec. subject to mandatory redemption	7	7	14	22	22	22	21	50%	(5%)	28	65	132%
Income before taxes, dividends on pref. sec. and cumulative effect of accounting change	780	632	411	529	539	460	265	(36%)	(42%)	1,823	1,264	(31%)
Extraordinary item - loss on the early extinguishment of debt	0	0	(30)	0	0	0	0	*	--	(30)	0	*
Cumulative effect of accounting change (1)	(46)	0	0	0	0	0	0	--	--	(46)	0	*
Net income	\$ 734	\$ 632	\$ 381	\$ 529	\$ 539	\$ 460	\$ 265	(30%)	(42%)	\$ 1,747	\$ 1,264	(28%)
Compensation and benefits as a % of net revenues	51%	53%	54%	36%	55%	54%	54%			53%	54%	
Non-compensation expenses as a % of net revenues	23%	25%	28%	37%	22%	26%	33%			25%	27%	
Profit margin (2)	16%	14%	11%	17%	14%	13%	8%			14%	12%	

(1) 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.

(2) Net income excluding cumulative effect of accounting change and extraordinary item 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 11.



MORGAN STANLEY
Quarterly Financial Information and Statistical Data
Securities
(unaudited)

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	3Q02 vs. 3Q01	3Q02 vs. 2Q02	Aug 31, 2002	Aug 31, 2001	
SECURITIES												
Advisory revenue (millions)	\$ 449	\$ 291	\$ 360	\$ 320	\$ 292	\$ 250	\$ 149	(59%)	(40%)	\$ 691	\$ 1,100	(37%)
Underwriting revenue (millions)	\$ 501	\$ 534	\$ 435	\$ 482	\$ 384	\$ 413	\$ 325	(25%)	(21%)	\$ 1,122	\$ 1,470	(24%)
Institutional Securities												
Sales and trading net revenue (millions) (1)												
Equity	\$ 1,496	\$ 1,263	\$ 998	\$ 858	\$ 931	\$ 953	\$ 1,066	7%	12%	\$ 2,950	\$ 3,757	(21%)
Fixed Income	\$ 1,049	\$ 1,233	\$ 814	\$ 538	\$ 1,103	\$ 829	\$ 548	(33%)	(34%)	\$ 2,480	\$ 3,096	(20%)
Mergers and acquisitions announced transactions (2)												
Morgan Stanley global market volume (billions)	\$ 109.4	\$ 185.4	\$ 279.4	\$ 395.0	\$ 36.0	\$ 85.4	\$ 126.9					
Rank	1	2	4	3	5	3	4					
Worldwide equity and related issues (2)												
Morgan Stanley global market volume (billions)	\$ 7.9	\$ 25.8	\$ 32.9	\$ 40.2	\$ 6.1	\$ 11.3	\$ 13.7					
Rank	4	3	4	4	5	5	5					
Individual Investor Group												
Net revenue (millions)	\$ 1,199	\$ 1,146	\$ 1,057	\$ 988	\$ 1,006	\$ 1,037	\$ 1,005	(5%)	(3%)	\$ 3,048	\$ 3,402	(10%)
Global financial advisors	14,166	14,256	14,342	13,690	14,115	13,707	13,590	(5%)	(1%)			
Total client assets (billions)	\$ 638	\$ 634	\$ 597	\$ 595	\$ 588	\$ 570	\$ 520	(13%)	(9%)			
Fee-based client account assets (billions) (3)	\$ 111	\$ 117	\$ 109	\$ 110	\$ 111	\$ 111	\$ 103	(6%)	(8%)			
Domestic retail locations	748	722	704	696	679	663	649	(8%)	(2%)			

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

(2) Source: Thomson Financial Securities Data - January 1 to September 4, 2002.

(3) 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 11.



MORGAN STANLEY
Quarterly Investment Management Income Statement Information
(unaudited, dollars in millions)

	QUARTER ENDED						Percentage Change From:		Nine Months Ended		Percentage Change	
	Feb 28, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	3Q02 vs. 3Q01	3Q02 vs. 2Q02	Aug 31, 2001		Aug 31, 2002
Investment banking	\$ 19	\$ 15	\$ 12	\$ 7	\$ 9	\$ 8	\$ 8	(33%)	--	\$ 46	\$ 25	(46%)
Principal transactions:												
Investments	1	(1)	(1)	(4)	1	1	(6)	*	*	(1)	(4)	*
Commissions	12	9	12	13	11	12	11	(8%)	(8%)	33	34	3%
Asset management, distribution and admin fees	623	598	593	559	559	576	522	(12%)	(9%)	1,814	1,657	(9%)
Interest and dividends	24	17	16	11	8	6	9	(44%)	50%	57	23	(60%)
Other	11	4	7	10	18	1	8	14%	*	22	27	23%
Total revenues	690	642	639	596	606	604	552	(14%)	(9%)	1,971	1,762	(11%)
Interest expense	2	3	2	3	1	0	0	*	--	7	1	(86%)
Net revenues	688	639	637	593	605	604	552	(13%)	(9%)	1,964	1,761	(10%)
Compensation and benefits	212	197	202	108	181	173	154	(24%)	(11%)	611	508	(17%)
Occupancy and equipment	22	24	21	27	19	20	18	(14%)	(10%)	67	57	(15%)
Brokerage, clearing and exchange fees	50	50	53	51	53	57	62	17%	9%	153	172	12%
Information processing and communications	25	28	30	27	23	26	27	(10%)	4%	83	76	(8%)
Marketing and business development	40	42	38	26	34	32	26	(32%)	(19%)	120	92	(23%)
Professional services	53	58	44	60	51	51	52	18%	2%	155	154	(1%)
Other	31	24	33	36	10	18	(16)	(148%)	(189%)	88	12	(86%)
Total non-interest expenses	433	423	421	335	371	377	323	(23%)	(14%)	1,277	1,071	(16%)
Income before income taxes	255	216	216	258	234	227	229	6%	1%	687	690	--
Income tax expense	102	89	88	110	92	86	93	6%	8%	279	271	(3%)
Net income	\$ 153	\$ 127	\$ 128	\$ 148	\$ 142	\$ 141	\$ 136	6%	(4%)	\$ 408	\$ 419	3%
Compensation and benefits as a % of net revenues	31%	31%	32%	18%	30%	29%	28%			31%	29%	
Non-compensation expenses as a % of net revenues	32%	35%	34%	38%	31%	34%	31%			34%	32%	
Profit margin (1)	22%	20%	20%	25%	23%	23%	25%			21%	24%	

(1) Net income 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 11.

MORGAN STANLEY
Quarterly Financial Information and Statistical Data
Investment Management
(unaudited)

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	3Q02 vs. 3Q01	3Q02 vs. 2Q02	Aug 31, 2001	Aug 31, 2002	
INVESTMENT MANAGEMENT (\$ billions)												
Net flows												
Retail	\$ 1.3	\$ (0.2)	\$ (1.1)	\$ (7.8) ⁽¹⁾	\$ 1.5	\$ 1.1	\$ (0.2)	82%	(118%)	\$ -	\$ 2.4	*
Institutional	(2.4)	(1.1)	0.7	0.5	(0.5)	(0.6)	0.0	*	*	(2.8)	(1.1)	61%
Net flows excluding money markets	(1.1)	(1.3)	(0.4)	(7.3)	1.0	0.5	(0.2)	50%	(140%)	(2.8)	1.3	146%
Money markets	4.9	(1.2)	(0.2)	1.1	(1.3)	(4.1)	0.1	150%	102%	3.5	(5.3)	*
Assets under management or supervision by business												
Retail	\$ 309	\$ 303	\$ 292	\$ 280	\$ 273	\$ 269	\$ 252	(14%)	(6%)			
Institutional	183	184	179	179	179	182	172	(4%)	(5%)			
Total	\$ 492	\$ 487	\$ 471	\$ 459	\$ 452	\$ 451	\$ 424	(10%)	(6%)			
Assets under management or supervision by product												
Equity	\$ 225	\$ 220	\$ 202	\$ 199	\$ 195	\$ 201	\$ 175	(13%)	(13%)			
Fixed income	138	136	138	128	128	126	127	(8%)	1%			
Money market	67	67	69	70	70	65	66	(4%)	2%			
Other (2)	62	64	62	62	59	59	56	(10%)	(5%)			
Total	\$ 492	\$ 487	\$ 471	\$ 459	\$ 452	\$ 451	\$ 424	(10%)	(6%)			

(1) Includes sale of Van Kampen separate account fixed income business.

(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 11.



MORGAN STANLEY
Quarterly Credit Services Income Statement Information
(unaudited, dollars in millions)

	QUARTER ENDED						Percentage Change From:		Nine Months Ended		Percentage Change	
	Feb 28, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	3Q02 vs. 3Q01	3Q02 vs. 2Q02	Aug 31, 2001		Aug 31, 2002
Fees:												
Merchant and cardmember	\$ 313	\$ 325	\$ 362	\$ 345	\$ 341	\$ 359	\$ 364	1%	1%	\$ 1,000	\$ 1,064	6%
Servicing	427	476	434	567	541	511	514	18%	1%	1,337	1,566	17%
Other	0	0	3	2	2	0	3	--	*	3	5	67%
Total non-interest revenues	740	801	799	914	884	870	881	10%	1%	2,340	2,635	13%
Interest revenue	672	654	674	593	553	602	646	(4%)	7%	2,000	1,801	(10%)
Interest expense	339	322	303	272	269	258	262	(14%)	2%	964	789	(18%)
Net interest income	333	332	371	321	284	344	384	4%	12%	1,036	1,012	(2%)
Provision for consumer loan losses	213	231	277	331	345	340	332	20%	(2%)	721	1,017	41%
Net credit income	120	101	94	(10)	(61)	4	52	(45%)	*	315	(5)	(102%)
Net revenues	860	902	893	904	823	874	933	4%	7%	2,655	2,630	(1%)
Compensation and benefits	193	195	186	180	192	197	206	11%	5%	574	595	4%
Occupancy and equipment	22	20	22	15	16	18	18	(18%)	--	64	52	(19%)
Information processing and communications	87	95	90	108	80	91	94	4%	3%	272	265	(3%)
Marketing and business development	182	164	126	143	120	102	146	16%	43%	472	368	(22%)
Professional services	58	54	51	62	51	59	62	22%	5%	163	172	6%
Other	87	95	100	97	109	95	88	(12%)	(7%)	282	292	4%
Total non-interest expenses	629	623	575	605	568	562	614	7%	9%	1,827	1,744	(5%)
Income before taxes and cumulative effect of accounting change	231	279	318	299	255	312	319	--	2%	828	886	7%
Income tax expense	89	108	122	106	88	116	109	(11%)	(6%)	319	313	(2%)
Income before cumulative effect of accounting change	142	171	196	193	167	196	210	7%	7%	509	573	13%
Cumulative effect of accounting change (1)	(13)	0	0	0	0	0	0	--	--	(13)	0	*
Net income	\$ 129	\$ 171	\$ 196	\$ 193	\$ 167	\$ 196	\$ 210	7%	7%	\$ 496	\$ 573	16%
Compensation and benefits as a % of net revenues	22%	22%	21%	20%	23%	23%	22%			22%	23%	
Non-compensation expenses as a % of net revenues	51%	47%	44%	47%	46%	42%	44%			47%	44%	
Profit margin (2)	17%	19%	22%	21%	20%	22%	23%			19%	22%	

(1) 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.

(2) Net income excluding cumulative effect of accounting change 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 11.



MORGAN STANLEY
Quarterly Credit Services Income Statement Information
(unaudited, dollars in millions)
(Managed Loan Basis)

	QUARTER ENDED						Percentage Change From:		Nine Months Ended		Percentage Change	
	Feb 28, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	3Q02 vs. 3Q01	3Q02 vs. 2Q02	Aug 31, 2001		Aug 31, 2002
Fees:												
Merchant and cardmember	\$ 496	\$ 512	\$ 539	\$ 539	\$ 541	\$ 552	\$ 547	1%	(1%)	\$ 1,547	\$ 1,640	6%
Servicing	0	0	0	0	0	0	0	--	--	0	0	--
Other	0	0	3	2	2	0	3	--	*	3	5	67%
Total non-interest revenues	496	512	542	541	543	552	550	1%	--	1,550	1,645	6%
Interest revenue	1,747	1,745	1,741	1,696	1,611	1,614	1,641	(6%)	2%	5,233	4,866	(7%)
Interest expense	798	730	657	562	499	480	481	(27%)	--	2,185	1,460	(33%)
Net interest income	949	1,015	1,084	1,134	1,112	1,134	1,160	7%	2%	3,048	3,406	12%
Provision for consumer loan losses	585	625	733	771	832	812	777	6%	(4%)	1,943	2,421	25%
Net credit income	364	390	351	363	280	322	383	9%	19%	1,105	985	(11%)
Net revenues	860	902	893	904	823	874	933	4%	7%	2,655	2,630	(1%)
Compensation and benefits	193	195	186	180	192	197	206	11%	5%	574	595	4%
Occupancy and equipment	22	20	22	15	16	18	18	(18%)	--	64	52	(19%)
Information processing and communications	87	95	90	108	80	91	94	4%	3%	272	265	(3%)
Marketing and business development	182	164	126	143	120	102	146	16%	43%	472	368	(22%)
Professional services	58	54	51	62	51	59	62	22%	5%	163	172	6%
Other	87	95	100	97	109	95	88	(12%)	(7%)	282	292	4%
Total non-interest expenses	629	623	575	605	568	562	614	7%	9%	1,827	1,744	(5%)
Income before income taxes and cumulative effect of accounting change	231	279	318	299	255	312	319	--	2%	828	886	7%
Income tax expense	89	108	122	106	88	116	109	(11%)	(6%)	319	313	(2%)
Income before cumulative effect of accounting change	142	171	196	193	167	196	210	7%	7%	509	573	13%
Cumulative effect of accounting change (1)	(13)	0	0	0	0	0	0	--	--	(13)	0	*
Net income	<u>\$ 129</u>	<u>\$ 171</u>	<u>\$ 196</u>	<u>\$ 193</u>	<u>\$ 167</u>	<u>\$ 196</u>	<u>\$ 210</u>	7%	7%	<u>\$ 496</u>	<u>\$ 573</u>	16%
Compensation and benefits as a % of net revenues	22%	22%	21%	20%	23%	23%	22%			22%	23%	
Non-compensation expenses as a % of net revenues	51%	47%	44%	47%	46%	42%	44%			47%	44%	
Profit margin (2)	17%	19%	22%	21%	20%	22%	23%			19%	22%	

(1) 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.

(2) Net income excluding cumulative effect of accounting change as a % of net revenues.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

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MORGAN STANLEY
Quarterly Financial Information and Statistical Data
Credit Services
(unaudited, dollars in millions)

	QUARTER ENDED							Percentage Change From:		Nine Months Ended		Percentage Change
	Feb 28, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	3Q02 vs. 3Q01	3Q02 vs. 2Q02	Aug 31, 2001	Aug 31, 2002	
Owned credit card loans												
Period end	\$ 21,739	\$ 20,909	\$ 20,194	\$ 20,085	\$ 20,554	\$ 20,224	\$ 21,840	8%	8%	\$ 20,194	\$ 21,840	8%
Average	\$ 21,555	\$ 21,301	\$ 20,407	\$ 19,546	\$ 20,972	\$ 20,747	\$ 20,476	--	(1%)	\$ 21,084	\$ 20,730	(2%)
Managed credit card loans (1)												
Period end	\$ 49,493	\$ 50,227	\$ 49,704	\$ 49,332	\$ 49,569	\$ 49,377	\$ 49,677	--	1%	\$ 49,704	\$ 49,677	--
Average	\$ 49,273	\$ 49,658	\$ 49,825	\$ 48,964	\$ 50,396	\$ 49,379	\$ 49,344	(1%)	--	\$ 49,588	\$ 49,701	--
Interest yield	13.66%	13.34%	13.34%	13.48%	12.63%	12.64%	12.86%	(48 bp)	22 bp	13.45%	12.71%	(74 bp)
Interest spread	7.09%	7.49%	8.13%	8.81%	8.61%	8.72%	8.93%	80 bp	21 bp	7.58%	8.75%	117 bp
Net charge-off rate	4.79%	4.98%	5.79%	5.85%	6.49%	6.30%	6.02%	23 bp	(28 bp)	5.19%	6.27%	108 bp
Delinquency rate (over 30 days)	6.34%	5.84%	6.31%	6.85%	6.75%	5.63%	5.72%	(59 bp)	9 bp	6.31%	5.72%	(59 bp)
Delinquency rate (over 90 days)	2.74%	2.60%	2.61%	3.02%	3.12%	2.65%	2.49%	(12 bp)	(16 bp)	2.61%	2.49%	(12 bp)
Transaction volume (billions)	\$ 24.4	\$ 23.5	\$ 23.3	\$ 22.1	\$ 24.1	\$ 23.5	\$ 24.3	4%	3%	\$ 71.2	\$ 72.0	1%
Accounts (millions)	43.7	44.7	45.4	45.7	46.0	46.2	46.2	2%	--	45.4	46.2	2%
Active accounts (millions)	24.0	24.3	24.0	24.0	23.8	23.4	22.8	(5%)	(3%)	24.0	22.8	(5%)
Average receivables per average active account (actual \$)	\$ 2,050	\$ 2,052	\$ 2,069	\$ 2,055	\$ 2,098	\$ 2,086	\$ 2,145	4%	3%	\$ 2,057	\$ 2,109	3%
Securitization Gain	\$ 25	\$ 49	\$ 3	\$ (7)	\$ 8	\$ 11	\$ (3)	(200%)	(127%)	\$ 77	\$ 16	(79%)

(1) 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 11.



MORGAN STANLEY
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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 September 19, 2002.