

**MORGAN STANLEY**  
**Financial Supplement - 4Q02**  
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**MORGAN STANLEY**  
**Financial Summary**  
(unaudited, dollars in millions)

	QUARTER ENDED								Percentage Change From:		Twelve 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	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
<b>Net revenues</b>													
Institutional Securities	\$ 3,537	\$ 3,279	\$ 2,571	\$ 2,167	\$ 2,800	\$ 2,435	\$ 2,152	\$ 1,881	(13%)	(13%)	\$ 11,554	\$ 9,268	(20%)
Individual Investor Group	1,224	1,163	1,077	991	1,019	1,041	1,013	907	(8%)	(10%)	4,455	3,980	(11%)
Investment Management	675	624	645	581	617	615	538	534	(8%)	(1%)	2,525	2,304	(9%)
Credit Services	860	902	893	904	823	874	933	927	3%	(1%)	3,559	3,557	--
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>	<u>\$ 4,249</u>	(8%)	(8%)	<u>\$ 22,093</u>	<u>\$ 19,109</u>	(14%)
<b>Net income</b>													
Institutional Securities	\$ 763	\$ 665	\$ 469	\$ 575	\$ 530	\$ 448	\$ 272	\$ 453	(21%)	67%	\$ 2,472	\$ 1,703	(31%)
Individual Investor Group	25	(25)	(58)	14	7	12	5	(31)	*	*	(44)	(7)	84%
Investment Management	145	119	128	88	144	141	124	116	32%	(6%)	480	525	9%
Credit Services	142	171	196	193	167	196	210	194	1%	(8%)	702	767	9%
Income before extraordinary item and cumulative effect of accounting change	1,075	930	735	870	848	797	611	732	(16%)	20%	3,610	2,988	(17%)
Extraordinary item (1)	0	0	(30)	0	0	0	0	0	--	--	(30)	0	*
Cumulative effect of accounting change (2)	(59)	0	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>	<u>\$ 732</u>	(16%)	20%	<u>\$ 3,521</u>	<u>\$ 2,988</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>\$ 0</u>	*	--	<u>\$ 32</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>	<u>\$ 732</u>	(15%)	20%	<u>\$ 3,489</u>	<u>\$ 2,988</u>	(14%)
<b>Basic earnings per common share</b>													
Income before extraordinary item and cumulative effect of accounting change	\$ 0.98	\$ 0.85	\$ 0.67	\$ 0.80	\$ 0.78	\$ 0.73	\$ 0.57	\$ 0.68	(15%)	19%	\$ 3.29	\$ 2.76	(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	\$ 0.68	(15%)	19%	\$ 3.21	\$ 2.76	(14%)
<b>Diluted earnings per common share</b>													
Income before extraordinary item and cumulative effect of accounting change	\$ 0.94	\$ 0.82	\$ 0.65	\$ 0.78	\$ 0.76	\$ 0.72	\$ 0.55	\$ 0.67	(14%)	22%	\$ 3.19	\$ 2.69	(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	\$ 0.67	(14%)	22%	\$ 3.11	\$ 2.69	(14%)
<b>Average common shares outstanding</b>													
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	1,074,654,825			1,086,121,508	1,083,270,783	
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	1,095,716,005			1,121,764,086	1,109,637,953	
<b>Period end common shares outstanding</b>	<u>1,114,434,549</u>	<u>1,110,061,470</u>	<u>1,106,317,423</u>	<u>1,093,006,744</u>	<u>1,101,194,353</u>	<u>1,097,109,821</u>	<u>1,093,052,009</u>	<u>1,081,417,377</u>			<u>1,093,006,744</u>	<u>1,081,417,377</u>	
Return on common equity (3)	22.5%	19.1%	14.9%	17.6%	16.4%	15.1%	11.4%	13.7%			18.5%	14.1%	

(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 15.



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

	QUARTER ENDED								Percentage Change From:		Twelve 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	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
Investment banking	\$ 969	\$ 840	\$ 807	\$ 809	\$ 685	\$ 671	\$ 482	\$ 689	(15%)	43%	\$ 3,425	\$ 2,527	(26%)
Principal transactions:													
Trading	1,697	2,070	1,079	645	1,121	688	457	419	(35%)	(8%)	5,491	2,685	(51%)
Investments	(46)	(107)	(59)	(104)	33	(16)	(64)	12	112%	119%	(316)	(35)	89%
Commissions	851	838	720	753	777	900	855	748	(1%)	(13%)	3,162	3,280	4%
Fees:													
Asset management, distribution and admin.	1,109	1,074	1,054	979	1,016	1,054	971	904	(8%)	(7%)	4,216	3,945	(6%)
Merchant and cardmember	312	325	364	348	342	347	359	372	7%	4%	1,349	1,420	5%
Servicing	427	476	434	567	541	511	514	525	(7%)	2%	1,904	2,091	10%
Interest and dividends	7,236	6,950	5,825	4,116	3,832	3,874	4,373	3,787	(8%)	(13%)	24,127	15,866	(34%)
Other	126	139	108	143	193	120	209	114	(20%)	(45%)	516	636	23%
Total revenues	12,681	12,605	10,332	8,256	8,540	8,149	8,156	7,570	(8%)	(7%)	43,874	32,415	(26%)
Interest expense	6,172	6,406	4,869	3,282	2,936	2,844	3,188	3,002	(9%)	(6%)	20,729	11,970	(42%)
Provision for consumer loan losses	213	231	277	331	345	340	332	319	(4%)	(4%)	1,052	1,336	27%
Net revenues	6,296	5,968	5,186	4,643	5,259	4,965	4,636	4,249	(8%)	(8%)	22,093	19,109	(14%)
Compensation and benefits	2,841	2,733	2,376	1,422	2,489	2,236	2,061	1,147	(19%)	(44%)	9,372	7,933	(15%)
Occupancy and equipment	215	227	224	215	198	208	198	221	3%	12%	881	825	(6%)
Brokerage, clearing and exchange fees	167	177	176	180	179	176	208	212	18%	2%	700	775	11%
Information processing and communications	355	371	363	371	322	337	341	379	2%	11%	1,460	1,379	(6%)
Marketing and business development	373	334	280	290	254	259	291	329	13%	13%	1,277	1,133	(11%)
Professional services	334	336	284	345	225	250	273	346	--	27%	1,299	1,094	(16%)
Other	311	318	311	430	245	252	295	223	(48%)	(24%)	1,370	1,015	(26%)
Restructuring and other charges	0	0	0	0	0	0	0	235	*	*	0	235	*
Total non-interest expenses	4,596	4,496	4,014	3,253	3,912	3,718	3,667	3,092	(5%)	(16%)	16,359	14,389	(12%)
Income before taxes, extraordinary item, div. on pref. sec. and cumulative effect of acctg. change	1,700	1,472	1,172	1,390	1,347	1,247	969	1,157	(17%)	19%	5,734	4,720	(18%)
Income tax expense	618	535	423	498	477	428	337	403	(19%)	20%	2,074	1,645	(21%)
Div. on pref. sec. subject to mandatory redemption	7	7	14	22	22	22	21	22	--	5%	50	87	74%
Income before extraordinary item and cumulative effect of accounting change	1,075	930	735	870	848	797	611	732	(16%)	20%	3,610	2,988	(17%)
Extraordinary item (1)	0	0	(30)	0	0	0	0	0	--	--	(30)	0	*
Cumulative effect of accounting change (2)	(59)	0	0	0	0	0	0	0	--	--	(59)	0	*
Net income	\$ 1,016	\$ 930	\$ 705	\$ 870	\$ 848	\$ 797	\$ 611	\$ 732	(16%)	20%	\$ 3,521	\$ 2,988	(15%)
Preferred stock dividend requirements	\$ 9	\$ 9	\$ 9	\$ 5	\$ 0	\$ 0	\$ 0	\$ 0	*	--	\$ 32	\$ 0	*
Earnings applicable to common shares	\$ 1,007	\$ 921	\$ 696	\$ 865	\$ 848	\$ 797	\$ 611	\$ 732	(15%)	20%	\$ 3,489	\$ 2,988	(14%)
Compensation and benefits as a % of net revenues	45%	46%	46%	31%	47%	45%	44%	27%			42%	42%	

(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.

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

Refer to Legal Notice page 15.



**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	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02
<b>Morgan Stanley</b>										
Total assets (millions)	\$ 450,000	\$ 497,000	\$ 505,000	\$ 483,000	\$ 492,000	\$ 554,000	\$ 517,000	\$ 531,000	10%	3%
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	1,081.4	(1%)	(1%)
Book value per common share	\$ 17.23	\$ 17.54	\$ 17.76	\$ 18.64	\$ 18.97	\$ 19.39	\$ 19.59	\$ 20.24	9%	3%
Shareholders' equity (millions) (1)	\$ 20,150	\$ 20,419	\$ 21,199	\$ 21,926	\$ 22,102	\$ 22,486	\$ 22,626	\$ 23,096	5%	2%
Total capital (millions) (2)	\$ 51,249	\$ 61,274	\$ 60,652	\$ 61,633	\$ 61,042	\$ 67,690	\$ 66,631	\$ 65,936	7%	(1%)
Worldwide employees	63,708	62,909	62,392	61,319	59,875	58,538	57,799	55,726	(9%)	(4%)

(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 15.



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

	QUARTER ENDED								Percentage Change From:		Twelve 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	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
Investment banking	\$ 892	\$ 756	\$ 708	\$ 735	\$ 614	\$ 596	\$ 413	\$ 617	(16%)	49%	\$ 3,091	\$ 2,240	(28%)
Principal transactions:													
Trading	1,468	1,862	903	486	946	560	328	280	(42%)	(15%)	4,719	2,114	(55%)
Investments	(14)	(73)	(54)	(75)	30	(17)	13	15	120%	15%	(216)	41	119%
Commissions	479	483	414	440	492	560	556	465	6%	(16%)	1,816	2,073	14%
Asset management, distribution and admin. fees	28	26	23	19	25	23	30	28	47%	(7%)	96	106	10%
Interest and dividends	6,267	6,089	4,978	3,393	3,175	3,169	3,630	3,095	(9%)	(15%)	20,727	13,069	(37%)
Other	100	121	97	120	147	95	78	94	(22%)	21%	438	414	(5%)
Total revenues	9,220	9,264	7,069	5,118	5,429	4,986	5,048	4,594	(10%)	(9%)	30,671	20,057	(35%)
Interest expense	5,683	5,985	4,498	2,951	2,629	2,551	2,896	2,713	(8%)	(6%)	19,117	10,789	(44%)
Net revenues	3,537	3,279	2,571	2,167	2,800	2,435	2,152	1,881	(13%)	(13%)	11,554	9,268	(20%)
Total non-interest expenses	2,360	2,251	1,839	1,265	1,953	1,752	1,720	1,139	(10%)	(34%)	7,715	6,564	(15%)
Income before taxes, extraordinary item, div. on pref. sec. and cumulative effect of acctg. change	1,177	1,028	732	902	847	683	432	742	(18%)	72%	3,839	2,704	(30%)
Income tax expense	407	356	249	305	295	213	139	267	(12%)	92%	1,317	914	(31%)
Div. on pref. sec. subject to mandatory redemption	7	7	14	22	22	22	21	22	--	5%	50	87	74%
Income before extraordinary item and cumulative effect of accounting change	763	665	469	575	530	448	272	453	(21%)	67%	2,472	1,703	(31%)
Extraordinary item (1)	0	0	(30)	0	0	0	0	0	--	--	(30)	0	*
Cumulative effect of accounting change (2)	(46)	0	0	0	0	0	0	0	--	--	(46)	0	*
Net income	<u>\$ 717</u>	<u>\$ 665</u>	<u>\$ 439</u>	<u>\$ 575</u>	<u>\$ 530</u>	<u>\$ 448</u>	<u>\$ 272</u>	<u>\$ 453</u>	(21%)	67%	<u>\$ 2,396</u>	<u>\$ 1,703</u>	(29%)
Profit margin (3)	22%	20%	18%	27%	19%	18%	13%	24%			21%	18%	

(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 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 15.



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

	QUARTER ENDED								Percentage Change From:		Twelve 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	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
Advisory revenue (millions)	\$ 449	\$ 291	\$ 358	\$ 322	\$ 292	\$ 250	\$ 149	\$ 271	(16%)	82%	\$ 1,420	\$ 962	(32%)
Underwriting revenue (millions)	\$ 443	\$ 465	\$ 350	\$ 413	\$ 322	\$ 346	\$ 264	\$ 346	(16%)	31%	\$ 1,671	\$ 1,278	(24%)
Sales and trading net revenue (millions) (1)													
Equity	\$ 1,496	\$ 1,263	\$ 998	\$ 858	\$ 931	\$ 953	\$ 1,066	\$ 634	(26%)	(41%)	\$ 4,615	\$ 3,584	(22%)
Fixed Income	\$ 1,068	\$ 1,232	\$ 854	\$ 755	\$ 1,108	\$ 870	\$ 698	\$ 589	(22%)	(16%)	\$ 3,909	\$ 3,265	(16%)
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	\$ 198.0					
Rank	1	2	4	3	5	3	4	3					
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	\$ 25.6					
Rank	4	3	4	4	5	5	5	4					

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

(2) Source: Thomson Financial Securities Data - January 1 to December 18, 2002.

Notes: Certain reclassifications have been made to prior period amounts to conform to the current presentation.  
 Refer to Legal Notice page 15.



**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, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
Investment banking	\$ 58	\$ 69	\$ 87	\$ 66	\$ 62	\$ 67	\$ 61	\$ 65	(2%)	7%	\$ 280	\$ 255	(9%)
Principal transactions:													
Trading	229	208	176	159	175	128	129	135	(15%)	5%	772	567	(27%)
Investments	(7)	(5)	1	0	1	0	(45)	(1)	*	98%	(11)	(45)	*
Commissions	360	346	294	300	274	328	288	267	(11%)	(7%)	1,300	1,157	(11%)
Asset management, distribution and admin fees	447	437	426	390	421	444	407	368	(6%)	(10%)	1,700	1,640	(4%)
Interest and dividends	271	191	155	118	96	97	88	78	(34%)	(11%)	735	359	(51%)
Other	14	13	4	14	27	12	115	24	71%	(79%)	45	178	*
Total revenues	1,372	1,259	1,143	1,047	1,056	1,076	1,043	936	(11%)	(10%)	4,821	4,111	(15%)
Interest expense	148	96	66	56	37	35	30	29	(48%)	(3%)	366	131	(64%)
Net revenues	1,224	1,163	1,077	991	1,019	1,041	1,013	907	(8%)	(10%)	4,455	3,980	(11%)
Total non-interest expenses	1,175	1,201	1,172	968	1,010	1,017	1,005	963	(1%)	(4%)	4,516	3,995	(12%)
Income before income taxes	49	(38)	(95)	23	9	24	8	(56)	*	*	(61)	(15)	75%
Income tax expense	24	(13)	(37)	9	2	12	3	(25)	*	*	(17)	(8)	53%
Net income	\$ 25	\$ (25)	\$ (58)	\$ 14	\$ 7	\$ 12	\$ 5	\$ (31)	*	*	\$ (44)	\$ (7)	84%
Profit margin (1)	2%	(2%)	(5%)	1%	1%	1%	0%	(3%)			(1%)	(0%)	

(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 15.



**MORGAN STANLEY**  
**Quarterly Financial Information and Statistical Data**  
**Individual Investor Group**  
**(unaudited)**

	<b>QUARTER ENDED</b>								<b>Percentage Change From:</b>	
	<u>Feb 28, 2001</u>	<u>May 31, 2001</u>	<u>Aug 31, 2001</u>	<u>Nov 30, 2001</u>	<u>Feb 28, 2002</u>	<u>May 31, 2002</u>	<u>Aug 31, 2002</u>	<u>Nov 30, 2002</u>	<u>4Q02 vs. 4Q01</u>	<u>4Q02 vs. 3Q02</u>
Global financial advisors	14,166	14,256	14,342	13,690	14,115	13,707	13,590	12,546	(8%)	(8%)
Total client assets (billions)	\$ 638	\$ 634	\$ 597	\$ 595	\$ 588	\$ 570	\$ 520	\$ 517	(13%)	(1%)
Fee-based client account assets (billions) (3)	\$ 111	\$ 117	\$ 109	\$ 110	\$ 111	\$ 111	\$ 103	\$ 104	(5%)	1%
Domestic retail locations	748	722	704	697	680	663	649	606	(13%)	(7%)

(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 15.





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

	QUARTER ENDED								Percentage Change From:		Twelve 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	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
Investment banking	\$ 19	\$ 15	\$ 12	\$ 8	\$ 9	\$ 8	\$ 8	\$ 7	(13%)	(13%)	\$ 54	\$ 32	(41%)
Principal transactions:													
Trading	0	0	0	0	0	0	0	4	*	*	0	4	*
Investments	(25)	(29)	(6)	(29)	2	1	(32)	(2)	93%	94%	(89)	(31)	65%
Commissions	12	9	12	13	11	12	11	16	23%	45%	46	50	9%
Asset management, distribution and admin fees	634	611	605	570	570	587	534	508	(11%)	(5%)	2,420	2,199	(9%)
Interest and dividends	26	16	18	12	8	6	9	2	(83%)	(78%)	72	25	(65%)
Other	11	5	6	10	18	1	8	(2)	(120%)	(125%)	32	25	(22%)
Total revenues	677	627	647	584	618	615	538	533	(9%)	(1%)	2,535	2,304	(9%)
Interest expense	2	3	2	3	1	0	0	(1)	(133%)	*	10	0	*
Net revenues	675	624	645	581	617	615	538	534	(8%)	(1%)	2,525	2,304	(9%)
Total non-interest expenses	432	421	428	415	381	387	328	366	(12%)	12%	1,696	1,462	(14%)
Income before income taxes	243	203	217	166	236	228	210	168	1%	(20%)	829	842	2%
Income tax expense	98	84	89	78	92	87	86	52	(33%)	(40%)	349	317	(9%)
Net income	\$ 145	\$ 119	\$ 128	\$ 88	\$ 144	\$ 141	\$ 124	\$ 116	32%	(6%)	\$ 480	\$ 525	9%
Profit margin (1)	21%	19%	20%	15%	23%	23%	23%	22%			19%	23%	

(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 15.

MORGAN STANLEY  
Quarterly Statistical Data  
Investment Management  
(unaudited)

	QUARTER ENDED								Percentage Change From:		Twelve 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	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
(\$ billions)													
<b>Net flows</b>													
Retail	\$ (0.6)	\$ (1.8)	\$ (1.7)	\$ (9.0)	\$ 1.6	\$ 1.2	\$ (0.7)	\$ (1.0)	89%	(43%)	\$ (13.1)	\$ 1.1	108%
Institutional	(2.2)	(1.2)	0.4	0.7	(0.6)	(0.6)	0.0	(0.8)	(214%)	*	(2.3)	(2.0)	13%
Net flows excluding money markets	(2.8)	(3.0)	(1.3)	(8.3)	1.0	0.6	(0.7)	(1.8)	78%	(157%)	(15.4)	(0.9)	94%
Money markets	5.0	(0.8)	0.4	1.4	(1.2)	(4.1)	1.0	(1.2)	(186%)	(220%)	6.0	(5.5)	(192%)
<b>Assets under management or supervision by distribution channel</b>													
Retail	\$ 309	\$ 303	\$ 292	\$ 280	\$ 273	\$ 269	\$ 252	\$ 247	(12%)	(2%)			
Institutional	183	184	179	179	179	182	172	173	(3%)	1%			
Total	\$ 492	\$ 487	\$ 471	\$ 459	\$ 452	\$ 451	\$ 424	\$ 420	(8%)	(1%)			
<b>Assets under management or supervision by asset class</b>													
Equity	\$ 225	\$ 220	\$ 202	\$ 199	\$ 195	\$ 201	\$ 175	\$ 172	(14%)	(2%)			
Fixed income	138	136	138	128	128	126	127	127	(1%)	--			
Money market	67	67	69	70	70	65	66	66	(6%)	--			
Other (1)	62	64	62	62	59	59	56	55	(11%)	(2%)			
Total	\$ 492	\$ 487	\$ 471	\$ 459	\$ 452	\$ 451	\$ 424	\$ 420	(8%)	(1%)			

(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 15.



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

	QUARTER ENDED								Percentage Change From:		Twelve 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	Nov 30, 2002	4Q02 vs. 4Q01	Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
Fees:													
Merchant and cardmember	\$ 312	\$ 325	\$ 364	\$ 348	\$ 342	\$ 347	\$ 359	\$ 372	7%	4%	\$ 1,349	\$ 1,420	5%
Servicing	427	476	434	567	541	511	514	525	(7%)	2%	1,904	2,091	10%
Other	1	0	1	(1)	1	12	8	(2)	(100%)	(125%)	1	19	*
Total non-interest revenues	740	801	799	914	884	870	881	895	(2%)	2%	3,254	3,530	8%
Interest revenue	672	654	674	593	553	602	646	612	3%	(5%)	2,593	2,413	(7%)
Interest expense	339	322	303	272	269	258	262	261	(4%)	--	1,236	1,050	(15%)
Net interest income	333	332	371	321	284	344	384	351	9%	(9%)	1,357	1,363	--
Provision for consumer loan losses	213	231	277	331	345	340	332	319	(4%)	(4%)	1,052	1,336	27%
Net credit income	120	101	94	(10)	(61)	4	52	32	*	(38%)	305	27	(91%)
Net revenues	860	902	893	904	823	874	933	927	3%	(1%)	3,559	3,557	--
Total non-interest expenses	629	623	575	605	568	562	614	624	3%	2%	2,432	2,368	(3%)
Income before taxes and cumulative effect of accounting change	231	279	318	299	255	312	319	303	1%	(5%)	1,127	1,189	6%
Income tax expense	89	108	122	106	88	116	109	109	3%	--	425	422	(1%)
Income before cumulative effect of accounting change	142	171	196	193	167	196	210	194	1%	(8%)	702	767	9%
Cumulative effect of accounting change (1)	(13)	0	0	0	0	0	0	0	--	--	(13)	0	*
Net income	\$ 129	\$ 171	\$ 196	\$ 193	\$ 167	\$ 196	\$ 210	\$ 194	1%	(8%)	\$ 689	\$ 767	11%
Profit margin (2)	17%	19%	22%	21%	20%	22%	23%	21%			20%	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 15.



**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, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
Fees:													
Merchant and cardmember	\$ 467	\$ 463	\$ 527	\$ 543	\$ 527	\$ 516	\$ 525	\$ 542	--	3%	\$ 2,000	\$ 2,110	6%
Servicing	0	0	0	0	0	0	0	0	--	--	0	0	--
Other	29	49	15	(2)	16	36	25	3	250%	(88%)	91	80	(12%)
Total non-interest revenues	496	512	542	541	543	552	550	545	1%	(1%)	2,091	2,190	5%
Interest revenue	1,747	1,745	1,741	1,696	1,611	1,614	1,643	1,606	(5%)	(2%)	6,929	6,474	(7%)
Interest expense	798	730	657	562	499	480	483	475	(15%)	(2%)	2,747	1,937	(29%)
Net interest income	949	1,015	1,084	1,134	1,112	1,134	1,160	1,131	--	(3%)	4,182	4,537	8%
Provision for consumer loan losses	585	625	733	771	832	812	777	749	(3%)	(4%)	2,714	3,170	17%
Net credit income	364	390	351	363	280	322	383	382	5%	--	1,468	1,367	(7%)
Net revenues	860	902	893	904	823	874	933	927	3%	(1%)	3,559	3,557	--
Total non-interest expenses	629	623	575	605	568	562	614	624	3%	2%	2,432	2,368	(3%)
Income before income taxes and cumulative effect of accounting change	231	279	318	299	255	312	319	303	1%	(5%)	1,127	1,189	6%
Income tax expense	89	108	122	106	88	116	109	109	3%	--	425	422	(1%)
Income before cumulative effect of accounting change	142	171	196	193	167	196	210	194	1%	(8%)	702	767	9%
Cumulative effect of accounting change (1)	(13)	0	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>	<u>\$ 194</u>	1%	(8%)	<u>\$ 689</u>	<u>\$ 767</u>	11%
Profit margin (2)	17%	19%	22%	21%	20%	22%	23%	21%			20%	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 15.



**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, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
<b>Owned credit card loans</b>													
Period end	\$ 21,739	\$ 20,909	\$ 20,194	\$ 20,085	\$ 20,554	\$ 20,224	\$ 21,840	\$ 22,543	12%	3%	\$ 20,085	\$ 22,543	12%
Average	\$ 21,555	\$ 21,301	\$ 20,407	\$ 19,546	\$ 20,972	\$ 20,747	\$ 20,476	\$ 22,030	13%	8%	\$ 20,701	\$ 21,054	2%
<b>Managed credit card loans (1)</b>													
Period end	\$ 49,493	\$ 50,227	\$ 49,704	\$ 49,332	\$ 49,569	\$ 49,377	\$ 49,677	\$ 51,143	4%	3%	\$ 49,332	\$ 51,143	4%
Average	\$ 49,273	\$ 49,658	\$ 49,825	\$ 48,964	\$ 50,396	\$ 49,379	\$ 49,344	\$ 50,239	3%	2%	\$ 49,432	\$ 49,835	1%
Interest yield	13.66%	13.34%	13.34%	13.48%	12.63%	12.64%	12.86%	12.45%	(103 bp)	(41 bp)	13.45%	12.64%	(81 bp)
Interest spread	7.09%	7.50%	8.16%	8.82%	8.61%	8.72%	8.92%	8.62%	(20 bp)	(30 bp)	7.89%	8.71%	82 bp
Net charge-off rate	4.79%	4.98%	5.79%	5.85%	6.49%	6.30%	6.02%	5.96%	11 bp	(6 bp)	5.36%	6.19%	83 bp
Delinquency rate (over 30 days)	6.34%	5.84%	6.31%	6.85%	6.75%	5.63%	5.72%	5.96%	(89 bp)	24 bp	6.85%	5.96%	(89 bp)
Delinquency rate (over 90 days)	2.74%	2.60%	2.61%	3.02%	3.12%	2.65%	2.49%	2.66%	(36 bp)	17 bp	3.02%	2.66%	(36 bp)
Transaction volume (billions)	\$ 24.4	\$ 23.5	\$ 23.3	\$ 22.1	\$ 24.1	\$ 23.5	\$ 24.3	\$ 25.3	15%	4%	\$ 93.3	\$ 97.3	4%
Accounts (millions)	43.7	44.7	45.4	45.7	46.0	46.2	46.2	46.5	2%	1%	45.7	46.5	2%
Active accounts (millions)	24.0	24.3	24.0	24.0	23.8	23.4	22.8	22.6	(6%)	(1%)	24.0	22.6	(6%)
Average receivables per average active account (actual \$)	\$ 2,050	\$ 2,052	\$ 2,069	\$ 2,055	\$ 2,098	\$ 2,086	\$ 2,145	\$ 2,214	8%	3%	\$ 2,057	\$ 2,135	4%
Securitization gain	\$ 25	\$ 49	\$ 3	\$ (7)	\$ 8	\$ 11	\$ (3)	\$ 4	157%	233%	\$ 70	\$ 20	(71%)

(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 15.

**MORGAN STANLEY**

The following (page 13) 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. Morgan Stanley also provides this type of presentation for its credit services activities (page 14) in order to provide helpful comparison to other credit card issuers.



**MORGAN STANLEY**  
**Quarterly Institutional Securities, Individual Investor Group and Investment Management**  
**Combined Income Statement Information**  
**(unaudited, dollars in millions)**

	QUARTER ENDED								Percentage Change From:		Twelve 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	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
Investment banking	\$ 969	\$ 840	\$ 807	\$ 809	\$ 685	\$ 671	\$ 482	\$ 689	(15%)	43%	\$ 3,425	\$ 2,527	(26%)
Principal transactions:													
Trading	1,697	2,070	1,079	645	1,121	688	457	419	(35%)	(8%)	5,491	2,685	(51%)
Investments	(46)	(107)	(59)	(104)	33	(16)	(64)	12	112%	119%	(316)	(35)	89%
Commissions	851	838	720	753	777	900	855	748	(1%)	(13%)	3,162	3,280	4%
Asset management, distribution and administration fees	1,109	1,074	1,054	979	1,016	1,054	971	904	(8%)	(7%)	4,216	3,945	(6%)
Interest and dividends	6,564	6,296	5,151	3,523	3,279	3,272	3,727	3,175	(10%)	(15%)	21,534	13,453	(38%)
Other	125	139	107	144	192	108	201	116	(19%)	(42%)	515	617	20%
Total revenues	<u>11,269</u>	<u>11,150</u>	<u>8,859</u>	<u>6,749</u>	<u>7,103</u>	<u>6,677</u>	<u>6,629</u>	<u>6,063</u>	(10%)	(9%)	<u>38,027</u>	<u>26,472</u>	(30%)
Interest expense	<u>5,833</u>	<u>6,084</u>	<u>4,566</u>	<u>3,010</u>	<u>2,667</u>	<u>2,586</u>	<u>2,926</u>	<u>2,741</u>	(9%)	(6%)	<u>19,493</u>	<u>10,920</u>	(44%)
Net revenues	<u>5,436</u>	<u>5,066</u>	<u>4,293</u>	<u>3,739</u>	<u>4,436</u>	<u>4,091</u>	<u>3,703</u>	<u>3,322</u>	(11%)	(10%)	<u>18,534</u>	<u>15,552</u>	(16%)
Compensation and benefits	2,648	2,538	2,190	1,242	2,297	2,039	1,855	968	(22%)	(48%)	8,618	7,159	(17%)
Occupancy and equipment	193	207	202	200	182	190	180	200	--	11%	802	752	(6%)
Brokerage, clearing and exchange fees	167	177	176	180	179	176	208	212	18%	2%	700	775	11%
Information processing and communications	268	276	273	263	242	246	247	281	7%	14%	1,080	1,016	(6%)
Marketing and business development	191	170	154	147	134	157	145	159	8%	10%	662	595	(10%)
Professional services	276	282	233	283	174	191	211	266	(6%)	26%	1,074	842	(22%)
Other	224	223	211	333	136	157	207	147	(56%)	(29%)	991	647	(35%)
Restructuring and other charges	0	0	0	0	0	0	0	235	*	*	0	235	*
Total non-interest expenses	<u>3,967</u>	<u>3,873</u>	<u>3,439</u>	<u>2,648</u>	<u>3,344</u>	<u>3,156</u>	<u>3,053</u>	<u>2,468</u>	(7%)	(19%)	<u>13,927</u>	<u>12,021</u>	(14%)
Income before taxes, extraordinary item, div. on pref. sec. and cumulative effect of accounting change	1,469	1,193	854	1,091	1,092	935	650	854	(22%)	31%	4,607	3,531	(23%)
Income tax expense	529	427	301	392	389	312	228	294	(25%)	29%	1,649	1,223	(26%)
Div. on pref. sec. subject to mandatory redemption	7	7	14	22	22	22	21	22	--	5%	50	87	74%
Income before extraordinary item and cumulative effect of accounting change	933	759	539	677	681	601	401	538	(21%)	34%	2,908	2,221	(24%)
Extraordinary Item (1)	0	0	(30)	0	0	0	0	0	--	--	(30)	0	*
Cumulative effect of accounting change (2)	(46)	0	0	0	0	0	0	0	--	--	(46)	0	*
Net income	<u>\$ 887</u>	<u>\$ 759</u>	<u>\$ 509</u>	<u>\$ 677</u>	<u>\$ 681</u>	<u>\$ 601</u>	<u>\$ 401</u>	<u>\$ 538</u>	(21%)	34%	<u>\$ 2,832</u>	<u>\$ 2,221</u>	(22%)
Compensation and benefits as a % of net revenues	49%	50%	51%	33%	52%	50%	50%	29%			46%	46%	
Non-compensation expenses as a % of net revenues	24%	26%	29%	38%	24%	27%	32%	45%			29%	31%	
Profit margin (3)	17%	15%	13%	18%	15%	15%	11%	16%			16%	14%	
Number of employees (4)	47,739	47,127	46,575	45,110	43,878	43,238	42,585	40,424	(10%)	(5%)			

(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 excluding cumulative effect of accounting change 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 15.



**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, 2001	May 31, 2001	Aug 31, 2001	Nov 30, 2001	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	4Q02 vs. 4Q01	4Q02 vs. 3Q02	Nov 30, 2001	Nov 30, 2002	
Fees:													
Merchant and cardmember	\$ 467	\$ 463	\$ 527	\$ 543	\$ 527	\$ 516	\$ 525	\$ 542	--	3%	\$ 2,000	\$ 2,110	6%
Servicing	0	0	0	0	0	0	0	0	--	--	0	0	--
Other	29	49	15	(2)	16	36	25	3	250%	(88%)	91	80	(12%)
Total non-interest revenues	496	512	542	541	543	552	550	545	1%	(1%)	2,091	2,190	5%
Interest revenue	1,747	1,745	1,741	1,696	1,611	1,614	1,643	1,606	(5%)	(2%)	6,929	6,474	(7%)
Interest expense	798	730	657	562	499	480	483	475	(15%)	(2%)	2,747	1,937	(29%)
Net interest income	949	1,015	1,084	1,134	1,112	1,134	1,160	1,131	--	(3%)	4,182	4,537	8%
Provision for consumer loan losses	585	625	733	771	832	812	777	749	(3%)	(4%)	2,714	3,170	17%
Net credit income	364	390	351	363	280	322	383	382	5%	--	1,468	1,367	(7%)
Net revenues	860	902	893	904	823	874	933	927	3%	(1%)	3,559	3,557	--
Compensation and benefits	193	195	186	180	192	197	206	179	(1%)	(13%)	754	774	3%
Occupancy and equipment	22	20	22	15	16	18	18	21	40%	17%	79	73	(8%)
Information processing and communications	87	95	90	108	80	91	94	98	(9%)	4%	380	363	(4%)
Marketing and business development	182	164	126	143	120	102	146	170	19%	16%	615	538	(13%)
Professional services	58	54	51	62	51	59	62	80	29%	29%	225	252	12%
Other	87	95	100	97	109	95	88	76	(22%)	(14%)	379	368	(3%)
Total non-interest expenses	629	623	575	605	568	562	614	624	3%	2%	2,432	2,368	(3%)
Income before taxes and cumulative effect of accounting change	231	279	318	299	255	312	319	303	1%	(5%)	1,127	1,189	6%
Income tax expense	89	108	122	106	88	116	109	109	3%	--	425	422	(1%)
Income before cumulative effect of accounting change	142	171	196	193	167	196	210	194	1%	(8%)	702	767	9%
Cumulative effect of accounting change (1)	(13)	0	0	0	0	0	0	0	--	--	(13)	0	*
Net income	\$ 129	\$ 171	\$ 196	\$ 193	\$ 167	\$ 196	\$ 210	\$ 194	1%	(8%)	\$ 689	\$ 767	11%
Compensation and benefits as a % of net revenues	22%	22%	21%	20%	23%	23%	22%	19%			21%	22%	
Non-compensation expenses as a % of net revenues	51%	47%	44%	47%	46%	42%	44%	48%			47%	45%	
Profit margin (2)	17%	19%	22%	21%	20%	22%	23%	21%			20%	22%	
Number of employees	15,969	15,783	15,817	16,209	15,997	15,300	15,214	15,302	(6%)	1%			

(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 15.





**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 19, 2002.**