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For Immediate Release

Morgan Stanley 4th Quarter Earnings Up 18%; Full Year Earnings Increase to $4.5 Billion; Return on Equity for Year is 17%; Dividend Increased by 8%

NEW YORK, December 21, 2004 -- Morgan Stanley (NYSE: MWD) today reported net income for the fiscal year of $4,486 million, an 18 percent increase from last year's $3,787 million. Net revenues (total revenues less interest expense and the provision for loan losses) of $23.8 billion rose 14 percent from a year ago, while non-interest expenses of $17.1 billion increased 13 percent over the same period. The effective annual tax rate was 28.5 percent in 2004 compared to 29.0 percent in 2003. Diluted earnings per share were $4.06, compared to $3.45 a year ago. The return on average common equity was 16.8 percent compared to 16.4 percent a year ago.

Net income for the fourth quarter ended November 30, 2004 was $1,200 million, up 18 percent from the fourth quarter of 2003 and 43 percent ahead of the third quarter of 2004. Fourth quarter net revenues were $5.4 billion, 7 percent ahead of last year's fourth quarter and equal to this year's third quarter. Non-interest expenses of $3.8 billion represented a 6 percent increase from last year but were 9 percent lower than last quarter. Diluted earnings per share were $1.09 compared to $0.92 a year ago and $0.76 in the third quarter. The annualized return on average common equity for the fourth quarter was 17.4 percent compared with 16.9 percent a year ago and 12.3 percent last quarter.

Full Year Business Highlights

- Institutional Securities' investment banking revenues of $3.0 billion were 44 percent above last year.
- For the first eleven months of calendar 2004, the Company increased its market share and ranked first in global equity and global IPOs, and second in global completed M&A. The Company also ranked second in global debt issuances.

- Fixed income achieved record sales and trading results.
- Investment Management's assets under management reached $424 billion at year-end, a 19 percent increase from a year ago. Net customer related flows were $29 billion for the year.
- Discover Card pre-tax earnings rose 16 percent from a year ago to a record $1.3 billion.
- In November, Discover Card announced the agreement to acquire the PULSE debit card network, which will enable Discover to offer expanded services to financial institutions, merchants and consumers in the rapidly expanding debit card market.

Philip J. Purcell, Chairman & CEO, said in a statement, "We are pleased with our fourth quarter and full year results. Fixed income and Discover Card had record years, investment banking activity has picked up significantly, and both equities and investment management made strong contributions to earnings. It's clear that our client focused strategy is working. Our focus in 2005 will be on improving margins and leveraging the strategic mix of our businesses."

The Company also announced that its Board of Directors declared a $0.27 quarterly dividend per common share -- an 8 percent increase from $0.25 per common share in the previous quarter. The dividend is payable on January 31, 2005 to common shareholders of record on January 14, 2005.

INSTITUTIONAL SECURITIES

FULL YEAR

The Company's Institutional Securities business posted pre-tax income[1] of $4,097 million, a 12 percent increase from 2003. Net revenues rose 17 percent to $13.1 billion, driven by record results in fixed income and significant increases in advisory and equities. Non-interest expenses rose 19 percent to $9.0 billion, reflecting higher compensation levels and costs associated with increased business activity.

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[1] Represents income from continuing operations before losses from unconsolidated investees, taxes and dividends on preferred securities subject to mandatory redemption.

Fixed income sales and trading revenues were $5.6 billion, up 4 percent from a strong performance in 2003. The increase was driven by a record year in commodities and improved results in credit products, while interest rate & currency products declined slightly from last year's record revenues. Commodities benefited as tight oil supplies, growing demand and global political instability drove energy prices and volatility higher. Credit products benefited from increased customer flows and favorable trading conditions.

Equity sales and trading revenues rose 13 percent to $4.1 billion. Prime brokerage had a record year driven by robust growth in client asset balances. Equity cash revenues increased reflecting higher market volumes and derivatives increased modestly despite continued low levels of volatility.

Advisory revenues rose 75 percent to $1.2 billion, reflecting a significant increase in the Company's market share from 18 percent to 27 percent[2] and a 33 percent increase in industry-wide completed M&A activity. Underwriting revenues rose 29 percent from last year to $1.9 billion. Equity underwriting revenues rose 55 percent compared to a 45 percent increase in industry wide activity. In a resurgent IPO market, the Company ranked first in global IPO market share,[3] completing 42 transactions compared to 14 a year ago. Fixed income underwriting revenues rose 8 percent, compared to a 4 percent increase in industry-wide activity. High yield and securitized products drove the increase in revenues.

For the calendar year-to-date, the Company ranked first in global equity and equity-linked issuances with an 11 percent market share, first in global IPOs with an 11 percent market share, second in global debt issuances with a 7 percent market share, second in completed global M&A with a 27 percent market share and fifth in announced global M&A with a 21 percent market share.[3]

FOURTH QUARTER

Pre-tax income was $1,097 million for the quarter, up slightly from $1,064 million in the fourth quarter of 2003. A 9 percent increase in net revenues to $2.8 billion, reflecting

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[2] Source: Thomson Financial – for the periods: January 1, 2003 to November 30, 2003 and January 1, 2004 to November 30, 2004.

[3] Source: Thomson Financial – for the period January 1, 2004 to November 30, 2004.

improved results in advisory and equity sales and trading, was offset by a 13 percent increase in non-interest expenses reflecting higher compensation levels and costs associated with increased business activity.

- Fixed income sales and trading net revenues were $890 million, down 9 percent from the fourth quarter of 2003. Revenues declined significantly in interest rate & currency products, as a decline in interest rate volatility in the U.S. and most major countries resulted in a less favorable trading environment. Credit products revenues were down modestly this quarter, as lower investment grade and high yield were partially offset by an increase in securitized products. Commodities achieved a record quarter, driven by a strong performance in oil liquids, which benefited from increased market volatility.
- Equity sales and trading net revenues of $966 million rose 5 percent from the prior year -- driven by higher revenues in the Company's prime brokerage and cash businesses.
- Advisory revenues were $290 million, up 29 percent from fourth quarter 2003, driven by a 47 percent increase in industry-wide completed M&A activity and an increase in the Company's completed M&A global market share from 14 percent to 16 percent.[4]
- Total underwriting revenues declined 4 percent from last year's fourth quarter to $377 million. Equity underwriting revenues declined 7 percent despite a 19 percent increase in industry volume, and fixed income underwriting revenues were virtually unchanged.

INDIVIDUAL INVESTOR GROUP

FULL YEAR

The Individual Investor Group reported pre-tax income of $371 million, down 20 percent from $464 million in fiscal 2003 -- largely driven by higher non-interest expenses. In the fourth quarter of 2004, the Company changed its method of accounting to recognize certain asset management and account fees over the relevant contract period as compared to when billed. This change decreased net revenues by $107 million, non-interest expenses by $27 million and pre-tax income by $80 million for both the full year and quarterly results.

[4] Source: Thomson Financial – for the periods: September 1, 2003 to November 30, 2003 and September 1, 2004 to November 30, 2004.

Net revenues for the year were $4.6 billion, a 9 percent increase over a year ago, reflecting higher asset management, distribution and administration fees driven primarily by an increase in client assets in fee-based accounts. Commission revenues also increased, due to higher equity market volumes. Total non-interest expenses were $4.2 billion, a 12 percent increase from a year ago. The increase was driven by higher compensation expenses reflecting higher revenues, and higher professional services expenses including sub-advisory, consulting and legal costs. Total client assets increased to $602 billion, up 7 percent from fiscal 2003 year-end. Client assets in fee-based accounts rose 21 percent to $157 billion at fiscal year-end and increased as a percentage of total client assets to 26 percent from 23 percent. The number of global financial advisors was 10,962 -- a decline of 124 from a year ago.

FOURTH QUARTER

IIG pre-tax income for the fourth quarter was $51 million, a decline of 67 percent from $153 million a year ago -- reflecting a 7 percent decline in net revenues and a 2 percent increase in non-interest expenses.

- Net revenues fell 7 percent to $1.1 billion, due to the change in the recognition of certain asset management and account fees discussed above and a decline in principal transactions revenues.
- Non-interest expenses increased 2 percent from a year ago to $1.0 billion on higher professional services expenses driven by increases in consulting expenses and sub-advisory fees.
- During the quarter, total client assets increased by $26 billion, or 5 percent, to $602 billion. Client assets in fee-based accounts increased by $11 billion, or 8 percent, to $157 billion and the number of global financial advisors increased by 177 to 10,962.

INVESTMENT MANAGEMENT

FULL YEAR

Investment Management reported pre-tax income of $827 million, up 72 percent from last year's $482 million. The increase reflects a 20 percent increase in net revenues to $2.7 billion, driven by an increase in asset management fees and higher investment gains. Non-interest expenses increased 7 percent to $1.9 billion, largely due to higher compensation expense reflecting higher revenues, and an increase in professional services expenses driven by higher consulting, sub-advisory and legal costs. Assets under management at November

30, 2004 were $424 billion, up $67 billion, or 19 percent, from a year ago -- as a result of both market appreciation and positive net flows. Among full-service brokerage firms, the Company had the highest number of domestic funds (42) receiving one of Morningstar's two highest ratings.[5] The percent of the Company's fund assets performing in the top half of the Lipper rankings was 71 percent over one year, 75 percent over three years and 73 percent over five years. Performance for the one and three year time periods was significantly better than a year ago.[6] Investment gains for the year were $248 million, a $229 million increase from a year ago. The largest gains were associated with the Company's holdings in Vanguard Health Systems, Inc. and Ping An Insurance (Group) Company of China, Ltd.

FOURTH QUARTER

Investment Management's pre-tax income was $231 million, a 138 percent increase from $97 million in the fourth quarter of 2003. The increase reflected a 20 percent increase in net revenues to $714 million, driven by significantly higher investment gains and an increase in average assets under management. Non-interest expenses declined 3 percent to $483 million. Institutional assets rose $22 billion during the fourth quarter and $58 billion over the past twelve months to $222 billion. Retail assets increased $8 billion during the quarter and $9 billion from a year ago to $202 billion.

CREDIT SERVICES

FULL YEAR

Credit Services pre-tax income was a record $1,272 million on a managed basis, up 16 percent from 2003 earnings of $1,093 million. The increase in earnings was driven by a decline in the provision for loan losses, reflecting improved credit quality -- that more than offset lower net interest income and merchant and cardmember fees. Non-interest expenses were relatively flat as higher marketing expenses were offset by lower compensation. The managed credit card charge-off rate decreased 60 basis points from a year ago to 6.00 percent, benefiting from the effect of the Company's credit and collection initiatives and an industry-wide improvement in credit quality. The over-30-day-delinquency rate decreased 142 basis points to 4.55 percent and the over-90-day-delinquency rate was 64 basis points lower at 2.18

[5] Full service brokerage firms include Morgan Stanley, Merrill Lynch, Citigroup and Prudential. As of November 30, 2004.
[6] As of November 30, 2004 and November 30, 2003.

percent. Managed credit card loans were $48.3 billion at fiscal year-end -- virtually unchanged from a year ago. On a managed basis, net interest income fell $246 million from a year ago to $4.4 billion, reflecting lower average credit card loan balances, partially offset by an increase in the interest rate spread. Merchant and cardmember fees decreased $136 million, largely as a result of lower late and overlimit fees.

FOURTH QUARTER

Credit Services posted fourth quarter pre-tax income of $279 million on a managed basis, up 33 percent from a year ago. The increase was driven by a decline in the provision for loan losses, partially offset by a decrease in net interest income, lower merchant and cardmember fees and higher non-interest expenses.

- Managed credit card loans of $48.3 billion were virtually unchanged from a year ago and up 2 percent from the end of the third quarter. Net interest income declined $112 million from a year ago, reflecting a decrease in average credit card loan balances and a narrowing of the interest rate spread.
- Merchant and cardmember fees were $485 million, down 5 percent from a year ago, due to lower late and overlimit fees and higher cardmember rewards, partially offset by higher balance transfer fees and merchant discount revenues. The decline in late fees primarily reflected lower credit card delinquencies, while the increase in merchant discount revenue was driven by higher sales activity.
- Total transaction volume was $25.7 billion, a 12 percent increase from a year ago and the second highest quarterly volume.
- The credit card net charge-off rate was 5.45 percent, 142 basis points lower than last year's fourth quarter and 31 basis points lower than this year's third quarter. The over-30-day-delinquency rate declined 26 basis points from the third quarter to 4.55 percent, and the over-90-day-delinquency rate declined 4 basis points over the same period to 2.18 percent. The charge-off rate is at its lowest level in more than three years, while the over-30-day-delinquency rate is lower than at any time since 1995.
- Non-interest expenses of $621 million rose 3 percent from a year ago, due to increased marketing expenses.

Total capital at November 30, 2004 was $110.8 billion, including $31.1 billion of common shareholders' equity and junior subordinated debt issued to capital trusts. Book value per common share was $25.95, based on quarter-end shares outstanding of 1.1 billion.

The Company repurchased approximately 23 million shares of its common stock during the 2004 fiscal year. The Company currently anticipates that it will increase common stock repurchases pursuant to its publicly announced equity anti-dilution program and expects that these repurchases will be between 35 million and 80 million shares for fiscal 2005. The actual amount of the repurchases will be subject to market conditions and certain other factors.

Morgan Stanley is a global financial services firm and a market leader in securities, investment management and credit services. With more than 600 offices in 28 countries, Morgan Stanley connects people, ideas and capital to help clients achieve their financial aspirations.

Access this press release on-line @www.morganstanley.com

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(See Attached Schedules)

This release may contain forward-looking statements. These statements, which reflect management's beliefs and expectations, are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of the risks and uncertainties that may affect the Company's future results, please see "Forward-Looking Statements" immediately preceding Part I, Item 1, "Certain Factors Affecting Results of Operations" under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7, and "Competition" and "Regulation" in Part I, Item 1 of the Company's Annual Report on Form 10-K/A for the fiscal year ended November 30, 2003, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Quarterly Reports on Form 10-Q (and any amendments thereto) for fiscal 2004.

MORGAN STANLEY
Financial Summary
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Net revenues								
Institutional Securities	$ 2,836	$ 2,603	$ 2,776	9%	2%	$ 13,063	$ 11,211	17%
Individual Investor Group	1,071	1,153	1,124	(7%)	(5%)	4,615	4,242	9%
Investment Management	714	595	692	20%	3%	2,738	2,276	20%
Credit Services	900	811	897	11%	--	3,634	3,427	6%
Intersegment Eliminations	(72)	(75)	(64)	4%	(13%)	(285)	(299)	5%
Consolidated net revenues	$ 5,449	$ 5,087	$ 5,425	7%	--	$ 23,765	$ 20,857	14%
Income before taxes (1)								
Institutional Securities	$ 1,097	$ 1,064	$ 682	3%	61%	$ 4,097	$ 3,645	12%
Individual Investor Group	51	153	22	(67%)	132%	371	464	(20%)
Investment Management	231	97	217	138%	6%	827	482	72%
Credit Services	279	209	330	33%	(15%)	1,272	1,093	16%
Intersegment Eliminations	29	28	31	4%	(6%)	118	121	(2%)
Consolidated income before taxes	$ 1,687	$ 1,551	$ 1,282	9%	32%	$ 6,685	$ 5,805	15%
Earnings per basic share:								
Income from continuing operations	$ 1.11	$ 0.94	$ 0.80	18%	39%	$ 4.17	$ 3.54	18%
Loss from discontinued operations	$ -	$ -	$ (0.02)	--	*	$ (0.02)	$ (0.02)	--
Earnings per basic share	$ 1.11	$ 0.94	$ 0.78	18%	42%	$ 4.15	$ 3.52	18%
Earnings per diluted share:								
Income from continuing operations	$ 1.09	$ 0.92	$ 0.78	18%	40%	$ 4.08	$ 3.47	18%
Loss from discontinued operations	$ -	$ -	$ (0.02)	--	*	$ (0.02)	$ (0.02)	--
Earnings per diluted share	$ 1.09	$ 0.92	$ 0.76	18%	43%	$ 4.06	$ 3.45	18%
Average common shares outstanding								
Basic	1,076,221,276	1,077,914,054	1,081,448,663			1,080,121,708	1,076,754,740	
Diluted	1,098,282,118	1,103,285,225	1,105,546,130			1,105,185,480	1,099,117,972	
Period end common shares outstanding	1,087,087,116	1,084,696,446	1,096,707,183			1,087,087,116	1,084,696,446	
Return on common equity	17.4%	16.9%	12.3%			16.8%	16.4%	

(1) Represents consolidated income from continuing operations before losses from unconsolidated investees, taxes and dividends on preferred securities subject to mandatory redemption.

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

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

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Investment banking	$ 746	$ 707	$ 783	6%	(5%)	$ 3,341	$ 2,440	37%
Principal transactions:								
Trading	934	992	695	(6%)	34%	5,525	6,192	(11%)
Investments	167	11	125	*	34%	512	86	*
Commissions	817	791	733	3%	11%	3,264	2,887	13%
Fees:								
Asset mgmt., distribution and administration	1,076	983	1,111	9%	(3%)	4,412	3,731	18%
Merchant and cardmember	326	337	349	(3%)	(7%)	1,318	1,379	(4%)
Servicing	477	483	459	(1%)	4%	1,993	2,015	(1%)
Interest and dividends	5,735	4,685	5,410	22%	6%	18,590	15,744	18%
Other	142	155	189	(8%)	(25%)	594	506	17%
Total revenues	10,420	9,144	9,854	14%	6%	39,549	34,980	13%
Interest expense	4,748	3,745	4,189	27%	13%	14,859	12,856	16%
Provision for consumer loan losses	223	312	240	(29%)	(7%)	925	1,267	(27%)
Net revenues	5,449	5,087	5,425	7%	--	23,765	20,857	14%
Compensation and benefits	1,898	1,782	2,347	7%	(19%)	9,880	8,545	16%
Occupancy and equipment	215	212	228	1%	(6%)	849	794	7%
Brokerage, clearing and exchange fees	240	233	231	3%	4%	932	838	11%
Information processing and communications	346	343	326	1%	6%	1,310	1,288	2%
Marketing and business development	333	256	279	30%	19%	1,129	967	17%
Professional services	475	368	400	29%	19%	1,549	1,135	36%
Other	255	342	332	(25%)	(23%)	1,431	1,485	(4%)
Total non-interest expenses	3,762	3,536	4,143	6%	(9%)	17,080	15,052	13%
Income from continuing operations before losses from unconsolidated investees, income taxes and dividends on preferred securities subject to mandatory redemption	1,687	1,551	1,282	9%	32%	6,685	5,805	15%
Losses from unconsolidated investees	77	104	77	(26%)	--	328	279	18%
Provision for income taxes	411	387	343	6%	20%	1,803	1,562	15%
Dividends on preferred securities subject to mandatory redemption (1)	0	45	0	*	--	45	154	(71%)
Income from continuing operations	1,199	1,015	862	18%	39%	4,509	3,810	18%
Discontinued operations								
Loss/(gain) from discontinued operations (including loss on disposal of $42 million in 2004)	(2)	2	42	*	(105%)	38	38	--
Income tax (benefit)/provision	1	(1)	(17)	*	106%	(15)	(15)	--
Loss/(gain) on discontinued operations	(1)	1	25	*	(104%)	23	23	--
Net income	$ 1,200	$ 1,014	$ 837	18%	43%	$ 4,486	$ 3,787	18%
Compensation and benefits as a % of net revenues	35%	35%	43%			42%	41%	

(1) At February 29, 2004, preferred securities subject to mandatory redemption were reclassified to junior subordinated debt issued to capital trusts (a component of long-term debt) pursuant to the adoption of FASB Interpretation No. 46, "Consolidation of Variable Interest Entities". Dividends on junior subordinated debt issued to capital trusts are included in interest expense from February 29, 2004 forward.

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

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

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Investment banking	$ 667	$ 616	$ 711	8%	(6%)	$ 3,008	$ 2,096	44%
Principal transactions:								
Trading	828	836	565	(1%)	47%	5,007	5,541	(10%)
Investments	79	(2)	38	*	108%	269	63	*
Commissions	504	469	462	7%	9%	1,998	1,748	14%
Asset mgmt., distribution and administration fees	42	23	36	83%	17%	144	92	57%
Interest and dividends	5,160	4,125	4,831	25%	7%	16,367	13,381	22%
Other	123	89	137	38%	(10%)	392	283	39%
Total revenues	7,403	6,156	6,780	20%	9%	27,185	23,204	17%
Interest expense	4,567	3,553	4,004	29%	14%	14,122	11,993	18%
Net revenues	2,836	2,603	2,776	9%	2%	13,063	11,211	17%
Total non-interest expenses	1,739	1,539	2,094	13%	(17%)	8,966	7,566	19%
Income from continuing operations before losses from unconsolidated investees, income taxes and dividends on preferred securities subject to mandatory redemption	1,097	1,064	682	3%	61%	4,097	3,645	12%
Losses from unconsolidated investees	77	104	77	(26%)	--	328	279	18%
Dividends on preferred securities subject to mandatory redemption (1)	0	45	0	*	--	45	154	(71%)
Income before taxes and discontinued operations	$ 1,020	$ 915	$ 605	11%	69%	$ 3,724	$ 3,212	16%
Pre-tax profit margin (2)	39%	39%	25%			31%	31%	

(1) At February 29, 2004, preferred securities subject to mandatory redemption were reclassified to junior subordinated debt issued to capital trusts (a component of long-term debt) pursuant to the adoption of FIN 46. Dividends on junior subordinated debt issued to capital trusts are included in interest expense from February 29, 2004 forward.

(2) Income before taxes and discontinued operations, excluding losses from unconsolidated investees, as a % of net revenues.

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

MORGAN STANLEY
Individual Investor Group Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Investment banking	$ 67	$ 80	$ 64	(16%)	5%	$ 290	$ 305	(5%)
Principal transactions:								
Trading	106	156	130	(32%)	(18%)	518	651	(20%)
Investments	(2)	0	(3)	*	33%	(5)	4	*
Commissions	325	344	281	(6%)	16%	1,327	1,231	8%
Asset mgmt., distribution and administration fees	480	441	536	9%	(10%)	2,038	1,613	26%
Interest and dividends	118	96	103	23%	15%	409	370	11%
Other	21	71	57	(70%)	(63%)	194	217	(11%)
Total revenues	1,115	1,188	1,168	(6%)	(5%)	4,771	4,391	9%
Interest expense	44	35	44	26%	--	156	149	5%
Net revenues	1,071	1,153	1,124	(7%)	(5%)	4,615	4,242	9%
Total non-interest expenses	1,020	1,000	1,102	2%	(7%)	4,244	3,778	12%
Income before taxes	$ 51	$ 153	$ 22	(67%)	132%	$ 371	$ 464	(20%)
Pre-tax profit margin (1)	5%	13%	2%			8%	11%	

(1) Income before taxes as a % of net revenues.

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

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

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Investment banking	$ 12	$ 11	$ 8	9%	50%	$ 43	$ 39	10%
Principal transactions:								
Investments	90	13	90	*	--	248	19	*
Commissions	5	6	7	(17%)	(29%)	27	18	50%
Asset mgmt., distribution and administration fees	600	557	579	8%	4%	2,390	2,177	10%
Interest and dividends	2	0	3	*	(33%)	8	0	*
Other	6	9	7	(33%)	(14%)	28	29	(3%)
Total revenues	715	596	694	20%	3%	2,744	2,282	20%
Interest expense	1	1	2	--	(50%)	6	6	--
Net revenues	714	595	692	20%	3%	2,738	2,276	20%
Total non-interest expenses	483	498	475	(3%)	2%	1,911	1,794	7%
Income before taxes	$ 231	$ 97	$ 217	138%	6%	$ 827	$ 482	72%
Pre-tax profit margin (1)	32%	16%	31%			30%	21%	

(1) Income before taxes as a % of net revenues.

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

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

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Fees:								
Merchant and cardmember	$ 326	$ 337	$ 349	(3%)	(7%)	$ 1,318	$ 1,379	(4%)
Servicing	477	483	459	(1%)	4%	1,993	2,015	(1%)
Other	1	(5)	(5)	120%	120%	17	15	13%
Total non-interest revenues	804	815	803	(1%)	--	3,328	3,409	(2%)
Interest revenue	482	487	496	(1%)	(3%)	1,893	2,091	(9%)
Interest expense	163	179	162	(9%)	1%	662	806	(18%)
Net interest income	319	308	334	4%	(4%)	1,231	1,285	(4%)
Provision for consumer loan losses	223	312	240	(29%)	(7%)	925	1,267	(27%)
Net credit income	96	(4)	94	*	2%	306	18	*
Net revenues	900	811	897	11%	--	3,634	3,427	6%
Total non-interest expenses	621	602	567	3%	10%	2,362	2,334	1%
Income before taxes	$ 279	$ 209	$ 330	33%	(15%)	$ 1,272	$ 1,093	16%
Pre-tax profit margin (1)	31%	26%	37%			35%	32%	

(1) Income before taxes as a % of net revenues.

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

MORGAN STANLEY
Credit Services Income Statement Information
(unaudited, dollars in millions)
(Managed loan basis)

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Fees:								
Merchant and cardmember	$ 485	$ 512	$ 499	(5%)	(3%)	$ 1,970	$ 2,106	(6%)
Servicing	0	0	0	--	--	0	0	--
Other	9	1	(10)	*	*	50	109	(54%)
Total non-interest revenues	494	513	489	(4%)	1%	2,020	2,215	(9%)
Interest revenue	1,407	1,517	1,422	(7%)	(1%)	5,803	6,265	(7%)
Interest expense	368	366	337	1%	9%	1,392	1,608	(13%)
Net interest income	1,039	1,151	1,085	(10%)	(4%)	4,411	4,657	(5%)
Provision for consumer loan losses	633	853	677	(26%)	(6%)	2,797	3,445	(19%)
Net credit income	406	298	408	36%	--	1,614	1,212	33%
Net revenues	900	811	897	11%	--	3,634	3,427	6%
Total non-interest expenses	621	602	567	3%	10%	2,362	2,334	1%
Income before taxes	$ 279	$ 209	$ 330	33%	(15%)	$ 1,272	$ 1,093	16%
Pre-tax profit margin (1)	31%	26%	37%			35%	32%	

(1) Income before taxes as a % of net revenues.

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

MORGAN STANLEY
Intersegment Eliminations
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Investment banking	$ 0	$ 0	$ 0	--	--	$ 0	$ 0	--
Principal transactions:								
Trading	0	0	0	--	--	0	0	--
Investments	0	0	0	--	--	0	0	--
Commissions	(17)	(28)	(17)	39%	--	(88)	(110)	20%
Asset mgmt., distribution and administration fees	(46)	(38)	(40)	(21%)	(15%)	(160)	(151)	(6%)
Interest and dividends	(27)	(23)	(23)	(17%)	(17%)	(87)	(98)	11%
Other	(9)	(9)	(7)	--	(29%)	(37)	(38)	3%
Total revenues	(99)	(98)	(87)	(1%)	(14%)	(372)	(397)	6%
Interest expense	(27)	(23)	(23)	(17%)	(17%)	(87)	(98)	11%
Net revenues	(72)	(75)	(64)	4%	(13%)	(285)	(299)	5%
Total non-interest expenses	(101)	(103)	(95)	2%	(6%)	(403)	(420)	4%
Income before taxes	$ 29	$ 28	$ 31	4%	(6%)	$ 118	$ 121	(2%)

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

MORGAN STANLEY

Financial Information and Statistical Data

(unaudited)

	Quarter Ended			Percentage Change From:	
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004
Total assets (millions)	$ 775,410	$ 602,843	$ 745,033	29%	4%
Adjusted assets (millions) (1)	$ 438,333	$ 388,586	$ 465,105	13%	(6%)
Period end common shares outstanding (millions)	1,087.1	1,084.7	1,096.7	--	(1%)
Book value per common share	$ 25.95	$ 22.93	$ 25.00	13%	4%
Shareholders' equity (millions) (2)	$ 31,103	$ 27,677	$ 30,317	12%	3%
Total capital (millions) (3)	$ 110,793	$ 82,769	$ 101,237	34%	9%
Worldwide employees	53,284	51,196	52,812	4%	1%
Average Daily 99%/One-Day Value-at-Risk ("VaR") (4)					
Primary Market Risk Category ($ millions, pre-tax)					
Interest rate and credit spread	$ 51	$ 45	$ 52		
Equity price	37	29	36		
Foreign exchange rate	10	13	12		
Commodity price	30	26	40		
Aggregate trading VaR	$ 80	$ 61	$ 79		

(1) Adjusted assets exclude certain self-funded assets considered to have minimal market, credit and/or liquidity risk that are generally attributable to matched book and securities lending businesses as measured by aggregate resale agreements and securities borrowed less non-derivative short positions. See page F-19 for further information.

(2) At August 31, 2004 and November 30, 2004, shareholders' equity includes $2,897 million of junior subordinated debt issued to capital trusts that in prior periods was classified as preferred securities subject to mandatory redemption. This amount was reclassified to long-term debt at February 29, 2004 pursuant to the adoption of FIN 46. See Note 12 to the Consolidated Financial Statements in the Company's Form 10-K/A for fiscal 2003. At the prior quarter ends, shareholders' equity included preferred securites subject to mandatory redemption. The junior subordinated debt issued to capital trusts and the preferred securities subject to mandatory redemption at quarter ends prior to February 29, 2004 are collectively referred to hereinafter as junior subordinated debt issued to capital trusts.

(3) Includes common equity, junior subordinated debt issued to capital trusts, capital units and the non-current portion of long-term debt.

(4) 99%/One-Day VaR represents the loss amount that one would not expect to exceed, on average, more than one time every one hundred trading days in the Company's trading positions if the portfolio were held constant for a one day period. The Company's VaR incorporates substantially all financial instruments generating market risk that are managed by the Company's trading businesses. For a further discussion of the calculation of VaR and the limitations of the Company's VaR methodology, see Part II, Item 7A "Quantitative and Qualitative Disclosures about Market Risk" in the Company's Form 10-K/A for fiscal 2003.

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

MORGAN STANLEY

Financial Information and Statistical Data

(unaudited)

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Institutional Securities								
Advisory revenue (millions)	$ 290	$ 225	$ 310	29%	(6%)	$ 1,156	$ 662	75%
Underwriting revenue (millions)								
Equity	165	178	200	(7%)	(18%)	993	640	55%
Fixed income	212	213	201	--	5%	859	794	8%
Total underwriting revenue	$ 377	$ 391	$ 401	(4%)	(6%)	$ 1,852	$ 1,434	29%
Sales and trading net revenue (millions) (1)								
Equity	966	919	883	5%	9%	4,067	3,591	13%
Fixed income	890	977	1,186	(9%)	(25%)	5,555	5,356	4%
Total sales and trading net revenue	$ 1,856	$ 1,896	$ 2,069	(2%)	(10%)	$ 9,622	$ 8,947	8%

	Fiscal View Quarter Ended (2)			Calendar View Eleven Months Ended (2)	
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003
Mergers and acquisitions announced transactions					
Morgan Stanley global market volume (billions	$ 60.4	$ 120.2	$ 80.2	$ 315.8	$ 233.2
Market share	14.7%	31.1%	20.3%	21.2%	20.8%
Rank	8	2	4	5	2
Mergers and acquisitions completed transactions					
Morgan Stanley global market volume (billions	$ 53.6	$ 33.2	$ 138.3	$ 340.0	$ 164.9
Market share	15.7%	14.3%	31.2%	26.8%	17.6%
Rank	7	6	2	2	4
Worldwide equity and related issues					
Morgan Stanley global market volume (billions	$ 11.4	$ 12.8	$ 9.4	$ 49.3	$ 35.2
Market share	8.3%	11.1%	9.2%	10.9%	10.5%
Rank	3	2	2	1	3
Worldwide fixed income					
Morgan Stanley global market volume (billions	$ 90.8	$ 96.8	$ 89.5	$ 344.8	$ 339.1
Market share	6.8%	7.4%	7.6%	7.1%	7.3%
Rank	3	3	2	2	3

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

(2) Source: Thomson Financial, data as of December 9, 2004.

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

MORGAN STANLEY
Statistical Data
(unaudited)

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Individual Investor Group								
Global financial advisors	10,962	11,086	10,785	(1%)	2%			
Total client assets (billions)	$ 602	$ 565	$ 576	7%	5%			
Fee-based client account assets (billions) (1)	$ 157	$ 130	$ 146	21%	8%			
Fee-based assets as a % of client assets	26%	23%	25%					
Domestic retail locations	525	532	525	(1%)	--			
Investment Management								
Assets under management or supervision ($ billions)								
Net flows								
Retail	$ 0.4	$ 1.1	$ (0.3)	(64%)	*	$ -	$ 1.1	*
Institutional	1.2	(1.5)	(0.2)	*	*	8.1	(10.0)	*
Net flows excluding money markets	1.6	(0.4)	(0.5)	*	*	8.1	(8.9)	*
Money markets	5.8	(2.5)	9.2	*	(37%)	20.6	(5.8)	*
Assets under management or supervision by distribution channel								
Retail	$ 202	$ 193	$ 194	5%	4%			
Institutional	222	164	200	35%	11%			
Total	$ 424	$ 357	$ 394	19%	8%			
Assets under management or supervision by asset class								
Equity	$ 200	$ 167	$ 179	20%	12%			
Fixed income	114	111	116	3%	(2%)			
Money market	83	60	76	38%	9%			
Other (2)	27	19	23	42%	17%			
Total	$ 424	$ 357	$ 394	19%	8%			

(1) Represents the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.

(2) Includes Alternative Investments.

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

MORGAN STANLEY
Statistical Data
(unaudited)

	Quarter Ended						Percentage Change From:	
	Nov 30, 2004		Nov 30, 2003		Aug 31, 2004		Nov 30, 2003	Aug 31, 2004
Consolidated assets under management or supervision ($ billions)								
Consolidated assets under management or supervision by distribution channel								
Retail	$	305	$	277	$	290	10%	5%
Institutional		242		185		220	31%	10%
Total (1)	$	547	$	462	$	510	18%	7%
Consolidated assets under management or supervision by asset class								
Equity	$	251	$	207	$	224	21%	12%
Fixed income		130		123		130	6%	--
Money market		87		64		80	36%	9%
Other (2)		79		68		76	16%	4%
Total (1)	$	547	$	462	$	510	18%	7%

(1) Revenues and expenses associated with customer assets of $110 billion, $91 billion and $103 billion for fiscal 4Q04, fiscal 4Q03 and fiscal 3Q04, respectively, are included in the Company's Individual Investor Group segment, and $13 billion, $14 billion and $13 billion for fiscal 4Q04, fiscal 4Q03 and fiscal 3Q04, respectively, are included in the Company's Institutional Securities segment.

(2) Includes Alternative Investments.

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

Financial Information and Statistical Data
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Credit Services								
Total owned credit card loans								
Period end	$ 19,724	$ 18,930	$ 18,471	4%	7%	$ 19,724	$ 18,930	4%
Average	$ 18,579	$ 18,143	$ 17,787	2%	4%	$ 17,608	$ 19,531	(10%)
Total managed credit card loans (1)(2)								
Period end	$ 48,261	$ 48,358	$ 47,126	--	2%	$ 48,261	$ 48,358	--
Average	$ 47,090	$ 48,835	$ 46,873	(4%)	--	$ 47,387	$ 50,864	(7%)
Interest yield	11.59%	12.05%	11.69%	(46 bp)	(10 bp)	11.84%	11.93%	(9 bp)
Interest spread	8.43%	9.05%	8.83%	(62 bp)	(40 bp)	8.92%	8.77%	15 bp
Transaction volume (billions)	$ 25.7	$ 23.0	$ 25.4	12%	1%	$ 99.6	$ 97.9	2%
Accounts (millions)	46.2	46.1	46.0	--	--	46.2	46.1	--
Active accounts (millions)	19.7	20.8	19.6	(5%)	1%	19.7	20.8	(5%)
Avg. receivables per avg. active account (actual $)	$ 2,407	$ 2,319	$ 2,381	4%	1%	$ 2,369	$ 2,329	2%
Net gain on securitization	$ (1)	$ (7)	$ (14)	86%	93%	$ (8)	$ 30	(127%)
Credit quality								
Net charge-off rate	5.45%	6.87%	5.76%	(142 bp)	(31 bp)	6.00%	6.60%	(60 bp)
Delinquency rate (over 30 days)	4.55%	5.97%	4.81%	(142 bp)	(26 bp)	4.55%	5.97%	(142 bp)
Delinquency rate (over 90 days)	2.18%	2.82%	2.22%	(64 bp)	(4 bp)	2.18%	2.82%	(64 bp)
Allowance for loan losses at period end	$ 929	$ 982	$ 939	(5%)	(1%)	$ 929	$ 982	(5%)
International managed credit card loans (2)								
Period end	$ 2,571	$ 2,216	$ 2,337	16%	10%	$ 2,571	$ 2,216	16%
Average	$ 2,372	$ 2,192	$ 2,389	8%	(1%)	$ 2,369	$ 2,273	4%
Accounts (millions)	1.3	1.1	1.2	18%	8%	1.3	1.1	18%
Mortgages								
Mortgage originations	$ 1,046	$ 1,205	$ 1,231	(13%)	(15%)	$ 4,616	$ 5,510	(16%)

(1) Includes domestic and international credit card businesses.
(2) Includes owned and securitized credit card loans.
Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

The following page (F-14) 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 that have securities and asset management businesses. Morgan Stanley provides this type of presentation for its credit services activities page (F-15) in order to provide helpful comparison to other credit card issuers.

MORGAN STANLEY
Institutional Securities, Individual Investor Group and Investment Management (1)
Combined Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Investment banking	$ 746	$ 707	$ 783	6%	(5%)	$ 3,341	$ 2,440	37%
Principal transactions:								
Trading	934	992	695	(6%)	34%	5,525	6,192	(11%)
Investments	167	11	125	*	34%	512	86	*
Commissions	817	791	733	3%	11%	3,264	2,887	13%
Asset mgmt., distribution and administration fees	1,076	983	1,111	9%	(3%)	4,412	3,731	18%
Interest and dividends	5,270	4,210	4,929	25%	7%	16,755	13,725	22%
Other	143	162	196	(12%)	(27%)	586	502	17%
Total revenues	9,153	7,856	8,572	17%	7%	34,395	29,563	16%
Interest expense	4,602	3,578	4,042	29%	14%	14,255	12,122	18%
Net revenues	4,551	4,278	4,530	6%	--	20,140	17,441	15%
Compensation and benefits	1,711	1,572	2,155	9%	(21%)	9,105	7,726	18%
Occupancy and equipment	193	191	205	1%	(6%)	762	713	7%
Brokerage, clearing and exchange fees	240	233	231	3%	4%	932	838	11%
Information processing and communications	258	242	242	7%	7%	966	931	4%
Marketing and business development	161	148	143	9%	13%	552	487	13%
Professional services	401	290	334	38%	20%	1,279	878	46%
Other	179	260	268	(31%)	(33%)	1,131	1,156	(2%)
Total non-interest expenses	3,143	2,936	3,578	7%	(12%)	14,727	12,729	16%
Income from continuing operations before losses from unconsolidated investees, income taxes and dividends on preferred securities subject to mandatory redemption	1,408	1,342	952	5%	48%	5,413	4,712	15%
Losses from unconsolidated investees	77	104	77	(26%)	--	328	279	18%
Dividends on preferred securities subject to mandatory redemption (2)	0	45	0	*	--	45	154	(71%)
Income before taxes and discontinued operations	$ 1,331	$ 1,193	$ 875	12%	52%	$ 5,040	$ 4,279	18%
Compensation and benefits as a % of net revenues	38%	37%	48%			45%	44%	
Non-compensation expenses as a % of net revenues	32%	32%	31%			28%	29%	
Pre-tax profit margin (3)	31%	30%	21%			27%	26%	
Number of employees (4)	39,639	37,435	39,494	6%	--			

(1) Includes the elimination of intersegment activity.

(2) At February 29, 2004, preferred securities subject to mandatory redemption were reclassified to junior subordinated debt issued to capital trusts (a component of long-term debt) pursuant to the adoption of FIN 46. Dividends on junior subordinated debt issued to capital trusts are included in interest expense from February 29, 2004 forward.

(3) Income before taxes and discontinued operations, excluding losses from unconsolidated investees, as a % of net revenues.

(4) Includes Institutional Securities, Individual Investor Group, Investment Management and Infrastructure/Company areas.

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

MORGAN STANLEY
Credit Services Income Statement Information
(unaudited, dollars in millions)
(Managed loan basis)

	Quarter Ended			Percentage Change From:		Twelve Months Ended		Percentage
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003	Change
Fees:								
Merchant and cardmember	$ 485	$ 512	$ 499	(5%)	(3%)	$ 1,970	$ 2,106	(6%)
Servicing	0	0	0	--	--	0	0	--
Other	9	1	(10)	*	*	50	109	(54%)
Total non-interest revenues	494	513	489	(4%)	1%	2,020	2,215	(9%)
Interest revenue	1,407	1,517	1,422	(7%)	(1%)	5,803	6,265	(7%)
Interest expense	368	366	337	1%	9%	1,392	1,608	(13%)
Net interest income	1,039	1,151	1,085	(10%)	(4%)	4,411	4,657	(5%)
Provision for consumer loan losses	633	853	677	(26%)	(6%)	2,797	3,445	(19%)
Net credit income	406	298	408	36%	--	1,614	1,212	33%
Net revenues	900	811	897	11%	--	3,634	3,427	6%
Compensation and benefits	187	210	192	(11%)	(3%)	775	819	(5%)
Occupancy and equipment	22	21	23	5%	(4%)	87	81	7%
Information processing and communications	88	101	84	(13%)	5%	344	357	(4%)
Marketing and business development	172	108	136	59%	26%	577	480	20%
Professional services	74	78	66	(5%)	12%	270	257	5%
Other	78	84	66	(7%)	18%	309	340	(9%)
Total non-interest expenses	621	602	567	3%	10%	2,362	2,334	1%
Income before taxes	$ 279	$ 209	$ 330	33%	(15%)	$ 1,272	$ 1,093	16%
Compensation and benefits as a % of net revenues	21%	26%	21%			21%	24%	
Non-compensation expenses as a % of net revenues	48%	48%	42%			44%	44%	
Pre-tax profit margin (1)	31%	26%	37%			35%	32%	
Number of employees	13,645	13,761	13,318	(1%)	2%			

(1) Income before taxes as a % of net revenues.

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

MORGAN STANLEY

The following pages (F-16 - F-18) present a reconciliation for certain information disclosed on pages F-7, F-13 and F-15.

The data is presented on both a "managed" loan basis and as reported under generally accepted accounting principles ("owned" loan basis). Managed loan data assume that the Company's securitized loan receivables have not been sold and presents the results of securitized loan receivables in the same manner as the Company's owned loans. The Company operates its Credit Services business and analyzes its financial performance on a managed basis. Accordingly, underwriting and servicing standards are comparable for both owned and securitized loans. The Company believes that managed loan information is useful to investors because it provides information regarding the quality of loan origination and credit performance of the entire managed portfolio and allows investors to understand the related credit risks inherent in owned loans and retained interests in securitizations. In addition, investors often request information on a managed basis, which provides a more meaningful comparison to industry competitors.

MORGAN STANLEY
Financial Information and Statistical Data (1)
(unaudited, dollars in millions)

	Quarter Ended Nov 30, 2004						
						Delinquency Rate	
General Purpose Credit Card Loans:	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	30 Days	90 Days
Owned	$ 19,724	$ 18,579	9.69%	5.85%	5.01%	4.08%	1.97%
Securitized	28,537	28,511	12.82%	10.06%	5.74%	4.87%	2.34%
Managed	$ 48,261	$ 47,090	11.59%	8.43%	5.45%	4.55%	2.18%

	Quarter Ended Nov 30, 2003						
						Delinquency Rate	
General Purpose Credit Card Loans:	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	30 Days	90 Days
Owned	$ 18,930	$ 18,143	10.07%	5.86%	6.56%	5.36%	2.53%
Securitized	29,428	30,692	13.23%	10.88%	7.06%	6.36%	3.01%
Managed	$ 48,358	$ 48,835	12.05%	9.05%	6.87%	5.97%	2.82%

	Quarter Ended Aug 31, 2004						
						Delinquency Rate	
General Purpose Credit Card Loans:	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	30 Days	90 Days
Owned	$ 18,471	$ 17,787	10.45%	6.54%	5.36%	4.35%	2.01%
Securitized	28,655	29,086	12.44%	10.15%	6.01%	5.10%	2.35%
Managed	$ 47,126	$ 46,873	11.69%	8.83%	5.76%	4.81%	2.22%

(1) The tables provide a reconciliation of certain managed and owned basis statistical data (period-end and average loan balances, interest yield, interest spread, net charge-off rates, and 30- and 90-day delinquency rates) for the periods indicated.

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

MORGAN STANLEY
Financial Information and Statistical Data (1)
(unaudited, dollars in millions)

	Twelve Months Ended Nov 30, 2004						
						Delinquency Rate	
General Purpose Credit Card Loans:	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	30 Days	90 Days
Owned	$ 19,724	$ 17,608	10.05%	6.04%	5.53%	4.08%	1.97%
Securitized	28,537	29,779	12.90%	10.56%	6.28%	4.87%	2.34%
Managed	$ 48,261	$ 47,387	11.84%	8.92%	6.00%	4.55%	2.18%

	Twelve Months Ended Nov 30, 2003						
						Delinquency Rate	
General Purpose Credit Card Loans:	Period End	Average	Interest Yield	Interest Spread	Net Charge-offs	30 Days	90 Days
Owned	$ 18,930	$ 19,531	10.02%	5.69%	6.05%	5.36%	2.53%
Securitized	29,428	31,333	13.13%	10.64%	6.95%	6.36%	3.01%
Managed	$ 48,358	$ 50,864	11.93%	8.77%	6.60%	5.97%	2.82%

(1) The tables provide a reconciliation of certain managed and owned basis statistical data (period-end and average loan balances, interest yield, interest spread, net charge-off rates, and 30- and 90-day delinquency rates) for the periods indicated.

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

MORGAN STANLEY
Reconciliation of Managed Income Statement Data (1)
(unaudited, dollars in millions)

	Quarter Ended			Twelve Months Ended	
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004	Nov 30, 2004	Nov 30, 2003
Merchant and cardmember fees:					
Owned	$ 326	$ 337	$ 349	$ 1,318	$ 1,379
Securitization adjustment	159	175	150	652	727
Managed	$ 485	$ 512	$ 499	$ 1,970	$ 2,106
Servicing fees:					
Owned	$ 477	$ 483	$ 459	$ 1,993	$ 2,015
Securitization adjustment	(477)	(483)	(459)	(1,993)	(2,015)
Managed	$ -	$ -	$ -	$ -	$ -
Other:					
Owned	$ 1	$ (5)	$ (5)	$ 17	$ 15
Securitization adjustment	8	6	(5)	33	94
Managed	$ 9	$ 1	$ (10)	$ 50	$ 109
Interest revenue:					
Owned	$ 482	$ 487	$ 496	$ 1,893	$ 2,091
Securitization adjustment	925	1,030	926	3,910	4,174
Managed	$ 1,407	$ 1,517	$ 1,422	$ 5,803	$ 6,265
Interest expense:					
Owned	$ 163	$ 179	$ 162	$ 662	$ 806
Securitization adjustment	205	187	175	730	802
Managed	$ 368	$ 366	$ 337	$ 1,392	$ 1,608
Provision for consumer loan losses:					
Owned	$ 223	$ 312	$ 240	$ 925	$ 1,267
Securitization adjustment	410	541	437	1,872	2,178
Managed	$ 633	$ 853	$ 677	$ 2,797	$ 3,445

(1) The tables provide a reconciliation of certain managed and owned basis income statement data (merchant and cardmember fees, servicing fees, other revenue, interest revenue, interest expense and provision for consumer loan losses) for the periods indicated.

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

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The following page (F-19) presents a reconciliation of adjusted assets.

Balance sheet leverage ratios are one indicator of capital adequacy when viewed in the context of a company's overall liquidity and capital policies. The Company views the adjusted leverage ratio as a more relevant measure of financial risk when comparing financial services firms and evaluating leverage trends. Adjusted assets exclude certain self-funded assets considered to have minimal market, credit and/or liquidity risk that are generally attributable to matched book and securities lending businesses as measured by aggregate resale agreements and securities borrowed less non-derivative short positions. In addition, the adjusted leverage ratio reflects the deduction from shareholders' equity of the amount of equity used to support goodwill and intangible assets, as the Company does not view this amount of equity as available to support its risk capital needs.

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Reconciliation of Adjusted Assets

(unaudited, dollars in millions, except ratios)

	Quarter Ended		
	Nov 30, 2004	Nov 30, 2003	Aug 31, 2004
Total assets	$ 775,410	$ 602,843	$ 745,033
Less: Securities purchased under agreements to resell	(123,041)	(78,205)	(92,816)
Securities borrowed	(208,349)	(153,813)	(202,863)
Add: Financial instruments sold, not yet purchased	123,761	111,448	132,618
Less: Derivative contracts sold, not yet purchased	(55,820)	(36,242)	(39,425)
Subtotal	511,961	446,031	542,547
Less: Segregated customer cash and securities balances	(26,534)	(20,705)	(35,194)
Assets recorded under certain provisions of SFAS No. 140 and FIN 46	(44,895)	(35,217)	(40,057)
Goodwill and intangible assets	(2,199)	(1,523)	(2,191)
Adjusted assets	$ 438,333	$ 388,586	$ 465,105
Shareholders' equity	$ 28,206	$ 24,867	$ 27,420
Junior subordinated debt issued to capital trusts (1)	2,897	2,810	2,897
Subtotal	31,103	27,677	30,317
Less: Goodwill and intangible assets	(2,199)	(1,523)	(2,191)
Tangible shareholders' equity	$ 28,904	$ 26,154	$ 28,126
Leverage ratio (2)	26.8x	23.0x	26.5x
Adjusted leverage ratio (3)	15.2x	14.9x	16.5x

(1) The Company views the junior subordinated debt issued to capital trusts as a component of its equity capital base given the inherent characteristics of the securities. These characteristics include the long dated nature (final maturity at issuance of thirty years extendable at the Company's option by a further nineteen years), the Company's ability to defer coupon interest for up to 20 consecutive quarters, and the subordinated nature of the obligations in the capital structure. The Company also receives rating agency equity credit for these securities.

(2) Leverage ratio equals total assets divided by tangible shareholders' equity.

(3) Adjusted leverage ratio equals adjusted total assets divided by tangible shareholders' equity.

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