



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

	QUARTER ENDED					Percentage Change From:	
	Feb 28, 2002	May 31, 2002	Aug 31, 2002	Nov 30, 2002	Feb 28, 2003		
Fees:							
Merchant and cardmember	\$ 527	\$ 516	\$ 525	\$ 542	\$ 547	4%	1%
Servicing	0	0	0	0	0	--	--
Other	16	36	25	3	54	*	*
Total non-interest revenues	<u>543</u>	<u>552</u>	<u>550</u>	<u>545</u>	<u>601</u>	11%	10%
Interest revenue	1,611	1,614	1,643	1,606	1,580	(2%)	(2%)
Interest expense	499	480	483	475	441	(12%)	(7%)
Net interest income	<u>1,112</u>	<u>1,134</u>	<u>1,160</u>	<u>1,131</u>	<u>1,139</u>	2%	1%
Provision for consumer loan losses	832	812	777	749	842	1%	12%
Net credit income	<u>280</u>	<u>322</u>	<u>383</u>	<u>382</u>	<u>297</u>	6%	(22%)
Net revenues	<u>823</u>	<u>874</u>	<u>933</u>	<u>927</u>	<u>898</u>	9%	(3%)
Total non-interest expenses	568	562	614	624	608	7%	(3%)
Income before taxes	255	312	319	303	290	14%	(4%)
Income tax expense	88	116	109	109	108	23%	(1%)
Net income	<u>\$ 167</u>	<u>\$ 196</u>	<u>\$ 210</u>	<u>\$ 194</u>	<u>\$ 182</u>	9%	(6%)
Profit margin (1)	20%	22%	23%	21%	20%		

(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.