

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	1Q03 vs. 1Q02	1Q03 vs. 4Q02
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	543	552	550	545	601	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	1,112	1,134	1,160	1,131	1,139	2%	1%
Provision for consumer loan losses	832	812	777	749	842	1%	12%
Net credit income	280	322	383	382	297	6%	(22%)
Net revenues	823	874	933	927	898	9%	(3%)
Compensation and benefits	192	197	206	179	214	11%	20%
Occupancy and equipment	16	18	18	21	20	25%	(5%)
Information processing and communications	80	91	94	98	88	10%	(10%)
Marketing and business development	120	102	146	170	153	28%	(10%)
Professional services	51	59	62	80	51	--	(36%)
Other	109	95	88	76	82	(25%)	8%
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	\$ 167	\$ 196	\$ 210	\$ 194	\$ 182	9%	(6%)
Compensation and benefits as a % of net revenues	23%	23%	22%	19%	24%		
Non-compensation expenses as a % of net revenues	46%	42%	44%	48%	44%		
Profit margin (1)	20%	22%	23%	21%	20%		
Number of employees	15,997	15,301	15,214	15,302	15,626	(2%)	2%

(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.