



**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			
<b>Fees:</b>															
Merchant and cardmember servicing	\$ 467	\$ 463	\$ 527	\$ 543	\$ 527	\$ 516	\$ 525	\$ 542	--	3%	\$ 2,000	\$ 2,110		6%	
Other	0	0	0	0	0	0	0	0	--	--	0	0		--	
Total non-interest revenues	29	49	15	(2)	16	36	25	3	250%	(88%)	91	80		(12%)	
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.