



Stephen S. Crawford,  
Chief Administrative Officer

April 20, 2004

# Consolidated Financial Highlights (\$MM)

	Quarter Ended			Full Year		
	1Q04	1Q03	Variance	2003	2002	Variance
Net Revenues	\$6,241	\$5,474	14%	\$20,857	\$19,120	9%
Compensation Expense	2,712	2,549	6%	8,545	7,940	8%
Non-compensation Expense <sup>(1)</sup>	1,613	1,499	8%	6,545	6,460	1%
Profit Before Tax <sup>(2)</sup>	1,916	1,426	34%	5,767	4,720	22%
<b>Net Income</b>	<b>\$1,226</b>	<b>\$905</b>	<b>35%</b>	<b>\$3,787</b>	<b>\$2,988</b>	<b>27%</b>
<b>Diluted EPS</b>	<b>\$1.11</b>	<b>\$0.82</b>	<b>35%</b>	<b>\$3.45</b>	<b>\$2.69</b>	<b>28%</b>
<b>ROE</b>	<b>19.2%</b>	<b>16.3%</b>		<b>16.5%</b>	<b>14.1%</b>	

Sources: Morgan Stanley 10-K, 1Q04 Earnings Release

Notes: (1) 2002 includes \$235 million restructuring charge

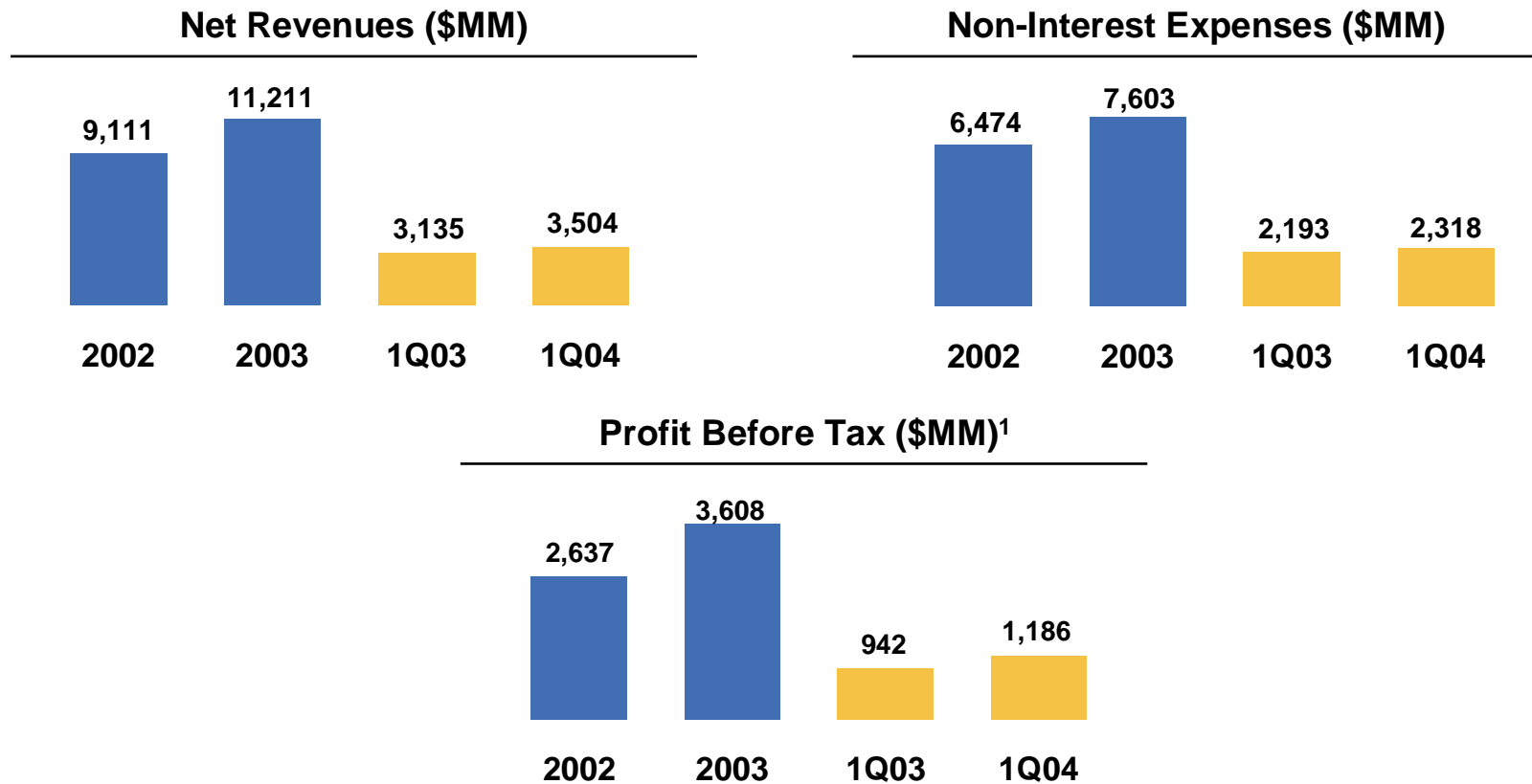
(2) Income Before Losses from Unconsolidated Investees, Taxes and Dividends on Preferred Securities Subject to Mandatory Redemption

# Morgan Stanley League Table Rankings

	<b>Calendar Year 2002</b>	<b>Calendar Year 2003</b>	<b>Calendar 1Q04</b>
<b>Mergers &amp; Acquisitions</b>			
Announced M&A	3	2	2
<b>Equity</b>			
WW Equities	4	3	1
WW IPOs	5	5	1
<b>Fixed Income</b>			
WW Total Debt	6	2	3
WW High Yield	8	9	6

Source: Thomson Financial

# Institutional Securities Financial Performance

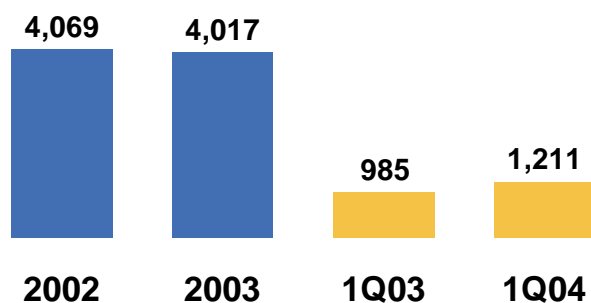


Sources: Morgan Stanley 10-K, 1Q04 Earnings Release

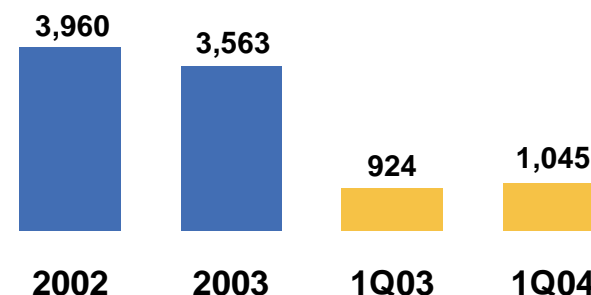
Note: (1) Income Before Losses from Unconsolidated Investees, Taxes and Dividends on Preferred Securities Subject to Mandatory Redemption

# Individual Investor Group Financial Performance

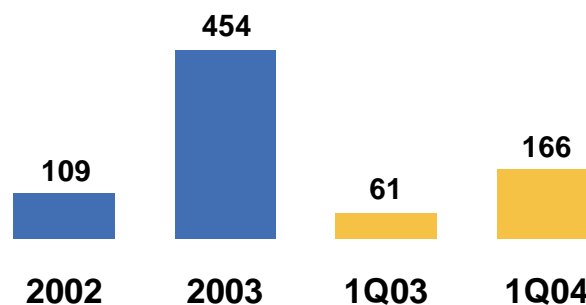
## Net Revenues (\$MM)



## Non-Interest Expenses (\$MM)



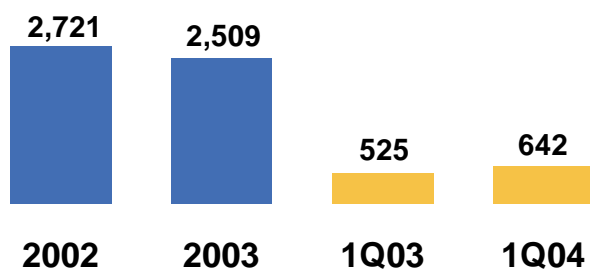
## Profit Before Tax (\$MM)



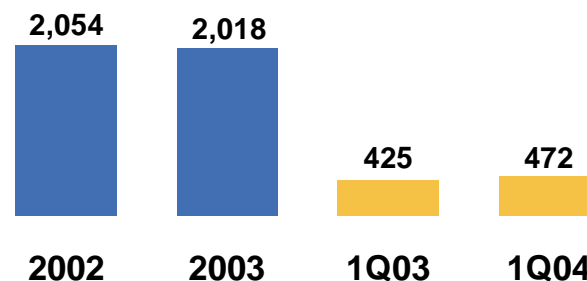
Sources: Morgan Stanley 10-K, 1Q04 Earnings Release

# Investment Management Financial Performance

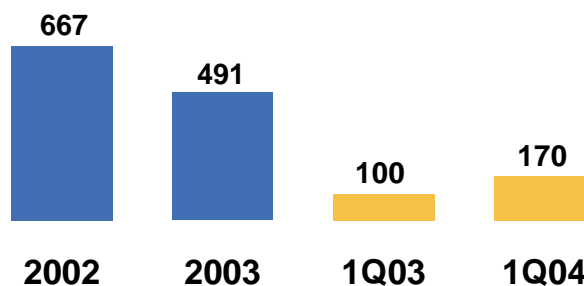
## Net Revenues (\$MM)



## Non-Interest Expenses (\$MM)

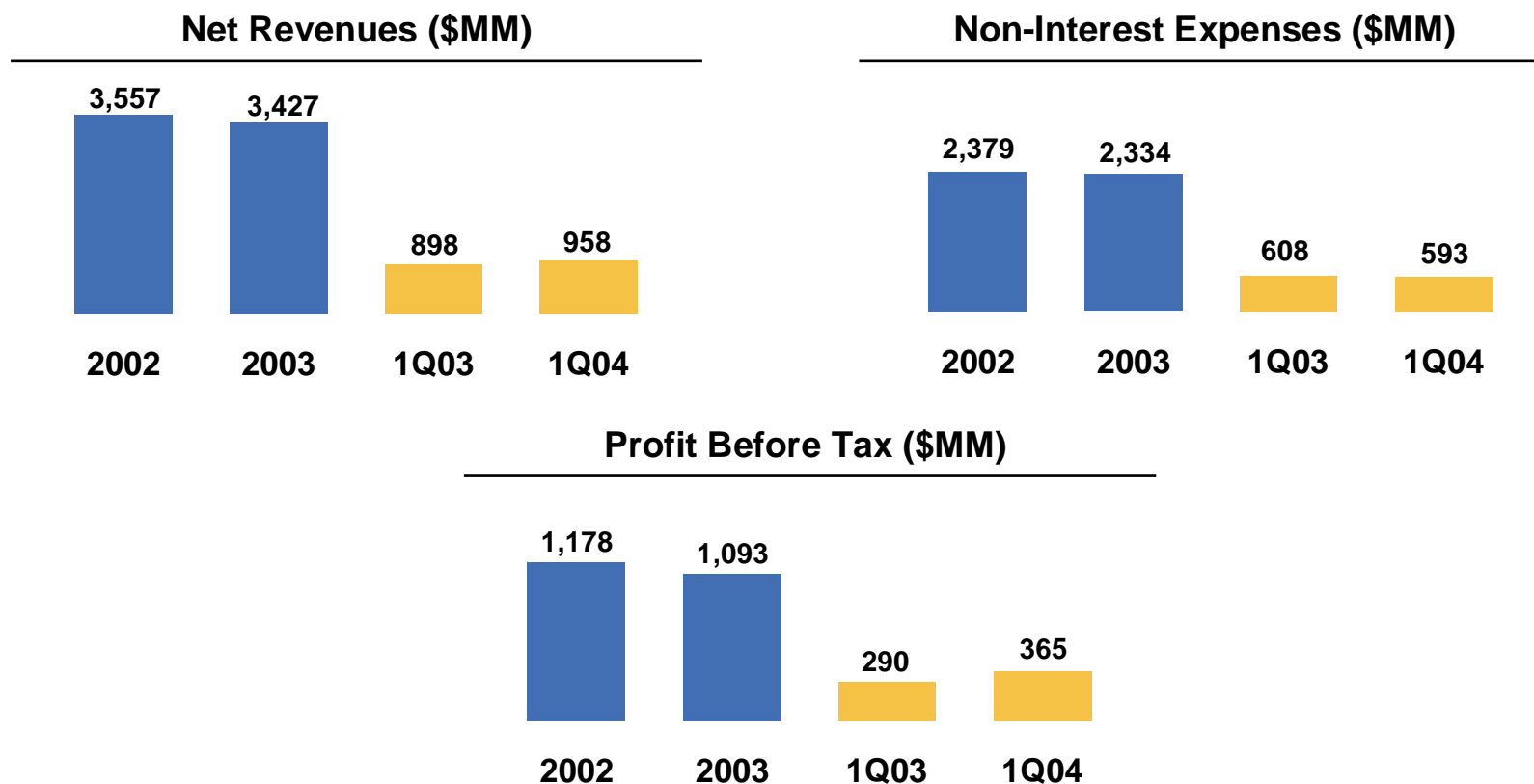


## Profit Before Tax (\$MM)



Sources: Morgan Stanley 10-K, 1Q04 Earnings Release

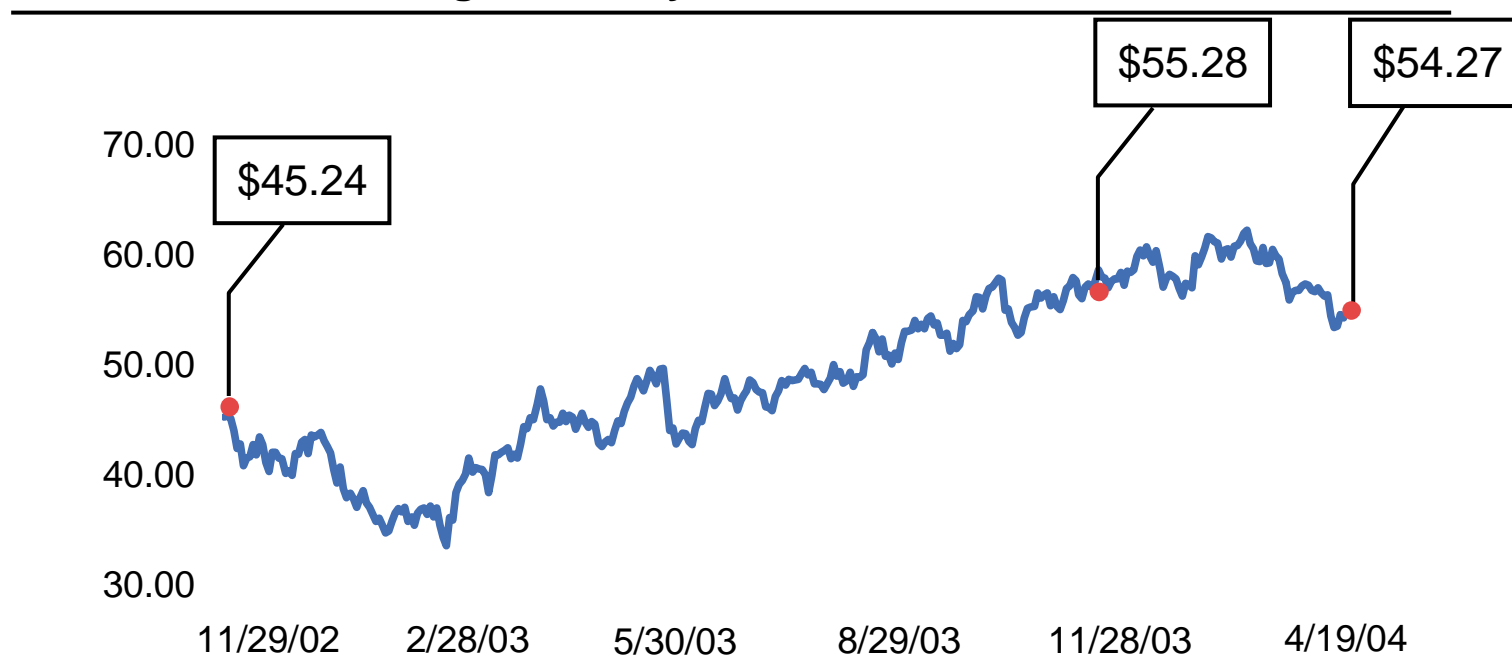
# Credit Services Financial Performance



Sources: Morgan Stanley 10-K, 1Q04 Earnings Release

# Morgan Stanley Stock Performance

Morgan Stanley Stock Performance

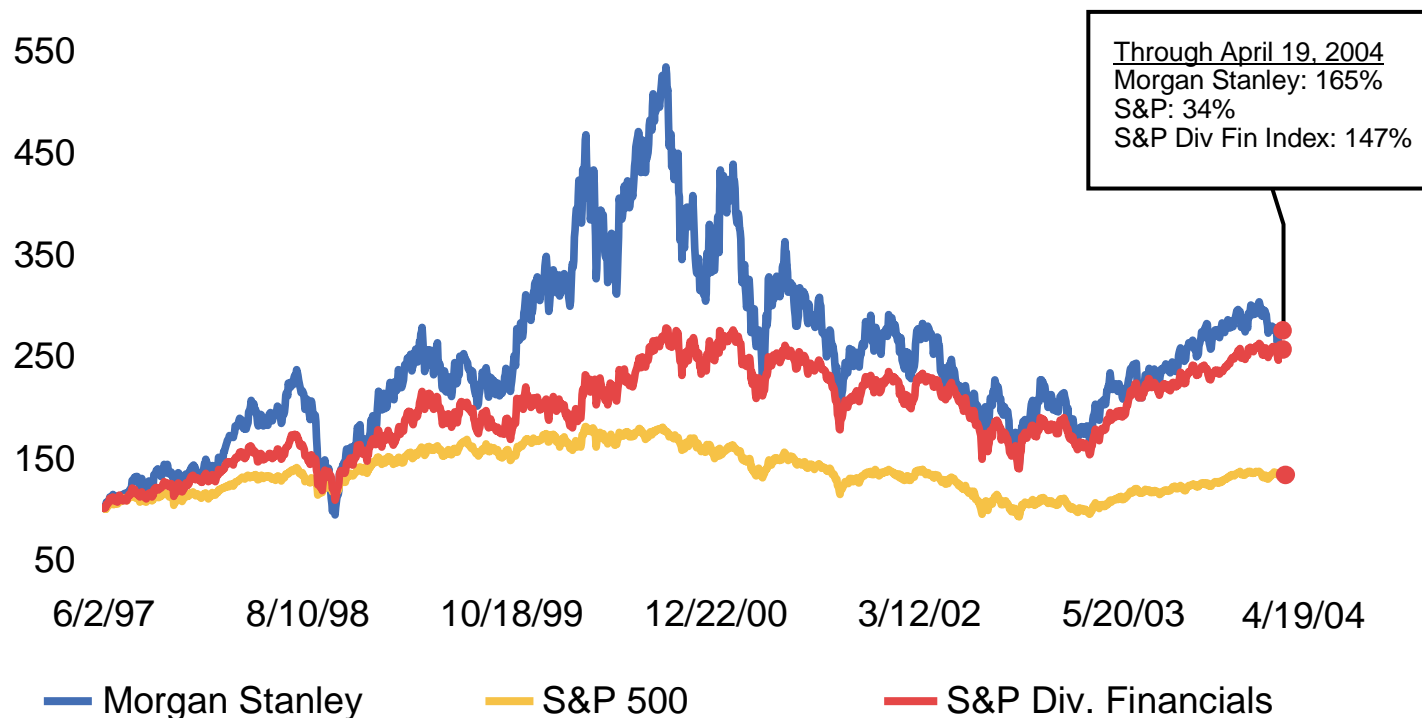


Source: Bloomberg



# Morgan Stanley Relative Stock Performance

## Relative Stock Performance (Indexed)



Source: Bloomberg

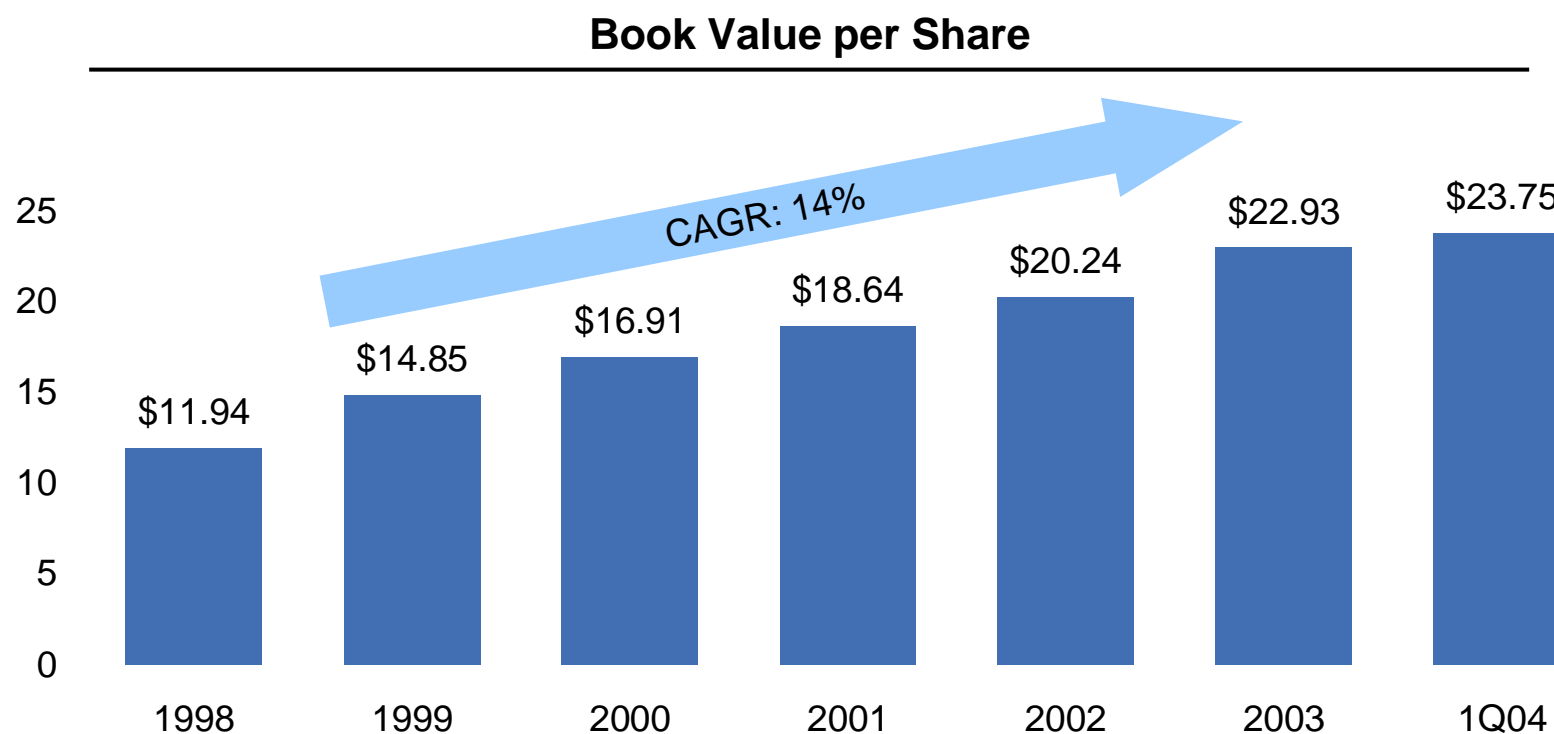
# Return on Equity

	<u>2003 ROE</u>	<u>Avg. ROE 1998-2003</u>
Morgan Stanley	16.5%	22.8%
MER	16.1%	15.3%
LEH	18.2%	18.0%
GS (1)	15.0%	19.5%

Source: Company filings

Note: (1) GS Avg. 1999-2003 only. For 1999, ROE is estimated based on company filings

# Growth in Morgan Stanley Book Value



Source: Morgan Stanley SEC filings

# Firmwide 2004 Initiatives

- Client focus
- Cost discipline
- Capital strength



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