



**Stephen Crawford**  
**Chief Financial Officer**  
**June 26, 2001**

# Overview

## Leading Franchises in Attractive Businesses<sup>(1)</sup>

	Global Securities	Global Asset Management	Global Credit Card
<b>Key Franchises</b>	Morgan Stanley	Retail Proprietary – Morgan Stanley Advisors  Retail Non Proprietary – Van Kampen  Institutional – Morgan Stanley Investment Management – Miller Anderson & Sherrerd	Discover  Morgan Stanley (UK)
<b>Franchise Position</b>	Top Tier Global M&A, IPOs, Equity  #1 Ranked Research <sup>(2)</sup>  Over 700 Offices Worldwide  14,256 Financial Advisors	Top 10 in U.S. based Money Managers (\$487 billion AUM <sup>(3)</sup> )  #2 in Domestic 4 and 5 Star Morningstar Rated Funds  Multiple Products & Distribution Channels	\$50 billion in Managed Loans  \$92.6 billion in Transaction Volume <sup>(4)</sup>  Over 44 million Accounts  #1 Proprietary U.S. Merchant Network

- Notes:
- (1) As of fiscal 2Q01
  - (2) Institutional Investor's Fourth Annual Global Research Poll. Morgan Stanley ranked #1 in 1999 and 2000
  - (3) Includes assets under supervision
  - (4) 12 months ending fiscal 2Q01

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# Morgan Stanley

## Financial Snapshot

### Financials

Net Revenues <sup>(1)</sup> \$24.4Bn  
Net Income <sup>(1)</sup> \$4.4Bn  
Equity <sup>(2)</sup> \$20.4Bn

Market Capitalization<sup>(3)</sup>  
\$72 billion

### Ratings

S&P<sup>(4)</sup> AA-/A-1+  
Moody's Aa3/P1

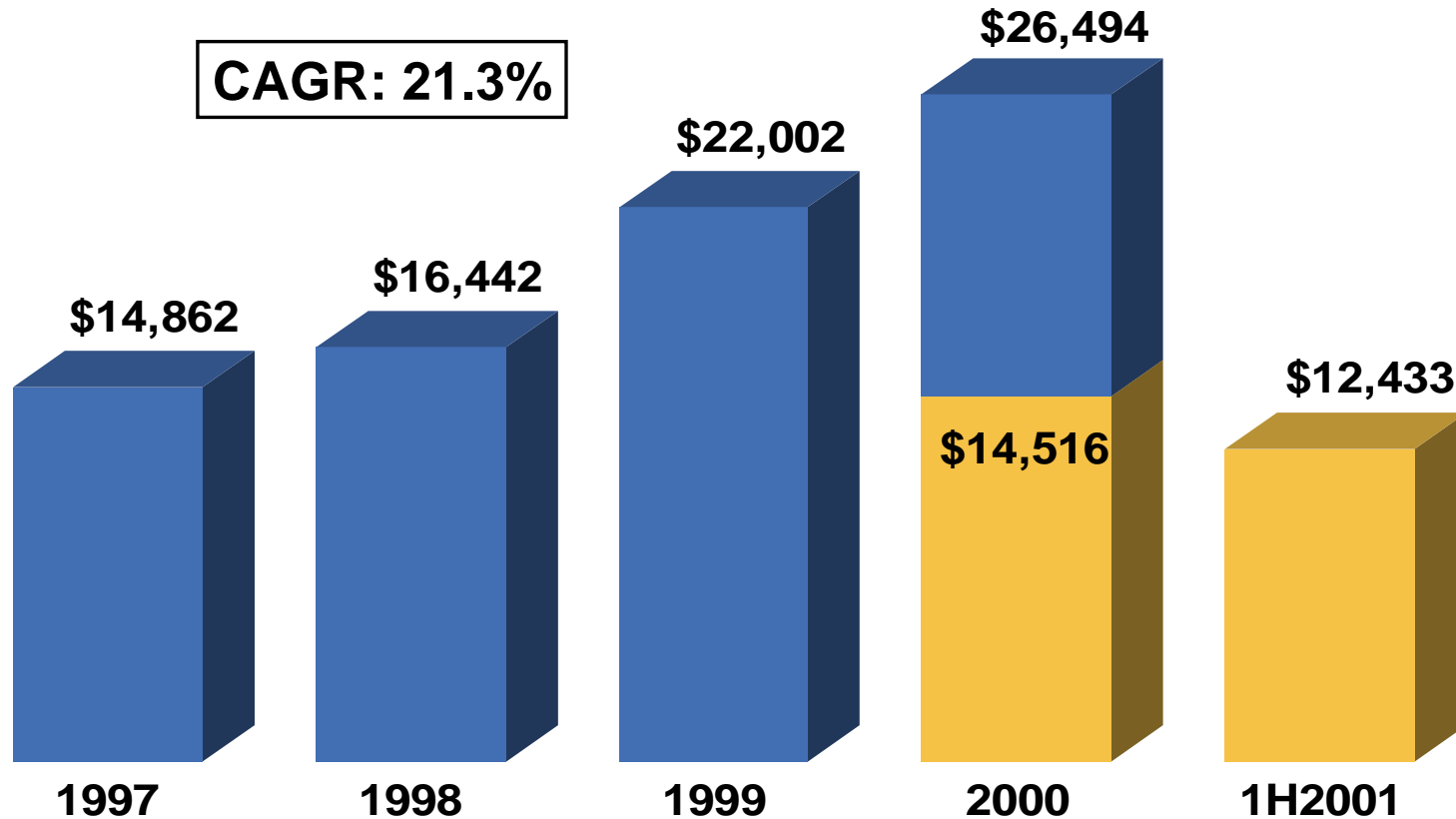
- Notes:
- (1) 12-month period ending May 31, 2001
  - (2) At 05/31/01
  - (3) At 06/22/01
  - (4) On May 17, 2000, Standard & Poor's raised its ratings from A+/A-1 to AA-/A-1+

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# Morgan Stanley Growth

## Net Revenue

(\$ Millions)



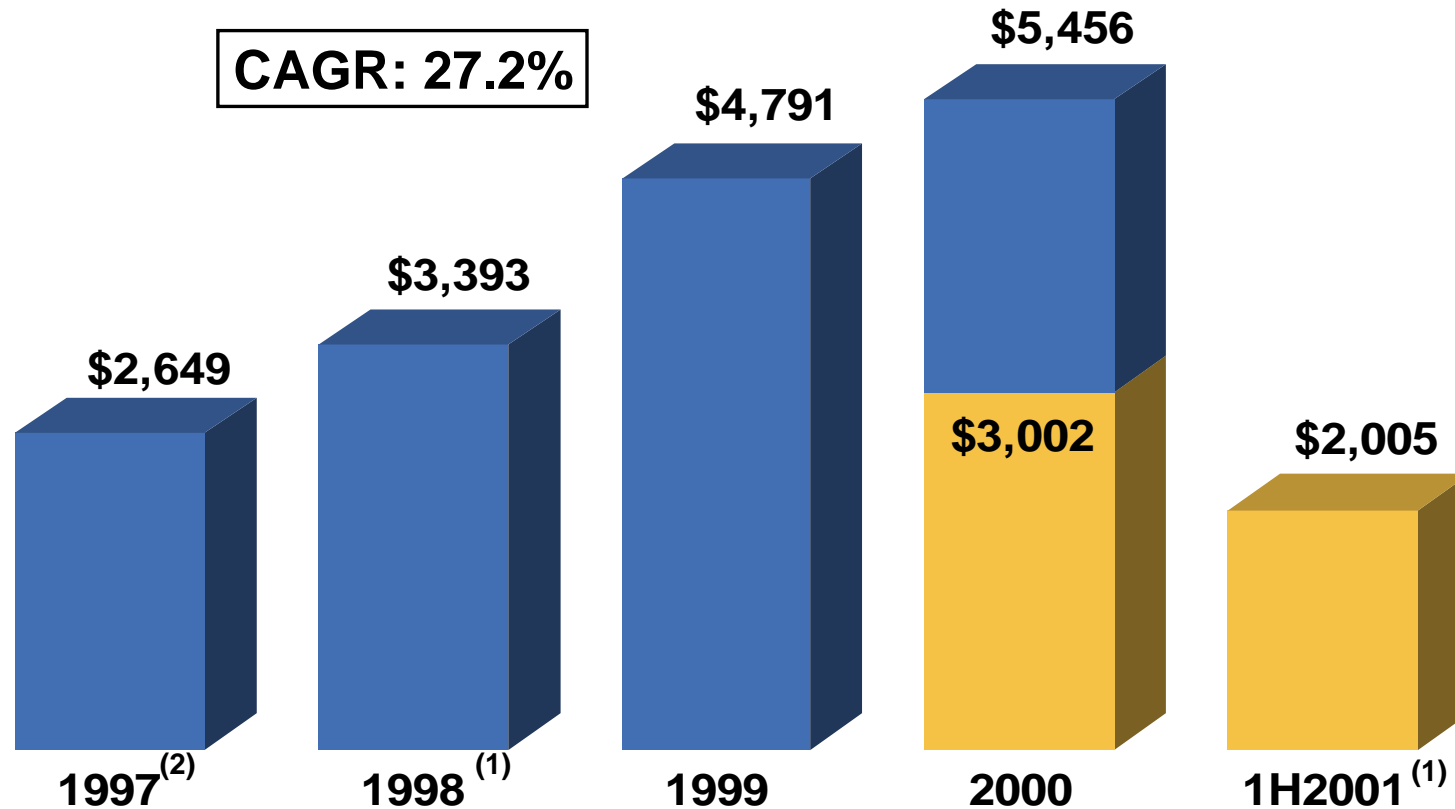
Source: SEC filings; Certain reclassifications have been made to prior period amounts to conform to the current presentation.

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# Morgan Stanley Growth

## Net Income

(\$ Millions)



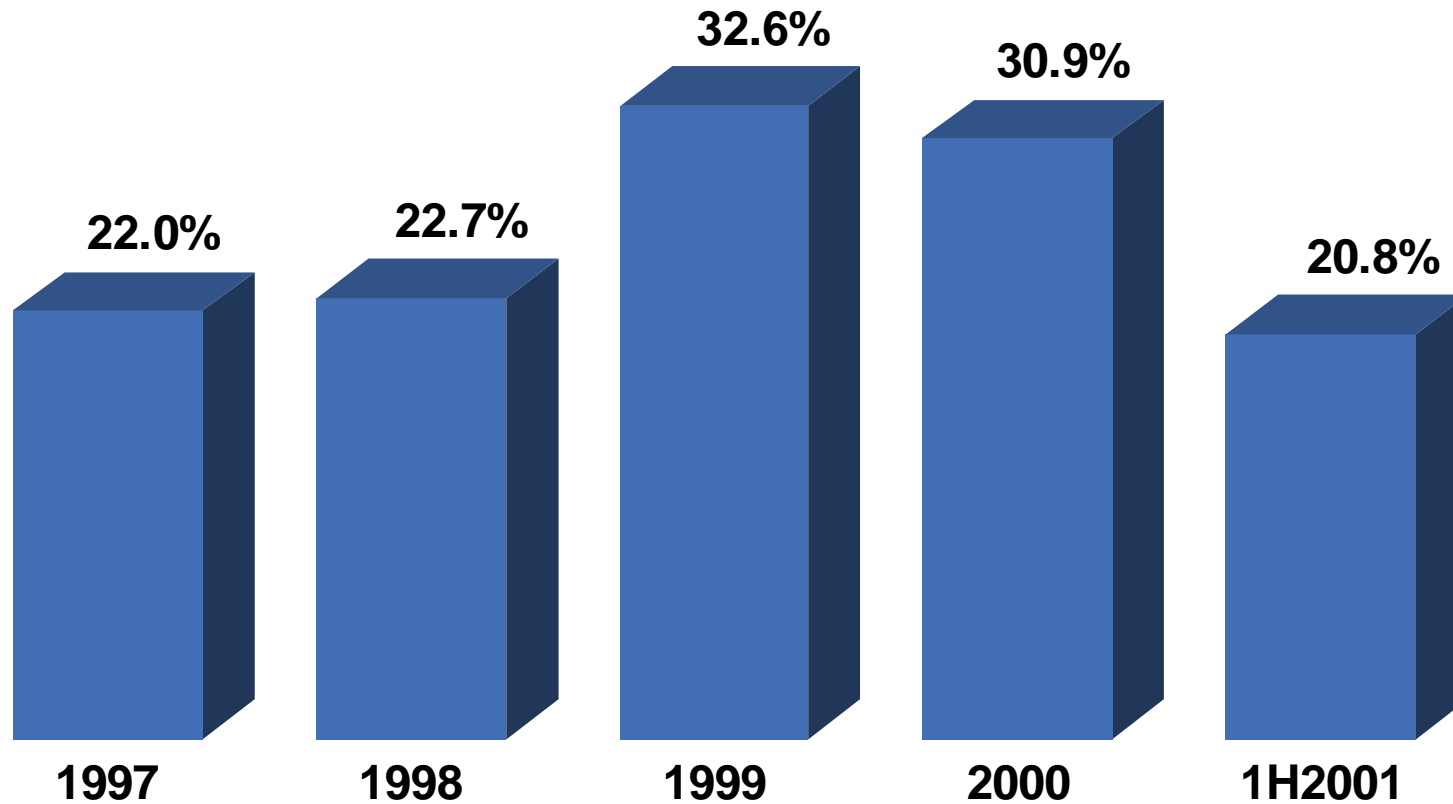
Note: (1) Income before cumulative effect of accounting change

(2) Income excluding merger charges

Source: SEC filings; Certain reclassifications have been made to prior period amounts to conform to the current presentation.

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# Morgan Stanley Profitability ROE



Source: SEC filings; Certain reclassifications have been made to prior period amounts to conform to the current presentation.

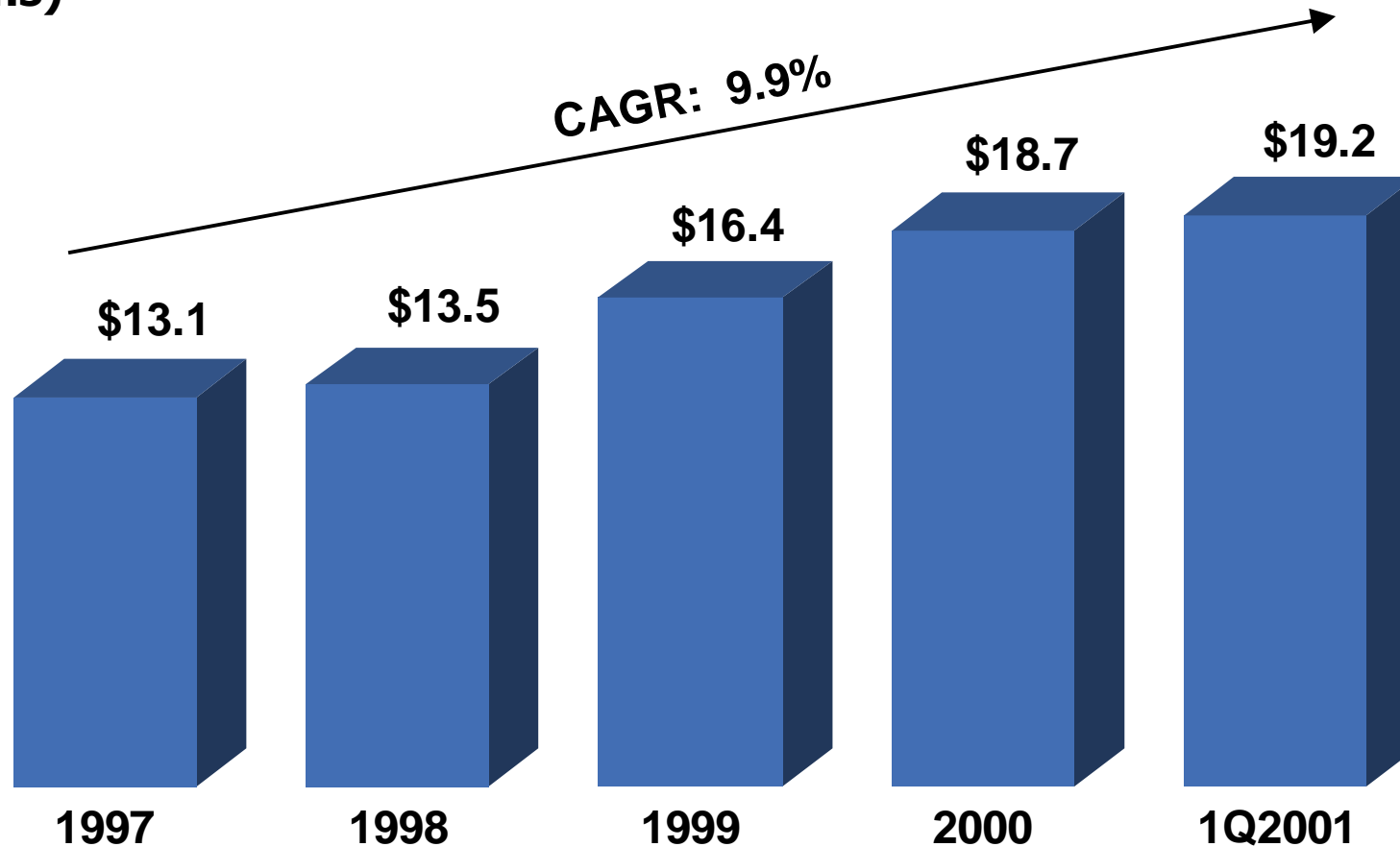
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# Financial Strength

## Common Equity Capital

### 1997–1Q01

(\$ Billions)

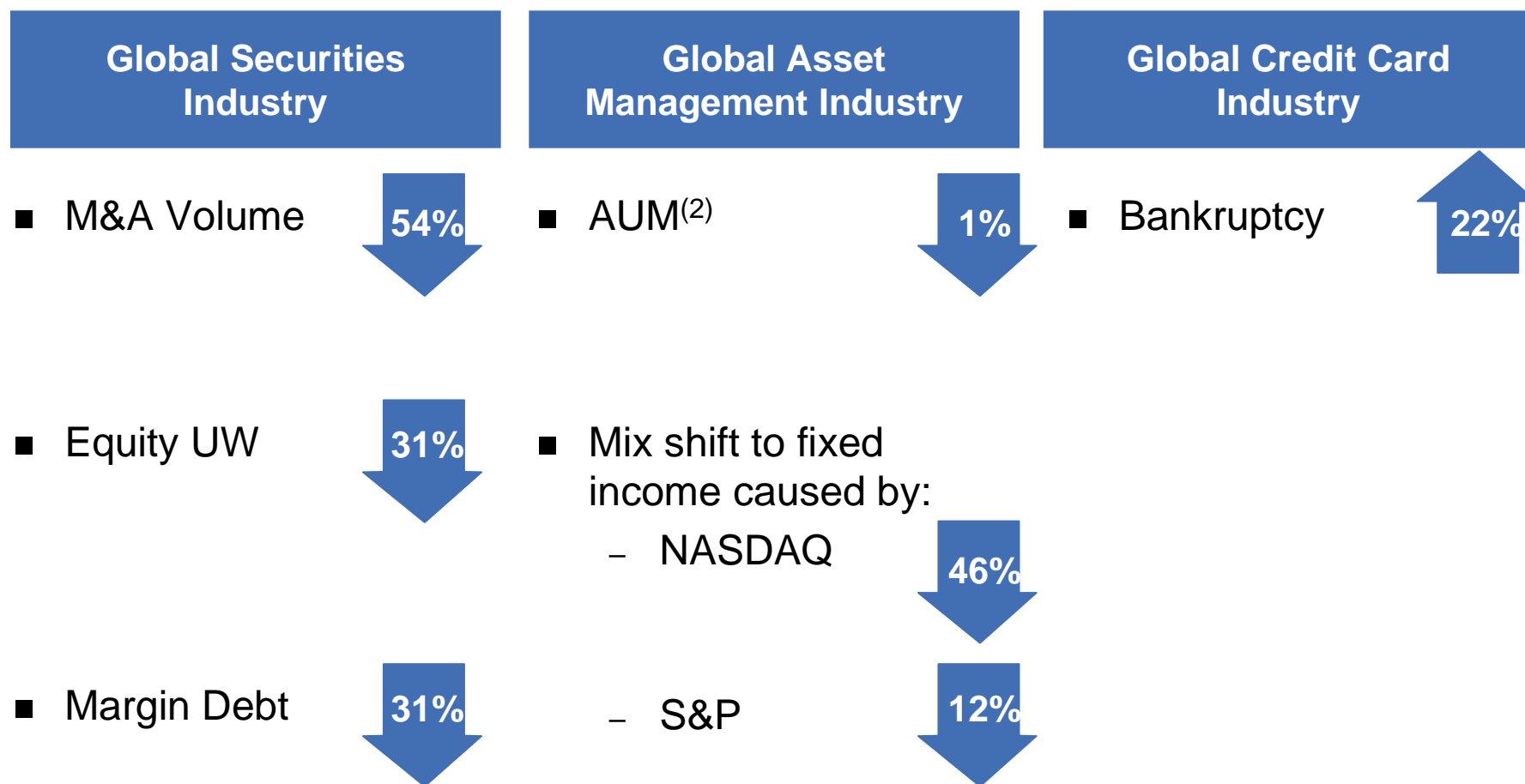


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# Near Term Pressure

## Industry Data YTD 2000 vs. YTD 2001<sup>(1)</sup>



Notes: (1) YTD = January through May

(2) Includes money market funds; January through April

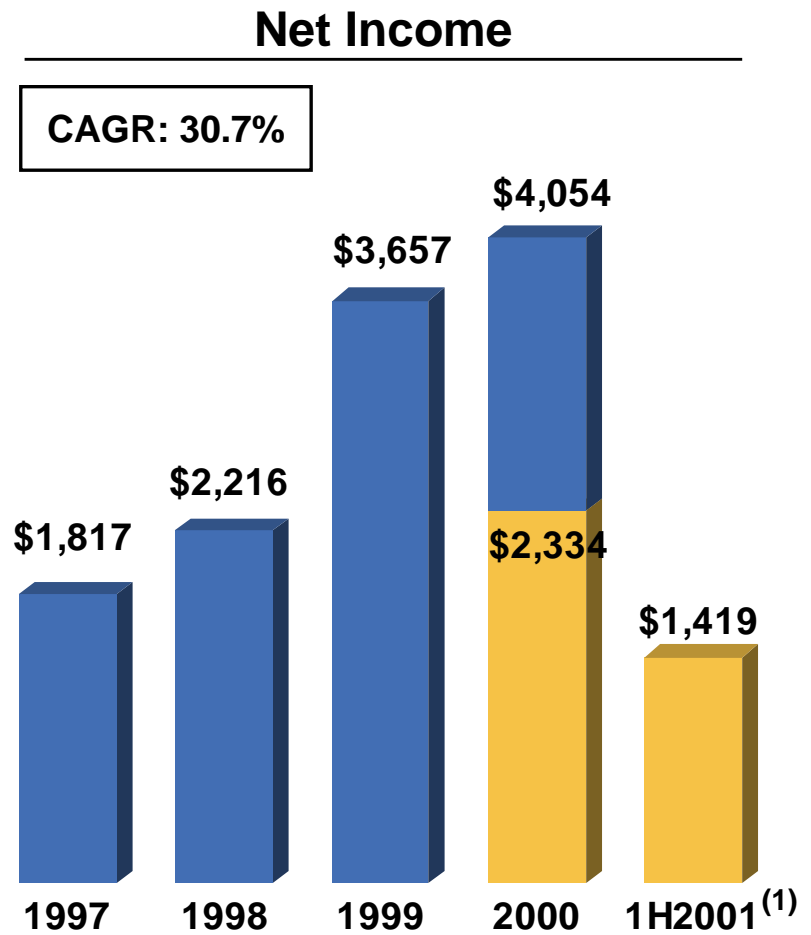
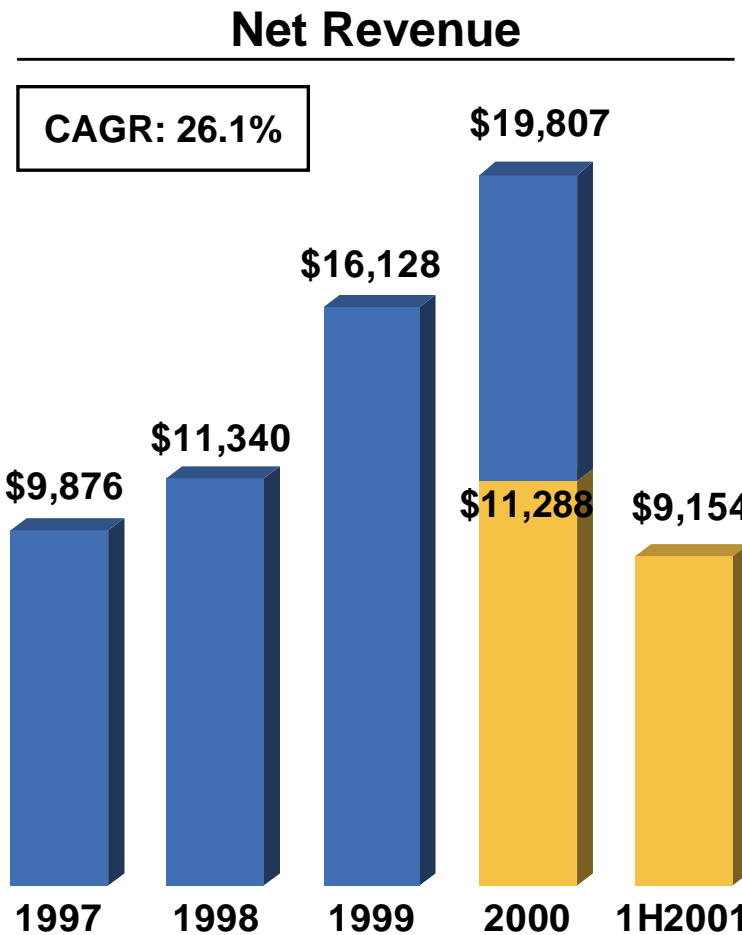
Sources: Thomson Financial; SIA; NYSE; Discover Financial Services; Bloomberg

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# Securities Growth

(\$ Millions)



Note: (1) Income before cumulative effect of accounting change

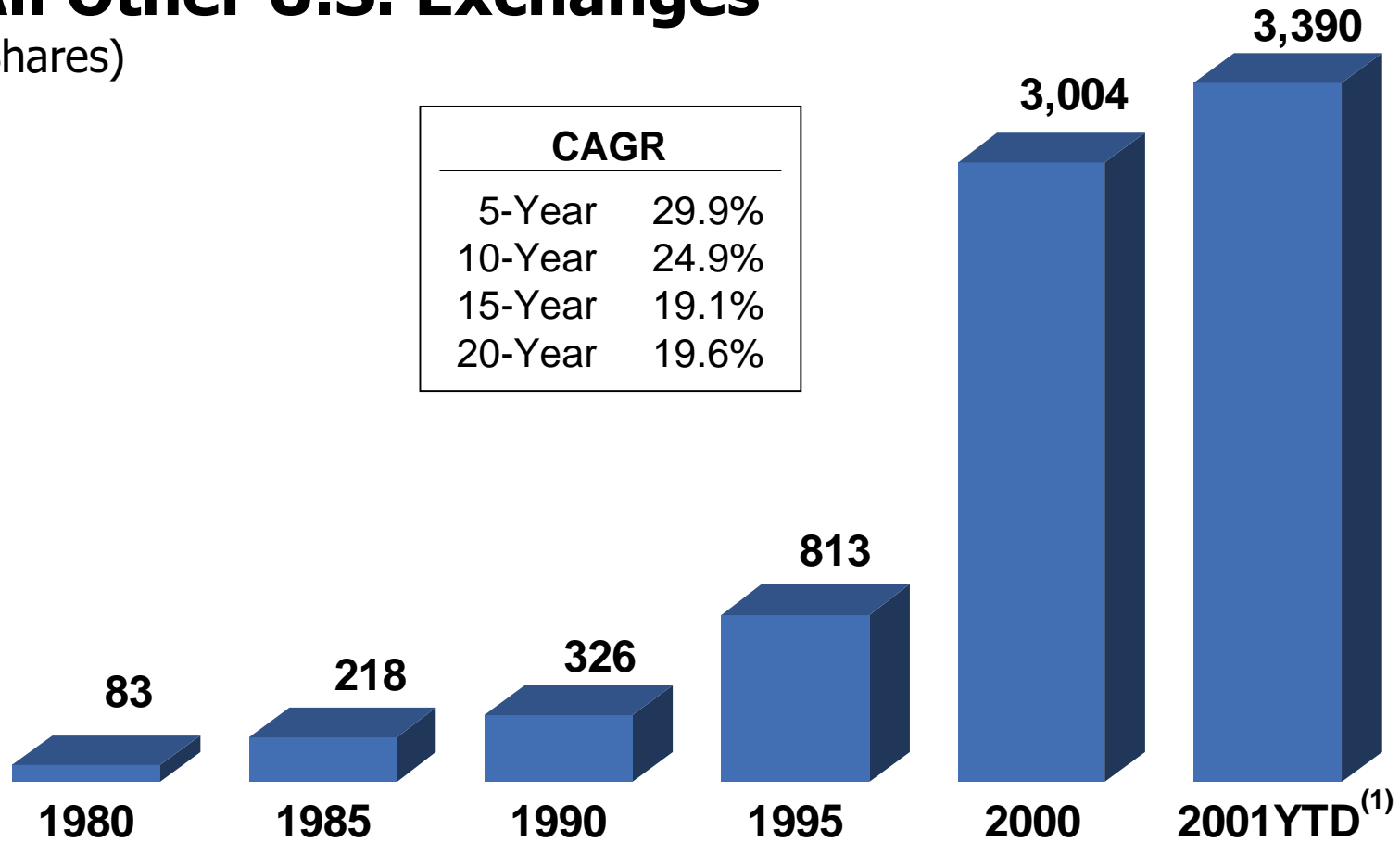
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# Growth in Securities Trading Volume

## Average Combined Daily Volume for NYSE, NASDAQ and All Other U.S. Exchanges

(MM of Shares)

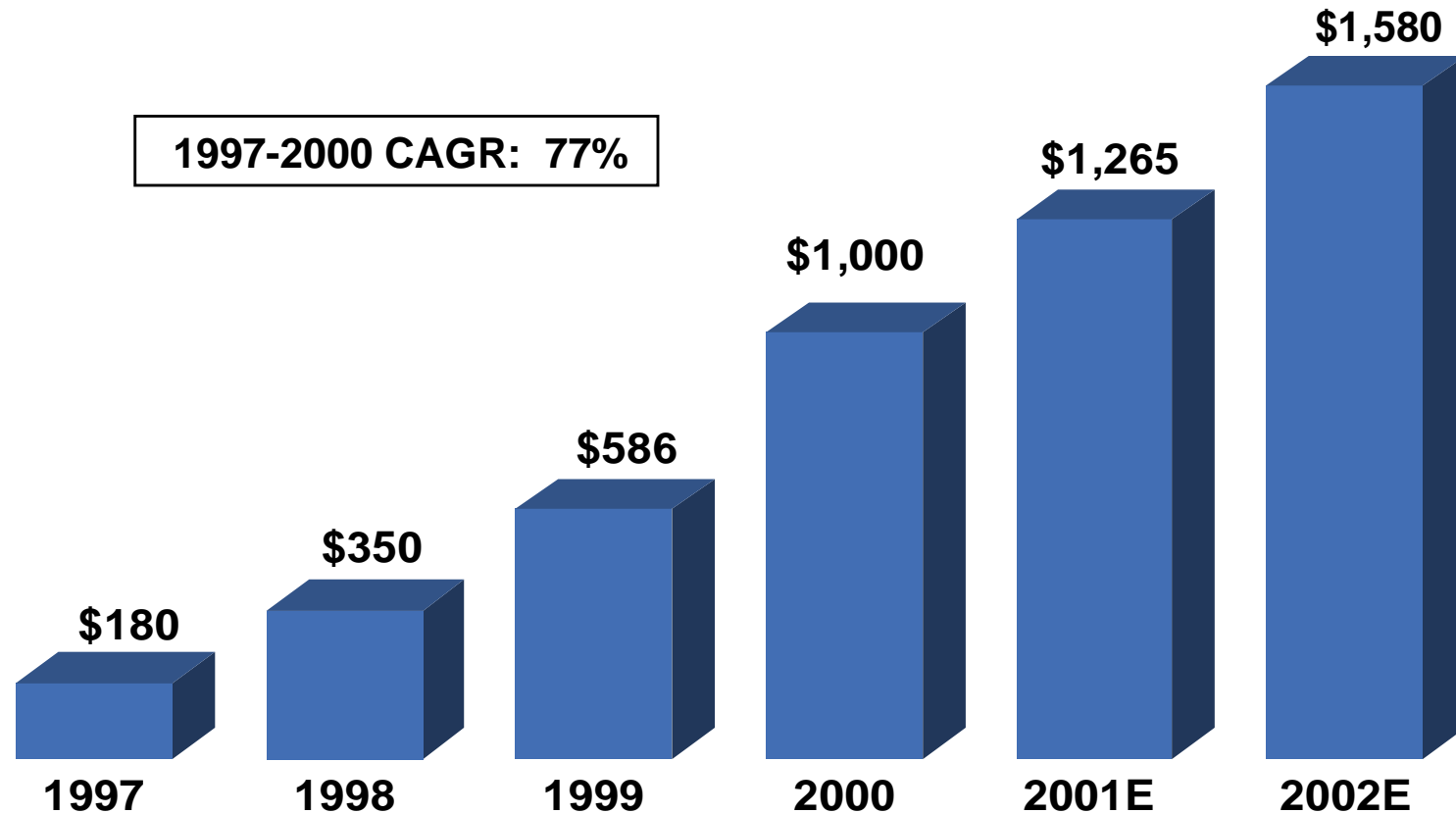


Note: (1) Through May 2001; does not include regional stock exchanges  
 Source: Securities Industry Association

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# Global Credit Derivatives Market

**"It is estimated that the credit derivatives market could grow to a value of \$10 trillion over the next five to seven years and total one-third to one-half the cash market." – Goldman Sachs**



Note: Dollars in billions

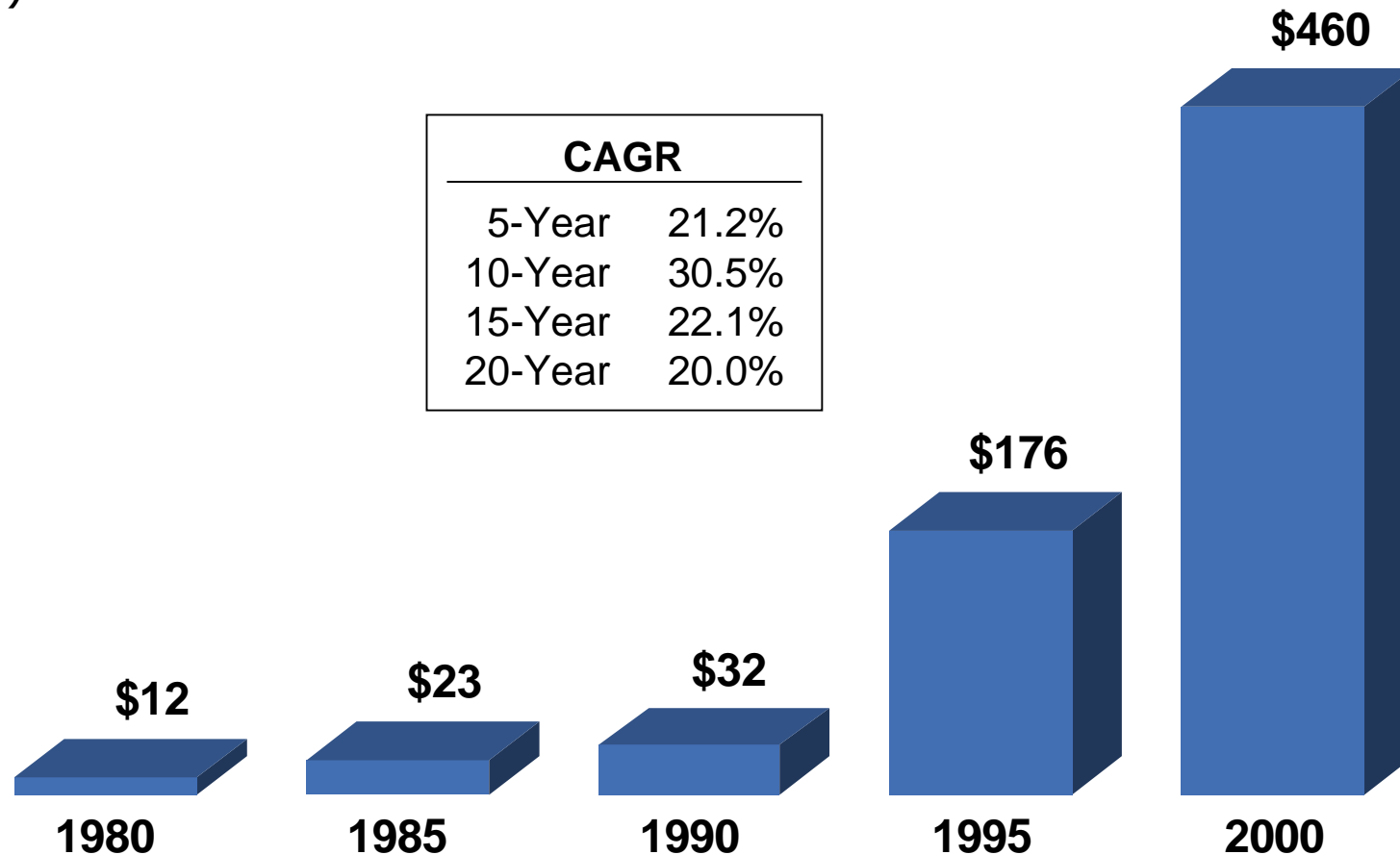
Source: British Bankers' Assoc., Goldman Sachs Research Estimates

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# Growth in Securities

## Total Global Equity Underwritings

(\$ Billions)

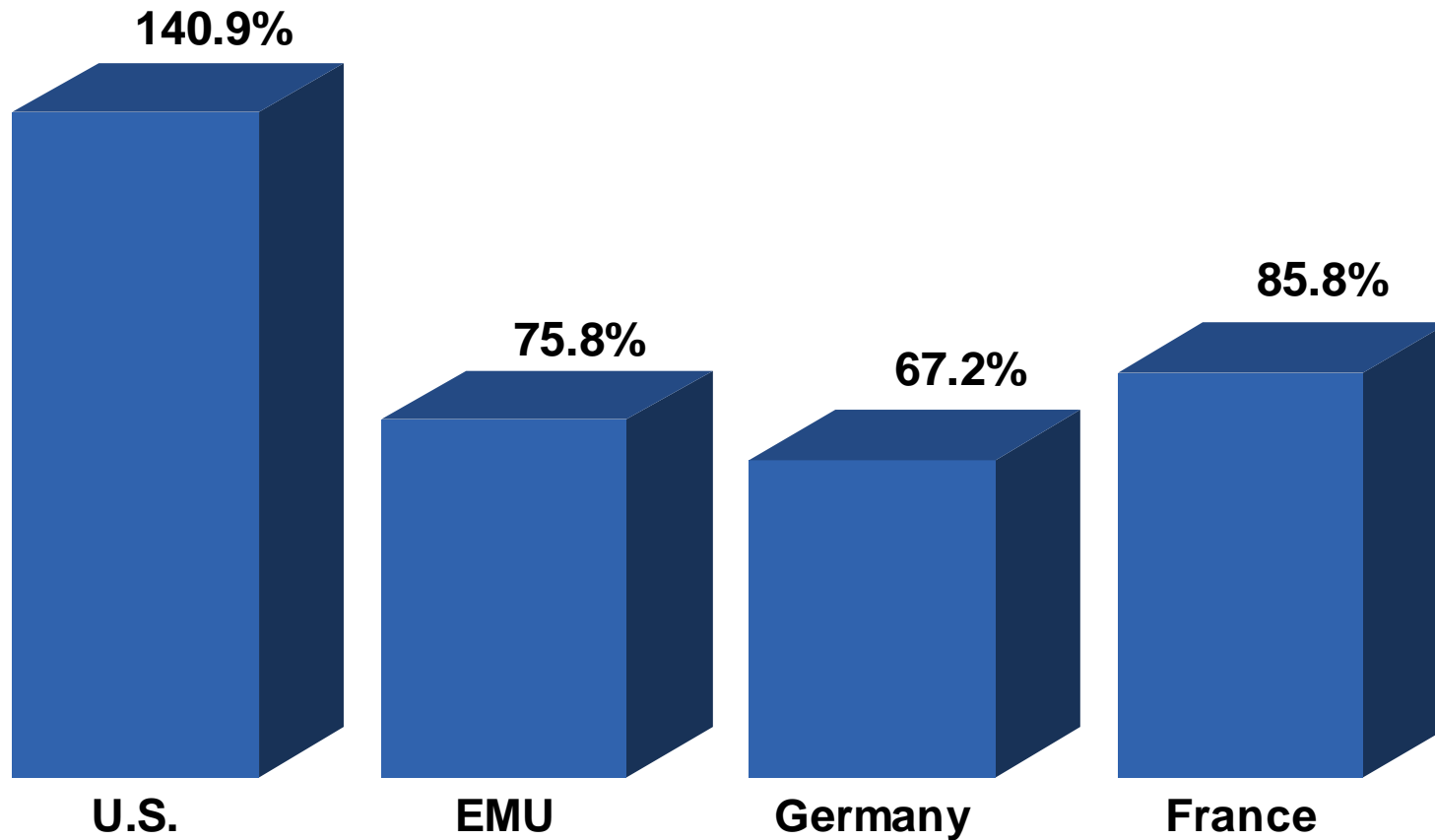


Source: Thomson Financial Services; worldwide public and Rule 144A equity offerings

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# Market Cap as % of GDP

## Year-End 2000



Source: MSCI, IMF

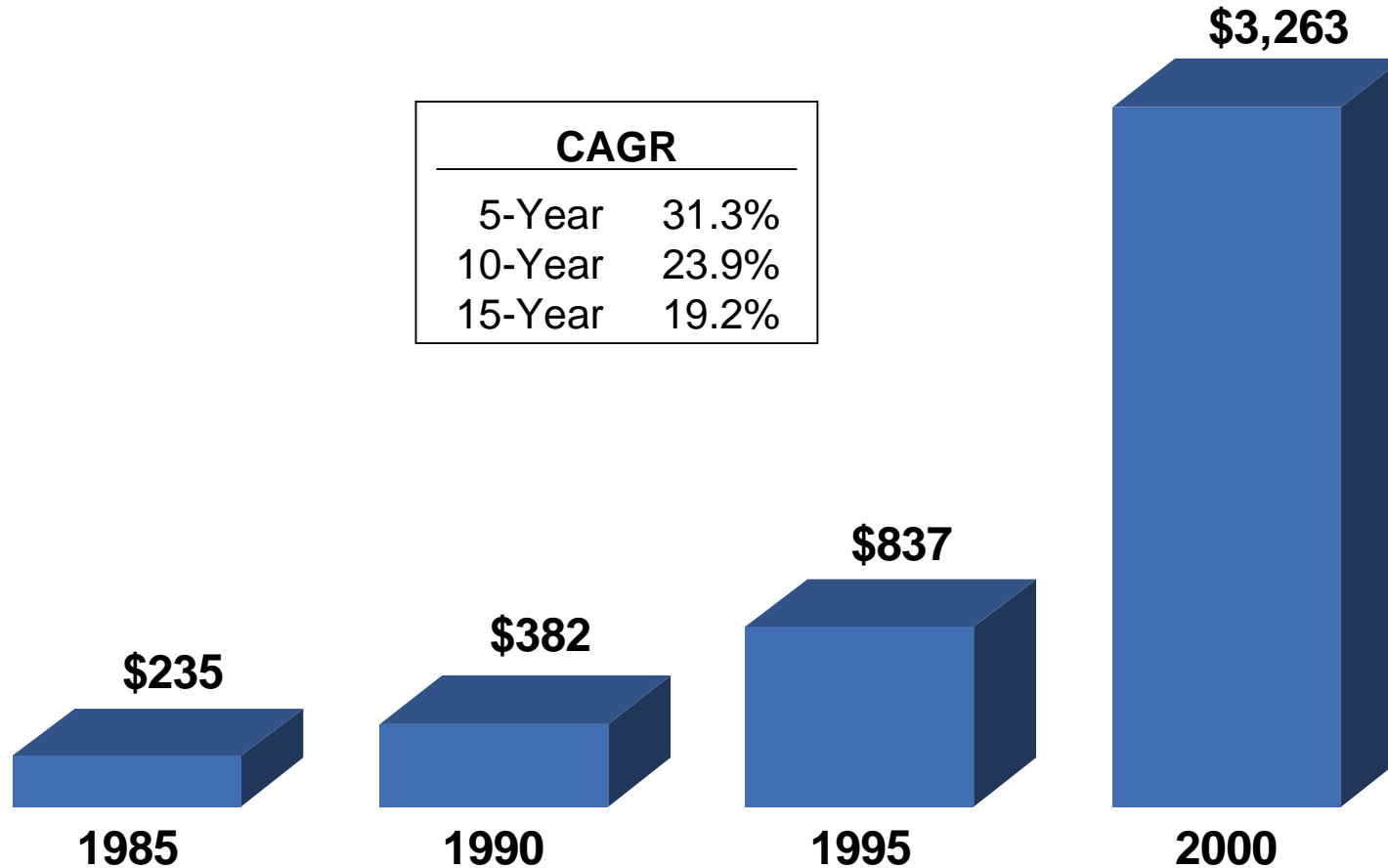
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Morgan Stanley

# Growth in Mergers & Acquisitions

## Global Announced Deals

(\$ Billions)

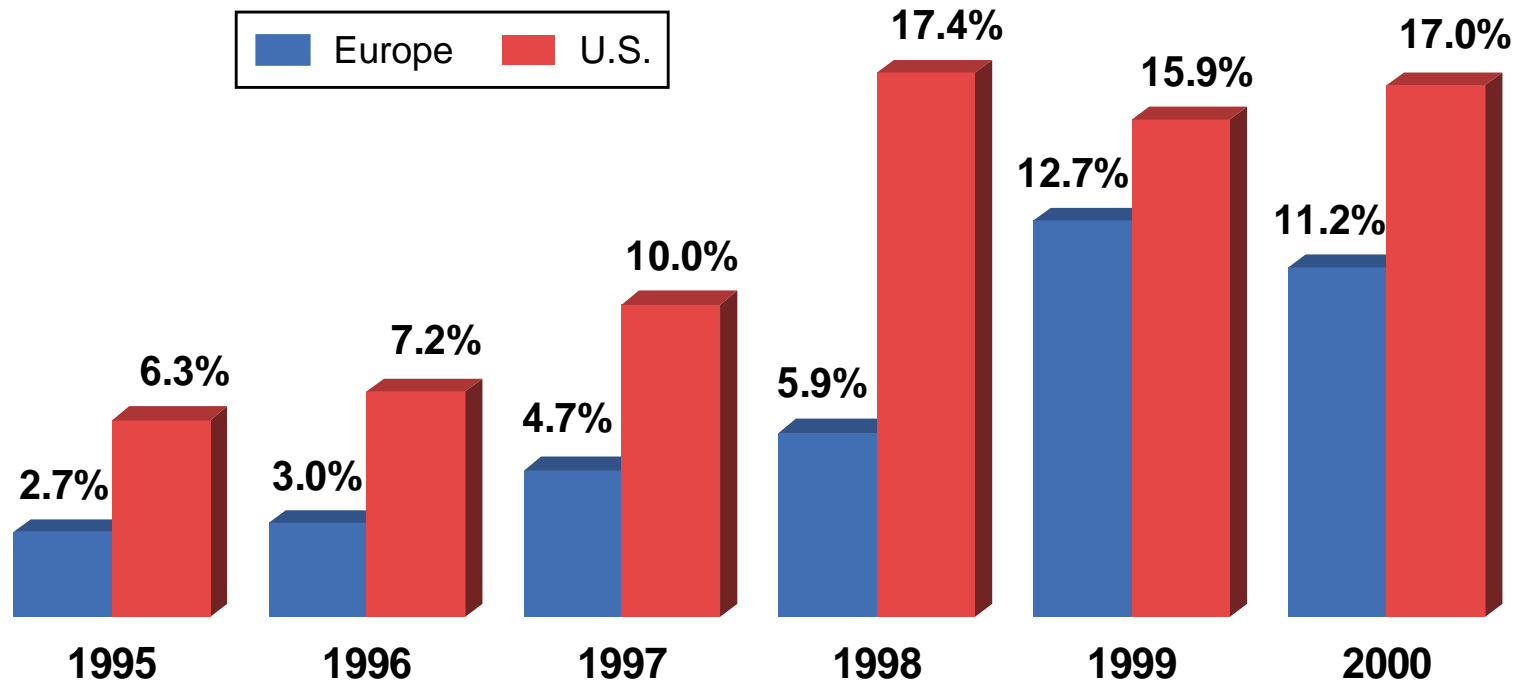


Source: Thomson Financial Services

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# M&A as a % of GDP

## U.S. & Europe

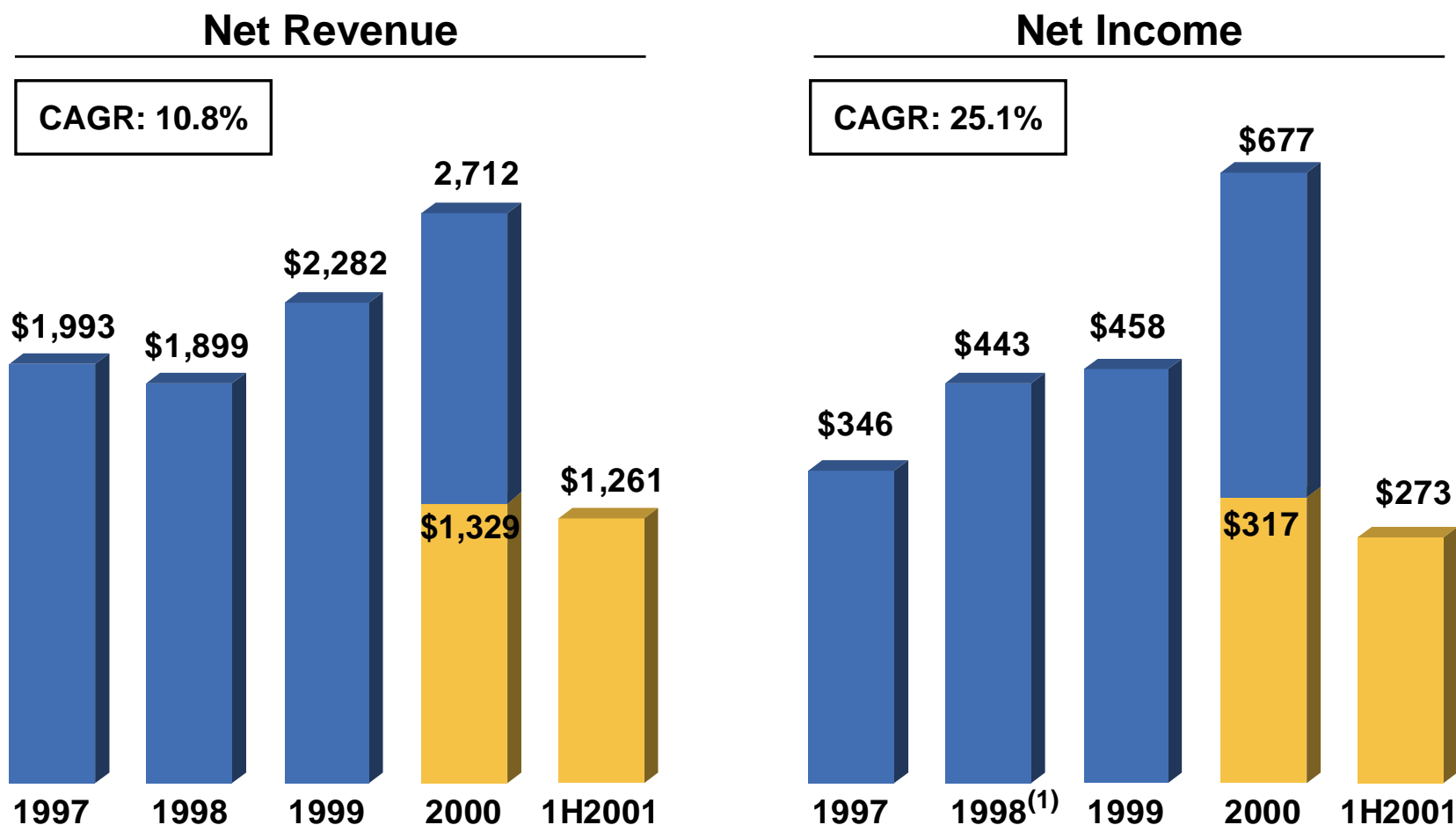


Source: Thomson Financial Services and IMF

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# Asset Management Growth

(\$ Millions)



Note: (1) Income before cumulative effect of accounting change

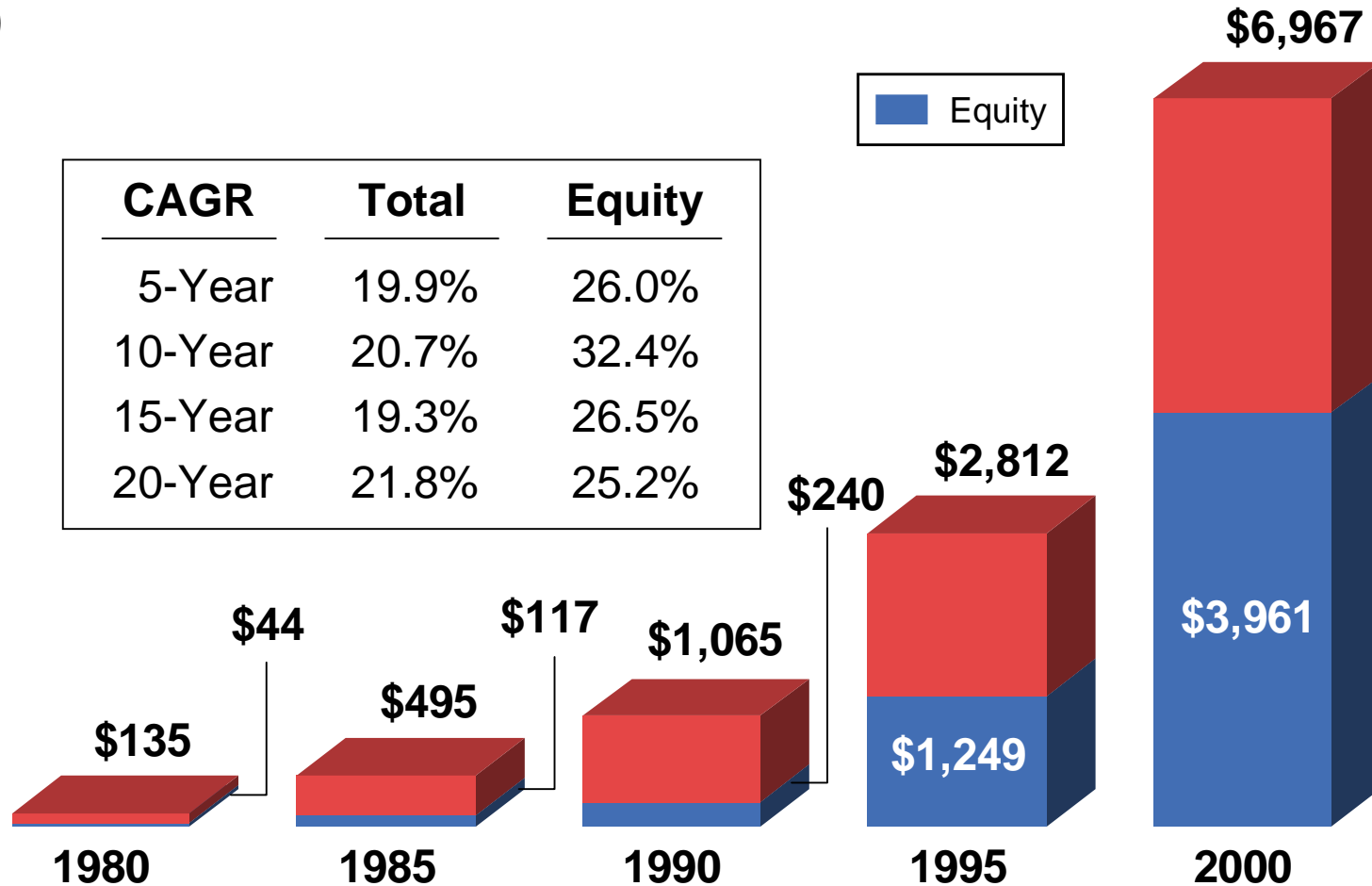
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# Growth in U.S. Asset Management Mutual Fund Assets

(\$ Billions)



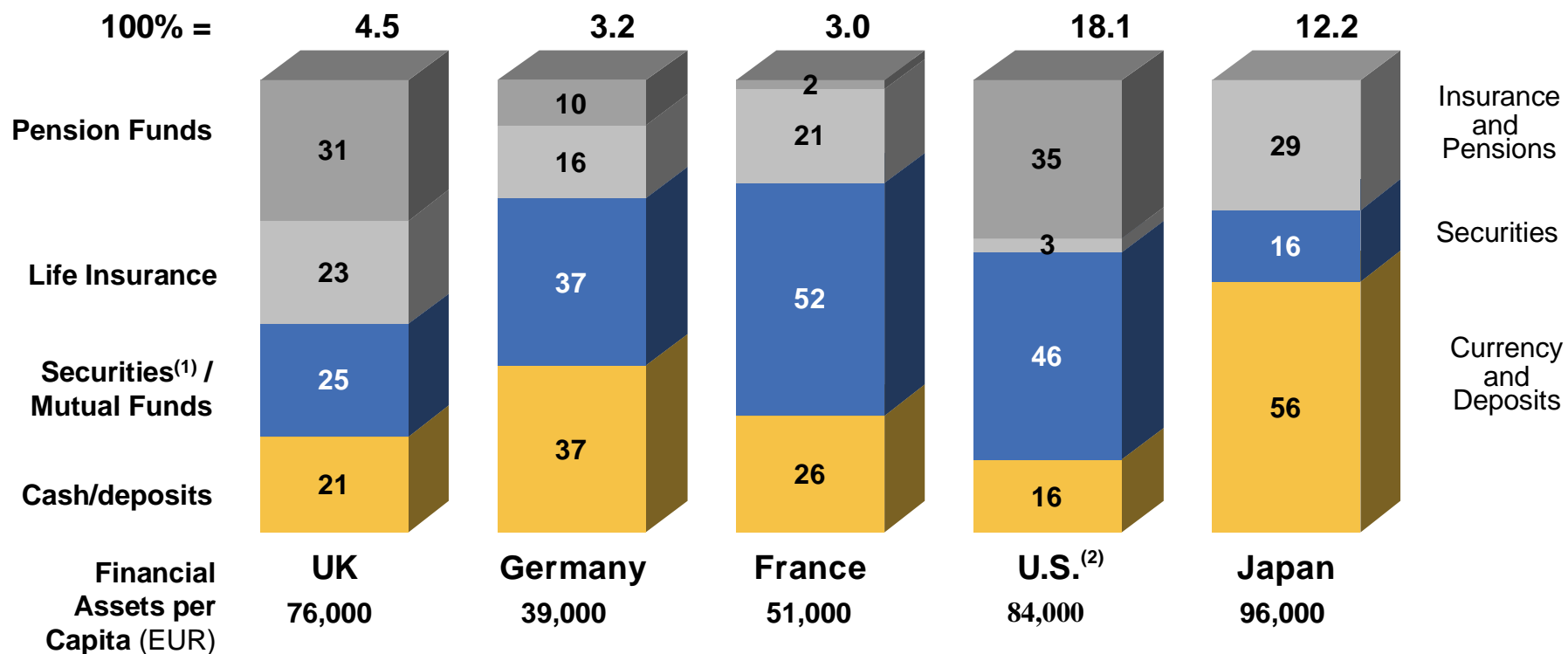
Source: Investment Company Institute, Open-End Funds Only

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# European Market

## European household assets by products

Personal Financial Assets 1999; Percent; EUR trillions



Notes: (1) Includes "unlisted" shares (e.g., in 1998 ~60% of French and Italian equities were non-traded shares)

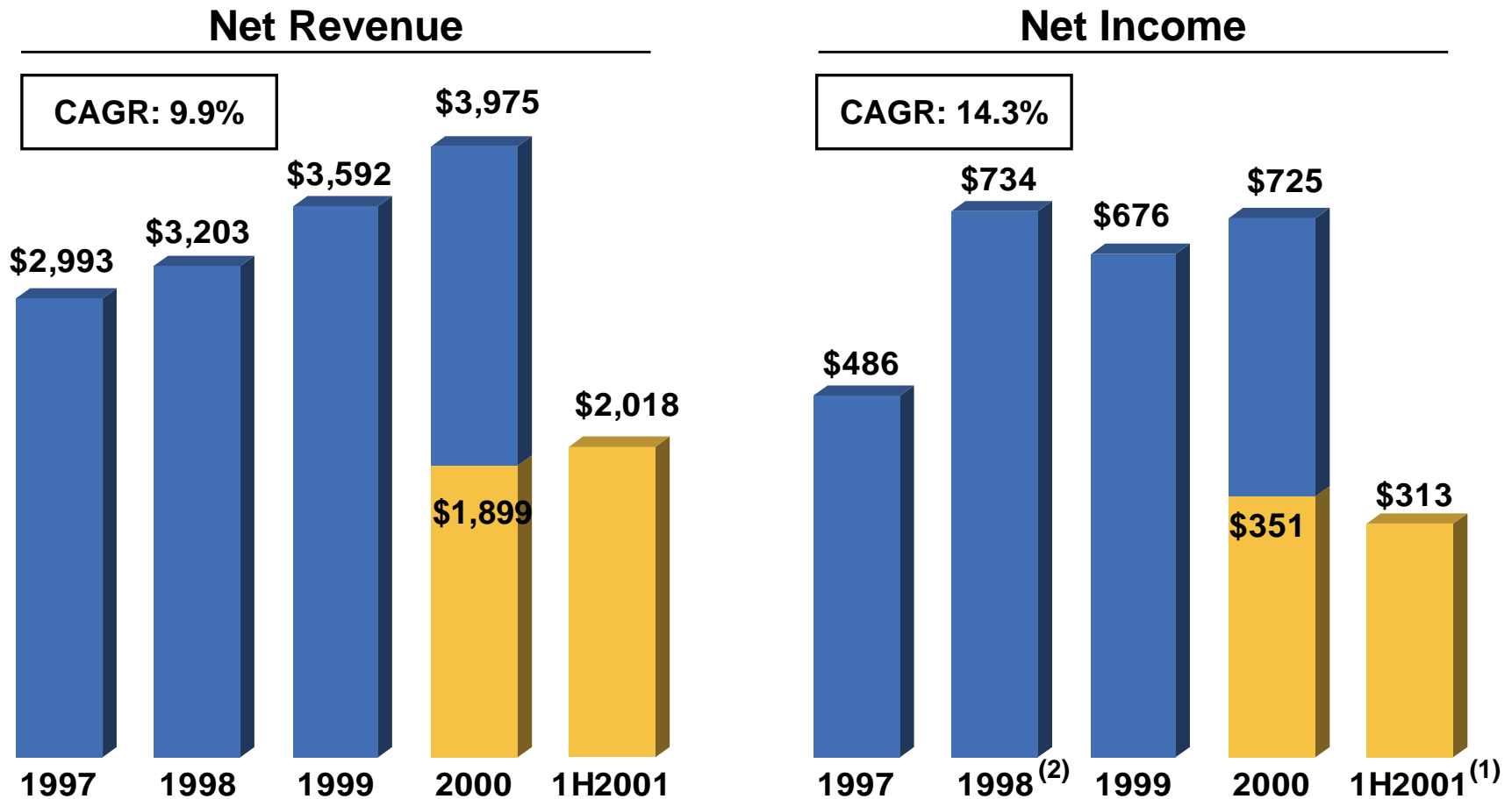
(2) 1997 data, does not include trust assets of EUR 916 millions

Source: The Financial Accounts by the Bank of Spain, Geldvermögen privater Haushalte, national statistics of Deutsche Bundesbank, Banca d'Italia, Appendice alla Relazione Annuale, National accounts, Financial statistics, McKinsey EFIC

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# Credit Services Growth

(\$ Millions)



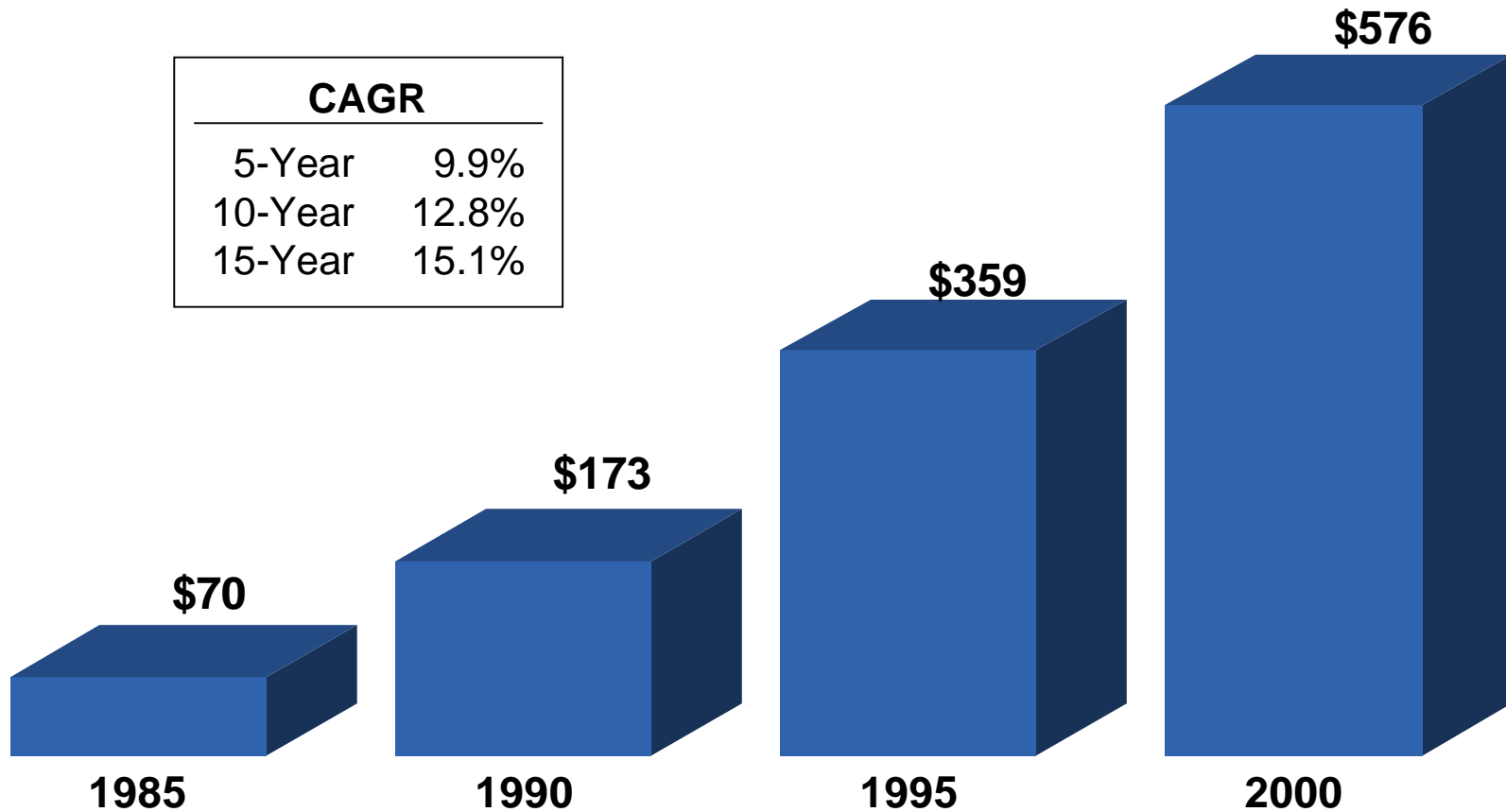
Note: (1) Income before cumulative effect of accounting change  
 (2) Includes gain on sales of businesses

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# Growth in U.S. Credit Cards Total Receivables

(\$ Billions)



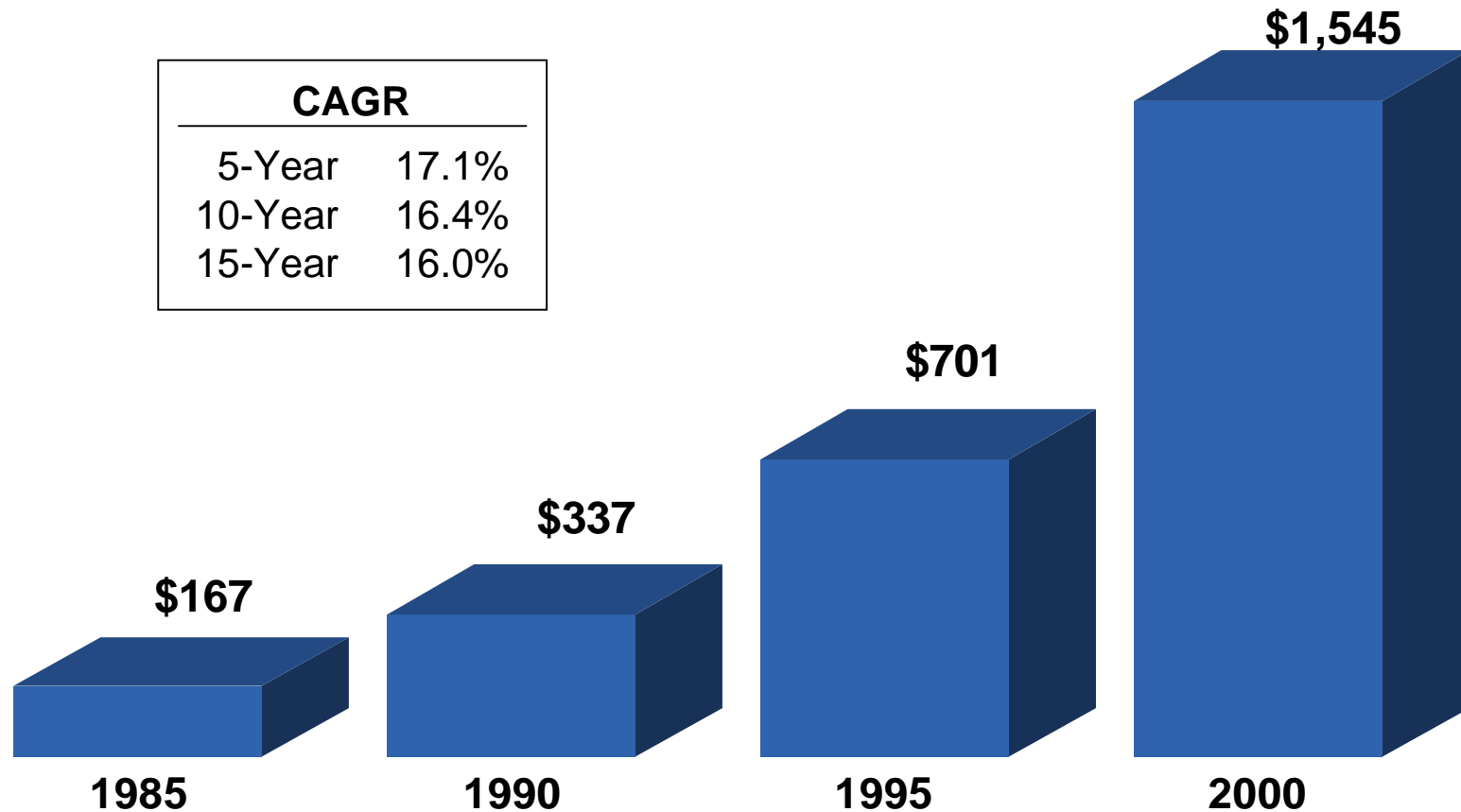
Source: Faulkner & Gray's Card Industry Directory and SEC Filings

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# Growth in U.S. Credit Cards

## Total Charge Volume

(\$ Billions)



Source: Faulkner & Gray's Card Industry Directory and SEC Filings

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# Measuring Progress

- Client satisfaction
- Higher market share
- Revenue growth
- Industry leading margins and ROE
- Lower volatility of earnings relative to peers

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