



# Shareholder Presentation

March 15, 2005

# Morgan Stanley: An Extraordinary Franchise...

## Institutional Securities

- #1 Global Equity Underwriting
- #1 Global IPOs
- #1 Equity Secondary Trading
- #2 Completed Global M&A
- Overall Debt Deal of the Year
- Overall Equity Deal of the Year
- Overall M&A Deal of the Year

## Individual Investor Group

- #3 Brokerage House by Revenues
- #3 Brokerage House by No. of Financial Advisors
- #3 Managed Account Sponsor by Assets

## Investment Management

- 48% of Funds ranked 4/5 Star by MorningStar
- 71-80% of funds in Lipper top half rankings
- Van Kampen Fund named to Money 100
- Five funds included in WSJ "Category Kings" for 2004

THE WALL STREET JOURNAL

## Credit Services

- Industry Leading Cash Back Bonus Awards Program
- Largest U.S. Proprietary Network
- #3 in Total Domestic Credit Card Accounts Among Peers
- # 5 U.S. Credit Card Charge Volume
- # 6 U.S. Credit Card Company by Receivables
- Over 1 Million New Merchants Signed

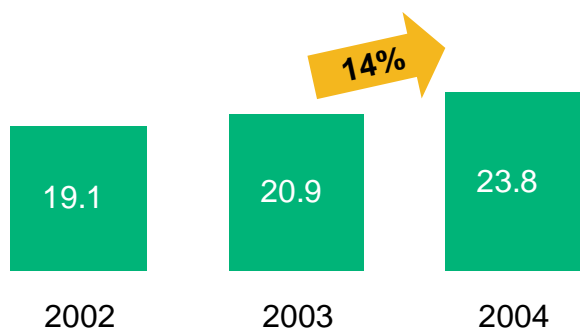
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# 2004: A Very Good Year

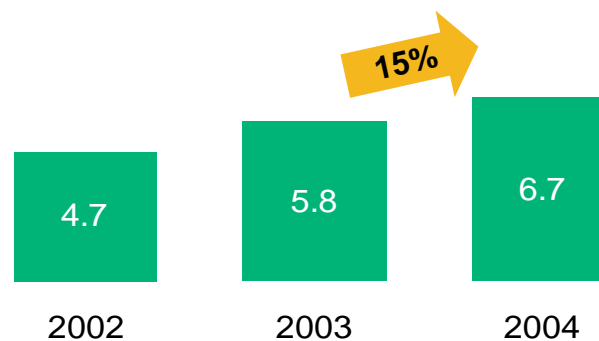
- Strong financial performance
- Progress against established operating objectives
- Stock price, however, underperformed
- Momentum in 2005

# Financial Highlights

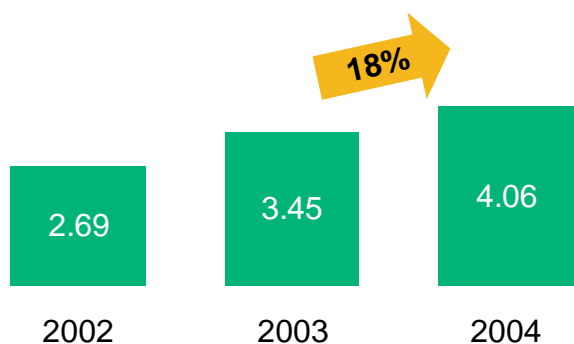
## Net Revenues (\$Bn)



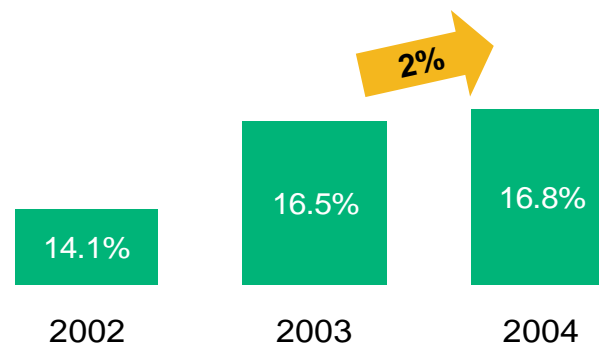
## Profit Before Taxes (\$Bn)



## Diluted EPS (\$/Share)



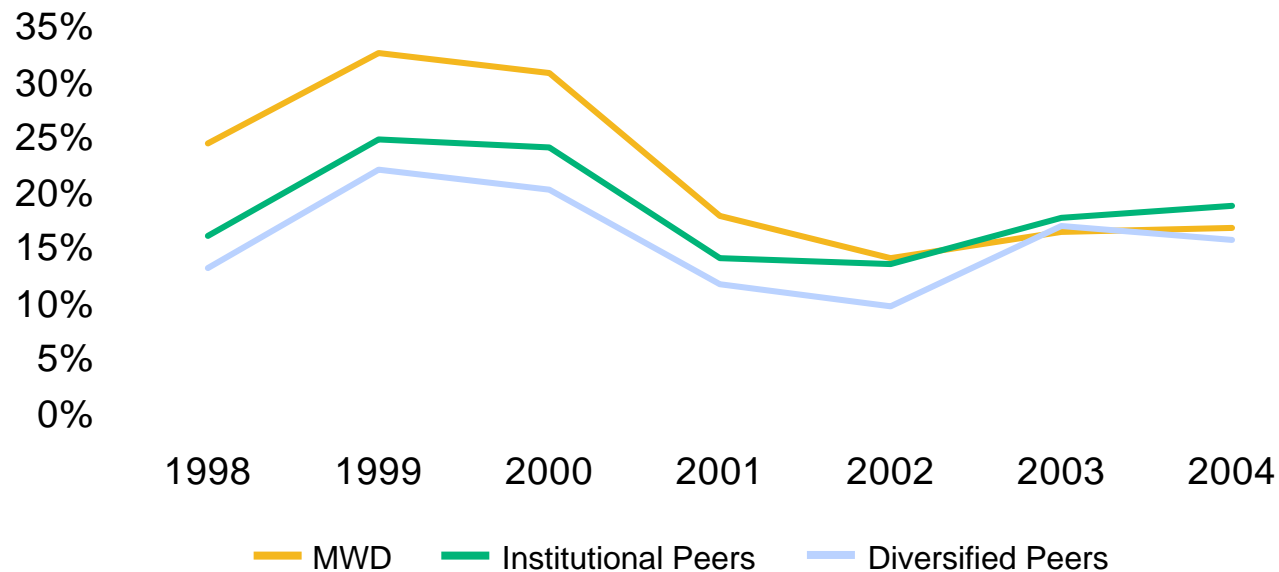
## Return on Equity (%)



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# Excellent Performance Through the Cycle

## ROE Comparison

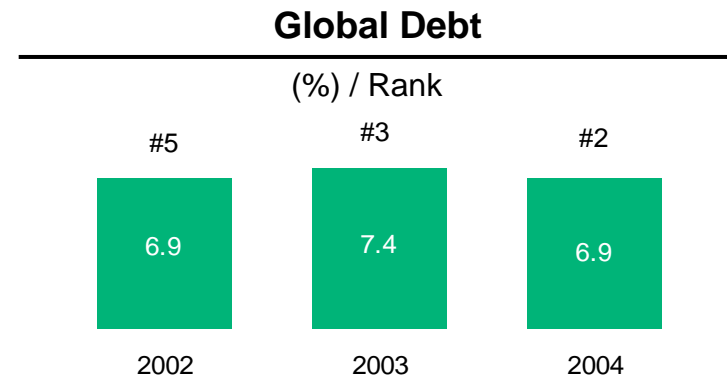
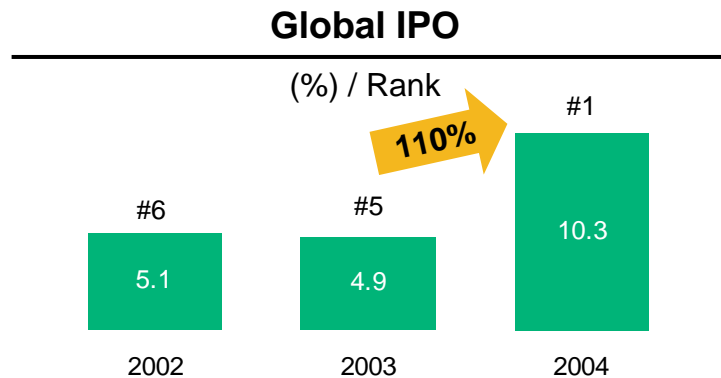
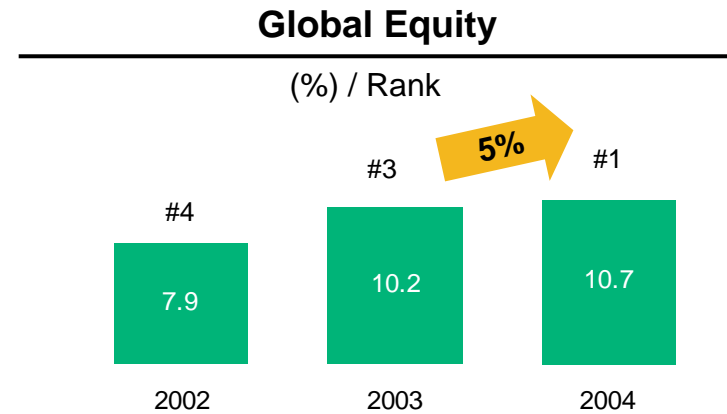
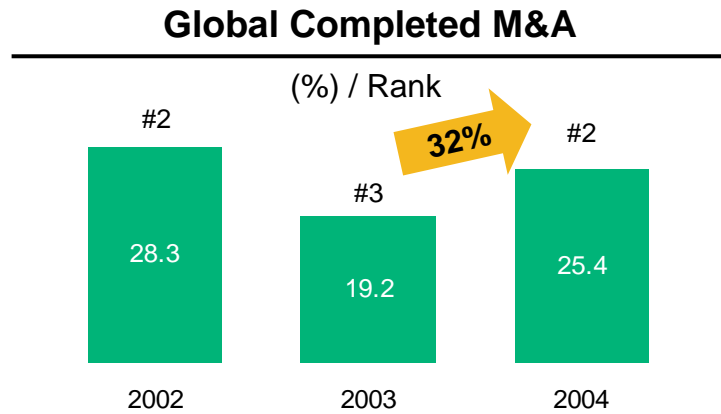


Source: Company filings



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# Strongest Year Ever in Institutional Securities...



Source: Thomson Financial

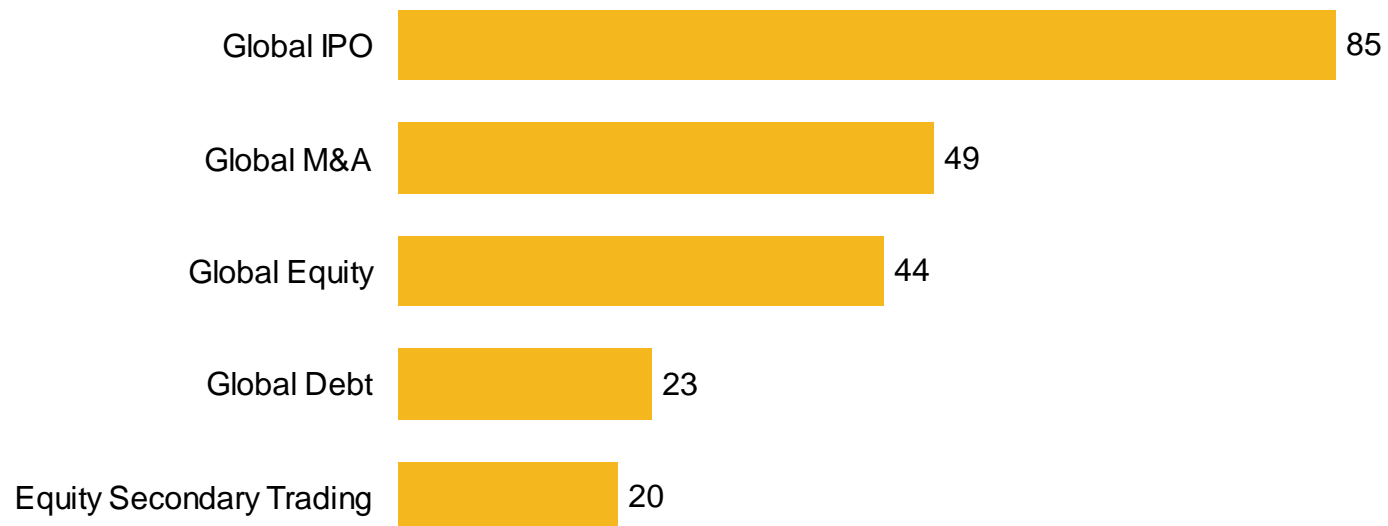


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# Franchise Momentum

## Change in Average Market Share Since Merger

(%)

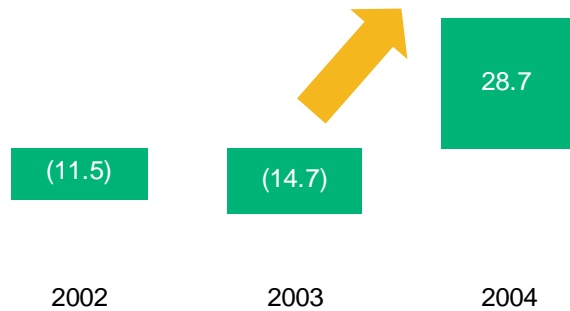


Source: Thomson, Independent Survey

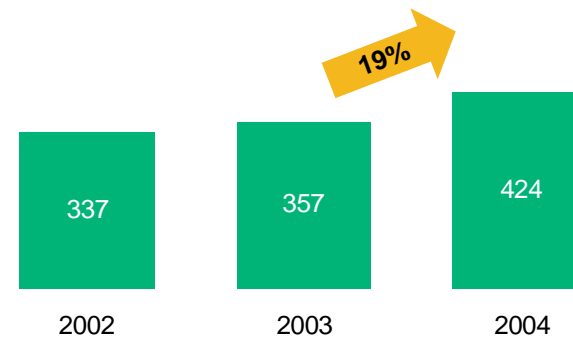
Notes: (1) Compares average annual market share for the period 1989 – 1996 to the average annual market share for the period 1997-2004 for Thomson data. Compares average annual market share for the period 1994 – 1996 to the average annual market share for the period 1997 – 2004 for the Independent Survey data.

# Improving Performance and Inflows

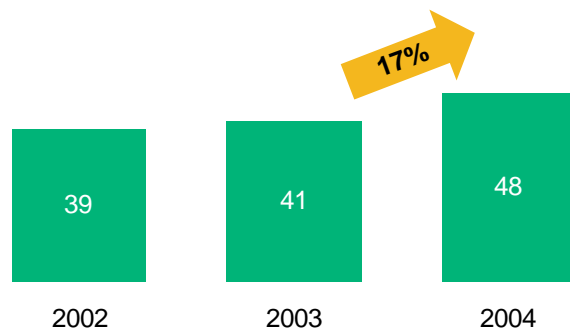
**Net Fund Flows (\$Bn)**



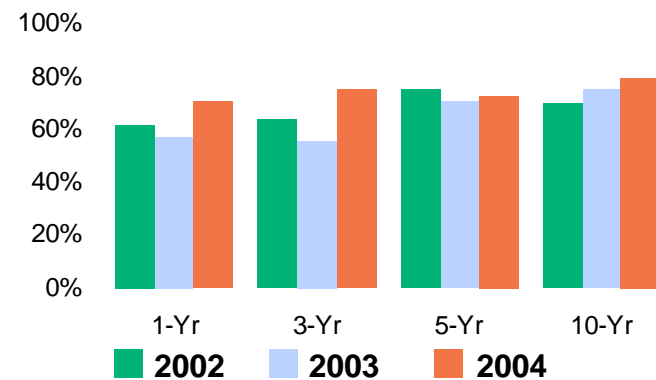
**Assets Under Management (\$Bn)**



**Percentage of Assets Ranked 4/5 Star by Morningstar**



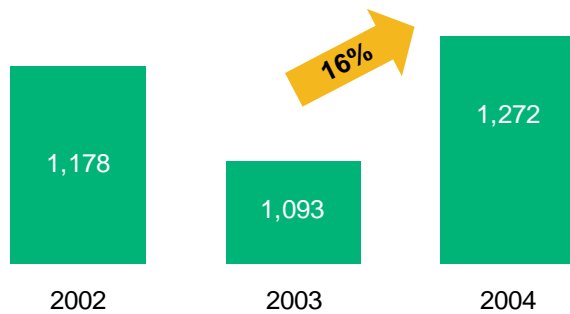
**Percentage of Assets in Lipper Top Half**



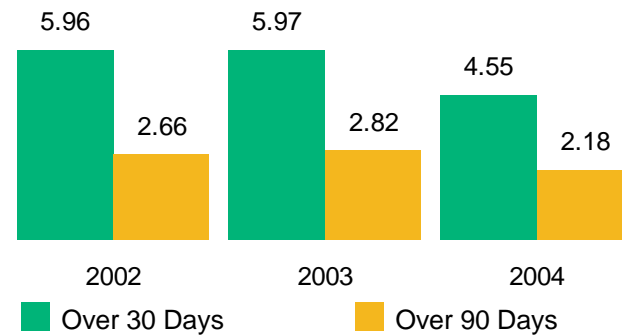


# Better Loan Quality and Profit Contribution

**Profit Before Tax (\$MM)**



**Delinquency Rates (%)**

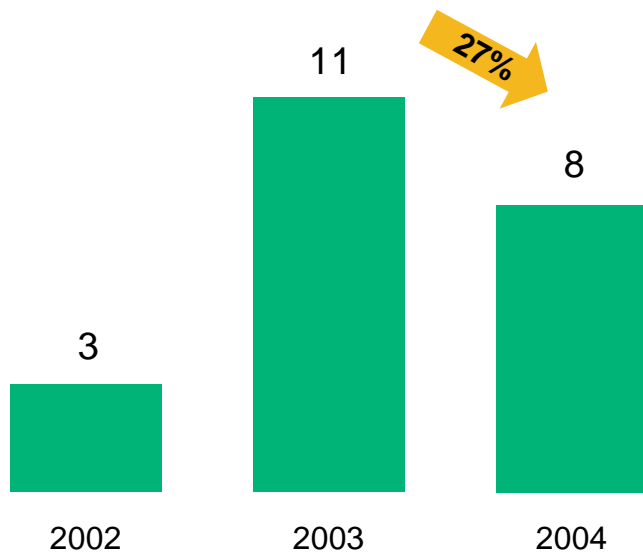


- Sam's Club Exclusive
- Pulse Acquisition
- Wal-Mart Discover Card

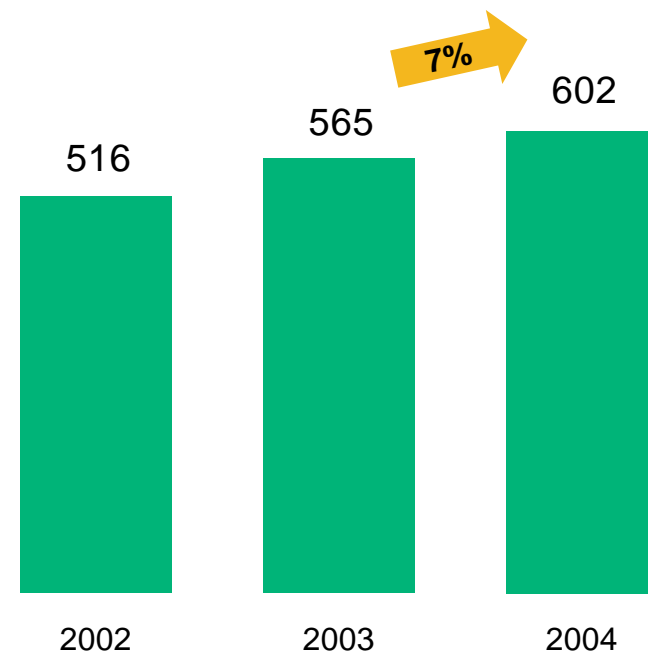


# Upside in Individual Investor Group

PBT Margin (%)

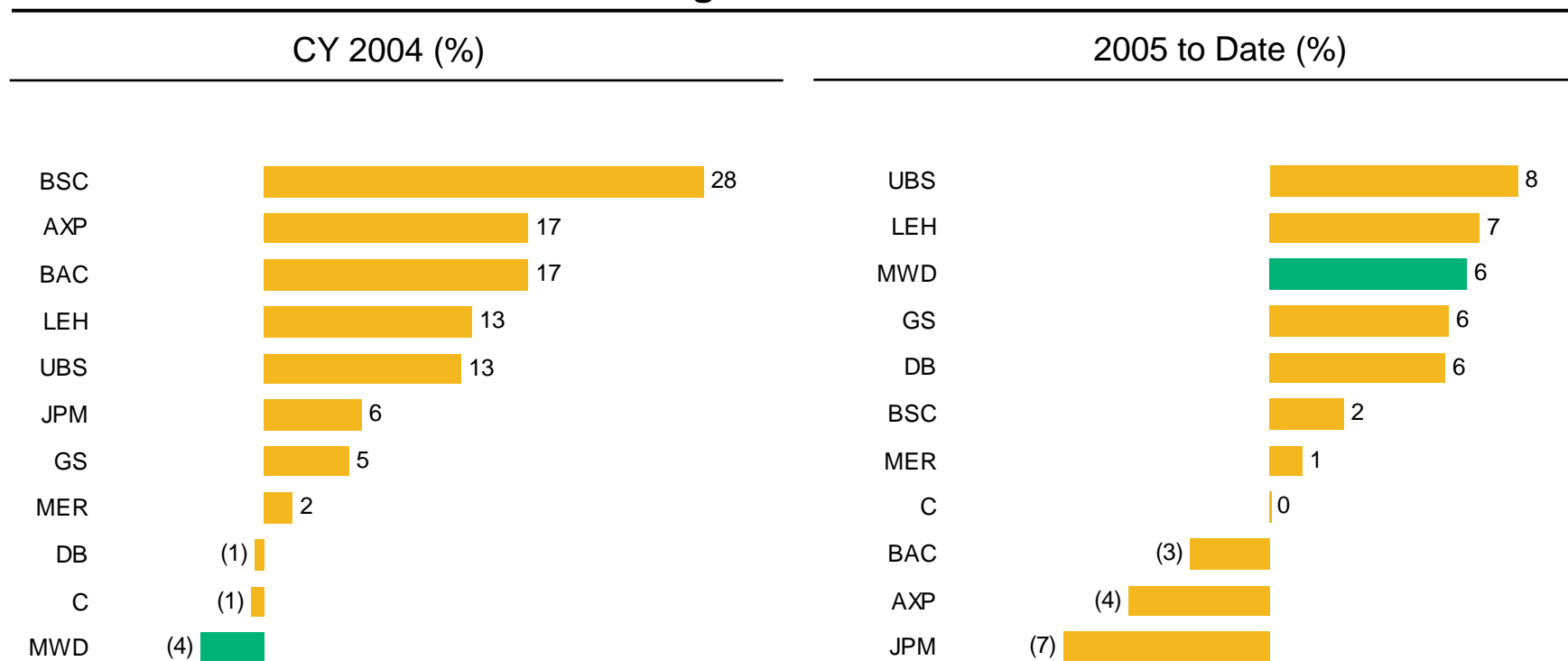


Total Client Assets (\$Bn)



# Relative Stock Price Performance

## Change in Stock Price



Source: FactSet

# Extraordinary Wealth Creation

	IPO Until Merger		Merger to Current
	Morgan Stanley	DW/Discover	
<b>Annualized Return</b>	<b>17%</b>	<b>26%</b>	<b>15%</b>
<b>S&amp;P 500 Annualized Return</b>	<b>12%</b>	<b>17%</b>	<b>5%</b>
<b>Relative Return</b>	<b>1.4x</b>	<b>1.5x</b>	<b>3.1x</b>

Source: FactSet

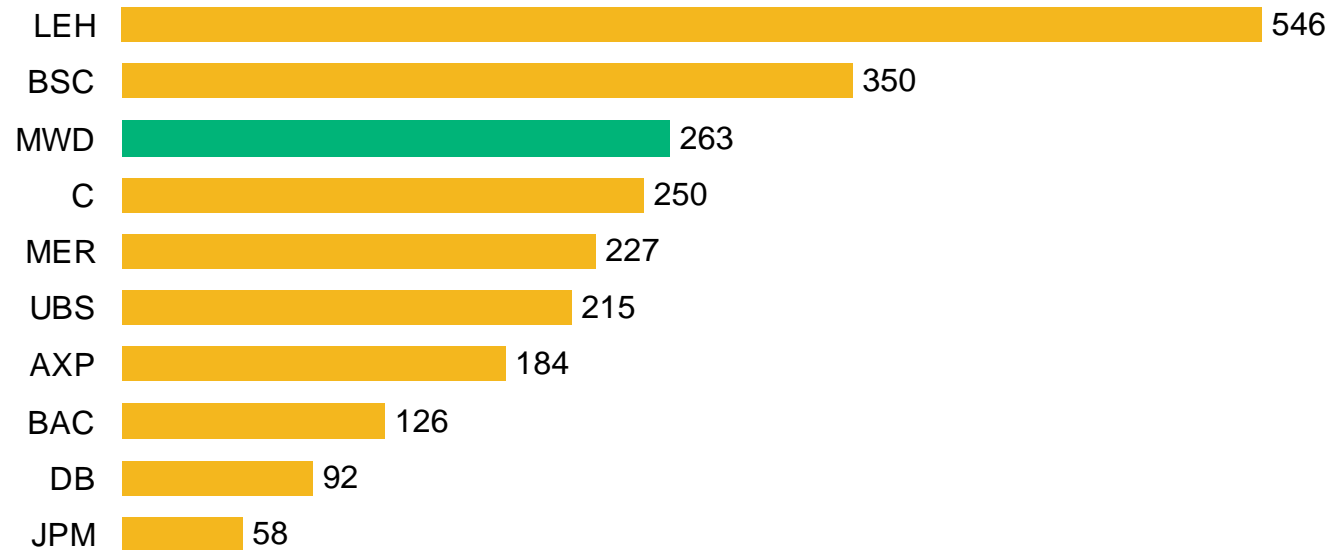
**Morgan Stanley**

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# Extraordinary Relative Wealth Creation: Merger to Date

## Total Returns

(%)



Source: FactSet

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# Strategy

- Financial Services Firm Focused on **Growth**
- Strategic Synergies and Financial Benefits of Business **Mix**
- **Skills** Over Capital – Our Competitive Advantage