

Morgan Stanley

Philip Purcell
Chairman & CEO
May 14, 2001

MORGAN STANLEY, DEAN WITTER, DISCOVER & CO.

**Philip Purcell
Chairman and CEO**

**Goldman Sachs
Financial Services Conference
November 5, 1997**

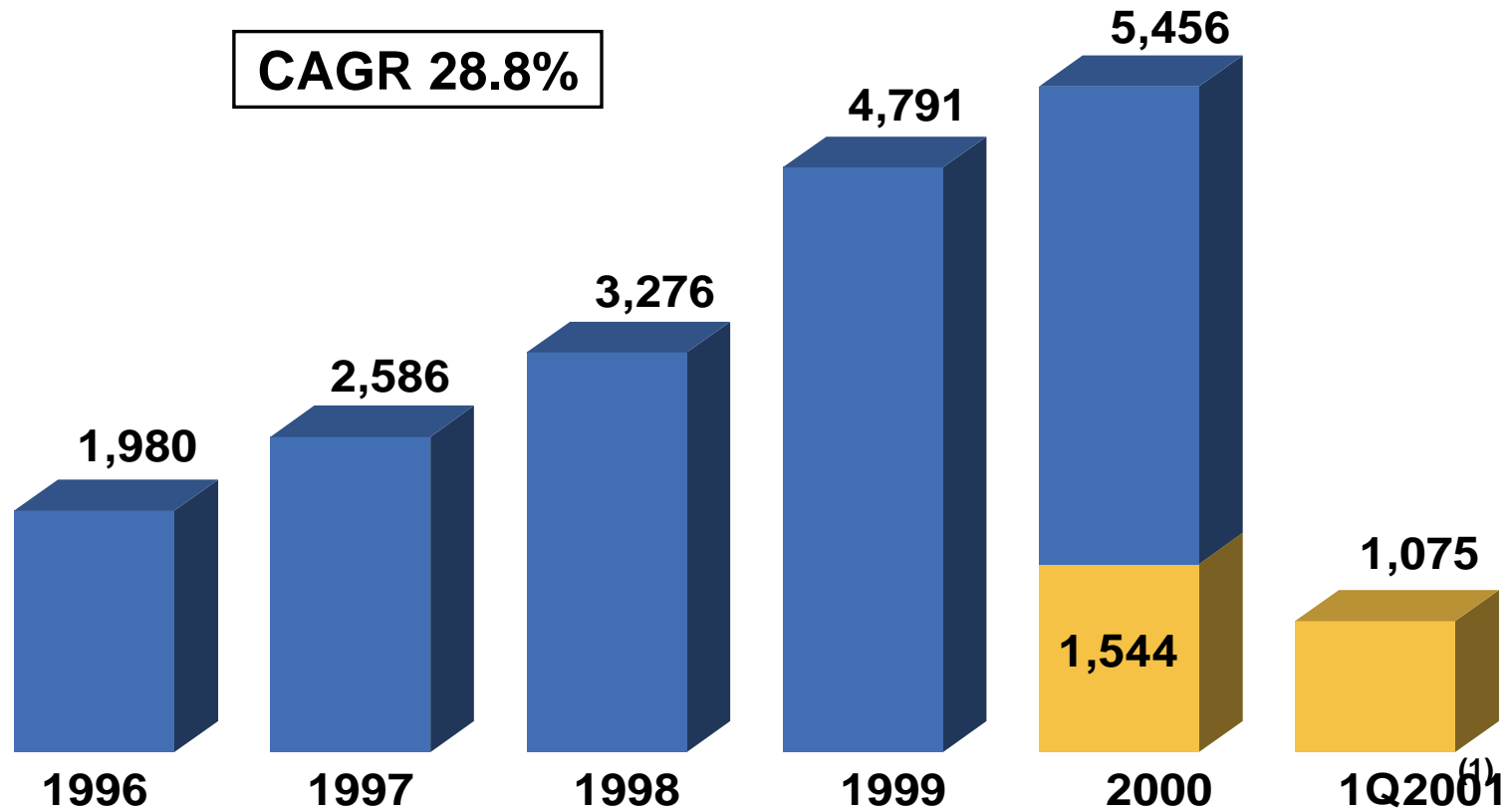
Strong Financial Targets

- Average ROE of 18 to 20% over Economic Cycle
- Average Earnings Growth of 15%

MSDW Growth

Net Income

(\$ Millions)



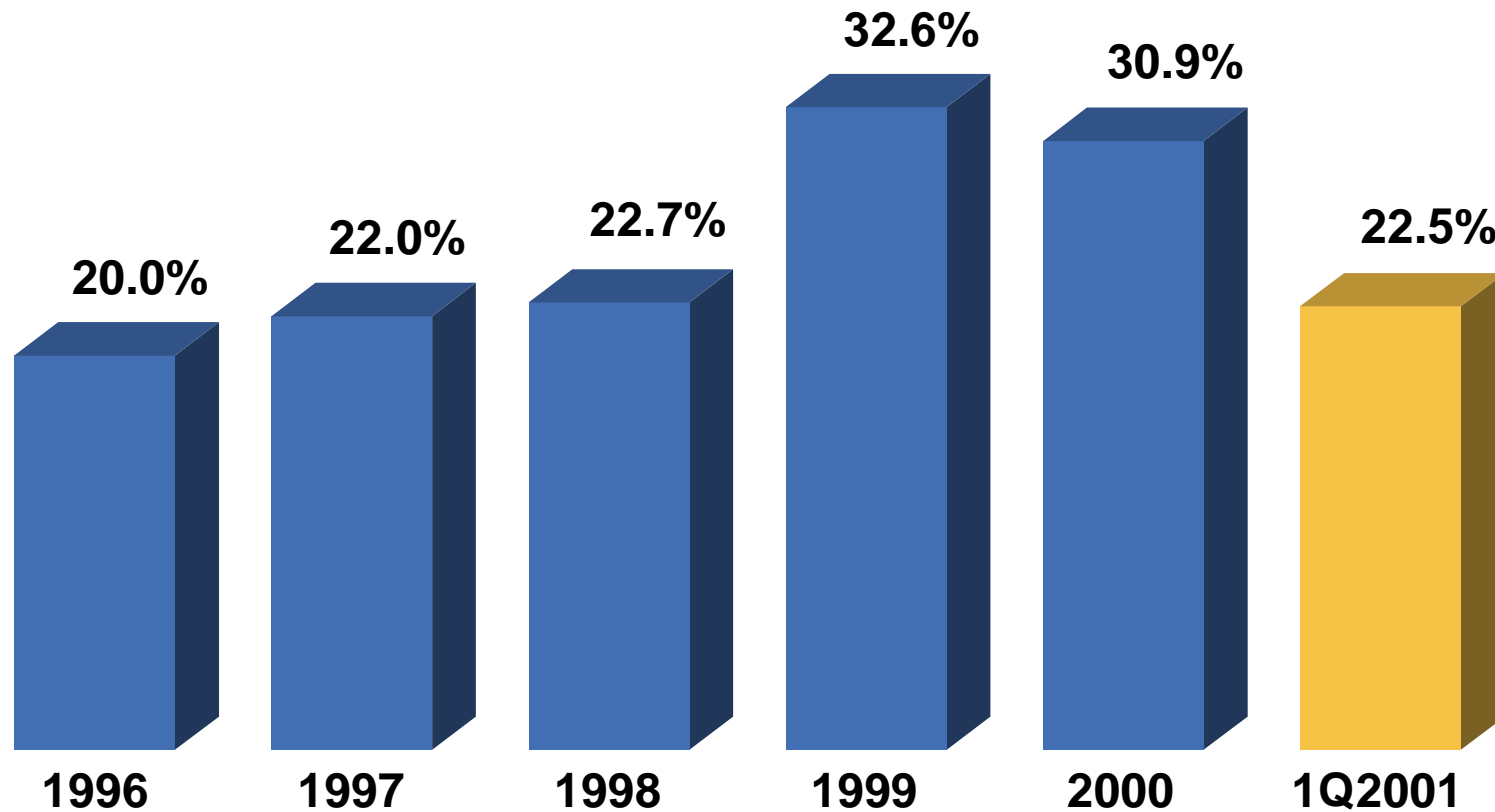
Note: (1) Income before cumulative effect of accounting change

Source: SEC filings

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MSDW Profitability ROE

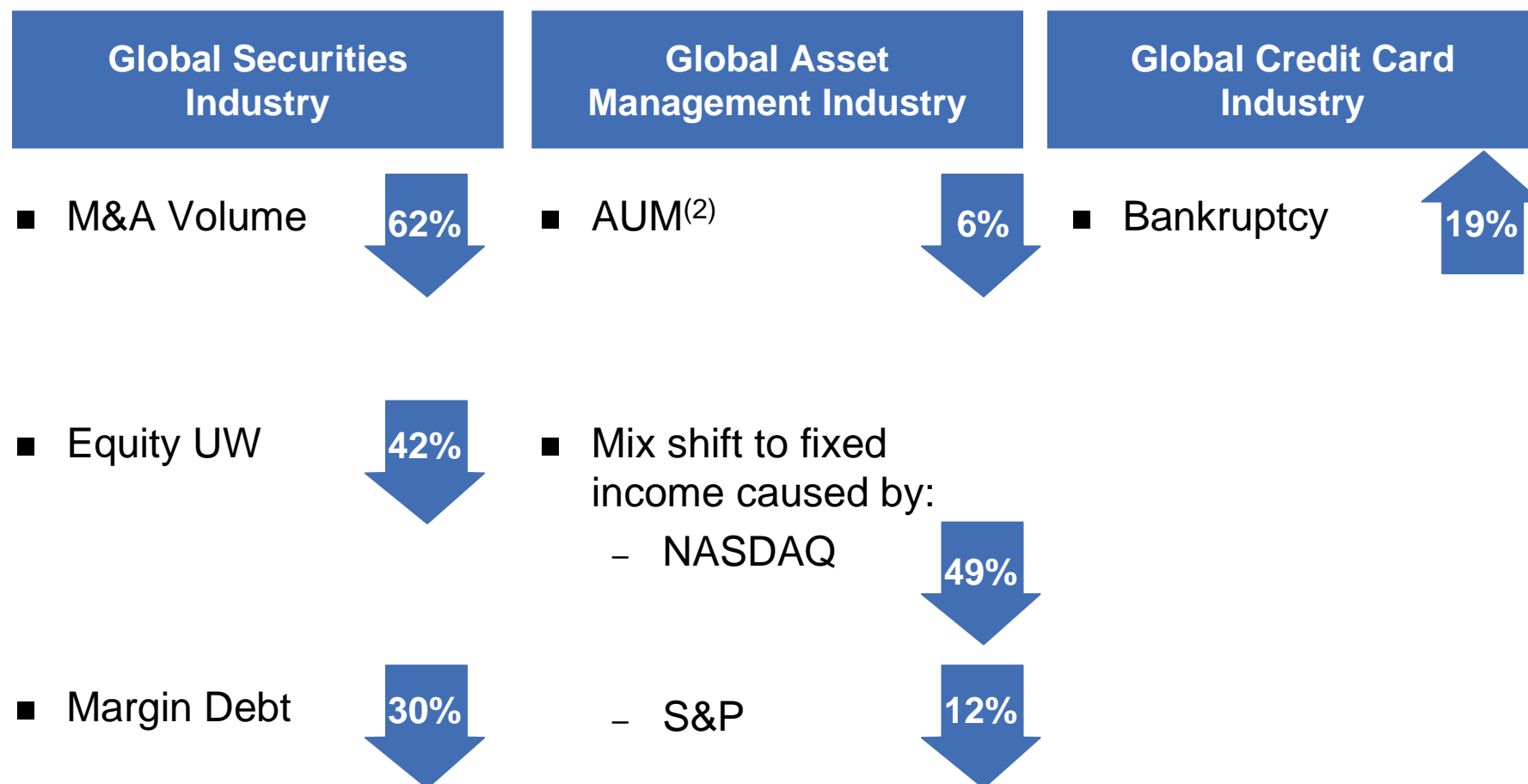


Source: SEC filings

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Near Term Pressure

Industry Data 1Q00-1Q01⁽¹⁾



Notes: (1) Calendar quarter

(2) Includes money market funds. 1Q01 data is through Feb. 28

Sources: Thomson Financial; ICI; NYSE; Visa USA Weekly Statistics from U.S. Courts; Commodity Systems, Inc.

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Improving Efficiency

- Cutting non-comp expense
- Headcount reduced



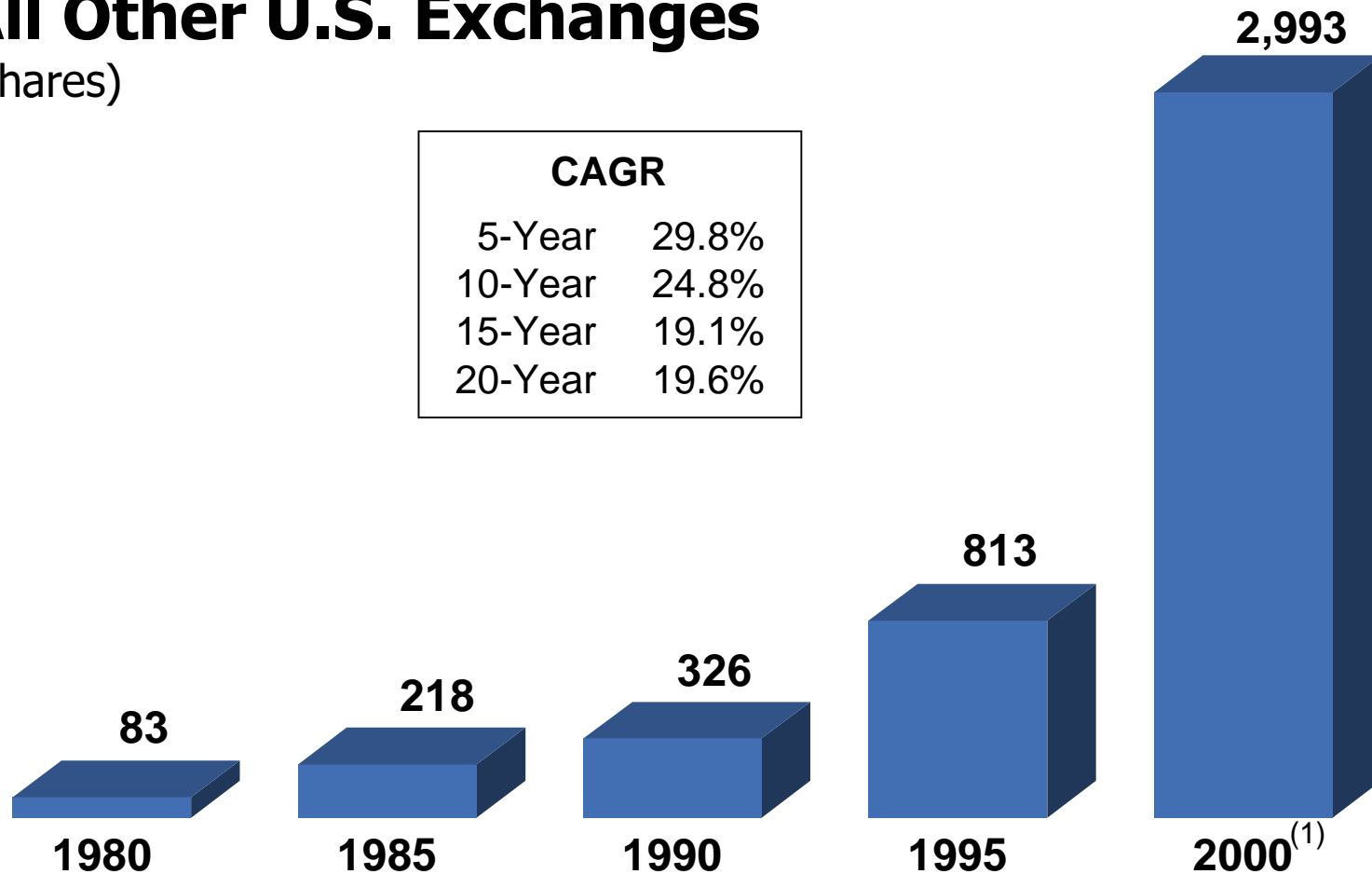
- Stabilizing margins at historically favorable levels

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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) Includes Regional Stock Exchanges only through November 2000

Source: Securities Industry Association

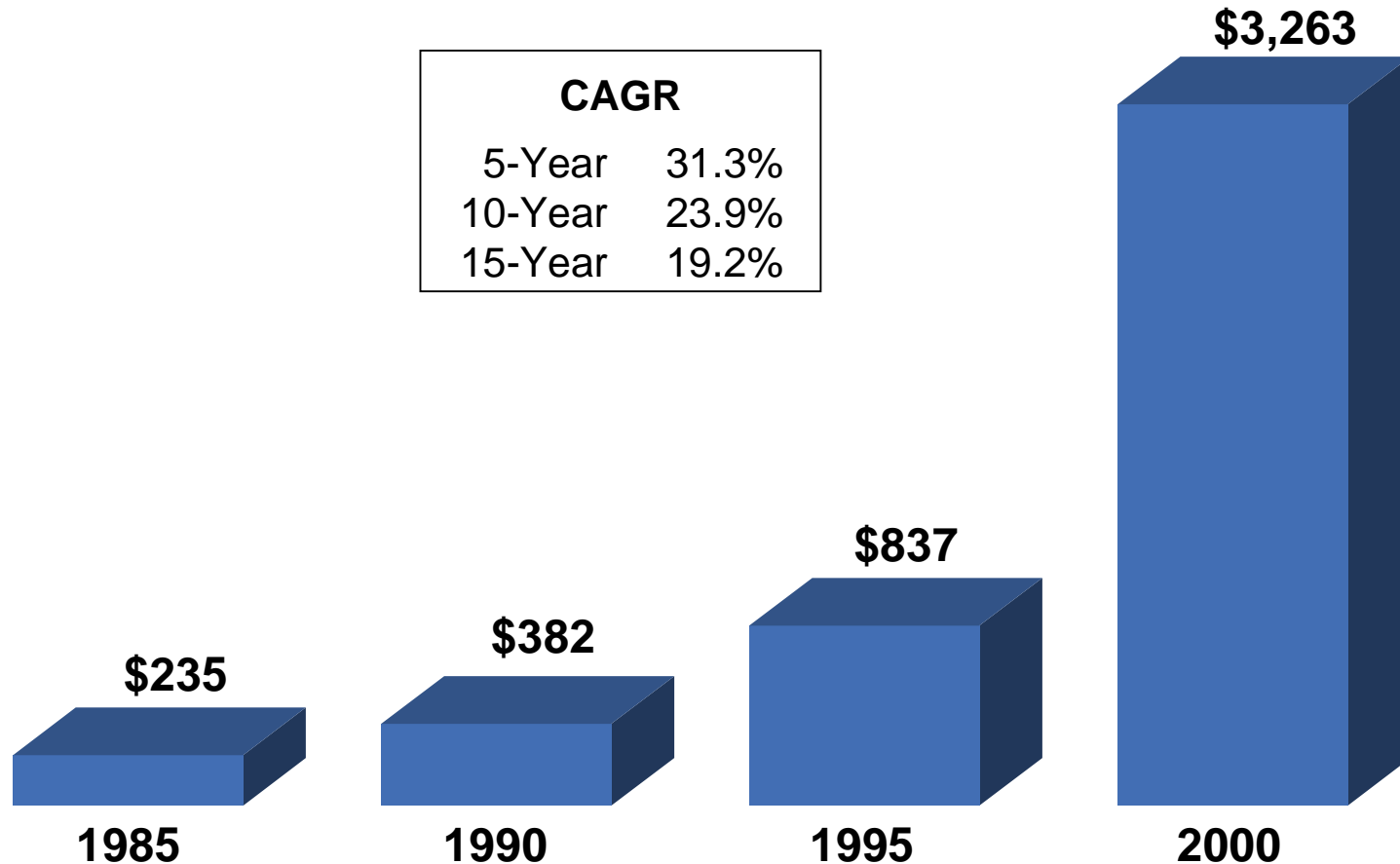
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Growth in Mergers & Acquisitions

Global Announced Deals

(\$ Billions)



Source: Thomson Financial Services

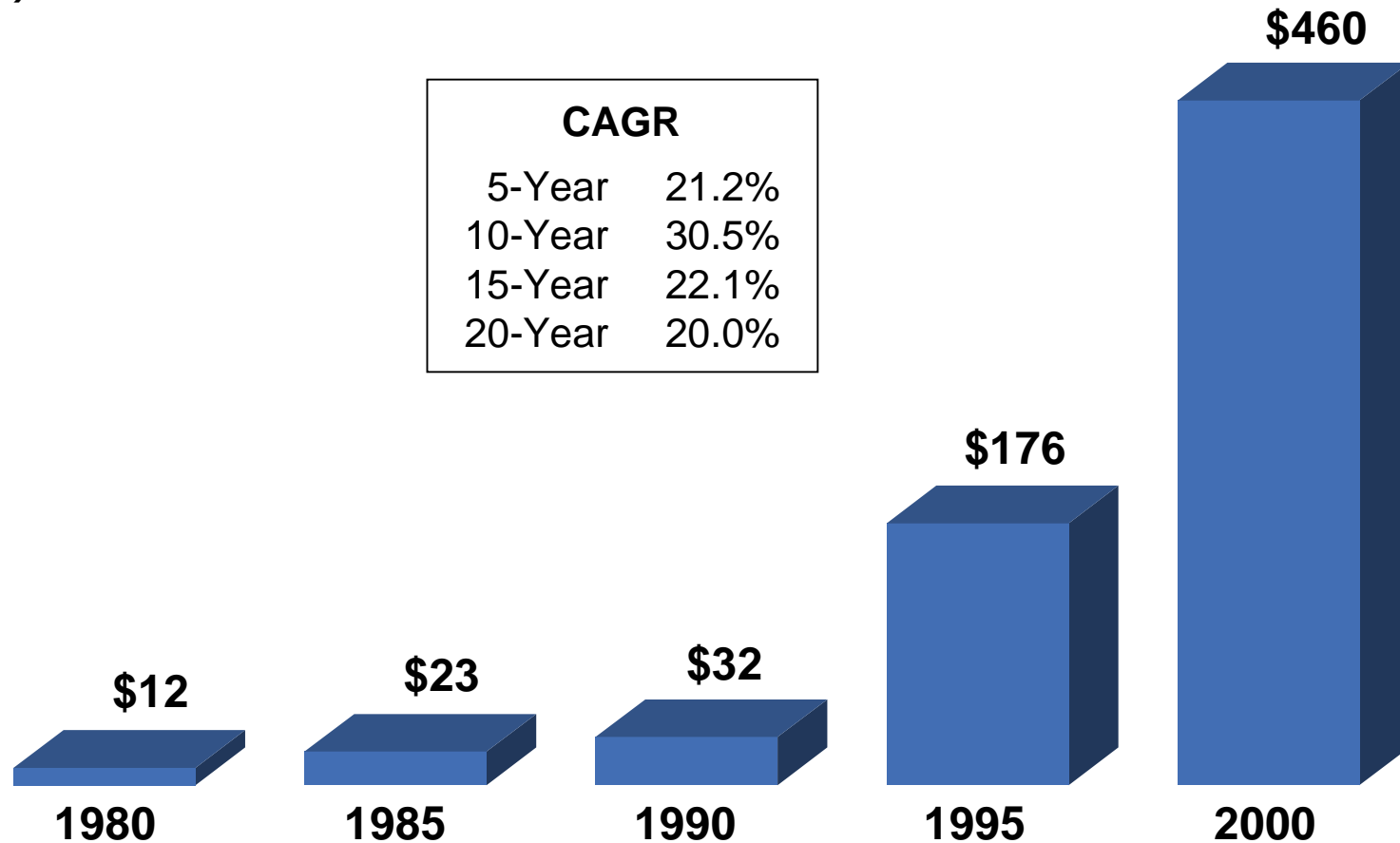
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Growth in Securities

Total Global Equity Underwritings

(\$ Billions)



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

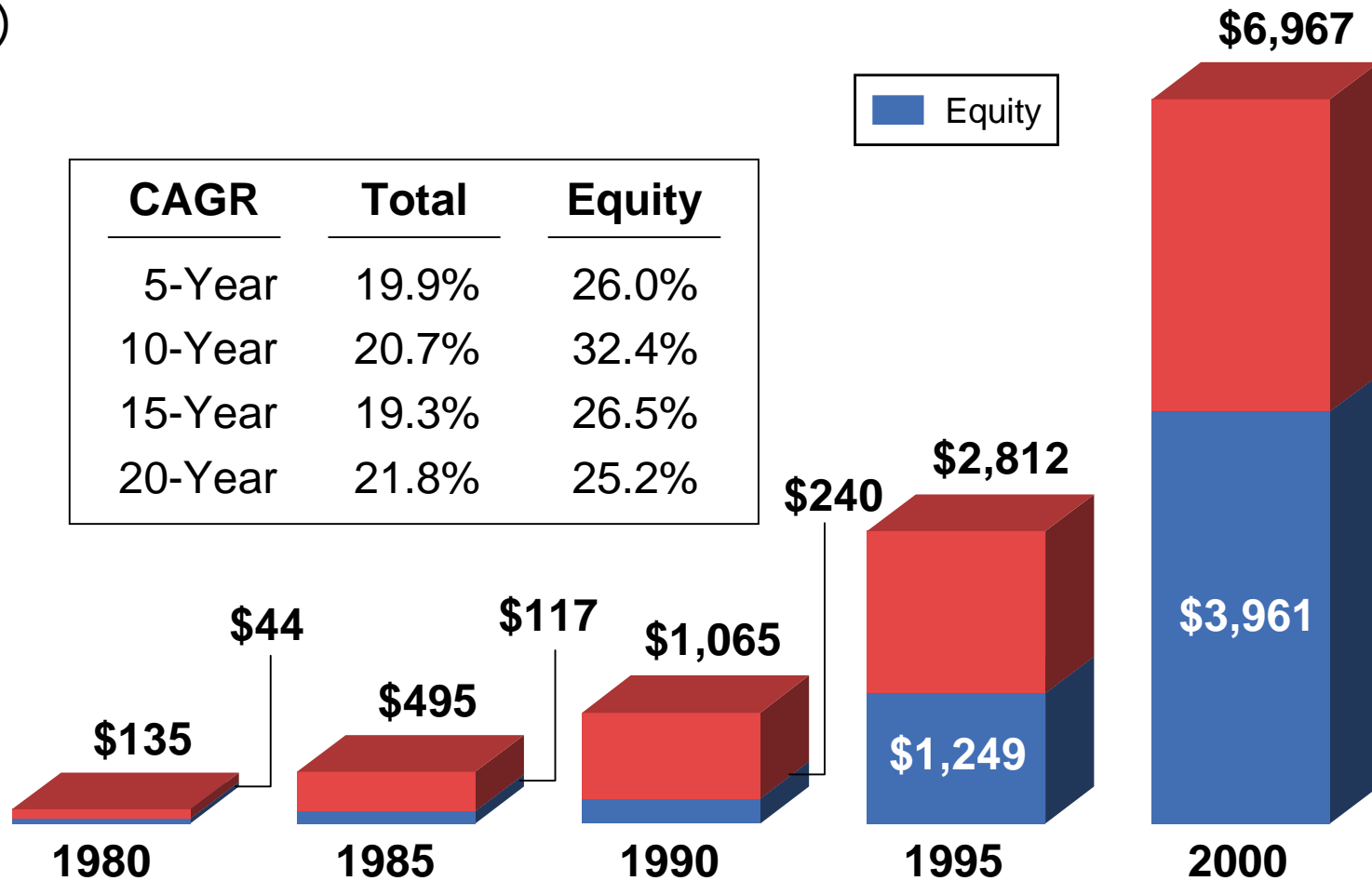
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Growth in U.S. Asset Management

Mutual Fund Assets

(\$ Billions)



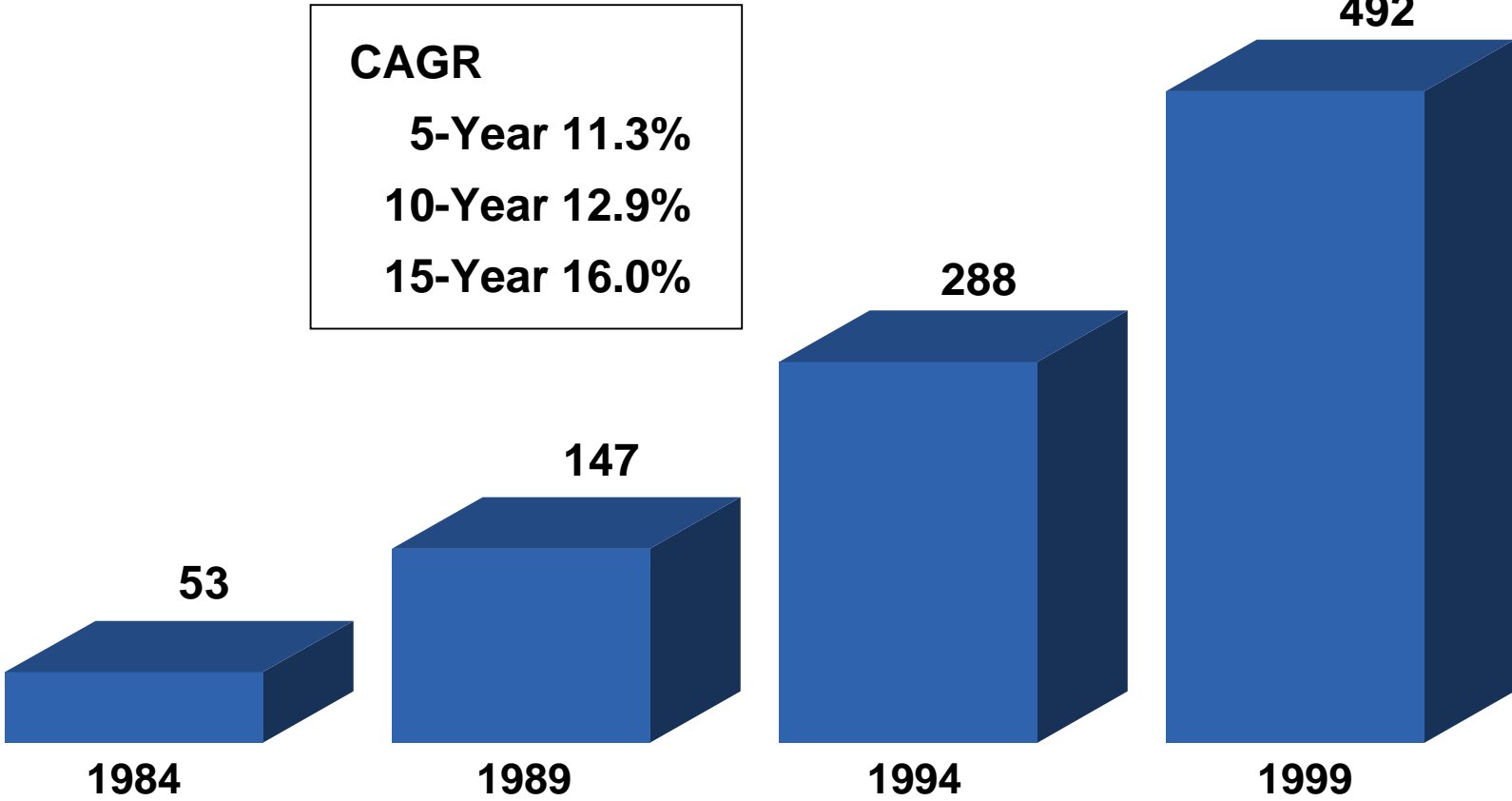
Source: Investment Company Institute, Open-End Funds Only

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Growth in U.S. Credit Cards Total Receivables

(\$ Billions)



Source: Faulkner & Gray's Card Industry Directory

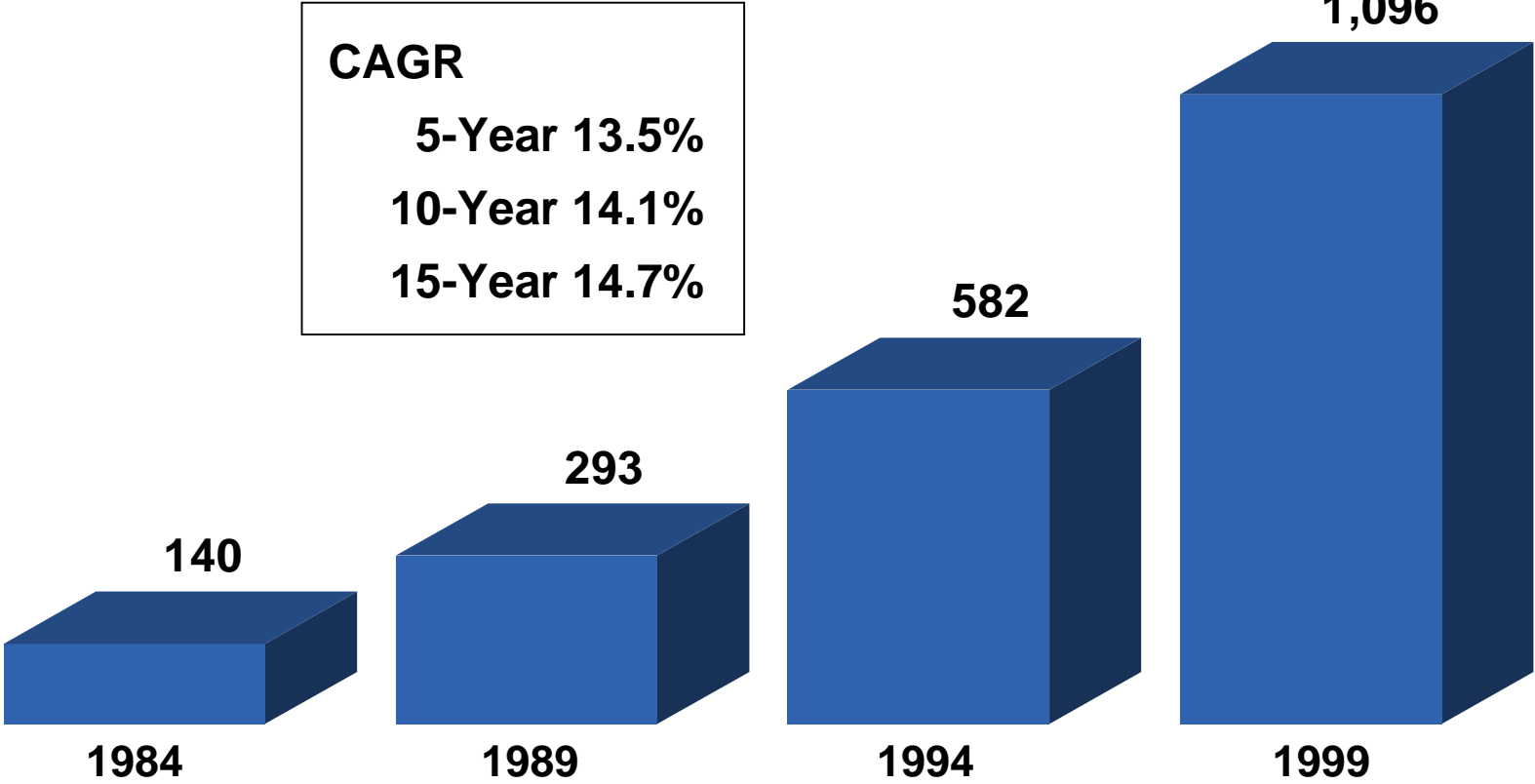
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Growth in U.S. Credit Cards

Total Charge Volume

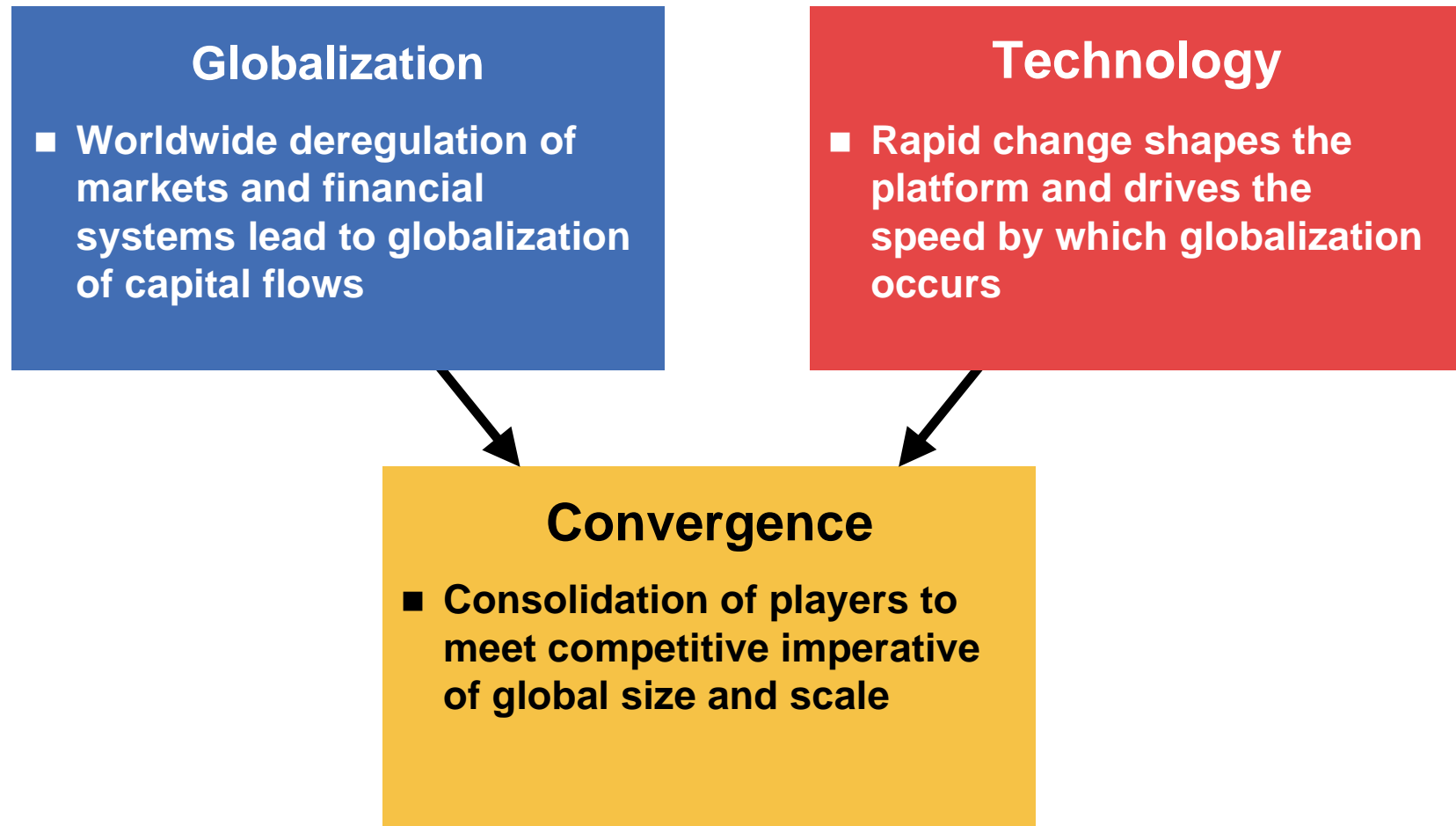
(\$ Billions)



Source: Faulkner & Gray's Card Industry Directory

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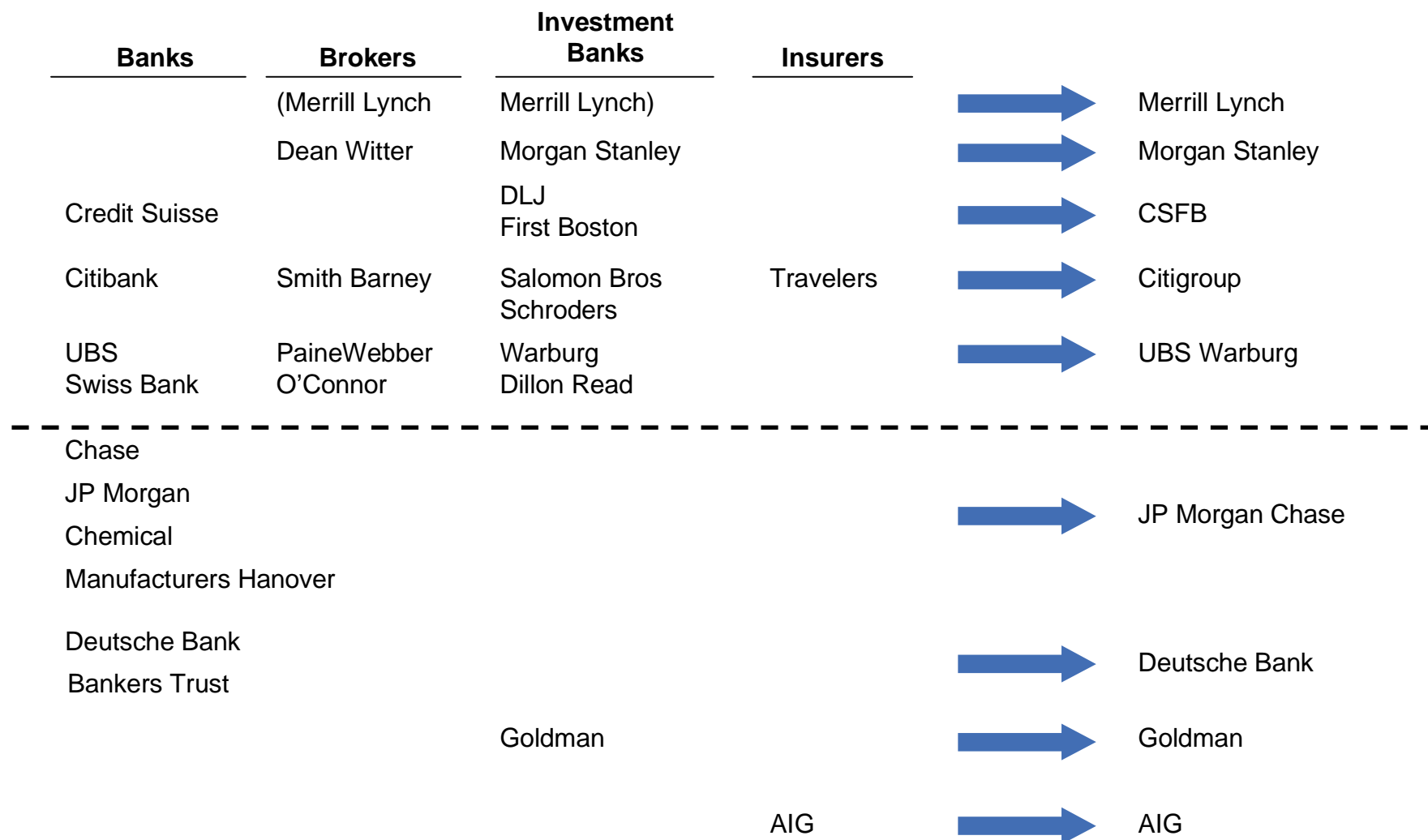
Industry Dynamic



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Convergence

1990 – Present

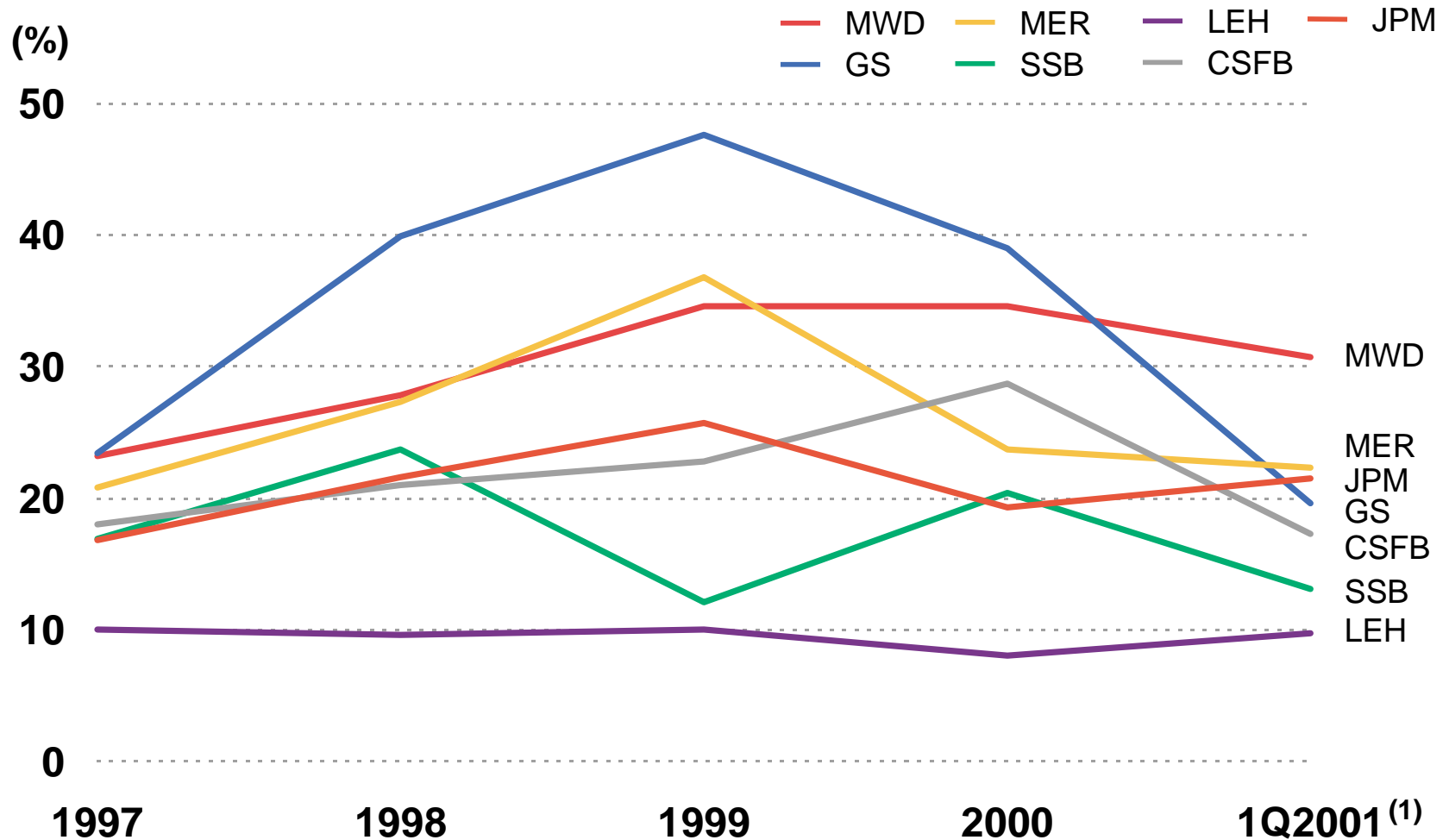


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Mergers & Acquisitions Market Share

Worldwide Announced M&A



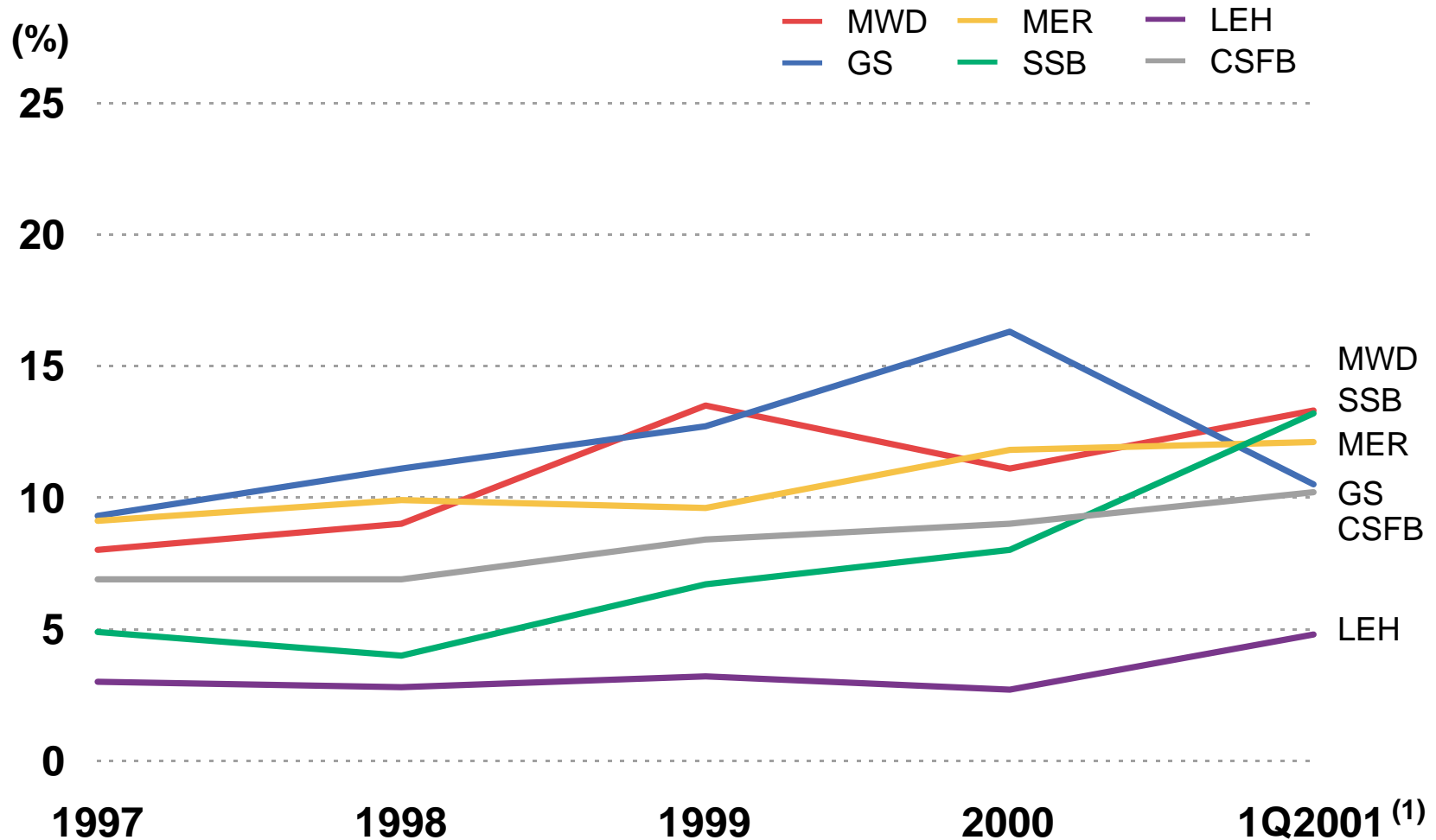
Note: (1) Calendar quarter

Source: Thomson Financial Services

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Equity Underwriting Market Share Worldwide Equity



Note: (1) Calendar quarter

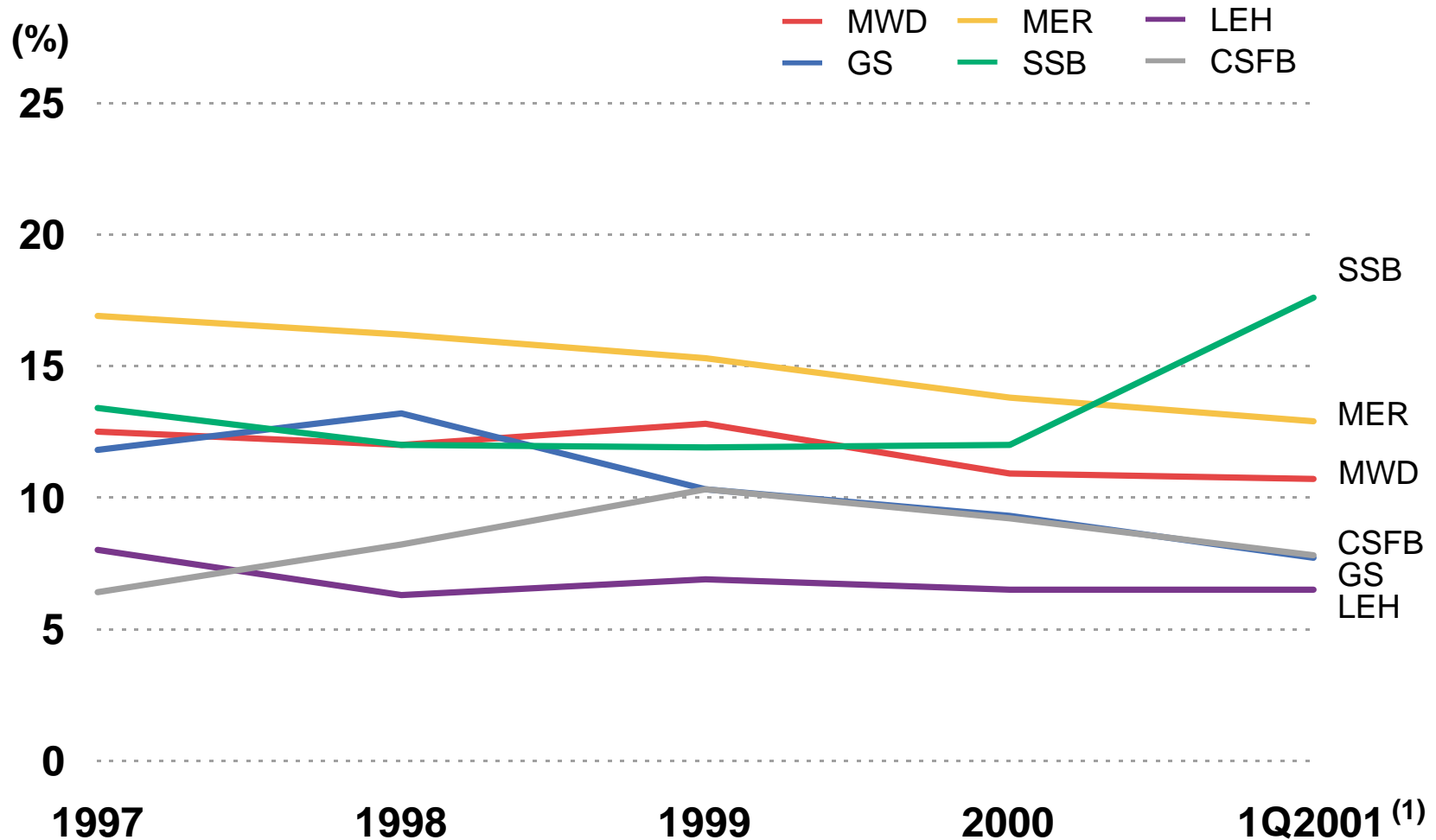
Source: Thomson Financial Services

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Debt Underwriting Market Share

North American Investment Grade



Note: (1) Calendar quarter

Source: Thomson Financial Services

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Gaining Market Share

1Q01⁽¹⁾ vs 4Q00

	<u>Industry</u>	<u>MWD</u> <u>Rank</u> <u>1Q01</u>
Global Announced M&A	(37%)	1
Worldwide Equity UW	(19%)	1
Worldwide IPO UW	(49%)	1

Note: (1) Calendar quarter

Source: Thomson Financial Services

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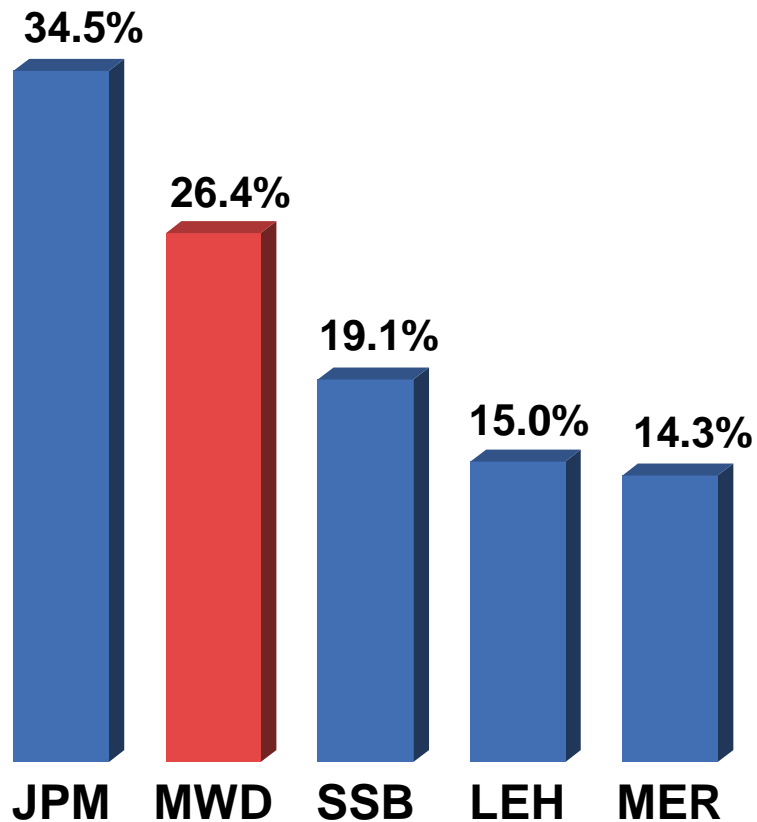
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Global Strength

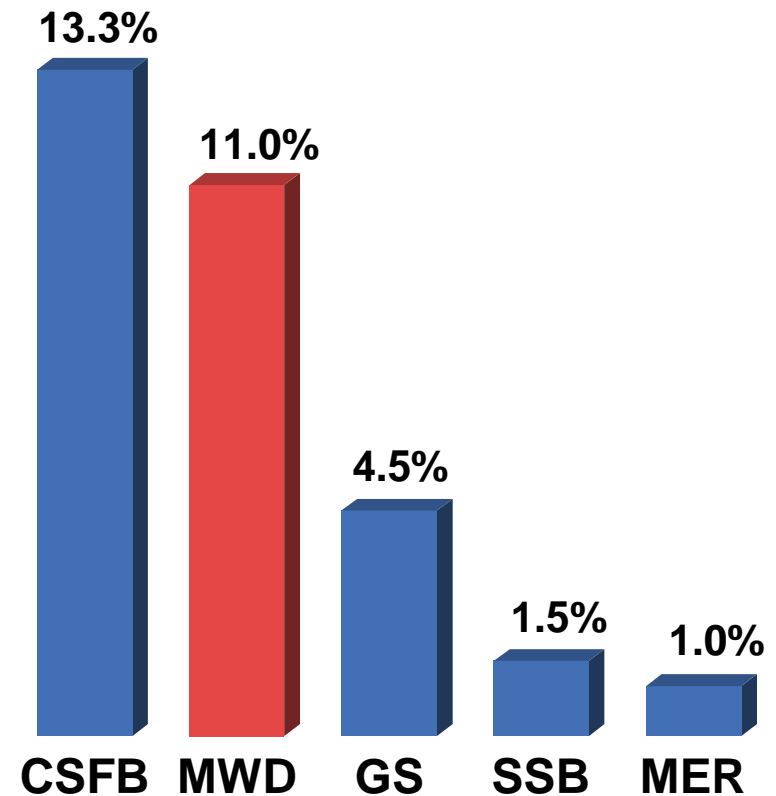
Market Share

1Q01⁽¹⁾

European Announced M&A



European Equity



Note: (1) Calendar quarter

Source: Thomson Financial Services

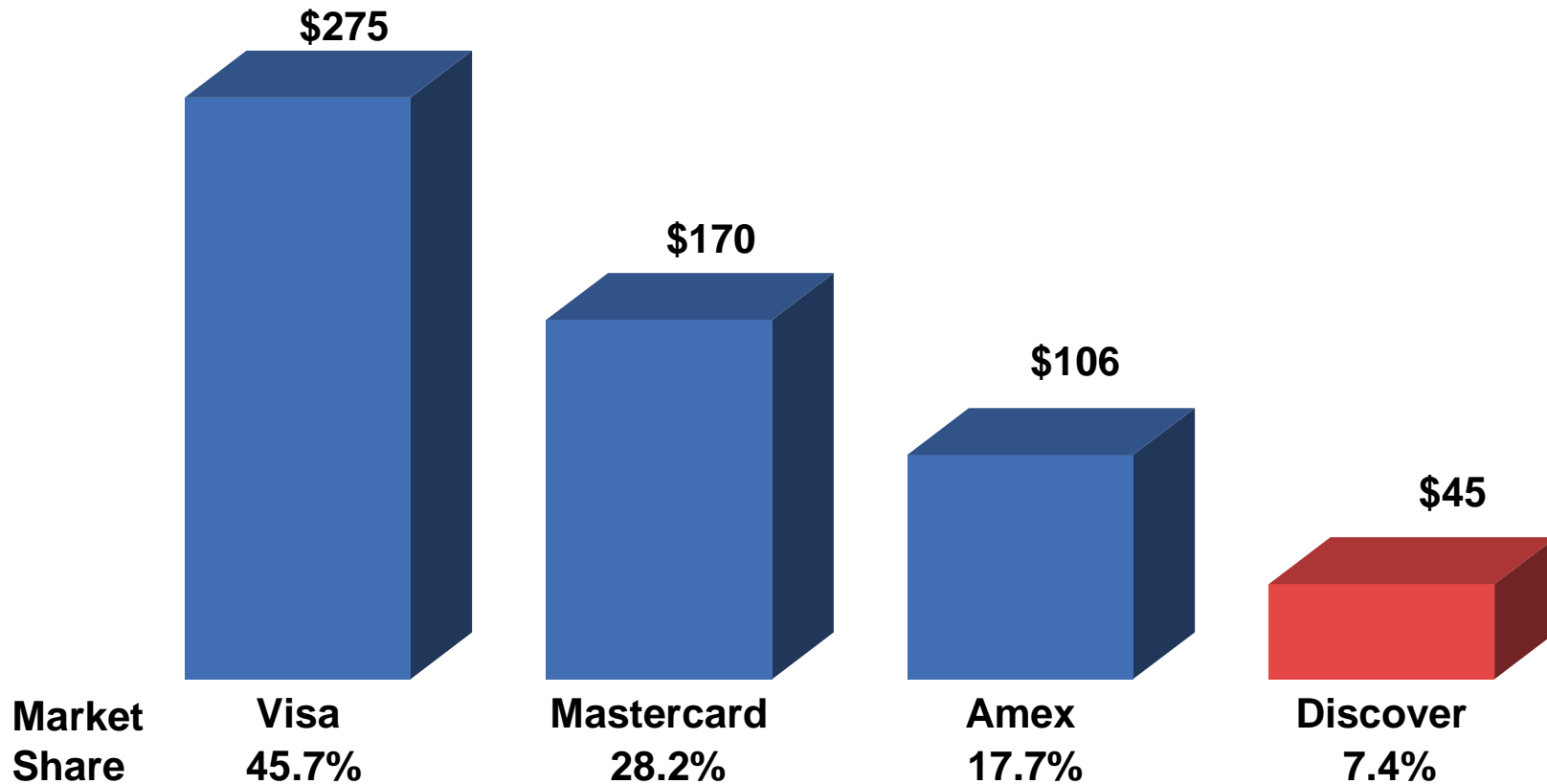
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Credit Card Transaction Volume

1H 2000

(\$ Billions)



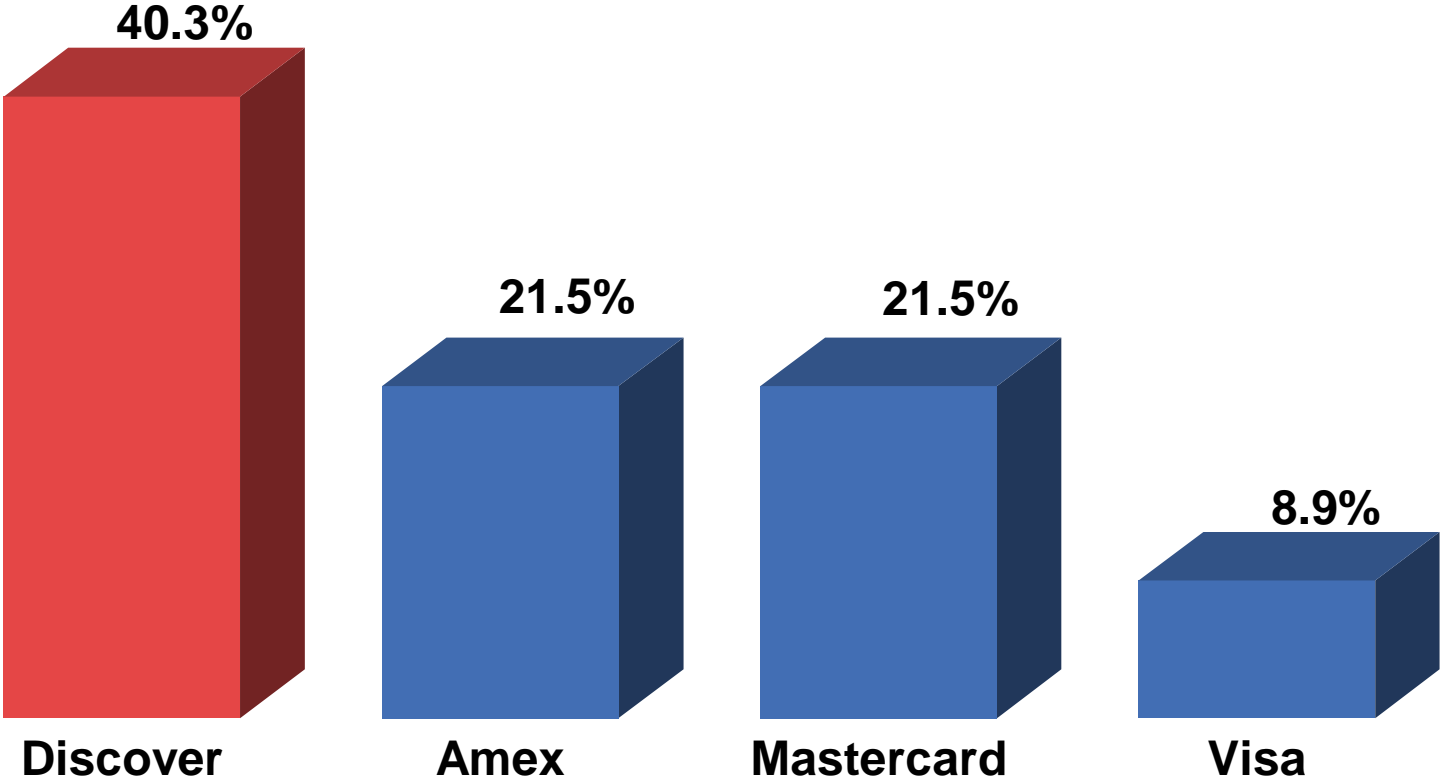
Source: Discover, Company Reports

Note: Discover data based on fiscal quarters (December - May); all others based on calendar quarters (January - June)

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Credit Card Transaction Volume % Change



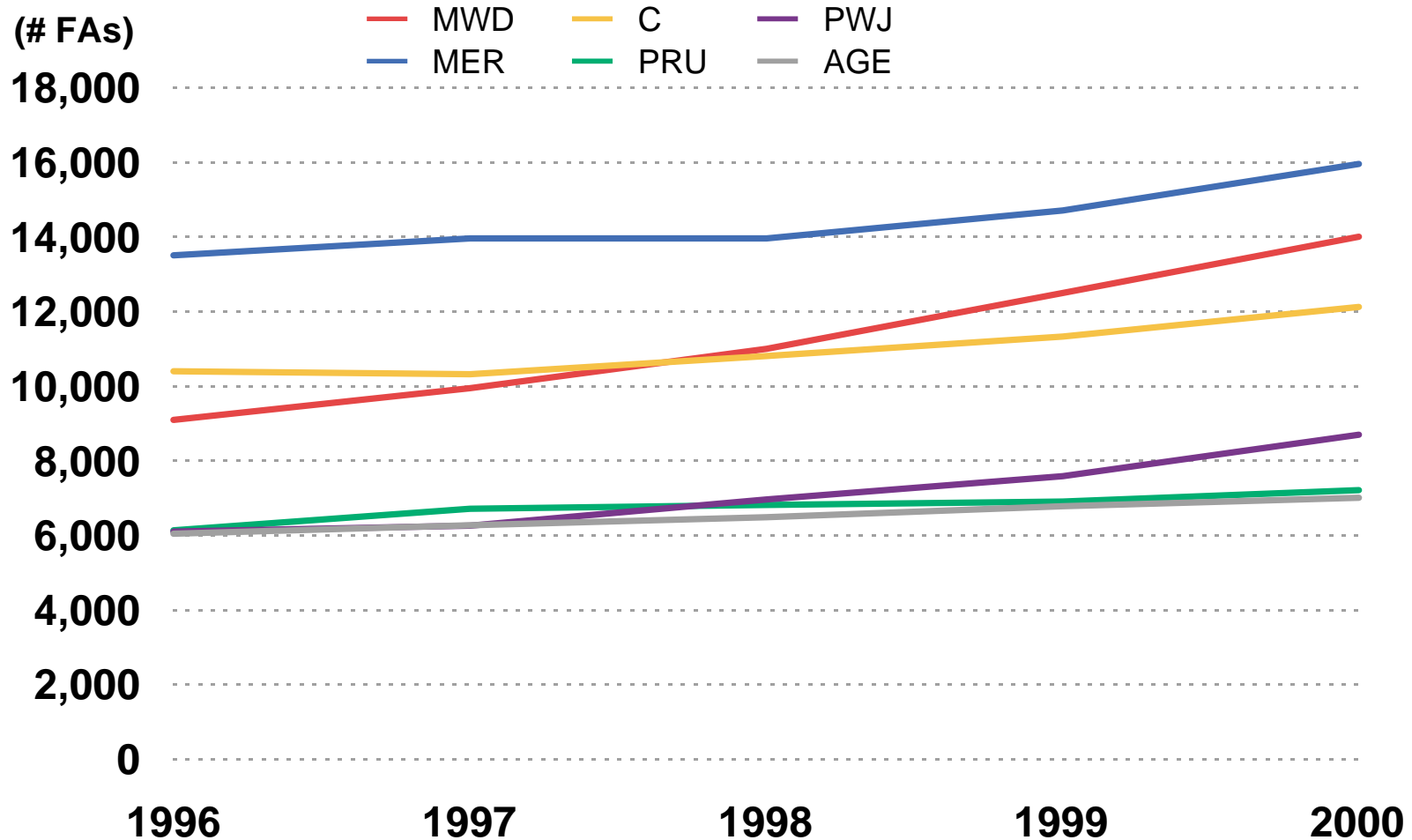
Note: Transaction volume percent change from 1H 1999 to 1H 2000. Discover data based on fiscal quarters (December - May); all others based on calendar quarters (January - June)

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Financial Advisor Market Share

Growth

1996 – 2000

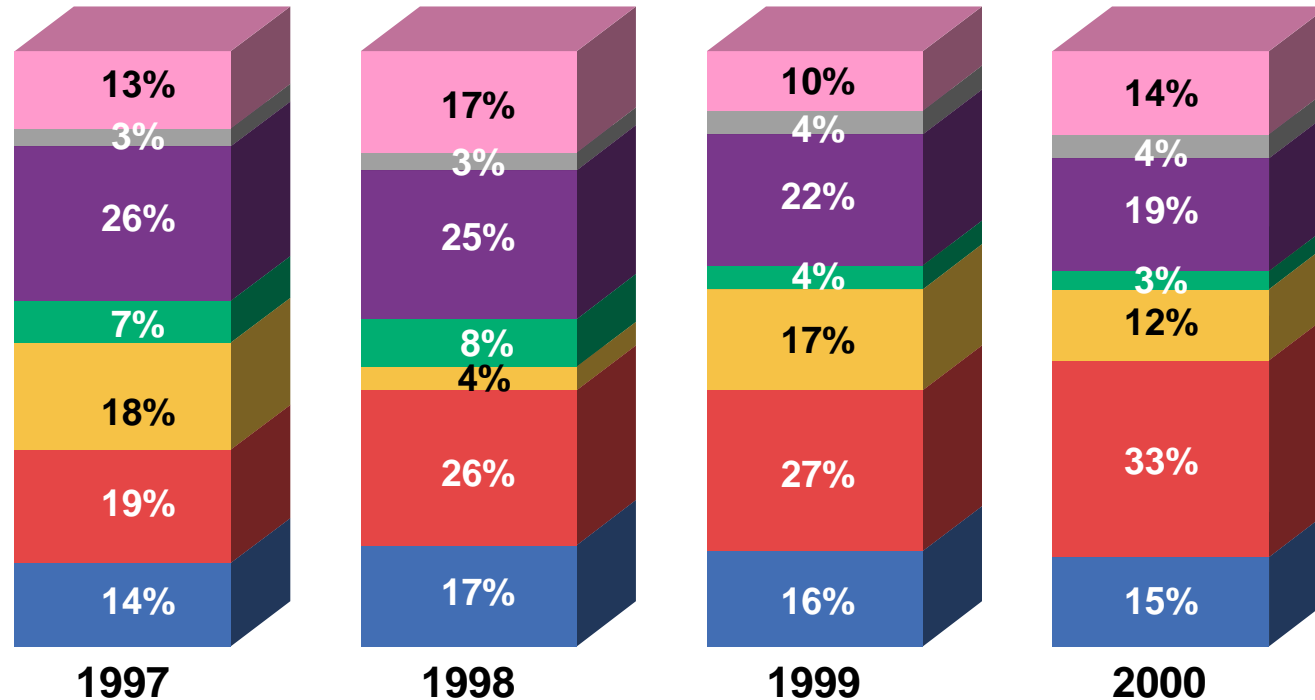
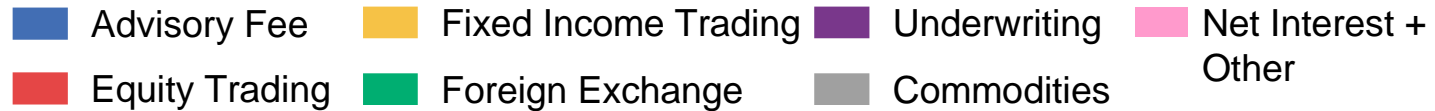


Source: Company Earnings Releases/SIA Yearbook

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Securities Revenues⁽¹⁾



Note: (1) Excludes commissions and asset management, distribution and administration fees

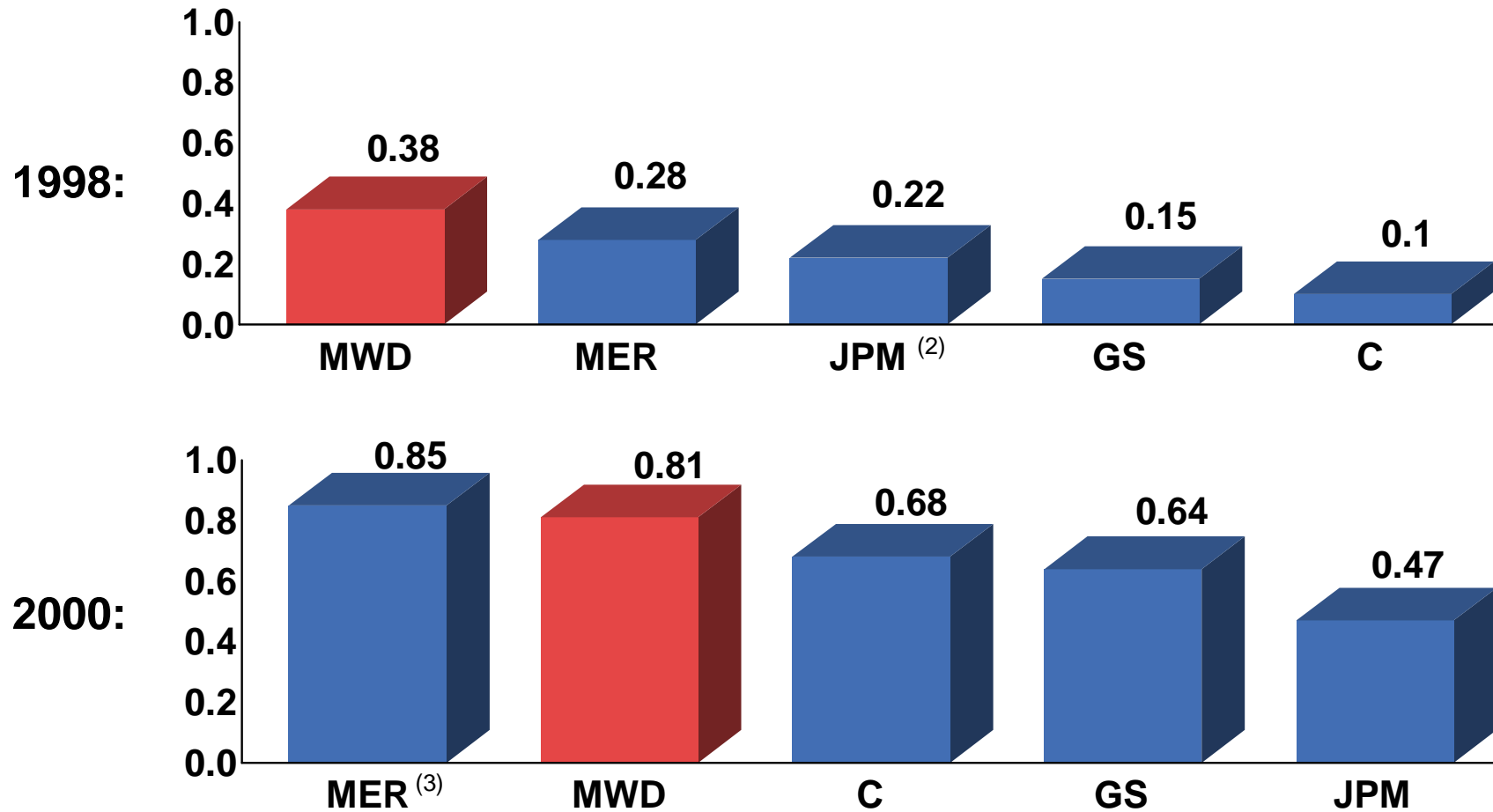
Source: Annual reports

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Risk Management

Net Revenue to VaR Ratio⁽¹⁾



Notes: (1) Average daily trading Net Revenue divided by year end VaR using a 99% confidence interval to estimate potential trading losses over a one day period; excludes commissions

(2) JPMChase pro forma

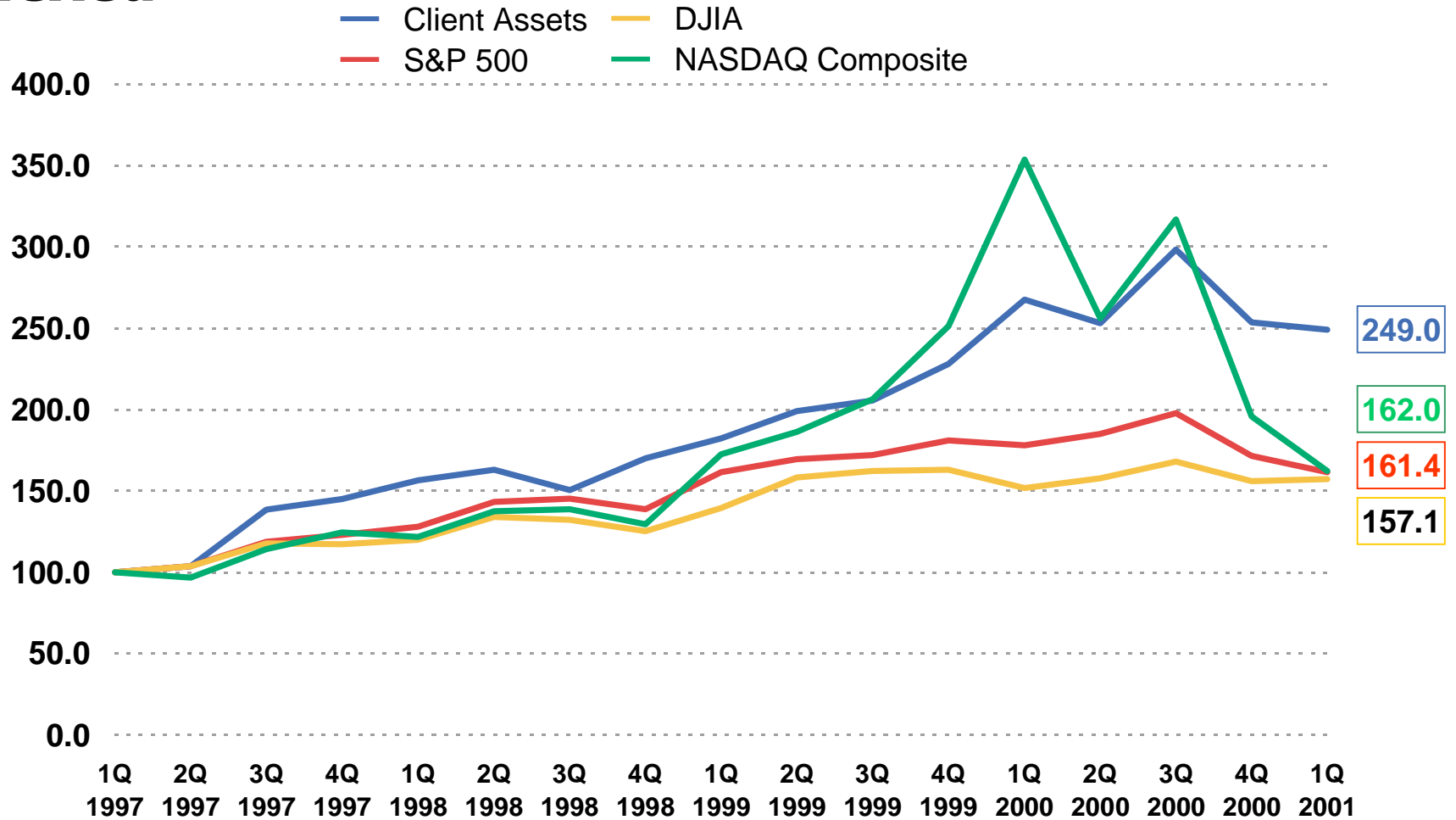
(3) Merrill 2000 net interest estimated based on 1999 proportions

Source: Company 10Ks with Morgan Stanley estimates

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Retail Securities: Client Assets Indexed⁽¹⁾

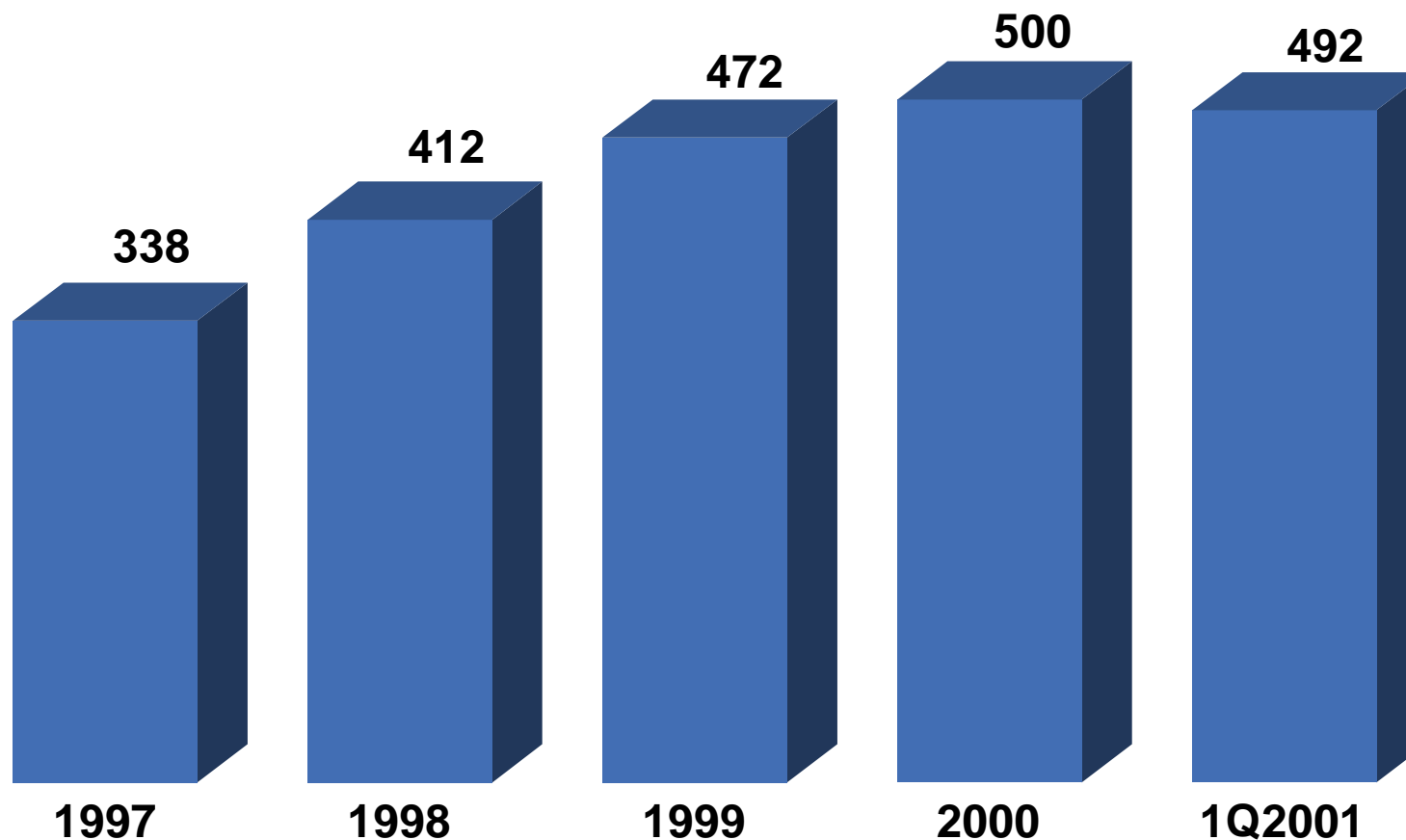


Note: (1) Market indices as of calendar quarter end; Morgan Stanley assets as of fiscal quarter end
 Source: Internal Morgan Stanley database & Bloomberg

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Asset Management Assets Under Management (\$Bn)



Sources: 2000 Annual Report, 1Q 2001 Earnings Release

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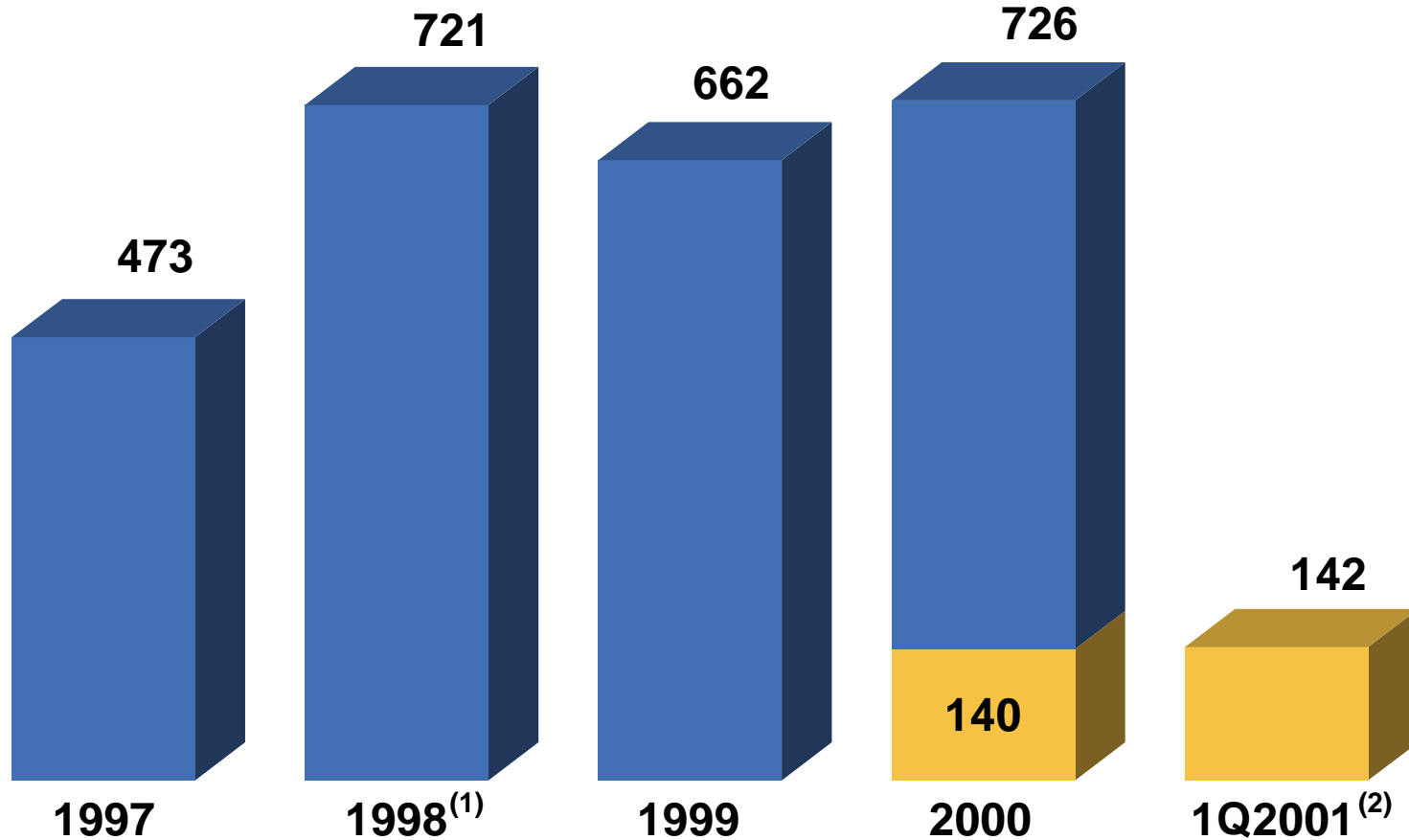
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Credit Service Business

Net Income

(\$ Millions)

CAGR 15.4%



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

Source: SEC filings

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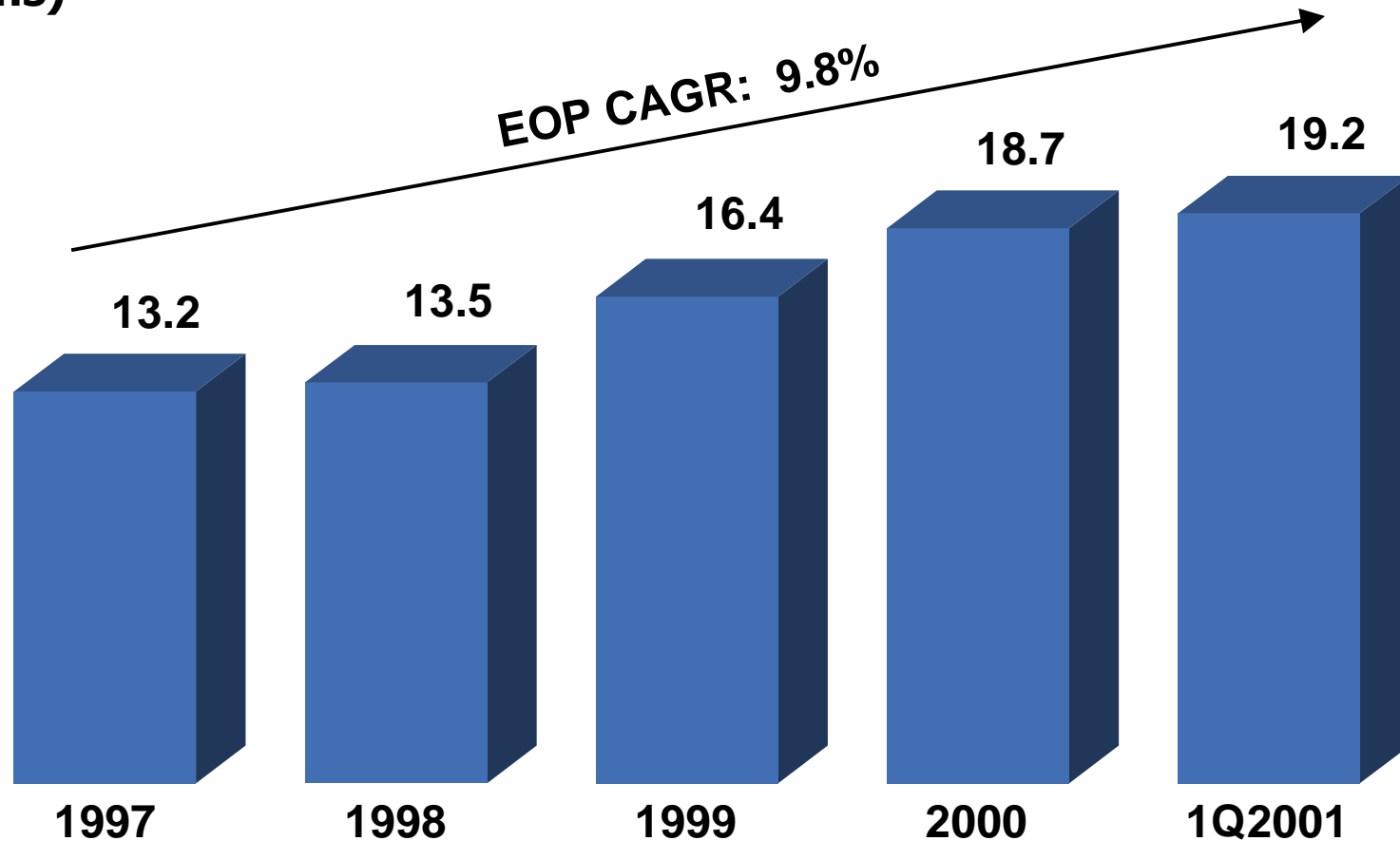
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Financial Strength

Common Equity Capital

1997–1Q01

(\$ Billions)



Source: Internal reporting database

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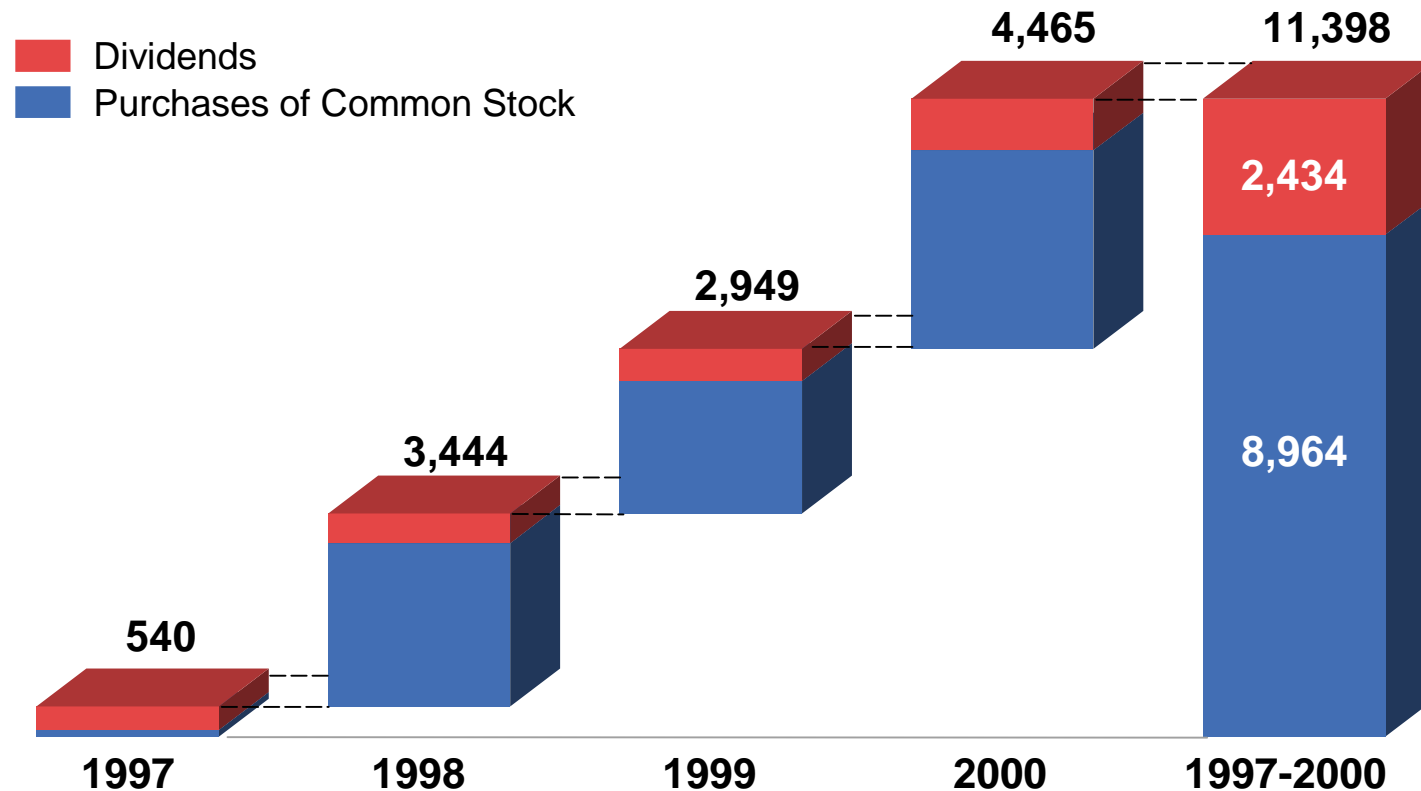
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Financial Strength

Capital Returned

Cumulative

(\$ Millions)



Sources: Morgan Stanley Annual and Quarterly Reports, 1997-2000

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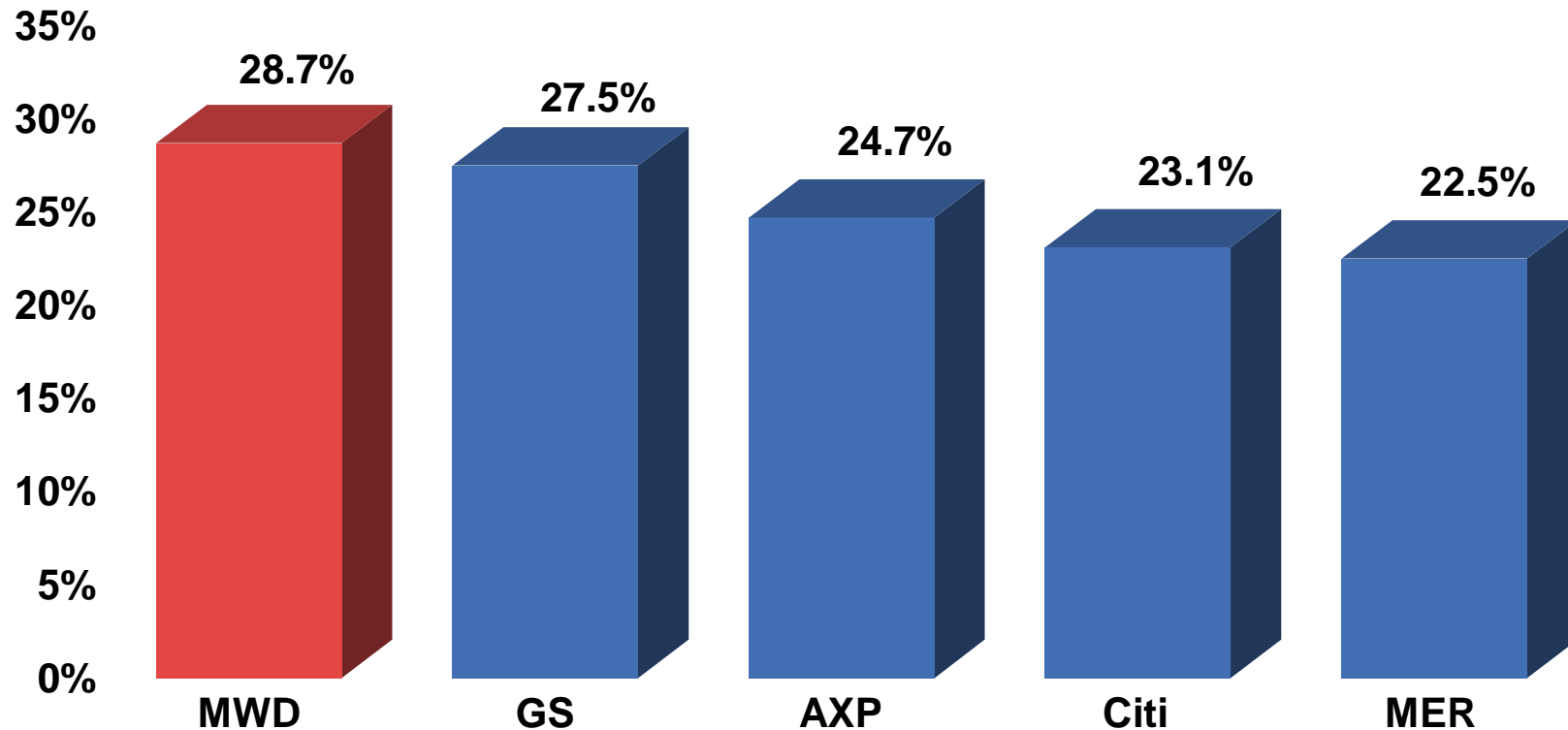


Financial Strength

Average Annual ROE

Morgan Stanley vs. Competitors

1999 – 1Q01



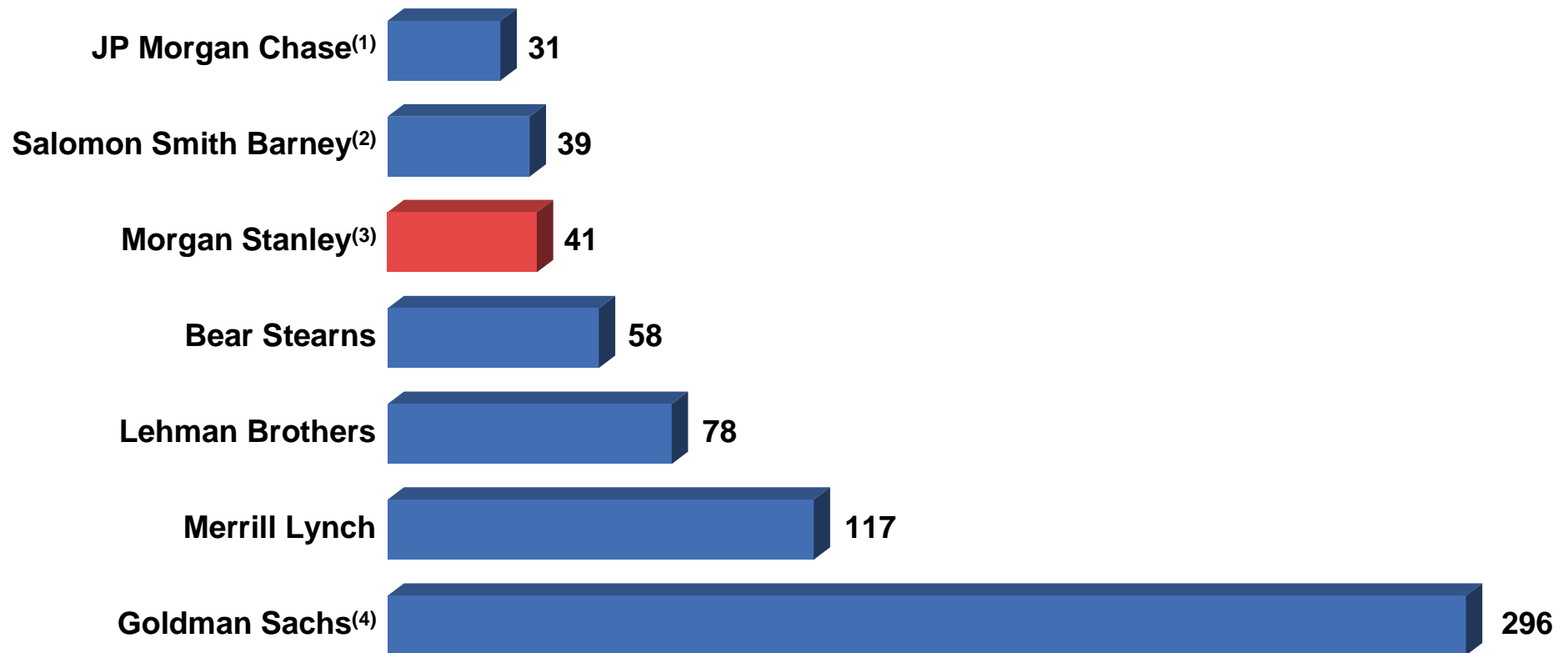
Sources: Annual Reports, Earnings Press Releases

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Stable Earnings

Standard Deviation of Percentage Change in Quarterly Pre-Tax Earnings for Trailing 12 Quarters



- Notes:
- (1) Excludes Merger and Restructuring Costs of \$1,302MM in 4Q00
 - (2) Trailing 8 quarters only. Prior 4 quarters restated not available
 - (3) Includes Securities and Asset Management segments only
 - (4) Excludes SLK charge \$290MM, net in 4Q00; amount taken from press release excluding non-recurring expenses associated with the Firm's conversion to corporate form in 2Q99

Sources: Company press releases, 10Qs.

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Vision

Connecting people, ideas and capital,
we will be the world's first choice
for achieving financial aspirations

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Client Centricity

- Segmenting client base
- Developing client P&L models
- Aligning client satisfaction with internal reward system
- Unifying retail platform

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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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