

## To Our Shareholders

In the lives of most companies, there are very few events that can be described as truly momentous—even in an annual report, where hyperbole rarely is spared. For Morgan Stanley, Dean Witter, Discover & Co., there were two such events in 1997.



Philip J. Purcell, Chairman & Chief Executive Officer (right);  
John J. Mack, President & Chief Operating Officer

The first was our merger, which brought together two highly profitable, successful companies, creating a powerful new company—one with enormous financial strength, global scope, and an unmatched breadth of market leadership across a number of businesses. The combination

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was widely heralded as raising the bar and dramatically affecting the competitive contours in the financial services marketplace. Our merger has been followed by many others as the wave of consolidation has continued, and it is clear at the beginning of 1998 that, by anticipating the trend, each of our companies gained a quality partner.

The second event—perhaps more an achievement than an event—was making the business decisions that would put the merger in place. This certainly was more difficult than the initial agreement and the formal consummation of the merger because when companies combine, there inevitably is the need to integrate certain functions, change old ways of doing things, and work together. We accomplished our transition to one company in remarkably short order, with very few distractions, and a rather sizable increase in revenues and earnings. In serving our customers