



MERGERS &
ACQUISITIONS
ANNOUNCED
TRANSACTIONS
RANKING*

3 2 1 1 1

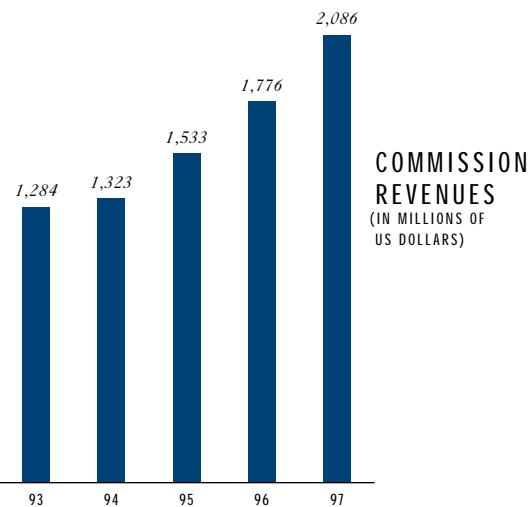
93 94 95 96 97

*Securities Data Company

OVER 400 OFFICES IN
28 COUNTRIES



3.5 MILLION
INDIVIDUAL
INVESTOR ACCOUNTS
AND \$302 BILLION
IN INDIVIDUAL
CLIENT ASSETS



SECURITIES

Our securities business is built on two powerful franchises—Morgan Stanley and Dean Witter—the first primarily serving corporations, governments, and institutions and the second primarily focusing on individual investors.

The Morgan Stanley franchise is based on a long tradition of financial strength and quality that is carried out today by 10,000 investment bankers, sales and trading professionals, product specialists, research analysts, and support staff who serve both the providers and users of capital in markets around the world.

In 1997, we further strengthened our position of market leadership. We were once again ranked #1 in worldwide completed and announced M&A transactions. In underwriting, we again were in the top three in equity and equity-related issues, we rose to #2 in high-yield debt, and we maintained our strong position in US investment grade debt. We were selected as lead-manager or advisor for many of the year's most prominent transactions in all corners of the globe, including the proposed \$23 billion merger of Union Bank of Switzerland and Swiss Bank Corporation, Unibanco's \$1.2 billion global share offering—the largest ever by a Brazilian company, the \$18 billion merger of Guinness and Grand Met in the UK, and Raytheon's \$3 billion debt offering, a much sought-after mandate awarded to Morgan Stanley Dean Witter after competition among 19 firms.

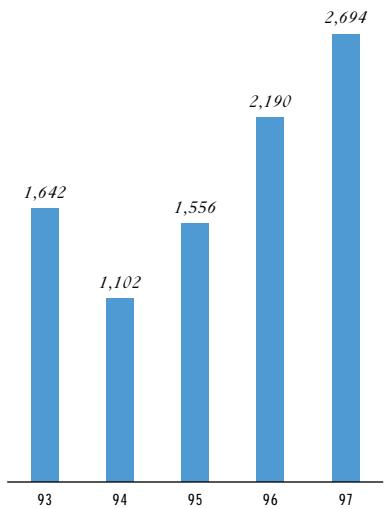
WE FURTHER STRENGTHENED OUR MARKET LEADERSHIP IN INVESTMENT BANKING

Our institutional equity sales and trading presence continued to grow its market share around the world. The quality of our equity franchise was recognized with awards in many categories of service, including "Equity House of the Year" and "Equity Derivatives House of the Year" by *International Financing Review*.

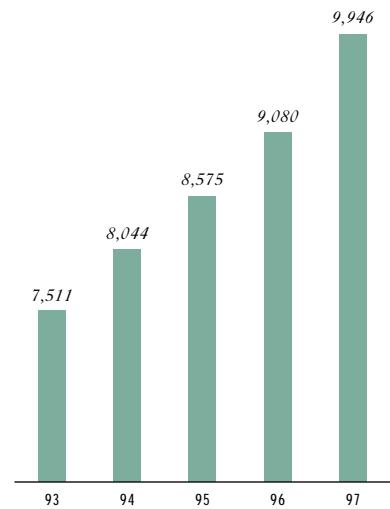
Morgan Stanley's prominence in investment banking is matched by the breadth, leadership, and skill of our sales and trading activities in global markets. Morgan Stanley Dean Witter is the firm of choice for many issuers because of the market knowledge we gain from our trading activities and our constant daily contact with investors and counterparties. Our corporate

SECURITIES

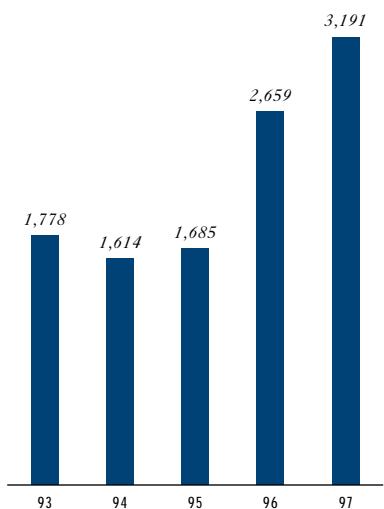
INVESTMENT BANKING REVENUES
(IN MILLIONS OF US DOLLARS)



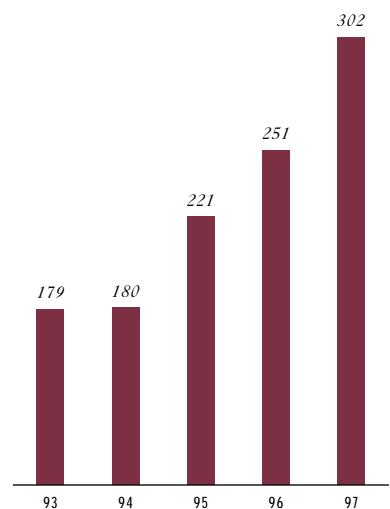
DEAN WITTER ACCOUNT EXECUTIVES



PRINCIPAL TRADING REVENUES
(IN MILLIONS OF US DOLLARS)



DEAN WITTER CLIENT ASSETS
(IN BILLIONS OF US DOLLARS)



finance professionals work closely with professionals on our trading floors—and now with the Dean Witter sales organization—to structure transactions designed to meet the goals of both issuers and investors.

One of our greatest strengths in serving both investors and issuers is our global equity research team, which includes 15 economists, 12 strategists, and 181 analysts covering more than 2,000 companies worldwide. The Morgan Stanley Dean Witter merger significantly enhanced our research capabilities and in 1997, we were ranked #1 in first team positions on the *Institutional Investor* All-America Research Team and #2 in total positions.

THE GLOBAL EQUITY RESEARCH GROUP WAS NAMED NUMBER ONE IN GLOBAL RESEARCH IN *INSTITUTIONAL INVESTOR*'S FIRST-EVER SURVEY ON GLOBAL RESEARCH

Our broad expertise and ability to execute transactions in today's global markets have placed us at the center of several large-scale economic trends. In 1997, we were the leading M&A advisor in the financial services sector as consolidation in this industry accelerated. As global competition in telecommunications intensified, we provided advisory services and arranged financing for a number of telecommunications companies in the US, Europe, and Asia. We also have been at the forefront of the global consolidation and the convergence activity in the energy and utilities industries. We continue to be the leader in research, financing, and advisory services for technology companies as this sector undergoes further rapid change. We also are leaders in helping to meet the infrastructure needs in developing countries and in this past year led four major infrastructure financings in China. As the US health-care system moved further toward "corporatization," we provided M&A advisory services, high-yield financing, senior debt, and securitization of assets for the formation of Multicare, a long-term health-care company.

Innovation continues to be one of our hallmarks. This past year we extended securitization to new markets and asset classes with Autolink's £231 million securitization of toll roads in

SALES AND TRADING



INDIVIDUAL INVESTOR
BROKERAGE

INVESTMENT BANKING



SECURITIES RESEARCH
AND ANALYSIS

Scotland, the Sino Commercial Properties Funding \$300 million financing backed by commercial property in Hong Kong, Canary Wharf's £550 million securitization of commercial property leases, and the ground-breaking \$3.6 billion rate reduction bonds for Pacific Gas and Electric and San Diego Gas and Electric. The firm applied its expertise as a world leader in the market for Collateralized Bond/Loan Obligations (CBOs/CLOs) and completed a \$1.3 billion CLO transaction managed by Van Kampen American Capital, one of our mutual fund companies. We also expanded the global reach of the non-investment grade market by lead-managing four European currency high-yield offerings: a DM 175 million issue for Exide Holding Europe, a DM 140 million issue for Central European Media Enterprises, a FF 500 million issue for Financière Néopost, and a dual-tranche offering for COLT Telecom plc (£50 million and DM 150 million).

Our second major franchise in the securities business is Dean Witter—led by our 9,946 professional account executives in 399 branches nationwide who provide financial advice to individual investors. Over the last five years, the number of Dean Witter account executives has grown by a greater amount than any of our major full-service competitors in the US. In

SINCE THE COMPLETION OF THE MERGER, NEW ISSUE SALES BY DEAN WITTER ACCOUNT EXECUTIVES HAVE INCREASED DRAMATICALLY

1997, we added 853 new account executives—giving us the highest number in our history. We also gained 700,000 new account relationships—another record, which brought the total number of accounts to 3.5 million. And we increased individual client assets entrusted to account executives by \$51 billion to stand at \$302 billion at the end of the fiscal year.

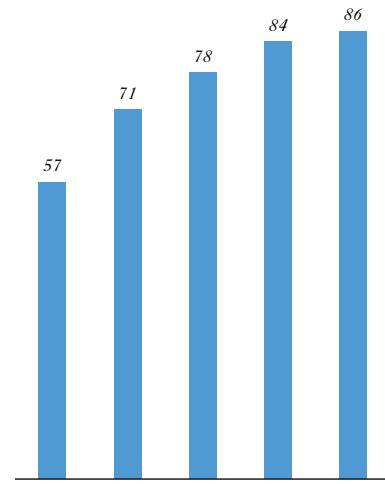
The strategic importance of our full-service individual investor securities business is underlined by the growth in recent years of the individual investor market, fueled in large part by the rapid increase in mutual fund assets. Sixty-four percent of financial assets in the US now are controlled by individual investors compared with 47% 10 years ago, and individual stocks and equity funds now have replaced real estate and bank deposits as the largest component

of net worth for American households. As the financial services industry continues to consolidate, as product categories proliferate and become blurred, and as the sheer volume of financial information continues to expand, the financial advice of our account executives nationwide will play an increasingly important role in serving individual investors and will provide us with a key competitive advantage.

The strength of the Dean Witter franchise among individual investors already has had a very significant positive impact on our underwriting business, particularly on our ability to win mandates for preferred stock offerings, REITs, and large block trades. The successful distribution of \$575 million of SunAmerica stock showed that our account executives can play a role in block transactions, which are becoming increasingly important for many corporate issuers. Our account executives also played a key role in the \$2.5 billion secondary issue of First Union common shares, the largest secondary offering in history. More than 20,000 individual clients invested approximately \$500 million in this issue through Dean Witter account executives.

As 1997 drew to a close, our individual investor clients benefited from the expanded opportunities created by the merger, and corporate issuers benefited from the new company's expanded distribution strengths. In the financial services marketplace, two powerful franchises had become one: Morgan Stanley Dean Witter. We believe there is no better name in financial services than Morgan Stanley Dean Witter and no company with a more powerful combination of strengths to meet the needs and goals of our clients and customers around the world.

NUMBER OF TOP-RATED ANALYSTS WORLDWIDE*



* INSTITUTIONAL INVESTOR 1997
RANKED ANALYSTS