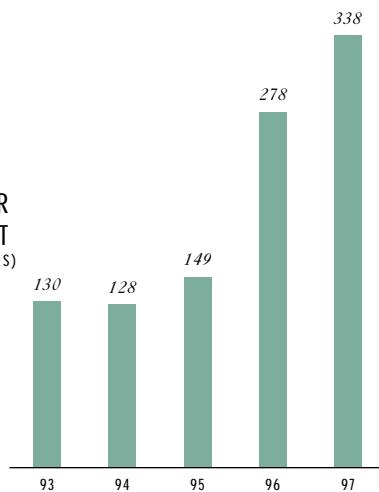




**TOTAL ASSETS UNDER
MANAGEMENT**

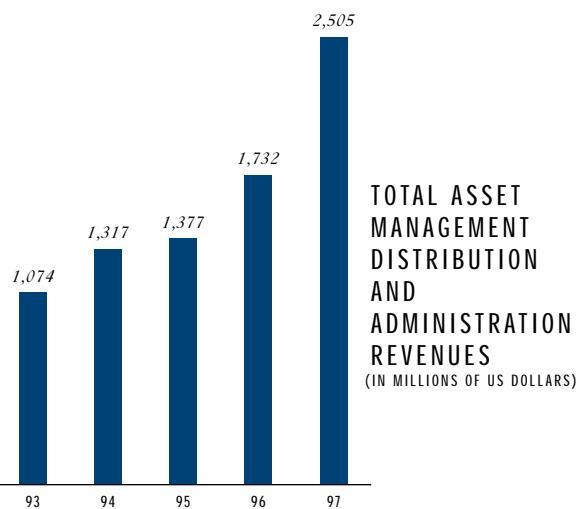
(IN BILLIONS OF US DOLLARS)



**NET INCOME OF
\$531 MILLION**



**\$338 BILLION ASSETS
UNDER MANAGEMENT**



ASSET MANAGEMENT

Morgan Stanley Dean Witter managed \$338 billion for institutional and individual investors at year-end 1997 to rank # 2 worldwide among domestic full-service securities firms. This business generated \$531 million in net income in 1997, and we believe it is destined for significant growth in the next 5-10 years driven by increasing global demand for asset management products and services.

We have benefited from the remarkable growth of the US mutual fund business in recent years, with assets going from \$789 billion in 1987 to \$4.4 trillion today. We believe that the demand for asset management services will continue in the US and should accelerate dramatically in Europe, Asia, and Latin America as a result of four secular trends:

- An aging population in the developed world and a growing middle class in the developing world;
- Increased privatization of pension plans to meet shortfalls in government-sponsored plans;
- Increased control by individuals over retirement assets; and
- The movement away from savings and fixed income products to equities in order to meet long-term financial goals such as providing for retirement.

ASSET MANAGEMENT NET INCOME FOR THE YEAR WAS A RECORD

\$531 MILLION—92% AHEAD OF 1996

Morgan Stanley Dean Witter is in a strong position to take advantage of these trends. Our competitive advantages include: a broad base of both institutional and individual clients; a comprehensive product menu that can be tailored to meet particular client goals; a global presence; and the ability to differentiate ourselves in a crowded, but consolidating, marketplace.

In meeting the growing demand for asset management services, we have three well-established distribution channels: direct relationships with corporations, governments, universities, and other institutions through Morgan Stanley and Miller Anderson & Sherrerd products and services;

INSTITUTIONAL INVESTMENT MANAGEMENT

MORGAN STANLEY ASSET MANAGEMENT

Morgan Stanley Asset Management (MSAM) is a global provider of outstanding performing products and services for sophisticated institutional clients across traditional and alternative asset classes. MSAM operates with over 50 investment products spanning the risk/return spectrum that are managed in locations around the world. MSAM also manages a large family of domestic, international equity, and multi-class funds for institutional, high net worth, and retail investors.

**MILLER
ANDERSON
& SHERRED, LLP**

Miller Anderson & Sherrerd (MAS) provides a variety of financial products and mutual funds with first class, long-term investment results and service to institutional clients. Blending strategic thinking with disciplined investment analysis, MAS has compiled an outstanding long-term performance record across a broad range of asset classes and investment styles. MAS' strength in fixed income and domestic equities complements the firm's long-standing strengths in global products.

INDIVIDUAL ASSET MANAGEMENT

VAN KAMPEN AMERICAN CAPITAL

Van Kampen American Capital (VKAC) is a top-tier retail non-proprietary mutual fund provider that has client relationships in several retail distribution channels for its broad range of domestic and international products. VKAC has over 60 open-end funds, 37 closed-end funds, and 2,500 series of tax exempt and equity unit investment trusts. Approximately 46% of VKAC's \$51 billion in retail fund assets are in equity, and 54% are in fixed income. Its products are sold primarily through brokerage firms, banks, and financial planners.

DEAN WITTER INTERCAPITAL

Dean Witter InterCapital is adviser and administrator to the company's family of proprietary mutual funds for individual investors. InterCapital develops, markets, and manages a broad spectrum of funds, which are sold through Dean Witter account executives. There currently are 143 InterCapital funds and portfolios with more than \$102 billion in assets and more than 2 million investors. Approximately 45% of the assets are in a variety of equity funds, which have been the fastest growing segment in recent years. InterCapital has provided Dean Witter clients with solid performance and exceptional customer service over the years.

direct relationships with more than 2 million individual investors who are Dean Witter clients; and relationships with millions of individual investors who purchase Van Kampen American Capital products through other brokerage firms, banks, and financial planners.

OUR ASSET MANAGEMENT BUSINESSES PROVIDE A WIDE RANGE OF PRODUCTS AND SERVICES FOR BOTH INSTITUTIONAL AND INDIVIDUAL CLIENTS

Morgan Stanley is recognized globally as a leader in institutional investment management. Our reputation has been built on a record of performance and a standard of professional service that is widely recognized. We had an outstanding year in 1997 in institutional fund performance. Our comprehensive set of products includes domestic and international equities, global fixed income, multi-asset class products, and alternative asset class products such as private equity, venture capital, real estate, and commodities funds. All are backed by strong research and sophisticated risk analysis. The mix of products for a particular client is determined by disciplined attention to the client's investment goals.

As a result of this approach, our institutional assets under management grew by \$35 billion in 1997—with \$12 billion coming from asset appreciation and a record \$23 billion coming from net new business. Institutional assets managed by the Company have grown to \$145 billion. In addition, our private investment products under the asset management umbrella enable clients to implement a diversified asset allocation strategy. We continue to grow this business, including adding a \$300 million emerging markets private investment fund to our stable of private investment funds. Morgan Stanley now has raised over \$8 billion of commitments for 12 funds that invest in controlling equity, buyout transactions, venture capital, real estate, and special situations. The funds in these fast-growing asset classes have historically delivered solid performance, providing the Company and its investors with superior long-term returns and a more diversified portfolio.

VAN KAMPEN AMERICAN CAPITAL



MORGAN STANLEY ASSET
MANAGEMENT



MILLER ANDERSON &
SHERRELD



DEAN WITTER INTERCAPITAL

Morgan Stanley Dean Witter's second key distribution channel is our full-service relationships with individual investors through Dean Witter's 9,946 professional account executives. Dean Witter was one of the first Wall Street firms to focus on asset management products for individual investors. Dean Witter InterCapital Inc. has grown from approximately \$700 million in assets under management in 1978 to over \$102 billion today. The focus on asset management has historically helped make Dean Witter's earnings less volatile than most other securities firms and continues to provide a stream of continuing revenues. This business now includes rapidly growing product areas such as variable annuities, wrap accounts, unit investment trusts, and asset-related lending products—all offered through Dean Witter account executives.

To fully leverage our company's reputation and capabilities in asset management, we will start in 1998 to market all of our proprietary funds for individuals under the Morgan Stanley Dean Witter brand. We also will adapt a number of the Morgan Stanley institutional funds for the

ONE OF THE COMPANY'S TOP PRIORITIES IS GLOBAL GROWTH OF OUR ASSET MANAGEMENT BUSINESS

individual investor market and offer them through Dean Witter account executives. A precursor of the potential synergies of this combination was a Morgan Stanley-advised fund, distributed through Dean Witter in October, which attracted \$496 million in investments in the first month.

Our third major distribution channel is to offer Van Kampen American Capital asset management products to individuals through intermediaries such as other brokerage firms, banks, and financial planners. In addition to important distribution relationships, Van Kampen American Capital gives us a third strong brand, one with a reputation for quality service. It has won the

INVESTORS TRUST OUR ASSET MANAGEMENT SKILLS TO PROVIDE THEM WITH HIGH-QUALITY PRODUCTS AND SERVICES TO MAKE SOUND INVESTMENT DECISIONS

DALBAR Quality Tested Seal of Approval for the last eight years. In addition to mutual funds, Van Kampen American Capital offers unit investment trusts to individual investors through its multiple distribution relationships.

There clearly are complementary strengths in the Morgan Stanley Dean Witter asset management business that should lead to future growth. One obvious opportunity is in the still nascent markets outside the US, where we should be able to leverage the firm's global presence along with our considerable asset management expertise. About 90% of our asset management revenues come from US customers, but we already have a sizable presence in Japan—where we went from \$3 billion to \$5 billion in assets under management in 1997. We are committed to meeting the global need for asset management services and thereby hope to capture a large share of the growing global market.