

SELECTED FINANCIAL DATA⁽¹⁾

(DOLLARS IN MILLIONS, EXCEPT SHARE AND PER SHARE DATA)

FISCAL YEAR⁽²⁾

2000

1999

1998

1997

1996

INCOME STATEMENT DATA:

Revenues:

Investment banking \$ 5,008 \$ 4,523 \$ 3,340 \$ 2,694 \$ 2,190

Principal transactions:

Trading 7,393 5,830 3,159 3,191 2,659

Investments 193 725 89 463 86

Commissions 3,645 2,774 2,208 2,066 1,776

Fees:

Asset management, distribution and administration 4,219 3,324 3,003 2,525 1,732

Merchant and cardmember 1,780 1,492 1,647 1,704 1,505

Servicing 1,450 1,194 928 762 809

Interest and dividends 21,234 14,880 16,386 13,583 11,288

Other 491 248 282 144 126

Total revenues 45,413 34,990 31,042 27,132 22,171

Interest expense 18,176 12,515 13,464 10,806 8,934

Provision for consumer loan losses 810 529 1,173 1,493 1,214

Net revenues 26,427 21,946 16,405 14,833 12,023

Non-interest expenses:

Compensation and benefits 10,936 8,398 6,636 6,019 5,071

Other 7,000 5,820 5,069 4,466 3,835

Merger-related expenses — — — 74 —

Total non-interest expenses 17,936 14,218 11,705 10,559 8,906

Gain on sale of businesses

35 — 685 — —

Income before income taxes and cumulative

effect of accounting change 8,526 7,728 5,385 4,274 3,117

Provision for income taxes

3,070 2,937 1,992 1,688 1,137

Income before cumulative effect

of accounting change 5,456 4,791 3,393 2,586 1,980

Cumulative effect of accounting change

— — (117) — —

Net income

\$ 5,456 \$ 4,791 \$ 3,276 \$ 2,586 \$ 1,980

Earnings applicable to common shares⁽³⁾

\$ 5,420 \$ 4,747 \$ 3,221 \$ 2,520 \$ 1,914

PER SHARE DATA⁽⁴⁾:

Earnings per common share:

Basic before cumulative effect of accounting change \$ 4.95 \$ 4.33 \$ 2.90 \$ 2.19 \$ 1.67

Cumulative effect of accounting change — — (0.10) — —

Basic \$ 4.95 \$ 4.33 \$ 2.80 \$ 2.19 \$ 1.67

Diluted before cumulative effect of accounting change \$ 4.73 \$ 4.10 \$ 2.76 \$ 2.08 \$ 1.58

Cumulative effect of accounting change — — (0.09) — —

Diluted \$ 4.73 \$ 4.10 \$ 2.67 \$ 2.08 \$ 1.58

Book value per common share \$ 16.91 \$ 14.85 \$ 11.94 \$ 11.06 \$ 9.22

Dividends per common share \$ 0.80 \$ 0.48 \$ 0.40 \$ 0.28 \$ 0.22

BALANCE SHEET AND OTHER OPERATING DATA:

Total assets \$ 426,794 \$ 366,967 \$ 317,590 \$ 302,287 \$ 238,860

Consumer loans, net 21,090 20,229 15,209 20,033 21,262

Total capital⁽⁵⁾ 49,637 39,699 37,922 33,577 31,152

Long-term borrowings⁽⁵⁾ 30,366 22,685 23,803 19,621 19,450

Shareholders equity 19,271 17,014 14,119 13,956 11,702

Return on average common shareholders equity 30.9% 32.6% 24.5% 22.0% 20.0%

Average common and equivalent shares⁽³⁾⁽⁴⁾ 1,095,858,438 1,096,789,720 1,151,645,450 1,149,636,466 1,146,713,860

(1) This information should be read in conjunction with the Company's Consolidated Financial Statements and the Notes thereto contained in the Company's Annual Report on Form 10-K for the year ended November 30, 2000, copies of which are available at www.msdc.com/ar2000 or upon request.

(2) Fiscal 1996 represents the combination of Morgan Stanley Group Inc.'s financial statements for the fiscal year ended November 30 with Dean Witter, Discover & Co.'s financial statements for the year ended December 31.

(3) Amounts shown are used to calculate basic earnings per common share.

(4) Amounts have been retroactively adjusted to give effect for a two-for-one common stock split, effected in the form of a 100% stock dividend, which became effective on January 26, 2000.

(5) These amounts exclude the current portion of long-term borrowings and include Capital Units and Preferred Securities Issued by Subsidiaries.