

News

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**MORGAN STANLEY DEAN WITTER ANNOUNCES
FIRST QUARTER NET INCOME OF \$1.1 BILLION;
RETURN ON EQUITY OF 23%**

NEW YORK, March 21, 2001 — Morgan Stanley Dean Witter & Co. (NYSE: MWD) today reported net income of \$1,075 million for the quarter ended February 28, 2001 — a 30 percent decline from last year's record first quarter \$1,544 million.¹ Diluted earnings per share were \$0.94 — down 30 percent from \$1.34 a year ago.

First quarter net revenues (total revenues less interest expense and the provision for loan losses) was \$6.4 billion — 14 percent below last year. The annualized return on average common equity for the quarter was 23 percent.

Philip J. Purcell, Chairman, and Robert G. Scott, President, said in a joint statement, "We are pleased with \$1 billion of net income and an ROE of 23 percent, particularly in light of the difficult markets for several of our businesses during the quarter. Some of our businesses, however, such as fixed income and equity sales and trading, have done exceptionally well. Given the possibility of a continuation of this quarter's difficult environment, we're very focused on reducing expenses while maintaining our high level of service to our clients."

¹ All amounts for the quarter ended February 28, 2001 exclude a net after-tax charge of \$59 million, \$.05 per share, resulting from the adoption of SFAS 133 on December 1, 2000. See Page F-1 of Financial Summary, Note 1.

SECURITIES

The Company's Securities business posted net income of \$784 million, a 37 percent decrease from last year's record first quarter. The decline in earnings reflected the impact of difficult markets for equity underwriting, individual investors and principal investment activity — partially offset by strong performances in fixed income and equity sales and trading.

- In sales and trading, fixed income achieved near record revenues, led by record revenues in commodities, an outstanding quarter in foreign exchange, and strength in government and investment grade bond trading. Equity's first quarter revenues, while below last year's levels, were the third highest ever. The division equaled a quarterly record for commission revenues, and its derivatives products areas continued to benefit from high levels of volatility in global equity markets.
- In investment banking, the Company's M&A advisory results were solid and do not yet reflect the slowing in global M&A activity that began late last year. For the first two months of calendar 2001, the Company ranked first in announced global M&A transactions and achieved a market share of 39 percent.²
- The individual investor group's (IIG) commission business declined, as retail participation in equity markets fell significantly from levels reached last year. The decline was partially offset by higher revenues from fee-based products and record quarterly fixed income revenues.
- IIG's client assets in fee-based accounts increased 8 percent from last year's first quarter, despite the recent general market decline, to total \$143 billion. Total client assets of \$650 billion were \$48 billion, or 7 percent, lower than a year ago.
- The number of IIG's global financial advisors rose to a record 14,108 — an increase of 198 for the quarter and 1,036 over the past 12 months.
- The Company's principal investment activities had negative revenues of \$46 million for the quarter compared to gains of \$423 million a year ago.

² Source: Thomson Financial Securities Data – January 1 to February 28, 2001.

ASSET MANAGEMENT

Asset Management's net income was \$149 million, 7 percent below last year's first quarter.

- The Company's assets under management declined \$21 billion, or 4 percent, from a year ago, to \$492 billion.
- Retail assets declined \$6 billion during the quarter and \$15 billion from a year ago — to stand at \$309 billion. Positive net sales in both the three- and twelve-month periods were more than offset by declines in market values. Institutional assets declined \$2 billion for the quarter and \$6 billion from a year ago — to stand at \$183 billion.
- During the quarter, the successful launch of the Morgan Stanley Dean Witter All Star Growth Fund raised \$430 million.
- The number of the Company's funds rated four or five stars by Morningstar rose to 64 compared to 52 a year ago. The Company has the second highest number of domestic funds receiving one of Morningstar's two highest ratings.³

CREDIT SERVICES

Credit Services net income was \$142 million — driven by higher credit card loan balances and transaction volume, partially offset by a decline in credit quality.

- Managed credit card loans rose to a record \$49.5 billion, an increase of \$7.5 billion, or 18 percent, from a year ago.
- Merchant and cardmember fees rose 6 percent to \$629 million. Transaction volume increased 4 percent from first quarter 2000 to \$24.4 billion, driven by higher quarterly sales volume.
- The credit card net charge-off rate increased to 4.79 percent, 13 basis points higher than last year's first quarter 4.66 percent. The over-30-day delinquency rate was 6.34 percent compared to 5.58 percent a year ago. The increases in both

³ As of February 2001.

charge-offs and delinquencies reflect the weakening of the domestic economy that began during fourth quarter 2000.

- Total non-interest expenses rose 14% over a year ago, driven by increased investments in customer service collection activities and a continuation of business growth initiatives. The ratio of operating expenses to average consumer loans, however, remained below last year's first quarter level.
- Discover opened almost 1.4 million new cardmember accounts during the quarter, bringing the total number of cardmember accounts to a record 43.7 million.

The Company has repurchased approximately 9 million shares of its common stock since the end of fiscal 2000. The Company also announced that its Board of Directors declared a \$0.23 quarterly dividend per common share. The dividend is payable on April 27, 2001 to common shareholders of record on April 6, 2001.

Total capital at February 28, 2001 was \$51.2 billion, including \$20.2 billion of common and preferred stockholders' equity and preferred securities issued by subsidiaries. Book value per common share was \$17.23, based on shares outstanding of 1.1 billion.

Morgan Stanley Dean Witter & Co. is a global financial services firm and a market leader in securities, asset management and credit services. The Company has more than 600 offices in 27 countries around the world.

Access this press release online at www.msdc.com.

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(See Attached Schedules)

This release may contain forward-looking statements. These statements, which reflect management's beliefs and expectations, are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of the risks and uncertainties that may affect the Company's future results, please see "Certain Factors Affecting Results of Operations" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Competition and Regulation" under each of "Securities," "Asset Management" and "Credit Services" in Part I, Item 1 in the Company's 2000 Annual Report on Form 10-K.

MORGAN STANLEY DEAN WITTER & CO.
Financial Summary
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Feb 28, 2001	Feb 29, 2000	Nov 30, 2000	Feb 29, 2000	Nov 30, 2000
Net revenues					
Securities	\$ 4,737	\$ 5,880	\$ 3,973	(19%)	19%
Asset Management	655	649	696	1%	(6%)
Credit Services	993	899	1,000	10%	(1%)
Consolidated net revenues	<u>\$ 6,385</u>	<u>\$ 7,428</u>	<u>\$ 5,669</u>	(14%)	13%
Net income					
Securities	\$ 784	\$ 1,244	\$ 897	(37%)	(13%)
Asset Management	149	160	164	(7%)	(9%)
Credit Services	142	140	147	1%	(3%)
Income before cumulative effect of accounting change	1,075	1,544	1,208	(30%)	(11%)
Cumulative effect of accounting change (1)	(59)	0	0	*	*
Consolidated net income	<u>\$ 1,016</u>	<u>\$ 1,544</u>	<u>\$ 1,208</u>	(34%)	(16%)
Preferred stock dividend requirements	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 9</u>	--	--
Earnings applicable to common shares	<u>\$ 1,007</u>	<u>\$ 1,535</u>	<u>\$ 1,199</u>	(34%)	(16%)
Basic earnings per common share					
Income before cumulative effect of accounting change	\$ 0.98	\$ 1.40	\$ 1.10	(30%)	(11%)
Cumulative effect of accounting change	\$ (0.05)	\$ 0.00	\$ 0.00	*	*
Net Income	\$ 0.93	\$ 1.40	\$ 1.10	(34%)	(15%)
Diluted earnings per common share					
Income before cumulative effect of accounting change	\$ 0.94	\$ 1.34	\$ 1.06	(30%)	(11%)
Cumulative effect of accounting change	\$ (0.05)	\$ 0.00	\$ 0.00	*	*
Net Income	\$ 0.89	\$ 1.34	\$ 1.06	(34%)	(16%)
Average common shares outstanding					
Basic	1,089,270,364	1,093,904,751	1,089,728,519		
Diluted	1,134,150,225	1,146,854,036	1,135,358,763		
Period end common shares outstanding					
	1,114,434,549	1,134,181,285	1,107,270,331		
Return on common equity (2)	22.5%	36.3%	26.5%		

(1) Represents the effects of an accounting change adopted in the first quarter of fiscal 2001 with respect to the accounting for derivative instruments and hedging activities associated with SFAS 133.

(2) Excludes the cumulative effect of accounting change.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

MORGAN STANLEY DEAN WITTER & CO.
Consolidated Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Feb 28, 2001	Feb 29, 2000	Nov 30, 2000	Feb 29, 2000	Nov 30, 2000
Investment banking	\$ 957	\$ 1,335	\$ 1,131	(28%)	(15%)
Principal transactions:					
Trading	1,709	2,272	979	(25%)	75%
Investments	(46)	431	(70)	(111%)	34%
Commissions	849	984	858	(14%)	(1%)
Fees:					
Asset management, distribution and administration	1,074	984	1,101	9%	(2%)
Merchant and cardmember	446	449	450	(1%)	(1%)
Servicing	427	287	390	49%	9%
Interest and dividends	7,236	4,749	5,465	52%	32%
Other	125	92	155	36%	(19%)
Total revenues	<u>12,777</u>	<u>11,583</u>	<u>10,459</u>	10%	22%
Interest expense	6,179	3,932	4,582	57%	35%
Provision for consumer loan losses	213	223	208	(4%)	2%
Net revenues	<u>6,385</u>	<u>7,428</u>	<u>5,669</u>	(14%)	13%
Compensation and benefits	2,851	3,408	1,775	(16%)	61%
Occupancy and equipment	220	175	221	26%	--
Brokerage, clearing and exchange fees	160	139	151	15%	6%
Information processing and communications	395	330	417	20%	(5%)
Marketing and business development	499	471	576	6%	(13%)
Professional services	292	200	384	46%	(24%)
Other	275	273	256	1%	7%
Total non-interest expenses	<u>4,692</u>	<u>4,996</u>	<u>3,780</u>	(6%)	24%
Income before income taxes and cumulative effect of accounting change	1,693	2,432	1,889	(30%)	(10%)
Income tax expense	618	888	681	(30%)	(9%)
Income before cumulative effect of accounting change	1,075	1,544	1,208	(30%)	(11%)
Cumulative effect of accounting change (1)	(59)	0	0	*	*
Net income	<u>\$ 1,016</u>	<u>\$ 1,544</u>	<u>\$ 1,208</u>	(34%)	(16%)
Preferred stock dividend requirements	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 9</u>	--	--
Earnings applicable to common shares	<u>\$ 1,007</u>	<u>\$ 1,535</u>	<u>\$ 1,199</u>	(34%)	(16%)
Compensation and benefits as a % of net revenues	45%	46%	31%		

(1) Represents the effects of an accounting change adopted in the first quarter of fiscal 2001 with respect to the accounting for derivative instruments and hedging activities associated with SFAS 133.

Note: Certain reclassifications have been made to prior period amounts to conform to the current presentation.

MORGAN STANLEY DEAN WITTER & CO.
Securities Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Feb 28, 2001	Feb 29, 2000	Nov 30, 2000	Feb 29, 2000	Nov 30, 2000
Investment banking	\$ 938	\$ 1,291	\$ 1,108	(27%)	(15%)
Principal transactions:					
Trading	1,709	2,272	979	(25%)	75%
Investments	(46)	423	(103)	(111%)	55%
Commissions	839	973	849	(14%)	(1%)
Asset management, distribution and administration fees	481	419	497	15%	(3%)
Interest and dividends	6,539	3,991	4,734	64%	38%
Other	114	85	149	34%	(23%)
Total revenues	<u>10,574</u>	<u>9,454</u>	<u>8,213</u>	12%	29%
Interest expense	<u>5,837</u>	<u>3,574</u>	<u>4,240</u>	63%	38%
Net revenues	<u>4,737</u>	<u>5,880</u>	<u>3,973</u>	(19%)	19%
Compensation and benefits	2,445	3,045	1,398	(20%)	75%
Occupancy and equipment	175	137	178	28%	(2%)
Brokerage, clearing and exchange fees	117	102	104	15%	13%
Information processing and communications	255	208	275	23%	(7%)
Marketing and business development	148	152	180	(3%)	(18%)
Professional services	215	138	293	56%	(27%)
Other	168	167	147	1%	14%
Total non-interest expenses	<u>3,523</u>	<u>3,949</u>	<u>2,575</u>	(11%)	37%
Income before income taxes and cumulative effect of accounting change	1,214	1,931	1,398	(37%)	(13%)
Income tax expense	<u>430</u>	<u>687</u>	<u>501</u>	(37%)	(14%)
Income before cumulative effect of accounting change	784	1,244	897	(37%)	(13%)
Cumulative effect of accounting change (1)	(46)	0	0	*	*
Net income	<u>\$ 738</u>	<u>\$ 1,244</u>	<u>\$ 897</u>	(41%)	(18%)
Compensation and benefits as a % of net revenues	52%	52%	35%		
Non-compensation expenses as a % of net revenues	23%	15%	30%		
Profit margin (2)	17%	21%	23%		

(1) Represents the effects of an accounting change adopted in the first quarter of fiscal 2001 with respect to the accounting for derivative instruments and hedging activities associated with SFAS 133.

(2) Net income excluding cumulative effect of accounting change as a % of net revenues.

MORGAN STANLEY DEAN WITTER & CO.
Asset Management Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Feb 28, 2001	Feb 29, 2000	Nov 30, 2000	Feb 29, 2000	Nov 30, 2000
Investment banking	\$ 19	\$ 44	\$ 23	(57%)	(17%)
Principal transactions:					
Investments	0	8	33	*	*
Commissions	10	11	9	(9%)	11%
Asset management, distribution and administration fees	593	565	604	5%	(2%)
Interest and dividends	25	14	29	79%	(14%)
Other	11	7	6	57%	83%
Total revenues	<u>658</u>	<u>649</u>	<u>704</u>	1%	(7%)
Interest expense	3	0	8	*	(63%)
Net revenues	<u>655</u>	<u>649</u>	<u>696</u>	1%	(6%)
Compensation and benefits	217	201	195	8%	11%
Occupancy and equipment	26	23	25	13%	4%
Brokerage, clearing and exchange fees	43	37	47	16%	(9%)
Information processing and communications	24	21	24	14%	--
Marketing and business development	36	39	54	(8%)	(33%)
Professional services	28	22	38	27%	(26%)
Other	33	34	39	(3%)	(15%)
Total non-interest expenses	<u>407</u>	<u>377</u>	<u>422</u>	8%	(4%)
Income before income taxes	248	272	274	(9%)	(9%)
Income tax expense	99	112	110	(12%)	(10%)
Net income	<u>\$ 149</u>	<u>\$ 160</u>	<u>\$ 164</u>	(7%)	(9%)
Compensation and benefits as a % of net revenues	33%	31%	28%		
Non-compensation expenses as a % of net revenues	29%	27%	33%		
Profit margin (1)	23%	25%	24%		

(1) Net income as a % of net revenues.

MORGAN STANLEY DEAN WITTER & CO.
Credit Services Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Feb 28, 2001	Feb 29, 2000	Nov 30, 2000	Feb 29, 2000	Nov 30, 2000
Fees:					
Merchant and cardmember	\$ 446	\$ 449	\$ 450	(1%)	(1%)
Servicing	427	287	390	49%	9%
Total non-interest revenues	<u>873</u>	<u>736</u>	<u>840</u>	19%	4%
Interest revenue	672	744	702	(10%)	(4%)
Interest expense	<u>339</u>	<u>358</u>	<u>334</u>	(5%)	1%
Net interest income	333	386	368	(14%)	(10%)
Provision for consumer loan losses	<u>213</u>	<u>223</u>	<u>208</u>	(4%)	2%
Net credit income	120	163	160	(26%)	(25%)
Net revenues	<u>993</u>	<u>899</u>	<u>1,000</u>	10%	(1%)
Compensation and benefits	189	162	182	17%	4%
Occupancy and equipment	19	15	18	27%	6%
Information processing and communications	116	101	118	15%	(2%)
Marketing and business development	315	280	342	13%	(8%)
Professional services	49	40	53	23%	(8%)
Other	<u>74</u>	<u>72</u>	<u>70</u>	3%	6%
Total non-interest expenses	<u>762</u>	<u>670</u>	<u>783</u>	14%	(3%)
Income before income taxes and cumulative effect of accounting change	231	229	217	1%	6%
Income tax expense	<u>89</u>	<u>89</u>	<u>70</u>	--	27%
Income before cumulative effect of accounting change	142	140	147	1%	(3%)
Cumulative effect of accounting change (1)	<u>(13)</u>	<u>0</u>	<u>0</u>	*	*
Net income	<u>\$ 129</u>	<u>\$ 140</u>	<u>\$ 147</u>	(8%)	(12%)
Compensation and benefits as a % of net revenues	19%	18%	18%		
Non-compensation expenses as a % of net revenues	58%	57%	60%		
Profit margin (2)	14%	16%	15%		

(1) Represents the effects of an accounting change adopted in the first quarter of fiscal 2001 with respect to the accounting for derivative instruments and hedging activities associated with SFAS 133.

(2) Net income excluding cumulative effect of accounting change as a % of net revenues.

MORGAN STANLEY DEAN WITTER & CO.
Credit Services Income Statement Information
(unaudited, dollars in millions)
(Managed loan basis)

	Quarter Ended			Percentage Change From:	
	Feb 28, 2001	Feb 29, 2000	Nov 30, 2000	Feb 29, 2000	Nov 30, 2000
Fees:					
Merchant and cardmember	\$ 629	\$ 591	\$ 604	6%	4%
Servicing	0	0	0	--	--
Total non-interest revenues	<u>629</u>	<u>591</u>	<u>604</u>	6%	4%
Interest revenue	1,747	1,451	1,675	20%	4%
Interest expense	<u>798</u>	<u>653</u>	<u>754</u>	22%	6%
Net interest income	949	798	921	19%	3%
Provision for consumer loan losses	<u>585</u>	<u>490</u>	<u>525</u>	19%	11%
Net credit income	364	308	396	18%	(8%)
Net revenues	<u>993</u>	<u>899</u>	<u>1,000</u>	10%	(1%)
Compensation and benefits	189	162	182	17%	4%
Occupancy and equipment	19	15	18	27%	6%
Information processing and communications	116	101	118	15%	(2%)
Marketing and business development	315	280	342	13%	(8%)
Professional services	49	40	53	23%	(8%)
Other	<u>74</u>	<u>72</u>	<u>70</u>	3%	6%
Total non-interest expenses	<u>762</u>	<u>670</u>	<u>783</u>	14%	(3%)
Income before income taxes and cumulative effect of accounting change	231	229	217	1%	6%
Income tax expense	<u>89</u>	<u>89</u>	<u>70</u>	--	27%
Income before cumulative effect of accounting change	142	140	147	1%	(3%)
Cumulative effect of accounting change (1)	(13)	0	0	*	*
Net income	<u>\$ 129</u>	<u>\$ 140</u>	<u>\$ 147</u>	(8%)	(12%)
Compensation and benefits as a % of net revenues	19%	18%	18%		
Non-compensation expenses as a % of net revenues	58%	57%	60%		
Profit margin (2)	14%	16%	15%		

(1) Represents the effects of an accounting change adopted in the first quarter of fiscal 2001 with respect to the accounting for derivative instruments and hedging activities associated with SFAS 133.

(2) Net income excluding cumulative effect of accounting change as a % of net revenues.

MORGAN STANLEY DEAN WITTER & CO.
Financial Information and Statistical Data
(unaudited)

	Quarter Ended			Percentage Change From:	
	Feb 28, 2001	Feb 29, 2000	Nov 30, 2000	Feb 29, 2000	Nov 30, 2000
MSDW					
Total assets (millions)	\$ 450,000	\$ 408,000	\$ 427,000	10%	5%
Period end common shares outstanding	1,114,434,549	1,134,181,285	1,107,270,331	(2%)	1%
Book value per common share	\$ 17.23	\$ 15.31	\$ 16.91	13%	2%
Shareholders' equity (millions) (1)	\$ 20,150	\$ 18,252	\$ 19,671	10%	2%
Total capital (millions) (2)	\$ 51,249	\$ 43,540	\$ 49,637	18%	3%
Worldwide employees	63,708	56,058	62,679	14%	2%
SECURITIES (\$ billions)					
Individual Investor Group					
Global financial advisors	14,108	13,072	13,910	8%	1%
Total client assets	\$ 650	\$ 698	\$ 662	(7%)	(2%)
Fee-based client account assets (3)	\$ 143	\$ 132	\$ 145	8%	(2%)
Institutional Securities (4)					
Mergers and acquisitions announced transactions (5)					
MSDW global market volume	\$ 109.4	\$ 423.6	\$ 1,069.5		
Rank	1	1	2		
Worldwide equity and related issues (5)					
MSDW global market volume	\$ 7.9	\$ 13.1	\$ 59.3		
Rank	4	2	3		
ASSET MANAGEMENT (\$ billions)					
Assets under management or supervision					
Products offered primarily to individuals					
Mutual funds					
Equity	\$ 96	\$ 115	\$ 103	(17%)	(7%)
Fixed income	46	51	46	(10%)	--
Money markets	63	51	57	24%	11%
Total mutual funds	205	217	206	(6%)	--
ICS Assets	31	27	31	15%	--
Separate accounts, unit trust and other arrangements	73	80	78	(9%)	(6%)
Sub-total Individual	309	324	315	(5%)	(2%)
Products offered primarily to institutional clients					
Mutual funds	36	36	35	--	3%
Separate accounts, pooled vehicle and other arrangements	147	153	150	(4%)	(2%)
Sub-total Institutional	183	189	185	(3%)	(1%)
Total assets under management or supervision	\$ 492	\$ 513	\$ 500	(4%)	(2%)

(1) Includes preferred and common equity and preferred securities issued by subsidiaries.

(2) Includes preferred and common equity, preferred securities issued by subsidiaries, capital units and non-current portion of long-term debt.

(3) Represents the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.

(4) Source: Thomson Financial Securities Data.

(5) Information is year to date and stated on a calendar year basis.

MORGAN STANLEY DEAN WITTER & CO.
Financial Information and Statistical Data
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Feb 28, 2001	Feb 29, 2000	Nov 30, 2000	Feb 29, 2000	Nov 30, 2000
CREDIT SERVICES					
Owned credit card loans					
Period end	\$ 21,739	\$ 23,753	\$ 21,866	(8%)	(1%)
Average	\$ 21,555	\$ 23,188	\$ 20,897	(7%)	3%
Managed credit card loans (1)					
Period end	\$ 49,493	\$ 41,985	\$ 47,123	18%	5%
Average	\$ 49,273	\$ 41,019	\$ 45,825	20%	8%
Interest yield	13.66%	13.35%	14.13%	31 bp	(47 bp)
Interest spread	7.09%	7.01%	7.38%	8 bp	(29 bp)
Net charge-off rate	4.79%	4.66%	4.57%	13 bp	22 bp
Delinquency rate (over 30 days)	6.34%	5.58%	5.92%	76 bp	42 bp
Credit Card					
Transaction volume (billions)	\$ 24.4	\$ 23.5	\$ 22.8	4%	7%
Accounts (millions)	43.7	39.2	42.6	11%	3%
Active accounts (millions)	24.0	22.8	23.8	5%	1%
Average receivables per average active account (actual \$)	\$ 2,050	\$ 1,816	\$ 1,960	13%	5%
Securitization Gain	\$ 25	\$ 22	\$ 1	14%	*

(1) Includes owned and securitized credit card loans.