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Morgan Stanley

For Immediate Release

Morgan Stanley Reports Third Quarter Net Income Of $735 Million In Difficult Operating Environment; ROE Is 15% For The Quarter

NEW YORK, September 21, 2001 -- In announcing results for its fiscal third quarter today, Morgan Stanley (NYSE: MWD) Chairman and CEO Philip J. Purcell and President Robert G. Scott said in a joint statement,

> "It is obviously difficult to focus on financial results in the aftermath of last week's tragic events. However, we want investors to know that Morgan Stanley remains strong—not just financially, but also in terms of the will of our people, who have again proven their resilience. We are grateful for the help and support we have received from hundreds of individuals and businesses. We are doing everything we can to help all the victims, including firefighters, police and rescue workers who put themselves in harm's way for us.
>
> While concern has increased regarding the outlook for the global economy, we continue to believe in the long-term growth opportunities for the Firm. Consistent with this belief, we announced earlier this week that the Firm would be stepping up its share repurchase activities."

Morgan Stanley reported net income of $735 million for the quarter ended August 31, 2001 -- a 41 percent decline from $1,246 million in last year's third quarter. Diluted earnings per share were $0.65 -- down 40 percent from $1.09 a year ago.[1]

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[1]All amounts for the quarter and nine-months ended August 31, 2001 exclude an extraordinary loss, net of taxes, of $30 million, or $0.03 per share, resulting from the early extinguishment of debt. In addition, all amounts for the nine months ended August 31, 2001 exclude a net after-tax charge of $59 million, or $0.05 per share, resulting from the adoption of SFAS 133 on December 1, 2000. See Page F-1 of Financial Summary, Note 1.

Third quarter net revenues (total revenues less interest expense and the provision for loan losses) were $5.3 billion -- 16 percent below a year ago. The annualized return on average common equity for the quarter was 15 percent.

In the first nine months of fiscal 2001, net income was $2,740 million, 35 percent lower than $4,248 million a year ago. Nine-month diluted earnings per share were $2.41, down 35 percent from last year's $3.70. Net revenues declined 15 percent to $17.7 billion. The annualized return on average common equity was 19 percent for the first nine months of the year.

SECURITIES

Securities posted net income of $414 million, a 50 percent decline from last year's strong third quarter. The decline reflected substantially lower levels of activity year-over-year in almost all the institutional and individual investor businesses. Fixed income continued to be the exception, although results were down from the record second quarter.

- Institutional sales and trading net revenues of $1.8 billion were 8 percent below a year ago.
  - Higher fixed income revenues were driven by strength in government debt, investment grade debt and commodities trading. Interest rate cuts in the US and Europe contributed positively to the results. The business also benefited from continued demand for investment grade issues and volatility in energy markets, although both were substantially lower than the second quarter.
  - Equity revenues declined from the strong levels achieved a year ago, primarily as a result of lower volatility, a decline in primary issuance and increased margin pressures -- particularly in US and European cash businesses.
- In investment banking:
  - Advisory revenues were $360 million, down 30 percent from last year's third quarter. The decline resulted primarily from the sharp decrease in global M&A activity that began late last year. Industry-wide, global completed M&A transaction volume fell 56 percent in the third quarter compared to a year ago.[2]

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[2] Source: Thomson Financial Securities Data.

- Underwriting revenues declined 34 percent from last year's third quarter to $417 million, primarily reflecting a 36 percent decrease in industry-wide global equity new issue volume.[3]
- The Company's market share positions are: 25 percent in announced global M&A transactions; 11 percent in worldwide equity and equity related issues; and 20 percent in worldwide IPOs.[4]

- In the individual investor group:
  - Net revenues declined 20 percent to $1.1 billion as retail participation in equity markets remained sharply below last year's levels. Net interest income was also lower as a result of a decline in margin debit balances. Revenues from asset management products and fee-based assets were modestly below year ago levels.
  - Total client assets of $597 billion were 23 percent lower than last year's third quarter compared to 25 percent and 57 percent declines for the S&P 500 and NASDAQ, respectively. Client assets in fee-based accounts declined 14 percent to $109 billion. However, the percentage of client assets in fee-based accounts increased to 18 percent versus 16 percent a year ago.
  - The number of global financial advisors rose to 14,342 at quarter end.
- Principal investment activities had negative revenues of $58 million for the third quarter compared with revenues of $55 million a year ago.

INVESTMENT MANAGEMENT

Investment management net income was $125 million, 36 percent below last year's third quarter. The decline in earnings resulted from a decline in the Company's average assets under management and a shift from equity to fixed income and money market products.

- Assets under management declined $73 billion, or 13 percent, from a year ago to $471 billion, primarily as a result of lower market values. Retail assets of $292 billion were $11 billion lower than the second quarter and $53 billion lower than a year ago. Institutional assets decreased $5 billion for the quarter and $20 billion from a year ago -- to stand at $179 billion.

[3] Source: Thomson Financial Securities Data.
[4] Source: Thomson Financial Securities Data – January 1 to August 31, 2001.

- The Company had 60 funds rated four or five stars by Morningstar, up from 52 a year ago. Among investment managers, the Company has the third highest number of domestic funds receiving one of Morningstar's two highest ratings.[5]
- Investment management has now had five consecutive years of net positive retail customer inflows.

CREDIT SERVICES

Credit services net income was $196 million, 14 percent below third quarter 2000 -- primarily due to higher net charge-offs partially offset by increases in net interest income, and merchant and cardmember fees.

- Managed credit card loans rose to $49.7 billion at quarter end, an increase of $4.9 billion, or 11 percent, from a year ago. The interest rate spread widened 79 basis points over the same period, as a result of the decline in interest rates that began in the first quarter.
- Merchant and cardmember fees rose 3 percent to $674 million. Transaction volume increased 6 percent from the third quarter of 2000 to $23.3 billion, driven primarily by record quarterly sales volume.
- The credit card net charge-off rate increased to 5.79 percent -- 161 basis points higher than a year ago. The over-90-day delinquency rate was 2.61 percent compared to 2.21 percent a year ago. The increase in the charge-off rate reflected continued weakness in the U.S. economy and the adverse impact of the seasoning of cardmember accounts and a high level of national bankruptcy filings.
- Discover opened over 1 million new cardmember accounts during the quarter.

As of August 31, the Company had repurchased approximately 18 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 October 26, 2001 to common shareholders of record on October 5, 2001.

Total capital at August 31, 2001 was $60.7 billion, including $21.2 billion of common and preferred stockholders' equity and preferred securities issued by subsidiaries. Book value per common share was $17.76, based on shares outstanding of 1.1 billion.

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[5] As of July 31, 2001.

Morgan Stanley is a global financial services firm and a market leader in securities, investment management and credit services. With more than 700 offices in 28 countries, Morgan Stanley connects people, ideas and capital to help clients achieve their financial aspirations.

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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 and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in the Company's Quarterly Reports on Form 10-Q for fiscal 2001. In addition, the tragic events of September 11, 2001 caused temporary securities market and other business disruptions and will likely have an adverse impact on the global economy.

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

	Quarter Ended Aug 31, 2001	Quarter Ended Aug 31, 2000	Quarter Ended May 31, 2001	Percentage Change From: Aug 31, 2000	Percentage Change From: May 31, 2001	Nine Months Ended Aug 31, 2001	Nine Months Ended Aug 31, 2000	Percentage Change
Net revenues								
Securities	$ 3,640	$ 4,546	$ 4,417	(20%)	(18%)	$ 12,794	$ 15,834	(19%)
Investment Management	603	687	606	(12%)	--	1,864	2,016	(8%)
Credit Services	1,028	1,076	1,025	(4%)	--	3,046	2,975	2%
Consolidated net revenues	$ 5,271	$ 6,309	$ 6,048	(16%)	(13%)	$ 17,704	$ 20,825	(15%)
Net income								
Securities	$ 414	$ 823	$ 635	(50%)	(35%)	$ 1,833	$ 3,157	(42%)
Investment Management	125	196	124	(36%)	1%	398	513	(22%)
Credit Services	196	227	171	(14%)	15%	509	578	(12%)
Income before extraordinary item and cumulative effect of accounting change	735	1,246	930	(41%)	(21%)	2,740	4,248	(35%)
Extraordinary item (1)	(30)	0	0	*	*	(30)	0	*
Cumulative effect of accounting change (2)	0	0	0	--	--	(59)	0	*
Consolidated net income	$ 705	$ 1,246	$ 930	(43%)	(24%)	$ 2,651	$ 4,248	(38%)
Preferred stock dividend requirements	$ 9	$ 9	$ 9	--	--	$ 27	$ 27	--
Earnings applicable to common shares	$ 696	$ 1,237	$ 921	(44%)	(24%)	$ 2,624	$ 4,221	(38%)
Basic earnings per common share								
Income before extraordinary item and cumulative effect of accounting change	$ 0.67	$ 1.14	$ 0.85	(41%)	(21%)	$ 2.49	$ 3.87	(36%)
Extraordinary item	$ (0.03)	$ 0.00	$ 0.00	*	*	$ (0.03)	$ 0.00	*
Cumulative effect of accounting change	$ 0.00	$ 0.00	$ 0.00	--	--	$ (0.05)	$ 0.00	*
Net Income	$ 0.64	$ 1.14	$ 0.85	(44%)	(25%)	$ 2.41	$ 3.87	(38%)
Diluted earnings per common share								
Income before extraordinary item and cumulative effect of accounting change	$ 0.65	$ 1.09	$ 0.82	(40%)	(21%)	$ 2.41	$ 3.70	(35%)
Extraordinary item	$ (0.03)	$ 0.00	$ 0.00	*	*	$ (0.03)	$ 0.00	*
Cumulative effect of accounting change	$ 0.00	$ 0.00	$ 0.00	--	--	$ (0.05)	$ 0.00	*
Net Income	$ 0.62	$ 1.09	$ 0.82	(43%)	(24%)	$ 2.33	$ 3.70	(37%)
Average common shares outstanding								
Basic	1,085,447,127	1,088,218,669	1,085,305,558			1,089,017,948	1,090,967,941	
Diluted	1,119,301,107	1,137,304,026	1,120,687,197			1,126,540,440	1,141,272,402	
Period end common shares outstanding	1,106,317,423	1,121,597,725	1,110,061,470			1,106,317,423	1,121,597,725	
Return on common equity (3)	14.9%	27.6%	19.1%			18.8%	32.2%	

(1) Represents extraordinary loss on the early extinguishment of debt.
(2) 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.
(3) Excludes the cumulative effect of accounting change and extraordinary item.
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:		Nine Months Ended		Percentage
	Aug 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2001	Aug 31, 2000	Change
Investment banking	$ 789	$ 1,172	$ 840	(33%)	(6%)	$ 2,610	$ 3,877	(33%)
Principal transactions:								
Trading	1,097	1,614	2,070	(32%)	(47%)	4,852	6,382	(24%)
Investments	(59)	68	(107)	(187%)	45%	(212)	263	(181%)
Commissions	718	831	836	(14%)	(14%)	2,403	2,787	(14%)
Fees:								
Asset management, distribution and administration	1,020	1,107	1,040	(8%)	(2%)	3,134	3,185	(2%)
Merchant and cardmember	497	466	448	7%	11%	1,391	1,368	2%
Servicing	434	424	476	2%	(9%)	1,337	1,060	26%
Interest and dividends	5,825	5,897	6,950	(1%)	(16%)	20,011	15,769	27%
Other	110	147	139	(25%)	(21%)	374	330	13%
Total revenues	10,431	11,726	12,692	(11%)	(18%)	35,900	35,021	3%
Interest expense	4,883	5,242	6,413	(7%)	(24%)	17,475	13,594	29%
Provision for consumer loan losses	277	175	231	58%	20%	721	602	20%
Net revenues	5,271	6,309	6,048	(16%)	(13%)	17,704	20,825	(15%)
Compensation and benefits	2,380	2,656	2,742	(10%)	(13%)	7,973	9,161	(13%)
Occupancy and equipment	227	202	232	12%	(2%)	679	551	23%
Brokerage, clearing and exchange fees	165	147	170	12%	(3%)	495	435	14%
Information processing and communications	402	374	414	7%	(3%)	1,211	1,069	13%
Marketing and business development	409	507	454	(19%)	(10%)	1,362	1,479	(8%)
Professional services	249	293	296	(15%)	(16%)	837	726	15%
Other	281	255	275	10%	2%	831	802	4%
Total non-interest expenses	4,113	4,434	4,583	(7%)	(10%)	13,388	14,223	(6%)
Gain on sale of business	0	35	0	*	--	0	35	*
Income before taxes, extraordinary item and cumulative effect of accounting change	1,158	1,910	1,465	(39%)	(21%)	4,316	6,637	(35%)
Income tax expense	423	664	535	(36%)	(21%)	1,576	2,389	(34%)
Income before extraordinary item and cumulative effect of accounting change	735	1,246	930	(41%)	(21%)	2,740	4,248	(35%)
Extraordinary item (1)	(30)	0	0	*	*	(30)	0	*
Cumulative effect of accounting change (2)	0	0	0	--	--	(59)	0	*
Net income	$ 705	$ 1,246	$ 930	(43%)	(24%)	$ 2,651	$ 4,248	(38%)
Preferred stock dividend requirements	$ 9	$ 9	$ 9	--	--	$ 27	$ 27	--
Earnings applicable to common shares	$ 696	$ 1,237	$ 921	(44%)	(24%)	$ 2,624	$ 4,221	(38%)
Compensation and benefits as a % of net revenues	45%	42%	45%			45%	44%	

(1) Represents extraordinary loss on the early extinguishment of debt.
(2) 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:		Nine Months Ended		Percentage
	Aug 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2001	Aug 31, 2000	Change
Investment banking	$ 777	$ 1,145	$ 825	(32%)	(6%)	$ 2,564	$ 3,773	(32%)
Principal transactions:								
Trading	1,097	1,614	2,070	(32%)	(47%)	4,852	6,382	(24%)
Investments	(58)	55	(107)	(205%)	46%	(211)	236	(189%)
Commissions	709	822	828	(14%)	(14%)	2,376	2,756	(14%)
Asset management, distribution and administration fees	458	492	475	(7%)	(4%)	1,414	1,401	1%
Interest and dividends	5,135	5,190	6,279	(1%)	(18%)	17,953	13,522	33%
Other	100	142	135	(30%)	(26%)	349	308	13%
Total revenues	8,218	9,460	10,505	(13%)	(22%)	29,297	28,378	3%
Interest expense	4,578	4,914	6,088	(7%)	(25%)	16,503	12,544	32%
Net revenues	3,640	4,546	4,417	(20%)	(18%)	12,794	15,834	(19%)
Compensation and benefits	1,993	2,280	2,353	(13%)	(15%)	6,791	8,066	(16%)
Occupancy and equipment	182	160	188	14%	(3%)	545	431	26%
Brokerage, clearing and exchange fees	123	109	127	13%	(3%)	367	321	14%
Information processing and communications	255	238	266	7%	(4%)	776	683	14%
Marketing and business development	113	169	127	(33%)	(11%)	388	498	(22%)
Professional services	182	220	216	(17%)	(16%)	613	522	17%
Other	163	140	166	16%	(2%)	497	464	7%
Total non-interest expenses	3,011	3,316	3,443	(9%)	(13%)	9,977	10,985	(9%)
Income before taxes, extraordinary item and cumulative effect of accounting change	629	1,230	974	(49%)	(35%)	2,817	4,849	(42%)
Income tax expense	215	407	339	(47%)	(37%)	984	1,692	(42%)
Income before extraordinary item and cumulative effect of accounting change	414	823	635	(50%)	(35%)	1,833	3,157	(42%)
Extraordinary item - loss on the early extinguishment of debt	(30)	0	0	*	*	(30)	0	*
Cumulative effect of accounting change (1)	0	0	0	--	--	(46)	0	*
Net income	$ 384	$ 823	$ 635	(53%)	(40%)	$ 1,757	$ 3,157	(44%)
Compensation and benefits as a % of net revenues	55%	50%	53%			53%	51%	
Non-compensation expenses as a % of net revenues	28%	23%	25%			25%	18%	
Profit margin (2)	11%	18%	14%			14%	20%	

(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 and extraordinary item as a % of net revenues.

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

	Quarter Ended			Percentage Change From:		Nine Months Ended		Percentage
	Aug 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2001	Aug 31, 2000	Change
Investment banking	$ 12	$ 27	$ 15	(56%)	(20%)	$ 46	$ 104	(56%)
Principal transactions:								
Investments	(1)	13	0	(108%)	*	(1)	27	(104%)
Commissions	9	9	8	--	13%	27	31	(13%)
Asset management, distribution and administration fees	562	615	565	(9%)	(1%)	1,720	1,784	(4%)
Interest and dividends	16	20	17	(20%)	(6%)	58	54	7%
Other	7	5	4	40%	75%	22	22	--
Total revenues	605	689	609	(12%)	(1%)	1,872	2,022	(7%)
Interest expense	2	2	3	--	(33%)	8	6	33%
Net revenues	603	687	606	(12%)	--	1,864	2,016	(8%)
Compensation and benefits	205	204	202	--	1%	624	619	1%
Occupancy and equipment	26	25	26	4%	--	78	72	8%
Brokerage, clearing and exchange fees	42	38	43	11%	(2%)	128	114	12%
Information processing and communications	29	23	26	26%	12%	79	66	20%
Marketing and business development	35	43	41	(19%)	(15%)	112	124	(10%)
Professional services	22	26	32	(15%)	(31%)	82	75	9%
Other	33	38	24	(13%)	38%	90	120	(25%)
Total non-interest expenses	392	397	394	(1%)	(1%)	1,193	1,190	--
Gain on sale of business	0	35	0	*	--	0	35	*
Income before income taxes	211	325	212	(35%)	--	671	861	(22%)
Income tax expense	86	129	88	(33%)	(2%)	273	348	(22%)
Net income	$ 125	$ 196	$ 124	(36%)	1%	$ 398	$ 513	(22%)
Compensation and benefits as a % of net revenues	34%	30%	33%			33%	31%	
Non-compensation expenses as a % of net revenues	31%	28%	32%			31%	28%	
Profit margin (1)	21%	29%	20%			21%	25%	

(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:		Nine Months Ended		Percentage
	Aug 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2001	Aug 31, 2000	Change
Fees:								
Merchant and cardmember	$ 497	$ 466	$ 448	7%	11%	$ 1,391	$ 1,368	2%
Servicing	434	424	476	2%	(9%)	1,337	1,060	26%
Other	3	0	0	*	*	3	0	*
Total non-interest revenues	934	890	924	5%	1%	2,731	2,428	12%
Interest revenue	674	687	654	(2%)	3%	2,000	2,193	(9%)
Interest expense	303	326	322	(7%)	(6%)	964	1,044	(8%)
Net interest income	371	361	332	3%	12%	1,036	1,149	(10%)
Provision for consumer loan losses	277	175	231	58%	20%	721	602	20%
Net credit income	94	186	101	(49%)	(7%)	315	547	(42%)
Net revenues	1,028	1,076	1,025	(4%)	--	3,046	2,975	2%
Compensation and benefits	182	172	187	6%	(3%)	558	476	17%
Occupancy and equipment	19	17	18	12%	6%	56	48	17%
Information processing and communications	118	113	122	4%	(3%)	356	320	11%
Marketing and business development	261	295	286	(12%)	(9%)	862	857	1%
Professional services	45	47	48	(4%)	(6%)	142	129	10%
Other	85	77	85	10%	--	244	218	12%
Total non-interest expenses	710	721	746	(2%)	(5%)	2,218	2,048	8%
Income before income taxes and cumulative effect of accounting change	318	355	279	(10%)	14%	828	927	(11%)
Income tax expense	122	128	108	(5%)	13%	319	349	(9%)
Income before cumulative effect of accounting change	196	227	171	(14%)	15%	509	578	(12%)
Cumulative effect of accounting change (1)	0	0	0	--	--	(13)	0	*
Net income	$ 196	$ 227	$ 171	(14%)	15%	$ 496	$ 578	(14%)
Compensation and benefits as a % of net revenues	18%	16%	18%			18%	16%	
Non-compensation expenses as a % of net revenues	51%	51%	55%			54%	53%	
Profit margin (2)	19%	21%	17%			17%	19%	

(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 13
(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:		Nine Months Ended		Percentage
	Aug 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2001	Aug 31, 2000	Change
Fees:								
Merchant and cardmember	$ 674	$ 653	$ 635	3%	6%	$ 1,938	$ 1,841	5%
Servicing	0	0	0	--	--	0	0	--
Other	3	0	0	*	*	3	0	*
Total non-interest revenues	677	653	635	4%	7%	1,941	1,841	5%
Interest revenue	1,741	1,631	1,745	7%	--	5,233	4,652	12%
Interest expense	657	738	730	(11%)	(10%)	2,185	2,086	5%
Net interest income	1,084	893	1,015	21%	7%	3,048	2,566	19%
Provision for consumer loan losses	733	470	625	56%	17%	1,943	1,432	36%
Net credit income	351	423	390	(17%)	(10%)	1,105	1,134	(3%)
Net revenues	1,028	1,076	1,025	(4%)	--	3,046	2,975	2%
Compensation and benefits	182	172	187	6%	(3%)	558	476	17%
Occupancy and equipment	19	17	18	12%	6%	56	48	17%
Information processing and communications	118	113	122	4%	(3%)	356	320	11%
Marketing and business development	261	295	286	(12%)	(9%)	862	857	1%
Professional services	45	47	48	(4%)	(6%)	142	129	10%
Other	85	77	85	10%	--	244	218	12%
Total non-interest expenses	710	721	746	(2%)	(5%)	2,218	2,048	8%
Income before income taxes and cumulative effect of accounting change	318	355	279	(10%)	14%	828	927	(11%)
Income tax expense	122	128	108	(5%)	13%	319	349	(9%)
Income before cumulative effect of accounting change	196	227	171	(14%)	15%	509	578	(12%)
Cumulative effect of accounting change (1)	0	0	0	--	--	(13)	0	*
Net income	$ 196	$ 227	$ 171	(14%)	15%	$ 496	$ 578	(14%)
Compensation and benefits as a % of net revenues	18%	16%	18%			18%	16%	
Non-compensation expenses as a % of net revenues	51%	51%	55%			54%	53%	
Profit margin (2)	19%	21%	17%			17%	19%	

(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 13

(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:	
	Aug 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2000	May 31, 2001
Morgan Stanley					
Total assets (millions)	$ 506,000	$ 404,000	$ 497,000	25%	2%
Period end common shares outstanding (millions)	1,106.3	1,121.6	1,110.1	(1%)	--
Book value per common share	$ 17.76	$ 16.19	$ 17.54	10%	1%
Shareholders' equity (millions) (1)	$ 21,199	$ 19,054	$ 20,419	11%	4%
Total capital (millions) (2)	$ 60,652	$ 50,311	$ 61,274	21%	(1%)
Worldwide employees	62,392	60,349	62,909	3%	(1%)
SECURITIES					
Advisory revenue (millions)	$ 360	$ 515	$ 291	(30%)	24%
Underwriting revenue (millions)	$ 417	$ 630	$ 534	(34%)	(22%)
Institutional Securities					
Sales and trading net revenue (millions) (3)	$ 1,778	$ 1,938	$ 2,498	(8%)	(29%)
Mergers and acquisitions announced transactions (4)					
Morgan Stanley global market volume (billions)	$ 279.4	$ 926.2	$ 185.4		
Rank	4	1	2		
Worldwide equity and related issues (4)					
Morgan Stanley global market volume (billions)	$ 32.9	$ 43.9	$ 25.8		
Rank	4	2	3		
Individual Investor Group					
Net revenue (millions)	$ 1,056	$ 1,313	$ 1,141	(20%)	(7%)
Global financial advisors	14,342	13,789	14,256	4%	1%
Total client assets (billions)	$ 597	$ 778	$ 634	(23%)	(6%)
Fee-based client account assets (billions) (5)	$ 109	$ 126	$ 117	(14%)	(7%)
INVESTMENT MANAGEMENT ($ billions)					
Assets under management or supervision					
Products offered primarily to individuals					
Mutual funds					
Equity	$ 85	$ 122	$ 94	(30%)	(10%)
Fixed income	41	49	41	(16%)	--
Money markets	65	55	63	18%	3%
Total mutual funds	191	226	198	(15%)	(4%)
ICS Assets	31	34	32	(9%)	(3%)
Separate accounts, unit trust and other arrangements	70	85	73	(18%)	(4%)
Sub-total Individual	292	345	303	(15%)	(4%)
Products offered primarily to institutional clients					
Mutual funds	38	38	39	--	(3%)
Separate accounts, pooled vehicle and other arrangements	141	161	145	(12%)	(3%)
Sub-total Institutional	179	199	184	(10%)	(3%)
Total assets under management or supervision	$ 471	$ 544	$ 487	(13%)	(3%)

(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) Includes principal trading, commissions and net interest revenue.
(4) Source: Thomson Financial Securities Data - January 1 to August 31, 2001
(5) Represents the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets

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

	Quarter Ended			Percentage Change From:		Nine Months Ended		Percentage
	Aug 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2000	May 31, 2001	Aug 31, 2001	Aug 31, 2000	Change
CREDIT SERVICES								
Owned credit card loans								
Period end	$ 20,194	$ 19,813	$ 20,909	2%	(3%)	$ 20,194	$ 19,813	2%
Average	$ 20,407	$ 20,087	$ 21,301	2%	(4%)	$ 21,084	$ 22,240	(5%)
Managed credit card loans (1)								
Period end	$ 49,704	$ 44,837	$ 50,227	11%	(1%)	$ 49,704	$ 44,837	11%
Average	$ 49,825	$ 44,341	$ 49,658	12%	--	$ 49,588	$ 42,779	16%
Interest yield	13.34%	14.05%	13.34%	(71 bp)	0 bp	13.45%	13.70%	(25 bp)
Interest spread	8.13%	7.34%	7.49%	79 bp	64 bp	7.58%	7.22%	36 bp
Net charge-off rate	5.79%	4.18%	4.98%	161 bp	81 bp	5.19%	4.34%	85 bp
Delinquency rate (over 30 days)	6.31%	5.48%	5.84%	83 bp	47 bp	6.31%	5.48%	83 bp
Delinquency rate (over 90 days)	2.61%	2.21%	2.60%	40 bp	1 bp	2.61%	2.21%	40 bp
Transaction volume (billions)	$ 23.3	$ 21.9	$ 23.5	6%	(1%)	$ 71.2	$ 67.3	6%
Accounts (millions)	45.4	41.4	44.7	10%	2%	45.4	41.4	10%
Active accounts (millions)	24.0	23.1	24.3	4%	(1%)	24.0	23.1	4%
Average receivables per average active account (actual $)	$ 2,069	$ 1,924	$ 2,052	8%	1%	$ 2,057	$ 1,870	10%
Securitization gain	$ 3	$ 31	$ 49	(90%)	(94%)	$ 77	$ 79	(3%)

(1) Includes owned and securitized credit card loans.