

**MORGAN STANLEY DEAN WITTER ANNOUNCES  
RECORD QUARTERLY OPERATING RESULTS OF \$1.04  
BILLION;  
EARNINGS PER SHARE UP 60%**

NEW YORK, March 25, 1999 -- Morgan Stanley Dean Witter & Co. (NYSE:MWD) today reported record operating results of \$1,037 million for the quarter ended February 28, 1999 -- a 50 percent increase from \$691 million in last year's first quarter.<sup>1</sup> Diluted earnings per share were \$1.76 -- up 60 percent from \$1.10 a year ago.

First quarter net revenues (total revenues less interest expense and the provision for loan losses) increased to \$5.4 billion -- 33 percent higher than a year ago. The annualized return on average common equity for the first quarter was 29.5 percent.

Philip J. Purcell, Chairman, and John J. Mack, President, said in a joint statement,

“This was a great quarter, right on the heels of an excellent performance in 1998 when the environment was much tougher. This past quarter we were able to capitalize on the improved environment by achieving a substantial increase in earnings per share and an ROE of 29.5 percent -- well above our target rate of 18-20 percent. These results, and our post-merger gains in market share, confirm our belief that few financial firms can match the strength and diversity of our revenue streams.”

On February 9, the Company announced that it had agreed to acquire AB Asesores, Spain's largest independent financial services firm. AB Asesores has strategic positions in personal investment, asset management, institutional research and brokerage, and investment banking. Its 548 employees include 250 financial advisors who serve individual investors through sales of proprietary mutual funds and other financial products. At the end of 1998, it had \$4.35 billion in mutual fund assets under management.

## SECURITIES

Securities net income surged to a record \$755 million, up 55 percent from the first quarter of 1998. These results reflect outstanding performances across all of the Company's Securities businesses.

- A record quarter for investment banking was driven by record revenues from mergers and acquisitions, combined with excellent results in equity and investment grade debt underwriting. For the first two months of calendar 1999, the Company ranked first in the underwriting of worldwide equity and equity related issues and maintained strong competitive positions in announced global M&A transactions, and high yield and U. S. investment grade debt underwritings.<sup>2</sup>
- Institutional sales and trading also reported exceptionally strong results, achieving record quarters in equities, fixed income, foreign exchange and commodities. Internationally, the Company achieved excellent results in Europe and Japan.
- Individual securities achieved record quarterly revenues, primarily on the strength of increased sales of listed and over-the-counter equities, and higher revenues from the distribution of asset management products.
- The number of financial advisors in the Company's individual securities business, including Private Wealth Management (formerly Private Client Services), rose to 11,453, an increase of 215 during the quarter and more than 1,000 over the last twelve months. Client assets rose to \$470 billion -- \$62 billion higher than a year ago -- and the number of client accounts passed the 4 million mark.

## ASSET MANAGEMENT

Asset Management posted first quarter net income of \$147 million -- up 40 percent from a year ago. These results include a record quarter for the Company's Private Equity Group.

- The Company had \$385 billion of assets under management and administration at the end of the first quarter -- an increase of \$29 billion, or 8 percent, over a year ago.

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<sup>1</sup> All amounts for the three month period ended February 28, 1998 exclude a \$117 million charge resulting from an accounting change. See Page F-1 of Financial Summary, Note 1.

<sup>2</sup> Source: Securities Data Corp. -- January 1 to February 28, 1999.

- Retail assets increased \$8 billion for the quarter and \$26 billion from a year ago -- to stand at \$227 billion. Institutional assets increased \$1 billion for the quarter and \$3 billion from a year ago -- to stand at \$158 billion.
- Private Equity recognized first quarter investment gains of \$194 million compared with \$59 million a year ago. The gains were largely the result of a successful secondary offering of part of the Company's investment in Equant, a global data communications company, and a mark-to-market gain on its remaining Equant holdings.

### **CREDIT AND TRANSACTION SERVICES**

Credit and Transaction Services net income increased by 36 percent to \$135 million, versus \$99 million a year ago. Last year's first quarter net income included the results for SPS, Prime Option and BRAVO -- all of which were sold later in 1998.

- Credit quality, on a managed loan basis, improved from last year's first quarter, with the consumer loan charge-off rate declining to 6.28 percent from 7.50 percent. The over 30 days delinquency rate was 7.08 percent compared to 7.40 percent a year ago.
- Marketing and business development expenses increased 45 percent to \$266 million from last year's first quarter, due principally to the launch of the Discover Platinum card.
- Managed consumer loans of \$32.1 billion increased \$600 million from last year's first quarter after adjusting for the sales of receivables associated with Prime Option, SPS and BRAVO.

This quarter's earnings also included a \$36 million pretax gain associated with Discover Brokerage Direct's sale of part of its holdings in Knight/Trimark Group Inc.

- Discover Brokerage Direct had another quarter of record trading volume and has expanded its strategic Internet alliances to include Quicken and Excite. DBD is also currently exploring offering after-hours trading.

The Company repurchased approximately 4.6 million shares of its common stock since fiscal year end November 30, 1998. The Company also announced that its Board of Directors declared a

\$.24 quarterly dividend per common share. The dividend is payable on April 30, 1999 to common shareholders of record on April 16, 1999.

Total capital (shareholders' equity and long-term debt) at February 28, 1999 was \$39.4 billion, including \$15.2 billion of common and preferred shareholders' equity and preferred securities issued by subsidiaries. Book value per common share was \$24.93, based on period end shares outstanding of 570,589,670.

Morgan Stanley Dean Witter & Co. is a global financial services firm and a market leader in securities, asset management, and credit and transaction services. The Company has offices in New York, London, Tokyo, Hong Kong, and other principal financial centers around the world and has 450 securities branch offices throughout the United States.

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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 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 1998 Annual Report to Shareholders.

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

	Quarter Ended			Percentage Change From:	
	Feb 28, 1999	Feb 28, 1998	Nov 30, 1998	Feb 28, 1998	Nov 30, 1998
<b>Net revenues</b>					
Securities	\$ 3,832	\$ 2,764	\$ 2,558	39%	50%
Asset Management	712	577	583	23%	22%
Credit and Transaction Services	807	694	828	16%	(3%)
Consolidated net revenues	<u>\$ 5,351</u>	<u>\$ 4,035</u>	<u>\$ 3,969</u>	33%	35%
<b>Net income</b>					
Securities	\$ 755	\$ 487	\$ 620	55%	22%
Asset Management	147	105	357	40%	(59%)
Credit and Transaction Services	135	99	247	36%	(45%)
Income before cumulative effect of a change in accounting	1,037	691	1,224	50%	(15%)
Cumulative effect of a change in accounting (1)	0	(117)	0	*	--
Consolidated net income	<u>\$ 1,037</u>	<u>\$ 574</u>	<u>\$ 1,224</u>	81%	(15%)
Preferred stock dividend requirements	<u>\$ 11</u>	<u>\$ 15</u>	<u>\$ 12</u>	(27%)	(8%)
Earnings applicable to common shares	<u>\$ 1,026</u>	<u>\$ 559</u>	<u>\$ 1,212</u>	84%	(15%)
<b>Operating results (2)</b>					
Securities	\$ 755	\$ 487	\$ 620	55%	22%
Asset Management	147	105	175	40%	(16%)
Credit and Transaction Services	135	99	84	36%	61%
Operating results	<u>\$ 1,037</u>	<u>\$ 691</u>	<u>\$ 879</u>	50%	18%

- (1) Represents the effects of an accounting change adopted in the fourth quarter of fiscal 1998 (effective December 1, 1997) with respect to the accounting for offering costs paid by investment advisors of closed end funds where such costs are not specifically reimbursed through separate advisory contracts.
- (2) Excludes the effects of the net gain on sales of businesses in the quarter ended November 30, 1998 and the cumulative effect of a change in accounting in the quarter ended February 28, 1998.



**MORGAN STANLEY DEAN WITTER & CO.**  
**Financial Summary**  
**(unaudited)**

	Quarter Ended			Percentage Change From:	
	Feb 28, 1999	Feb 28, 1998	Nov 30, 1998	Feb 28, 1998	Nov 30, 1998
<b>Basic earnings per common share</b>					
Income before cumulative effect of a change in accounting	\$ 1.85	\$ 1.15	\$ 2.16	61%	(14%)
Cumulative effect of a change in accounting	\$ 0.00	\$ (0.20)	\$ 0.00	*	--
Net income	\$ 1.85	\$ 0.95	\$ 2.16	95%	(14%)
<b>Diluted earnings per common share</b>					
Income before cumulative effect of a change in accounting	\$ 1.76	\$ 1.10	\$ 2.07	60%	(15%)
Cumulative effect of a change in accounting	\$ 0.00	\$ (0.19)	\$ 0.00	*	--
Net income	\$ 1.76	\$ 0.91	\$ 2.07	93%	(15%)
Excluding gain on sales of businesses (1)	\$ 1.76	\$ 1.10	\$ 1.49	60%	18%
<b>Average common shares outstanding</b>					
Basic	553,935,578	586,751,340	560,108,890		
Diluted	584,593,156	616,377,562	585,533,337		
<b>Period end common shares outstanding</b>	570,589,670	605,005,581	565,670,808		
Return on common equity	29.5%	16.8%	37.5%		
Return on common equity (1)	29.5%	20.1%	27.0%		

(1) Excludes the effects of the net gain on sales of businesses in the quarter ended November 30, 1998 and the cumulative effect of a change in accounting in the quarter ended February 28, 1998.

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

	Quarter Ended			Percentage Change From:	
	Feb 28, 1999	Feb 28, 1998	Nov 30, 1998	Feb 28, 1998	Nov 30, 1998
Investment banking	\$ 957	\$ 800	\$ 733	20%	31%
Principal transactions:					
Trading	1,691	903	798	87%	112%
Investments	265	72	90	268%	194%
Commissions	665	547	587	22%	13%
Fees:					
Asset management, distribution and administration	714	676	714	6%	--
Merchant and cardmember	341	428	377	(20%)	(10%)
Servicing	253	171	270	48%	(6%)
Interest and dividends	3,480	3,933	4,007	(12%)	(13%)
Other	39	55	44	(29%)	(11%)
Total revenues	<u>8,405</u>	<u>7,585</u>	<u>7,620</u>	11%	10%
Interest expense	2,877	3,145	3,438	(9%)	(16%)
Provision for consumer loan losses	177	405	213	(56%)	(17%)
Net revenues	<u>5,351</u>	<u>4,035</u>	<u>3,969</u>	33%	35%
Compensation and benefits	2,363	1,788	1,222	32%	93%
Occupancy and equipment	146	140	152	4%	(4%)
Brokerage, clearing and exchange fees	114	121	136	(6%)	(16%)
Information processing and communications	309	267	307	16%	1%
Marketing and business development	395	294	477	34%	(17%)
Professional services	162	128	217	27%	(25%)
Other	190	165	197	15%	(4%)
Total non-interest expenses	<u>3,679</u>	<u>2,903</u>	<u>2,708</u>	27%	36%
Gain on sales of businesses	<u>0</u>	<u>0</u>	<u>685</u>	--	*
Income before income taxes and cumulative effect of a change in accounting	1,672	1,132	1,946	48%	(14%)
Income tax expense	635	441	722	44%	(12%)
Income before cumulative effect of a change in accounting	1,037	691	1,224	50%	(15%)
Cumulative effect of a change in accounting (1)	0	(117)	0	*	--
Net income	<u>\$ 1,037</u>	<u>\$ 574</u>	<u>\$ 1,224</u>	81%	(15%)
Preferred stock dividend requirements	<u>\$ 11</u>	<u>\$ 15</u>	<u>\$ 12</u>	(27%)	(8%)
Earnings applicable to common shares	<u>\$ 1,026</u>	<u>\$ 559</u>	<u>\$ 1,212</u>	84%	(15%)

(1) Represents the effects of an accounting change adopted in the fourth quarter of fiscal 1998 (effective December 1, 1997) with respect to the accounting for offering costs paid by investment advisors of closed end funds where such costs are not specifically reimbursed through separate advisory contracts.



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

	Quarter Ended			Percentage Change From:	
	Feb 28, 1999	Feb 28, 1998	Nov 30, 1998	Feb 28, 1998	Nov 30, 1998
Investment banking	\$ 957	\$ 800	\$ 733	20%	31%
Principal transactions:					
Trading	1,691	903	798	87%	112%
Investments	229	72	90	218%	154%
Commissions	652	539	577	21%	13%
Asset management, distribution and administration fees	712	676	713	5%	--
Interest and dividends	2,919	3,150	3,405	(7%)	(14%)
Other	39	53	44	(26%)	(11%)
Total revenues	<u>7,199</u>	<u>6,193</u>	<u>6,360</u>	16%	13%
Interest expense	<u>2,655</u>	<u>2,852</u>	<u>3,219</u>	(7%)	(18%)
Net revenues	<u>4,544</u>	<u>3,341</u>	<u>3,141</u>	36%	45%
Compensation and benefits	2,238	1,646	1,091	36%	105%
Occupancy and equipment	133	122	135	9%	(1%)
Brokerage, clearing and exchange fees	112	118	134	(5%)	(16%)
Information processing and communications	190	147	187	29%	2%
Marketing and business development	129	111	137	16%	(6%)
Professional services	140	105	192	33%	(27%)
Other	144	120	139	20%	4%
Total non-interest expenses	<u>3,086</u>	<u>2,369</u>	<u>2,015</u>	30%	53%
Gain on sales of businesses	<u>0</u>	<u>0</u>	<u>323</u>	--	*
Income before income taxes and cumulative effect of a change in accounting	1,458	972	1,449	50%	1%
Income tax expense	<u>556</u>	<u>380</u>	<u>472</u>	46%	18%
Income before cumulative effect of a change in accounting	902	592	977	52%	(8%)
Cumulative effect of a change in accounting (1)	0	(117)	0	*	--
Net income	<u>\$ 902</u>	<u>\$ 475</u>	<u>\$ 977</u>	90%	(8%)
Compensation and benefits as a % of net revenues	49%	49%	35%		
Non-compensation expenses as a % of net revenues	19%	22%	29%		
Profit margin (2)	20%	14%	31%		

(1) Represents the effects of an accounting change adopted in the fourth quarter of fiscal 1998 (effective December 1, 1997) with respect to the accounting for offering costs paid by investment advisors of closed end funds where such costs are not specifically reimbursed through separate advisory contracts.

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

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

	Quarter Ended			Percentage Change From:	
	Feb 28, 1999	Feb 28, 1998	Nov 30, 1998	Feb 28, 1998	Nov 30, 1998
Fees:					
Merchant and cardmember	\$ 341	\$ 428	\$ 377	(20%)	(10%)
Servicing	253	171	270	48%	(6%)
Principal transactions:					
Investments	36	0	0	*	*
Commissions	13	8	10	63%	30%
Asset management, distribution and administration	2	0	1	*	100%
Other	0	2	0	*	--
Total non-interest revenues	<u>645</u>	<u>609</u>	<u>658</u>	6%	(2%)
Interest revenue	561	783	602	(28%)	(7%)
Interest expense	<u>222</u>	<u>293</u>	<u>219</u>	(24%)	1%
Net interest income	339	490	383	(31%)	(11%)
Provision for consumer loan losses	<u>177</u>	<u>405</u>	<u>213</u>	(56%)	(17%)
Net credit income	162	85	170	91%	(5%)
Net revenues	<u>807</u>	<u>694</u>	<u>828</u>	16%	(3%)
Compensation and benefits	125	142	131	(12%)	(5%)
Occupancy and equipment	13	18	17	(28%)	(24%)
Brokerage, clearing and exchange fees	2	3	2	(33%)	--
Information processing and communications	119	120	120	(1%)	(1%)
Marketing and business development	266	183	340	45%	(22%)
Professional services	22	23	25	(4%)	(12%)
Other	46	45	58	2%	(21%)
Total non-interest expenses	<u>593</u>	<u>534</u>	<u>693</u>	11%	(14%)
Gain on sales of businesses	<u>0</u>	<u>0</u>	<u>362</u>	--	*
Income before income taxes	214	160	497	34%	(57%)
Income tax expense	<u>79</u>	<u>61</u>	<u>250</u>	30%	(68%)
Net income	<u>\$ 135</u>	<u>\$ 99</u>	<u>\$ 247</u>	36%	(45%)
Compensation and benefits as a % of net revenues	15%	20%	16%		
Non-compensation expenses as a % of net revenues	58%	56%	68%		
Profit margin (1)	17%	14%	30%		

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

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

	Quarter Ended			Percentage Change From:	
	Feb 28, 1999	Feb 28, 1998	Nov 30, 1998	Feb 28, 1998	Nov 30, 1998
Fees:					
Merchant and cardmember	\$ 472	\$ 533	\$ 522	(11%)	(10%)
Servicing	0	0	0	--	--
Principal transactions:					
Investments	36	0	0	*	*
Commissions	13	8	10	63%	30%
Asset management, distribution and administration	2	0	1	*	100%
Other	2	2	3	--	(33%)
Total non-interest revenues	<u>525</u>	<u>543</u>	<u>536</u>	(3%)	(2%)
Interest revenue	1,186	1,362	1,289	(13%)	(8%)
Interest expense	453	527	475	(14%)	(5%)
Net interest income	<u>733</u>	<u>835</u>	<u>814</u>	(12%)	(10%)
Provision for consumer loan losses	451	684	522	(34%)	(14%)
Net credit income	<u>282</u>	<u>151</u>	<u>292</u>	87%	(3%)
Net revenues	<u>807</u>	<u>694</u>	<u>828</u>	16%	(3%)
Compensation and benefits	125	142	131	(12%)	(5%)
Occupancy and equipment	13	18	17	(28%)	(24%)
Brokerage, clearing and exchange fees	2	3	2	(33%)	--
Information processing and communications	119	120	120	(1%)	(1%)
Marketing and business development	266	183	340	45%	(22%)
Professional services	22	23	25	(4%)	(12%)
Other	46	45	58	2%	(21%)
Total non-interest expenses	<u>593</u>	<u>534</u>	<u>693</u>	11%	(14%)
Gain on sales of businesses	0	0	362	--	*
Income before income taxes	214	160	497	34%	(57%)
Income tax expense	79	61	250	30%	(68%)
Net income	<u>\$ 135</u>	<u>\$ 99</u>	<u>\$ 247</u>	36%	(45%)
Compensation and benefits as a % of net revenues	15%	20%	16%		
Non-compensation expenses as a % of net revenues	58%	56%	68%		
Profit margin (1)	17%	14%	30%		

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

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

	Quarter Ended			Percentage Change From:	
	Feb 28, 1999	Feb 28, 1998	Nov 30, 1998	Feb 28, 1998	Nov 30, 1998
<b>MSDW</b>					
Period end common shares outstanding	570,589,670	605,005,581	565,670,808	(6%)	1%
Book value per common share	\$ 24.93	\$ 22.48	\$ 23.88	11%	4%
Shareholder's equity (millions) (1)	\$ 15,237	\$ 14,407	\$ 14,519	6%	5%
Total capital (millions) (2)	\$ 39,388	\$ 33,535	\$ 37,922	17%	4%
<b>SECURITIES (\$ billions)</b>					
<b>Individual Securities</b>					
Financial advisors	11,453	10,397	11,238	10%	2%
Client assets	\$ 470	\$ 408	\$ 438	15%	7%
<b>Institutional Securities (3)</b>					
Mergers and acquisitions announced transactions (4)					
MSDW global market volume	\$ 109.7	\$ 43.4	\$ 622.3		
Rank	2	3	3		
Worldwide equity and related issues (4)					
MSDW global market volume	\$ 10.5	\$ 3.3	\$ 32.6		
Rank	1	3	3		
<b>ASSET MANAGEMENT (\$ billions)</b>					
<b>Assets under management and administration</b>					
Products offered primarily to individuals					
Mutual funds					
Equity	\$ 77	\$ 71	\$ 75	8%	3%
Fixed income	56	52	57	8%	(2%)
Money markets	41	31	37	32%	11%
Total mutual funds	174	154	169	13%	3%
ICS Assets	20	16	19	25%	5%
Other	33	31	31	6%	6%
Products offered primarily to institutional clients					
Mutual funds	34	34	33	--	3%
Separate accounts, pooled vehicle and other arrangements	124	121	124	2%	--
<b>Total assets under management</b>	<b>\$ 385</b>	<b>\$ 356</b>	<b>\$ 376</b>	<b>8%</b>	<b>2%</b>

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

(2) Includes preferred equity, capital units and non-current portion of long-term debt.

(3) Source: Securities Data Corp.

(4) 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, 1999	Feb 28, 1998	Nov 30, 1998	Feb 28, 1998	Nov 30, 1998
<b>CREDIT AND TRANSACTION SERVICES</b>					
<b>Owned consumer loans</b>					
Period end	\$ 15,529	\$ 20,839	\$ 15,996	(25%)	(3%)
Average	\$ 16,420	\$ 21,752	\$ 16,822	(25%)	(2%)
<b>Managed consumer loans (1)</b>					
Period end	\$ 32,134	\$ 35,804	\$ 32,502	(10%)	(1%)
Average	\$ 32,900	\$ 36,828	\$ 33,126	(11%)	(1%)
Interest yield	14.06%	14.72%	14.72%	(0.66 pp)	(0.66 pp)
Interest spread	8.23%	8.46%	8.71%	(0.23 pp)	(0.48 pp)
Net charge-off rate	6.28%	7.50%	6.94%	(1.22 pp)	(0.66 pp)
Delinquency rate (over 30 days)	7.08%	7.40%	6.53%	(0.32 pp)	0.55 pp
General purpose credit card accounts (in millions)	37	40	38		
Discover/NOVUS Network increase in merchant locations (in thousands)	100	90	97		

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(1) Includes owned and securitized consumer loans.