

REPORT TO Shareholders

FIRST - HALF 1998

In this Issue...

- *BusinessWeek* Ranks MSDW
- New Mutual Funds
- Washington Report
- Discover Card News

First-half 1998 Highlights

Record Earnings: \$1,545 million

Per Share:

Earnings:

Basic	\$2.60
Diluted	\$2.47

Dividends Paid	\$0.40
Book Value (end of period)	\$22.15

Our New Name

At the annual meeting on March 24, 1998, our shareholders approved the new name for our Company: Morgan Stanley Dean Witter & Co. Morgan Stanley Dean Witter will be our corporate brand and will be used on most of our products and services.

The new name will replace Dean Witter on our 411 retail branch offices throughout the United States and in our print and television advertising. Our InterCapital mutual funds have also been renamed the Morgan Stanley Dean Witter funds.

We believe our name matters in today's highly competitive marketplace. We want a single global brand for our Company and we believe the name Morgan Stanley Dean Witter leverages our reputation, our experience and our commitment to quality service. It is a name that is instantly recognizable and that resonates with our clients.

We are pleased to report record earnings of \$1,545 million for the first half of fiscal 1998 – an increase of 33 percent from the first half of last year. Six-month diluted earnings per share were \$2.47, up 34 percent from a year ago.

Second-quarter net income was another record for our Company – \$854 million compared to \$590 million a year earlier. First-quarter net income was a strong \$691 million compared to \$571 million a year earlier.

Our record earnings have been reflected in a substantial increase in the price of Morgan Stanley Dean Witter (MSDW) common stock. Our share price was \$41.50 following consummation of the merger on May 31, 1997. On June 30, 1998, the price had appreciated 120 percent to stand at \$91.375 a share. Moreover, we have – since the merger – outperformed both the S&P 500® and the S&P Financial Index® by a significant margin.

Each of our three major businesses – Securities, Asset Management, and Credit and Transaction Services – has contributed to our growth.

It has been a terrific year so far for our Securities business, with net income of \$1,002 million in the first half – a 50 percent increase over last year. We've maintained a leadership position in global M&A transactions and have increased market share in most debt and equity underwriting categories. We posted strong results in institutional sales and trading worldwide, despite unsettled market conditions in Asia, and we now have 10,650 financial advisors serving our individual investor clients. Revenues in our Individual Securities business also rose to a record high in the second quarter.

Asset Management contributed net income of \$277 million in the first half, compared to \$236 million a year ago. The Company had \$374 billion of assets under management and supervision at the end of the second quarter, an increase of \$71 billion from a year ago.

Our third major business – Credit and Transaction Services – achieved net income of \$266 million, an increase of \$11 million compared to the first half of last year. While our Flagship Discover Card® continues to be a strong, vibrant brand, our Credit Services business has been hampered by the industry-wide problem of loan losses. We are encouraged by recent signs that our efforts to improve credit quality in our overall portfolio are beginning to have a positive effect, although it is too early to say this is a trend.

BusinessWeek Ranks MSDW

BusinessWeek magazine ranked MSDW 10th overall in its annual review of the companies that comprise the S&P 500 Index.

The company rankings are based on key measures of performance that include: growth in revenues, growth in earnings, total return to shareholders, profit margins and return on equity.

Discover Brokerage Direct Ranked #1

In February, Discover Brokerage Direct was named the top-rated "Overall On-line Broker" by *SmartMoney* magazine. In March it received *Barron's* highest overall rating for the third consecutive year. Both publications evaluated firms in this rapidly growing new business sector on the basis of commissions and fees, research support and access to news. *Barron's* also ranked brokers on ease of use and reliability.

In May 1998, Discover Brokerage Direct achieved an on-line industry first with the introduction of real-time U.S. Treasury trading 24 hours a day, five days a week.

Times Square Branch Office



MSDW's newest retail branch office is at 1585 Broadway, New York City, on the ground floor of the Company's corporate headquarters. It officially opened its doors on July 14. The branch's street-level Information Center

showcases cutting-edge technology designed to attract investors in the very high-traffic Times Square area. Viewed from the street, a multimedia cube suspended above the entranceway and video walls displays live financial news programs, commentary from MSDW research professionals, and information on financial products and services.

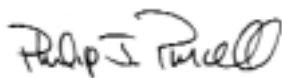
We encourage investors to visit our new branch Mon.- Fri. from 8:00 a.m. to 8:00 p.m. and Sat. from 10:00 a.m. to 5:00 p.m., or to call (212) 314-7900.

Our enthusiasm for the future of Morgan Stanley Dean Witter & Co. continues to be undiminished. The strengths of our new Company have proven to be greater than anyone anticipated. Our success since the merger will enable us to exit several businesses (in Credit Services and Global Custody and Clearing) in order to focus more intently on our core businesses and to pursue the enormous opportunities that lie before us.

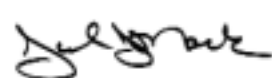
The financial services industry is in the midst of a period of rapid change and consolidation. We believe that our Company, with its global reach, broad customer base, reputation and proven abilities, is in a position to take full advantage of this change.

We are proud of our success and look forward to the future.

Sincerely,

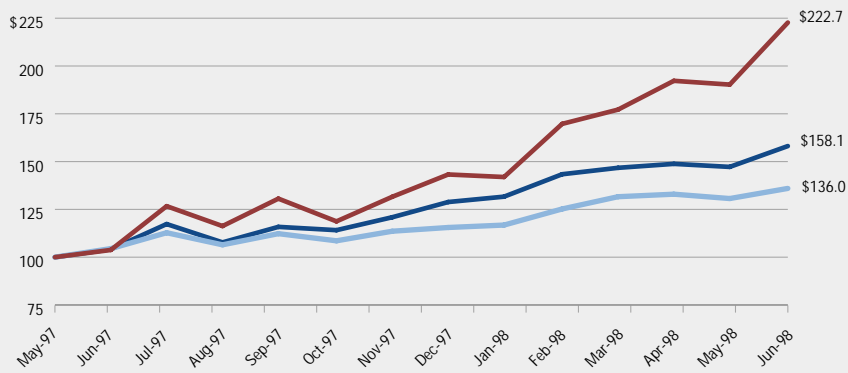


Philip J. Purcell
Chairman and Chief Executive Officer



John J. Mack
President and Chief Operating Officer

Cumulative Total Return on MWD Stock* Since the Merger
May 1997 - June 1998



*Stock Price Appreciation plus Dividends

— MWD — S&P 500® — S&P Financial Index®

Consolidated Income Statement Information (unaudited)

(dollars in millions, except per share data)

Dollars in millions, except per share data

	SIX MONTHS ENDED MAY 31,		PERCENTAGE CHANGE
	1998	1997	
Net Revenues			
Securities	\$5,779	\$4,364	32%
Asset Management	\$1,366	\$1,147	19%
Credit and Transaction Services	\$1,489	\$1,483	—
Consolidated net revenues	\$8,634	\$6,994	23%
Net Income			
Securities	\$1,002	\$670	50%
Asset Management	\$277	\$236	17%
Credit and Transaction Services	\$266	\$255	4%
Consolidated net income	\$1,545	\$1,161	33%
Preferred stock dividend requirements	\$29	\$37	(22%)
Earnings applicable to common shares	\$1,516	\$1,124	35%
Merger charges	\$0	\$63	*
Earnings applicable to common shares after merger charges	\$1,516	\$1,061	43%
Earnings per common share:			
Basic	\$2.60	\$1.84	41%
Diluted	\$2.47	\$1.75	41%
Diluted, excluding merger charges	\$2.47	\$1.85	34%
Diluted, excluding acquisition charges ⁽¹⁾	\$2.53	\$1.92	32%
Average common shares outstanding:			
Basic	583,502,306	575,301,529	
Diluted	614,179,415	607,771,801	
Period-end common shares outstanding	587,672,561	586,342,798	
Return on common equity	22.6%	19.5%	
Return on common equity excluding acquisition charges ⁽¹⁾	23.1%	21.4%	

(1) Excludes the effects of expenses associated with the merger of Dean Witter, Discover & Co. and Morgan Stanley Group Inc. and amortization of goodwill.

Consolidated Balance Sheet Information

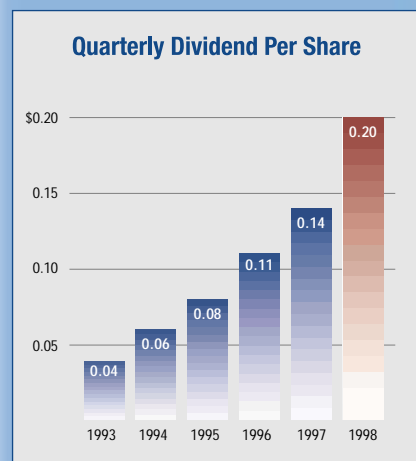
(dollars in millions)

	May 31, 1998	November 30, 1997
Total assets	\$380,665	\$302,287
Total liabilities	\$365,441	\$287,332
Capital units	\$999	\$999
Preferred securities issued by subsidiaries	\$400	—
Total shareholders' equity	\$13,825	\$13,956
Total liabilities and shareholders' equity	\$380,665	\$302,287
Total capital ⁽²⁾	\$36,604	\$33,577

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

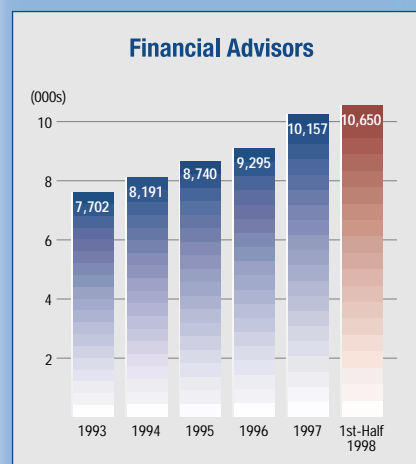
Dividend Growth

In January, the Company's Board of Directors declared a \$0.20 quarterly dividend per common share, a 43% increase from the previous quarter's \$0.14.



Second-largest Salesforce Servicing Individual Investors

During the first half, MSDW's professional Financial Advisors increased by 493 to a record 10,650. The total includes 208 advisors from the Company's Private Client Services Group. The number of our Financial Advisors has grown more rapidly over the past five years than any of our major full-service competitors in the U.S., and we believe that we now have the second-largest individual investor salesforce in the U.S.



Annual Stockholders Meeting

The Company's 1998 Annual Meeting of Stockholders was held on March 24, 1998 in Orlando, FL.

At the meeting, Chairman Philip J. Purcell reviewed the Company's 1997 results and the shareholders overwhelmingly approved the change of the Company's name to Morgan Stanley Dean Witter & Co.

The shareholders also re-elected four Directors: Robert P. Bauman; Edward A. Brennan; Diana D. Brooks; and Clarence B. Rogers, Jr. and approved the appointment of Deloitte & Touche LLP to serve as independent auditors for 1998.

Shareholder Services Information

Registered Shareholders and Share Purchase and Dividend Reinvestment Plan Inquiries

Morgan Stanley Dean Witter Trust FSB is the transfer agent for the Company's common stock and the Record Keeper for the Share Purchase and Dividend Reinvestment Plan. For assistance with address changes, lost or stolen certificates, and other matters relating to registered stockholders or the Plan, please contact:

Morgan Stanley Dean Witter Trust FSB
Harborside Financial Center, Plaza Two
Jersey City, NJ 07311-3977

Share Purchase and Dividend Reinvestment Plan 800-622-2393

Shareholder Inquiries

For general information about the Company and to request copies of the Company's Annual Report and other financial reports, please contact:

Shareholder Helpline 800-733-2307

Investor Relations

Security analysts, portfolio managers and representatives of financial institutions seeking information about the Company should contact:

Investor Relations 212-762-8131

Leadership in Investment Banking

Our new Company has maintained its leadership position in M&A and, as a result of the powerful combination of Morgan Stanley origination capability and Dean Witter distribution strength, increased its market share in most investment banking categories.

	June 1998		1997		1996	
	Rank	Market Share	Rank	Market Share	Rank	Market Share
1. Mergers & Acquisitions	Ranked #1 in Completed M&A Deals					
2. Worldwide Equity ⁽¹⁾	3	10.2%	2	9.5%	3	7.4%
3. U.S. Investment-Grade Debt	3	12.8%	3	12.4%	4	10.6%
4. High-Yield Debt	2	13.7%	3	10.4%	6	8.3%
5. Preferred Stock	3	12.7%	3	12.3%	3	13.7%
6. Asset-Backed Securities	1	14.2%	4	10.0%	3	10.2%

Source: Securities Data Corp.
(1) Includes equity-related issues.

Mutual Funds Competitive Edge

In January, MSDW launched and distributed solely through our branch sales network a mutual fund composed primarily of stocks from the Morgan Stanley Dean Witter research team's Competitive Edge "Best Ideas" list. It is one of the best examples to date of the combined strengths of our new Company. We believe that the initial offering, with sales of more than \$1.3 billion, was a record for an open-end mutual fund. Also, sales continued to be exceptional – reaching \$2 billion by the end of June.

Van Kampen American Capital Senior Income Trust

In June, we successfully completed a \$1.8 billion initial public offering of the Van Kampen American Capital Senior Income Trust, a closed-end fund listed on the New York Stock Exchange. The offering was the largest of its kind in the last ten years and the second largest in history for a closed-end fund. This transaction underlines the synergies gained through the Van Kampen acquisition and the merger between Morgan Stanley and Dean Witter: MSDW underwrites a Van Kampen fund, then distributes it through our branch sales network and our Private Client Sales group, as well as through numerous other distribution channels.

Washington Report

This year, Congress is considering landmark legislation that could significantly improve the ability of financial services providers in every industry segment to serve both retail and commercial customers. Morgan Stanley Dean Witter has been an active proponent of this legislation.

The "Financial Services Act of 1998" would modernize the regulatory structure of financial services and repeal decades-old restrictions on affiliations among banks, securities firms, and insurance companies. The Financial Services Act will allow U.S. financial companies to offer customers a full range of financial services, increase efficiency and convenience, and enhance the competitiveness of financial services providers in international markets.

The House of Representatives approved this legislation in May. It is awaiting consideration by the Senate. Morgan Stanley Dean Witter has supported the prompt enactment of financial modernization legislation through testimony before Congress and in meetings with key lawmakers and officials in the Clinton Administration.

Discover Card News Times Square Spectacular

May 21, 1998: Discover Card[®] made its Times Square debut by commanding the top sign at One Times Square in New York City. The billboard is situated 22 floors above the street and directly below the famed New Year's Eve Ball. Plans call for a Times Square first – a time-and-temperature display and a countdown to the millennium.