

**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                       | 525           | 543          | 536           | (3%)                    | (2%)         |
| Interest revenue                                  | 1,186         | 1,362        | 1,289         | (13%)                   | (8%)         |
| Interest expense                                  | 453           | 527          | 475           | (14%)                   | (5%)         |
| Net interest income                               | 733           | 835          | 814           | (12%)                   | (10%)        |
| Provision for consumer loan losses                | 451           | 684          | 522           | (34%)                   | (14%)        |
| Net credit income                                 | 282           | 151          | 292           | 87%                     | (3%)         |
| Net revenues                                      | 807           | 694          | 828           | 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                       | 593           | 534          | 693           | 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.