

Credit Rating Upgrade

On May 17, Standard & Poor's upgraded the Firm's senior debt rating to AA- and our commercial paper rating to A-1+. MSDW now has AA ratings for its senior debt and the highest commercial paper ratings possible from all of the major ratings agencies. S&P stated that its action reflects our commanding market position, broad global diversification and strong capital structure.

The upgrade has already had a beneficial effect. On June 6, we completed a \$3 billion global bond offering. The offering was the largest in our history and was extremely well received by investors.

Annual Meeting

The Company's 2000 Annual Meeting of Stockholders was held on April 6, 2000, at the offices of Morgan Stanley Dean Witter Trust in Jersey City, New Jersey.

Chairman Philip J. Purcell presided over the meeting and President John J. Mack reviewed the Company's 1999 results. The stockholders elected Philip J. Purcell, John J. Mack, C. Robert Kidder and Michael A. Miles as Directors, and approved an amendment to the Company's charter increasing from 1.75 billion to 3.5 billion the number of shares of common stock the Company is authorized to issue. The stockholders also rejected shareholder proposals to declassify the Board of Directors and to issue a report reviewing the Company's underwriting criteria.

Shareholder Services Information

Registered shareholder inquiries, including assistance with address changes or lost stock certificates, and inquiries regarding the Company's Share Purchase and Dividend Reinvestment Plan, should be addressed to Morgan Stanley Dean Witter Trust FSB, Harborside Financial Center, Plaza Two, Jersey City, NJ 07311-3977.

Phone: 1-800-622-2393

General information about the Company and copies of the Company's Annual Report and other financial reports can be obtained at:

Online: <http://www.msdw.com>

Shareholder Helpline: 1-800-733-2307

Investor Relations

Security analysts, portfolio managers and representatives of institutional investors seeking information about the Company should contact Investor Relations at 212-762-8131.

Customer Service Phone Numbers

Private Client Group

Branch Office Locator	1-877-937-MSDW
MSDW Online	1-800-688-6896
AAA Client Services	1-800-869-DEAN
MSDW Online Client Services	1-888-454-DWOL

Asset Management

MSDW Family of Funds	1-800-869-FUND
MSDW Institutional/MAS Funds	1-800-548-7786
MSDW Closed End Funds	1-800-221-6726
Van Kampen Funds	1-800-341-2911

Discover Financial Services

Discover Card Services	1-800-347-2683
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report to Shareholders



Dear Shareholders,

Our Company's strong growth and high performance continued in our first half of 2000, following record-breaking full-year results in 1999. Fiscal first-half earnings of \$3.0 billion were our highest ever—37 percent higher than last year's record mark. Six-month diluted earnings per share were \$2.60—up 41 percent from a year ago. And our return on equity of 34.7 percent continued to be well above our goal of 18–20 percent over the course of the business cycle.

We believe everyone at Morgan Stanley Dean Witter should take pride in the remarkable growth of our Company since the merger three years ago. One very dramatic illustration of this is our first-half earnings of \$3.0 billion, which are significantly higher than the record \$2.6 billion we earned for the full year in 1997. Our earnings have grown at a compounded annual rate of more than 40 percent over the past three years, much higher than almost all our major competitors. We are a growth leader in a growth industry.

Our Company's growth has been reflected in an impressive return on our shareholders' investment. The cumulative total return on MWD stock (share price appreciation plus dividends) from May 30, 1997, to July 14, 2000, has been 380 percent, compared to 86 percent for the S&P 500 and 142 percent for the S&P Financial Index over the same period. While it is difficult to quarrel too much with the market performance of our stock, we still believe that at its current price/earnings ratio of 18, it is undervalued compared to the overall S&P price/earnings level of 25.

As we have often stated over the past three years, there are few companies in any industry that can match our global reach and the balance and diversity of our revenue streams. This has been one of the main reasons for our consistent growth, and in the last six months each of our major businesses—securities, asset management and credit services—has continued to perform exceptionally well.

Securities

Our securities business achieved record net income of \$2.3 billion in the first half—an increase of 42 percent from a year ago. Both institutional securities and our private client group produced record revenues. We believe that no other firm today can match our overall strength in the securities business: global leadership positions in M&A, equity underwriting, debt underwriting, and securities sales and trading; strong franchises in foreign exchange and commodities; the second largest U.S. retail sales force; \$660 billion in individual client assets; and leadership in providing new technology platforms for both institutional and individual clients. We believe we have the world's pre-eminent securities franchise and we intend to continue expanding that franchise.

Our Company is proud of our record of growth and we are committed to seeing that it continues.

Asset Management

Our asset management business also had a strong first half, with net income of \$314 million—up 48 percent from the first six months of 1999. With \$445 billion in assets under management, 49 funds ranked five or four star by *Morningstar*, and 9 new funds introduced in the past year, we have built a very substantial asset management business. Our goal in all our businesses is to be at least among the top three in market share. We believe we are already in the top three in terms of the pre-tax profitability of our asset management business, and we are on track to reach our goal by other measures as well.

Credit Services

Credit services net income for the first half increased to \$354 million, including \$212 million in the second quarter—the best quarter in its history. The resurgent growth in our flagship Discover Card has continued in the first half of the year, with new records in both transaction volume and receivables as well as increases in new accounts and the number of merchant locations.

We have also benefited from the continued improvement in credit quality—in the second quarter the net consumer loan charge-off rate declined to the lowest level in almost five years. Positioning itself for future growth, Discover Card has significantly expanded its presence in e-commerce, including the addition of more than one million registered Internet accounts in the past year.

In this year's annual report, we said that our Company was entering the new millennium in the strongest position in history, and—six months later—that has not changed. If anything, we believe we are even stronger. We have been able to expand almost all our businesses, and we have stayed at the forefront of the rapid changes now occurring in financial services and the new economy. Our Company is proud of our record of growth and we are committed to seeing that it continues. We hope that all our fellow shareholders are as excited about the future as we are.

Sincerely,



Philip J. Purcell
Chairman & CEO



John J. Mack
President & COO

July 31, 2000

MSDW Ranks High in Forbes 500

Forbes magazine has ranked MSDW 11th overall in its annual ranking of the 500 largest companies in the U.S.—up from 15th in last year's survey. Forbes selects its top 500 companies based on a composite score of sales, profits, assets and market value. MSDW placed 7th in assets, 18th in profits, 28th in market value and 29th in sales.

Equity Research Gains #1 Spot

MSDW's Equity Research team placed first in *TheStreet.com's* first annual "Analyst Rankings" poll, with a score of 367 compared to 351 for Salomon Smith Barney and 283 for Merrill Lynch. Our analysts achieved 12 individual first-place rankings and 13 best team awards. In other honors, our Fixed Income Research team achieved second place in *Institutional Investor's* 2000 All-Global Fixed Income Research Team Poll. We achieved three #1 positions—the highest, along with Goldman Sachs, for any research house. Also, *Investment Dealer's Digest* has named us "Bank of the Year" for our overall leadership in investment banking and our role in many of 1999's most important Internet and telecommunications deals.

Market Cap Tops \$100 Billion Mark

MSDW's market capitalization (share price times total shares outstanding) reached \$109 billion on July 14, compared to \$57 billion a year ago. By this measure, we were the fourth-largest financial services company in the world.

1. Citigroup	\$229 billion
2. American International Group	\$185 billion
3. HSBC	\$110 billion

4. Morgan Stanley Dean Witter \$109 billion

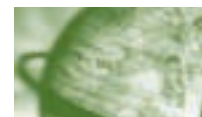
5. Allianz AG	\$91 billion
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New Highs in Institutional Securities

Our institutional securities business had a remarkable first six months of the year. Net revenues increased by more than 41% compared to the same period last year, and new all-time highs were achieved in both underwriting and secondary market sales and trading. At the end of June, we ranked #1 in global M&A announced transactions. Our Institutional Equity Division had a record six months and, at the close of our fiscal second quarter, we ranked first in North America and second worldwide in equity and equity-related underwritings.

Unmatched Global Reach

Our Company continued to benefit from the global breadth of our institutional securities franchise. Several recent highlights include:



- During May and June, we managed or joint-managed \$18.6 billion of equity financings for European clients in seven different countries.
- We led a \$5.0 billion initial public offering for China Unicom Limited (Unicom)—the largest ever IPO by a Chinese company and the largest ever international equity distribution by an Asian issuer.
- We joint lead-managed a \$14.5 billion global bond offering for Deutsche Telekom, the largest global corporate bond offering ever and the first simultaneous four-currency transaction.

Schaefer to Head Private Client Group

John H. Schaefer has been named President and Chief Operating Officer at MSDW's private client group, succeeding James F. Higgins, who will become Chairman of that unit. John has been MSDW's Chief Administrative and Strategic Officer and is a member of the Firm's management committee.

In making the announcement, Chairman and CEO Philip J. Purcell said, "John joined firm management three years ago after being a line manager for most of his career. This change returns him to a role in which he has excelled—leading highly talented financial services professionals."

Purcell paid tribute to Jim Higgins for "leading the private client group to unprecedented growth in all areas of its business—financial advisors, branches, clients, client assets, and proprietary mutual funds."

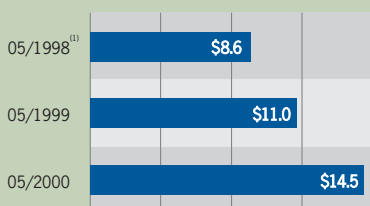
Discover's Growth Continues

Discover® Card continues to achieve vigorous sales and business growth in the extremely competitive credit card industry. Milestones achieved during the first six months of the year include:

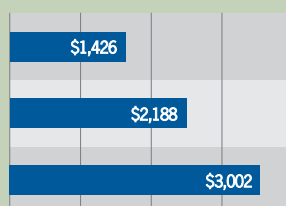


- A 43% increase in total transaction volume—to a record \$45.4 billion.
- A \$10.9 billion, or 33%, increase in consumer loans from a year ago—to a new high of \$43.7 billion.
- The addition of 3.2 million new cardmember accounts—of which over 300,000 have been signed up online.
- The enrollment of over 270,000 new merchant locations, bringing total merchant acceptance to 3.6 million.

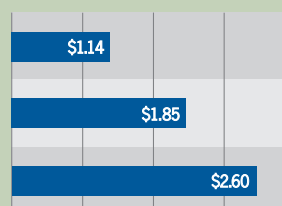
Net Revenues (\$ Billions)



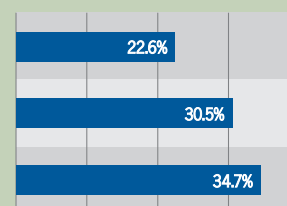
Net Income (\$ Millions)



Diluted EPS



Return on Common Equity



(1) Excludes the cumulative effect of an accounting change adopted in the fourth quarter of fiscal 1998 (effective December 1, 1997) with respect to the accounting for the offering costs paid by investment advisors of certain closed end funds.

Leadership in Asset Management

Assets under management increased \$40 billion, or 10%, over the past twelve months to stand at \$445 billion on May 31, 2000. The new Van Kampen Select Growth Fund, raised approximately \$890 million, making it MSDW's second largest equity fund initial offering ever.



As of June 30, *Morningstar* gave overall ratings of five or four stars to 49 funds offered by MSDW. MSDW has the second highest number of domestic funds receiving *Morningstar's* two highest ratings.

John W. Madigan Joins Board

John W. Madigan was elected to the Board of Directors effective July 1, 2000. Mr. Madigan is Chairman, President and Chief Executive Officer of Tribune Company, a leading media company with television, radio, broadcasting, newspaper publishing and interactive businesses.

Report on E-Commerce Initiatives

MSDW's E-Commerce Steering Committee has completed a six-month review of how the Firm has mobilized resources across the full range of its businesses to meet the opportunities provided by new technologies, new business models and the Internet. Highlights include:

- Participation in over 20 industry consortia to develop electronic exchanges and alternative trading systems. Jiway, a joint venture of MSDW and OM Group of Sweden, creates an electronic, pan-European exchange with access to more than 6,000 stocks. BondBookSM creates a new electronic market in fixed income securities. FXallTM will offer clients electronic access to a range of foreign exchange services. The IntercontinentalExchangeSM will provide an online market in energy and other commodities.
- The successful launch of the *i*choiceSM platform by our private client group, and the combination, planned for early next year, of the front-end of MSDW Online with the powerful back-end processing capabilities of our traditional retail securities business.
- A range of initiatives at Discover Card, including expanded links for online shopping and electronic payments.
- Leadership of our Investment Banking Division in advising more than 80 companies with a market capitalization of over \$2.3 trillion on the formation of business-to-business exchanges in a variety of industries.



Consolidated Income Statement Information (unaudited)

(dollars in millions, except per share data)

	Six Months Ended May 31,	1999	Percentage Change
Net Revenues	2000		
Securities	\$11,372	\$8,338	36%
Asset Management	1,229	1,022	20%
Credit Services	1,878	1,624	16%
Consolidated Net Revenues	<u>\$14,479</u>	<u>\$10,984</u>	32%
Net Income			
Securities	\$2,334	\$1,641	42%
Asset Management	314	212	48%
Credit Services	354	335	6%
Consolidated Net Income	<u>\$3,002</u>	<u>\$2,188</u>	37%
Preferred Stock Dividend Requirements	18	21	(14%)
Earnings Applicable to Common Shares	<u>\$2,984</u>	<u>\$2,167</u>	38%
Basic Earnings per Common Share	\$2.72	\$1.96	39%
Diluted Earnings per Common Share	\$2.60	\$1.85	41%
Average Common Shares Outstanding:			
Basic	1,096,007,767	1,107,576,394	
Diluted	1,146,322,769	1,171,016,370	
Period-end Common Shares Outstanding	1,124,979,347	1,133,573,998	
Return on Common Equity	34.7%	30.5%	

Consolidated Balance Sheet Information

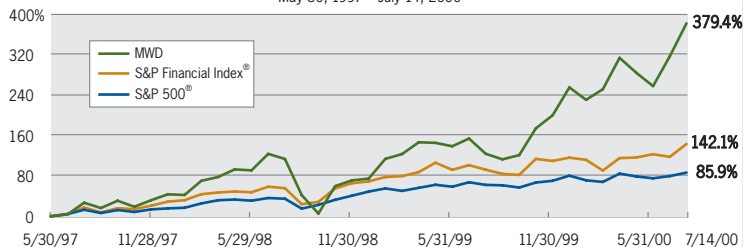
(dollars in millions)

	May 31, 2000	November 30, 1999
Total Assets	<u>\$417,586</u>	<u>\$342,345</u>
Total Liabilities	\$398,637	\$325,949
Capital Units	\$439	\$647
Preferred Securities Issued by Subsidiaries	\$400	\$400
Total Shareholders' Equity	\$18,110	\$15,349
Total Liabilities and Shareholders' Equity	<u>\$417,586</u>	<u>\$342,345</u>
Total Capital ⁽¹⁾	<u>\$46,954</u>	<u>\$40,007</u>

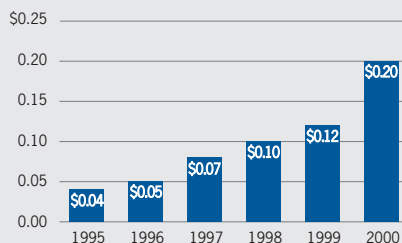
(1) Includes preferred and common equity, preferred securities issued by subsidiaries, capital units and non-current portion of long term debt.

Cumulative Total Return on MWD Stock Since the Merger

May 30, 1997 – July 14, 2000



Quarterly Dividend Per Share



Dividend Growth

In December, the Company's Board of Directors declared a \$0.20 quarterly dividend per common share, a 67% increase from the previous quarter's \$0.12.