UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

**Annual report pursuant to section 13 or 15(d) of
The Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2005	Commission file number 1-5805

JPMorgan Chase & Co.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	13-2624428 (I.R.S. employer identification no.)
270 Park Avenue, New York, NY (Address of principal executive offices)	10017 (Zip code)

Registrant's telephone number, including area code: (212) 270-6000
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	
Common stock	Indexed Linked Notes on the S&P 500® Index due November 26, 2007
Depositary shares representing a one-tenth interest in 6 5/8% cumulative preferred stock (stated value—$500)	JPMorgan Market Participation Notes on the S&P 500® Index due March 12, 2008
6 1/8% subordinated notes due 2008	Capped Quarterly Observation Notes Linked to S&P 500® Index due September 22, 2008
6.75% subordinated notes due 2008	Capped Quarterly Observation Notes Linked to S&P 500® Index due October 30, 2008
6.50% subordinated notes due 2009	Capped Quarterly Observation Notes Linked to S&P 500® Index due January 21, 2009
Guarantee of 7.50% Capital Securities, Series I, of J.P. Morgan Chase Capital IX	JPMorgan Market Participation Notes on the S&P 500® Index due March 31, 2009
Guarantee of 7.00% Capital Securities, Series J, of J.P. Morgan Chase Capital X	Capped Quarterly Observation Notes Linked to S&P 500® Index due July 7, 2009
Guarantee of 5 7/8% Capital Securities, Series K, of J.P. Morgan Chase Capital XI	Capped Quarterly Observation Notes Linked to S&P 500® Index due September 21, 2009
Guarantee of 6.25% Capital Securities, Series L, of J.P. Morgan Chase Capital XII	Consumer Price Indexed Securities due January 15, 2010
Guarantee of 6.20% Capital Securities, Series N, of JPMorgan Chase Capital XIV	Principal Protected Notes Linked to S&P 500® Index due September 30, 2010
Guarantee of 6.35% Capital Securities, Series P, JPMorgan Chase Capital XVI	
Guarantee of 7.20% Preferred Securities of BANK ONE Capital VI	

The Indexed Linked Notes, JPMorgan Market Participation Notes, Capped Quarterly Observation Notes, Consumer Price Indexed Securities and Principal Protected Notes are listed on the American Stock Exchange; all other securities named above are listed on the New York Stock Exchange.

Securities registered pursuant to Section 12(g) of the Act: none

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ○ No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ○ Yes ☒ No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ○ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): ☒ Large accelerated filer ○ Accelerated filer ○ Non-accelerated filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ○ Yes ☒ No

The aggregate market value of JPMorgan Chase & Co. common stock held by non-affiliates of JPMorgan Chase & Co. on June 30, 2005 was approximately $123,459,434,538.

Number of shares of common stock outstanding on January 31, 2006: 3,485,553,836

Documents Incorporated by Reference: Portions of the Registrant's proxy statement for the annual meeting of stockholders to be held on May 16, 2006, are incorporated by reference in this Form 10-K in response to Items 10, 11, 12, 13 and 14 of Part III.

Form 10-K Index

Part I

Item 1: Business

Effective July 1, 2004, Bank One Corporation ("Bank One") merged with and into JPMorgan Chase & Co. (the "Merger"), pursuant to an Agreement and Plan of Merger dated January 14, 2004. As a result of the Merger, each outstanding share of common stock of Bank One was converted in a stock-for-stock exchange into 1.32 shares of common stock of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"). The Merger was accounted for using the purchase method of accounting. The purchase price to complete the Merger was $58.5 billion.

Bank One's results of operations were included in the Firm's results beginning July 1, 2004. Therefore, the results of operations for the 12 months ended December 31, 2004, reflect six months of operations of the combined Firm and six months of heritage JPMorgan Chase; the results of operations for all other periods prior to 2004 reflect only the operations of heritage JPMorgan Chase.

Overview

JPMorgan Chase is a financial holding company incorporated under Delaware law in 1968. JPMorgan Chase is one of the largest banking institutions in the United States, with $1.2 trillion in assets, $107 billion in stockholders' equity and operations worldwide.

JPMorgan Chase's principal bank subsidiaries are JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank"), a national banking association with branches in 17 states, and Chase Bank USA, National Association ("Chase USA"), a national banking association that is the Firm's credit card-issuing bank. JPMorgan Chase's principal nonbank subsidiary is J.P. Morgan Securities Inc. ("JPMSI"), its U.S. investment banking firm. The bank and nonbank subsidiaries of JPMorgan Chase operate nationally as well as through overseas branches and subsidiaries, representative offices and subsidiary foreign banks.

The Firm's website is www.jpmorganchase.com. JPMorgan Chase makes available free of charge, through its website, annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as soon as reasonably practicable after it electronically files such material with, or furnishes such material to, the Securities and Exchange Commission (the "SEC"). The Firm has adopted, and posted on its website, a Code of Ethics for its Chairman, Chief Executive Officer, Chief Financial Officer, Chief Accounting Officer and other senior financial officers.

Business segments

JPMorgan Chase's activities are organized, for management reporting purposes, into six business segments (Investment Bank, Retail Financial Services, Card Services, Commercial Banking, Treasury & Securities Services and Asset & Wealth Management) and Corporate, which includes its Private Equity and Treasury businesses, as well as corporate support functions. A description of the Firm's business segments and the products and services they provide to their respective client bases is provided in the "Business segment results" section of Management's discussion and analysis ("MD&A"), beginning on page 34, and in Note 31 on page 130.

Competition

JPMorgan Chase and its subsidiaries and affiliates operate in a highly competitive environment. Competitors include other banks, brokerage firms, investment banking companies, merchant banks, insurance companies, mutual fund companies, credit card companies, mortgage banking companies, hedge funds, trust companies, automobile financing companies, leasing companies, e-commerce and other Internet-based companies, and a variety of other financial services and advisory companies. JPMorgan Chase's businesses compete with these other firms with respect to the quality and range of products and services offered and the types of clients, customers, industries and geographies served. With respect to some of its geographies and products, JPMorgan Chase competes globally; with respect to others, the Firm competes on a regional basis. JPMorgan Chase's ability to compete effectively depends upon the relative performance of its products, the degree to which the features of its products appeal to customers, and the extent to which the Firm is able to meet its clients' objectives or needs. The Firm's ability to compete also depends upon its ability to attract and retain its professional and other personnel, and on its reputation.

The financial services industry has experienced consolidation and convergence in recent years, as financial institutions involved in a broad range of financial products and services have merged. This convergence trend is expected to continue. Consolidation could result in competitors of JPMorgan Chase gaining greater capital and other resources, such as a broader range of products and services and geographic diversity. It is possible that competition will become even more intense as the Firm continues to compete with other financial institutions that may be larger or better capitalized, or that may have a stronger local presence in certain geographies. For a discussion of certain risks relating to the Firm's competitive environment, see the Risk factors on page 4.

Supervision and regulation

Permissible business activities: The Firm is subject to regulation under state and federal law, including the Bank Holding Company Act of 1956, as amended (the "BHCA"). JPMorgan Chase elected to become a financial holding company as of March 13, 2000 pursuant to the provisions of the 1999 Gramm-Leach-Bliley Act ("GLBA").

Under regulations implemented by the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), if any depository institution controlled by a financial holding company ceases to meet certain capital or management standards, the Federal Reserve Board may impose corrective capital and/or managerial requirements on the financial holding company and place limitations on its ability to conduct the broader financial activities permissible for financial holding companies. In addition, the Federal Reserve Board may require divestiture of the holding company's depository institutions if the deficiencies persist. The regulations also provide that if any depository institution controlled by a financial holding company fails to maintain a satisfactory rating under the Community Reinvestment Act ("CRA"), the Federal Reserve Board must prohibit the financial holding company and its subsidiaries from engaging in any additional activities other than those

permissible for bank holding companies that are not financial holding companies. At December 31, 2005, the depository-institution subsidiaries of JPMorgan Chase met the capital, management and CRA requirements necessary to permit the Firm to conduct the broader activities permitted under GLBA. However, there can be no assurance that this will continue to be the case in the future.

Regulation by Federal Reserve Board under GLBA: Under GLBA's system of "functional regulation," the Federal Reserve Board acts as an "umbrella regulator," and certain of JPMorgan Chase's subsidiaries are regulated directly by additional authorities based upon the particular activities of those subsidiaries. JPMorgan Chase Bank and Chase USA are regulated by the Office of the Comptroller of the Currency ("OCC"). The Firm's securities and investment advisory activities are regulated by the SEC, and insurance activities are regulated by state insurance commissioners.

Dividend restrictions: Federal law imposes limitations on the payment of dividends by the subsidiaries of JPMorgan Chase that are national banks. Nonbank subsidiaries of JPMorgan Chase are not subject to those limitations. The amount of dividends that may be paid by national banks, such as JPMorgan Chase Bank and Chase USA, is limited to the lesser of the amounts calculated under a "recent earnings" test and an "undivided profits" test. Under the recent earnings test, a dividend may not be paid if the total of all dividends declared by a bank in any calendar year is in excess of the current year's net income combined with the retained net income of the two preceding years, unless the national bank obtains the approval of the OCC. Under the undivided profits test, a dividend may not be paid in excess of a bank's "undivided profits." See Note 23 on page 121 for the amount of dividends that the Firm's principal bank subsidiaries could pay, at January 1, 2006 and 2005, to their respective bank holding companies without the approval of their banking regulators.

In addition to the dividend restrictions described above, the OCC, the Federal Reserve Board and the Federal Deposit Insurance Corporation (the "FDIC") have authority to prohibit or to limit the payment of dividends by the banking organizations they supervise, including JPMorgan Chase and its bank and bank holding company subsidiaries, if, in the banking regulator's opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization.

Capital requirements: Federal banking regulators have adopted risk-based capital and leverage guidelines that require the Firm's capital-to-assets ratios to meet certain minimum standards.

The risk-based capital ratio is determined by allocating assets and specified off-balance sheet financial instruments into four weighted categories, with higher levels of capital being required for the categories perceived as representing greater risk. Under the guidelines, capital is divided into two tiers: Tier 1 capital and Tier 2 capital. The amount of Tier 2 capital may not exceed the amount of Tier 1 capital. Total capital is the sum of Tier 1 capital and Tier 2 capital. Under the guidelines, banking organizations are required to maintain a Total capital ratio (total capital to risk-weighted assets) of 8% and a Tier 1 capital ratio of 4%.

Tier 1 components: Capital surplus, common stock and noncumulative perpetual preferred stock are the most basic components of Tier 1 capital. The Federal Reserve Board also permits cumulative perpetual preferred securities to be included in Tier 1 capital but only up to certain limits. On March 1, 2005, the Federal Reserve Board issued a final rule, which became effective April 11, 2005, that continues the inclusion of trust preferred securities in Tier 1 capital, subject to stricter quantitative limits and revised qualitative standards, and broadens the definition of restricted core capital elements. The rule provides for a five-year transition period. As an internationally active bank holding company, JPMorgan Chase is subject to the rule's limitation on restricted core capital elements, including trust preferred securities, to 15% of total core capital elements, net of goodwill less any associated deferred tax liability. At December 31, 2005, JPMorgan Chase's restricted core capital elements were 16.5% of total core capital elements. JPMorgan Chase expects to be in compliance with the 15% limit by the March 31, 2009, implementation date. Trust preferred securities are generally issued by a special-purpose trust established and owned by JPMorgan Chase. Proceeds from the issuance to the public of the trust preferred securities are lent to the Firm for at least 30 (but not more than 50) years. The intercompany note that evidences this loan provides that the interest payments by JPMorgan Chase on the note may be deferred for up to five years. During the period of any such deferral, no payments of dividends may be made on any outstanding JPMorgan Chase preferred or common stock or on the outstanding trust preferred securities issued to the public. As a result of the Firm's implementation of Financial Accounting Standards Board ("FASB") Interpretation No. 46, *Consolidation of Variable Interest Entities* ("FIN 46"), JPMorgan Chase does not consolidate these trusts on its balance sheet.

Tier 2 components: Long-term subordinated debt (generally having an original maturity of 10–12 years) is the primary form of JPMorgan Chase's Tier 2 capital.

The federal banking regulators also have established minimum leverage ratio guidelines. The leverage ratio is defined as Tier 1 capital divided by average total assets (net of the allowance for loan losses, goodwill and certain intangible assets). The minimum leverage ratio is 3% for bank holding companies that are considered "strong" under Federal Reserve Board guidelines or which have implemented the Federal Reserve Board's risk-based capital measure for market risk. Other bank holding companies must have a minimum leverage ratio of 4%. Bank holding companies may be expected to maintain ratios well above the minimum levels, depending upon their particular condition, risk profile and growth plans.

The risk-based capital requirements explicitly identify concentrations of credit risk, certain risks arising from non-traditional banking activities, and the management of those risks as important factors to consider in assessing an institution's overall capital adequacy. Other factors taken into consideration by federal regulators include: interest rate exposure; liquidity, funding and market risk; the quality and level of earnings; the quality of loans and investments; the effectiveness of loan and investment policies; and management's overall ability to monitor and control financial and operational risks, including the risks presented by concentrations of credit and non-traditional banking activities. In addition, the risk-based capital rules incorporate a measure for market risk in foreign exchange and commodity activities and in the trading of debt and equity instruments. The market risk-based capital rules require banking organizations with large trading activities (such as JPMorgan Chase) to maintain capital for market risk in an amount calculated by using the banking organizations' own internal Value-at-Risk models (subject to parameters set by the regulators).

The minimum risk-based capital requirements adopted by the federal banking agencies follow the Capital Accord of the Basel Committee on Banking Supervision. The Basel Committee has proposed a revision to the Accord ("Basel II"). U.S. banking regulators are in the process of incorporating the Basel II Framework into the existing risk-based capital requirements.

JPMorgan Chase will be required to implement advanced measurement techniques in the U.S. by employing internal estimates of certain key risk drivers to derive capital requirements. Prior to implementation of the new Basel II Framework, JPMorgan Chase will be required to demonstrate to its U.S. bank supervisors that internal criteria meet the relevant supervisory standards. JPMorgan Chase expects to be in compliance within the established timelines with all relevant Basel II rules.

FDICIA: The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") provides a framework for regulation of depository institutions and their affiliates, including parent holding companies, by their federal banking regulators; among other things, it requires the relevant federal banking regulator to take "prompt corrective action" with respect to a depository institution if that institution does not meet certain capital adequacy standards.

Supervisory actions by the appropriate federal banking regulator under the "prompt corrective action" rules generally depend upon an institution's classification within five capital categories. The regulations apply only to banks and not to bank holding companies such as JPMorgan Chase; however, subject to limitations that may be imposed pursuant to GLBA, the Federal Reserve Board is authorized to take appropriate action at the holding company level, based upon the undercapitalized status of the holding company's subsidiary banking institutions. In certain instances relating to an undercapitalized banking institution, the bank holding company would be required to guarantee the performance of the undercapitalized subsidiary and might be liable for civil money damages for failure to fulfill its commitments on that guarantee.

FDIC Insurance Assessments: FDICIA also requires the FDIC to establish a risk-based assessment system for FDIC deposit insurance. Under the FDIC's risk-based insurance premium assessment system, each depository institution is assigned to one of nine risk classifications based upon certain capital and supervisory measures and, depending upon its classification, is assessed insurance premiums on its deposits. In February 2006, a bill intended to reform the deposit insurance system was enacted. This law will generally not be effective until the FDIC issues final regulations implementing the new law. It is not possible to fully assess the impact of the law until such final regulations are promulgated.

Powers of the FDIC upon insolvency of an insured depository institution: An FDIC-insured depository institution can be held liable for any loss incurred or expected to be incurred by the FDIC in connection with another FDIC-insured institution under common control, with such institution being "in default" or "in danger of default" (commonly referred to as "cross-guarantee" liability). An FDIC cross-guarantee claim against a depository institution is generally superior in right of payment to claims of the holding company and its affiliates against such depository institution.

If the FDIC is appointed the conservator or receiver of an insured depository institution upon its insolvency or in certain other events, the FDIC has the power: (1) to transfer any of the depository institution's assets and liabilities to a new obligor without the approval of the depository institution's creditors; (2) to enforce the terms of the depository institution's contracts pursuant to their terms; or (3) to repudiate or disaffirm any contract or lease to which the depository institution is a party, the performance of which is determined by the FDIC to be burdensome and the disaffirmation or repudiation of which is determined by the FDIC to promote the orderly administration of the depository institution. The above provisions would be applicable to obligations and liabilities of JPMorgan Chase's subsidiaries that are insured depository institutions, such as JPMorgan Chase Bank and Chase USA, including, without limitation, obligations under senior or subordinated debt issued by those banks to investors (referenced below as "public noteholders") in the public markets.

Under federal law, the claims of a receiver of an insured depository institution for administrative expenses and the claims of holders of U.S. deposit liabilities (including the FDIC, as subrogee of the depositors) have priority over the claims of other unsecured creditors of the institution, including public note-holders, in the event of the liquidation or other resolution of the institution. As a result, whether or not the FDIC would ever seek to repudiate any obligations held by public noteholders of any subsidiary of the Firm that is an insured depository institution, such as JPMorgan Chase Bank or Chase USA, the public noteholders would be treated differently from, and could receive, if anything, substantially less than the depositors of the depository institution.

The USA PATRIOT Act: The USA Patriot Act of 2001 ("Patriot Act") substantially broadens existing anti-money laundering legislation and the extraterritorial jurisdiction of the United States; imposes new compliance and due diligence obligations; creates new crimes and penalties; compels the production of documents located both inside and outside the United States, including those of non-U.S. institutions that have a correspondent relationship in the United States; and clarifies the safe harbor from civil liability to customers. The United States Department of the Treasury has issued a number of regulations that further clarify the Patriot Act's requirements or provide more specific guidance on their application.

The Patriot Act requires all "financial institutions," as defined, to establish certain anti-money laundering compliance and due diligence programs. The Act requires financial institutions that maintain correspondent accounts for non-U.S. institutions, or persons that are involved in private banking for "non-United States persons" or their representatives, to establish, "appropriate, specific and, where necessary, enhanced due diligence policies, procedures, and controls that are reasonably designed to detect and report instances of money laundering through those accounts." JPMorgan Chase believes its programs satisfy the requirements of the Patriot Act. Bank regulators are focusing their examinations on anti-money laundering compliance, and JPMorgan Chase continues to enhance its anti-money laundering compliance programs.

Other supervision and regulation: Under current Federal Reserve Board policy, JPMorgan Chase is expected to act as a source of financial strength to its bank subsidiaries and to commit resources to support the bank subsidiaries in circumstances where it might not do so absent such policy. However, because GLBA provides for functional regulation of financial holding company activities by various regulators, GLBA prohibits the Federal Reserve Board from requiring payment by a holding company or subsidiary to a depository institution if the functional regulator of the payor objects to such payment. In such a case, the Federal Reserve Board could instead require the divestiture of the depository institution and impose operating restrictions pending the divestiture.

Any loans by a bank holding company to any of its subsidiary banks are subordinate in right of payment to deposits and certain other indebtedness of the subsidiary banks. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank at a certain level would be assumed by the bankruptcy trustee and entitled to a priority of payment.

The bank subsidiaries of JPMorgan Chase are subject to certain restrictions imposed by federal law on extensions of credit to, and certain other transactions with, the Firm and certain other affiliates, and on investments in stock or securities of JPMorgan Chase and those affiliates. These restrictions prevent JPMorgan Chase and other affiliates from borrowing from a bank subsidiary unless the loans are secured in specified amounts.

The Firm's bank and certain of its nonbank subsidiaries are subject to direct supervision and regulation by various other federal and state authorities (some of which are considered "functional regulators" under GLBA). JPMorgan Chase's national bank subsidiaries, such as JPMorgan Chase Bank and Chase USA, are subject to supervision and regulation by the OCC and, in certain matters, by the Federal Reserve Board and the FDIC. Supervision and regulation by the responsible regulatory agency generally includes comprehensive annual reviews of all major aspects of the relevant bank's business and condition, as well as the imposition of periodic reporting requirements and limitations on investments and other powers. The Firm also conducts securities underwriting, dealing and brokerage activities through JPMSI and other broker-dealer subsidiaries, all of which are subject to the regulations of the SEC and the National Association of Securities Dealers, Inc. ("NASD"). JPMSI is a member of the New York Stock Exchange ("NYSE"). The operations of JPMorgan Chase's mutual funds also are subject to regulation by the SEC. The types of activities in which the non-U.S. branches of JPMorgan Chase Bank and the international subsidiaries of JPMorgan Chase may engage are subject to various restrictions imposed by the Federal Reserve Board. Those non-U.S. branches and international subsidiaries also are subject to the laws and regulatory authorities of the countries in which they operate.

The activities of JPMorgan Chase Bank and Chase USA as consumer lenders also are subject to regulation under various federal laws, including the Truth-in-Lending, the Equal Credit Opportunity, the Fair Credit Reporting, the Fair Debt Collection Practice and the Electronic Funds Transfer acts, as well as various state laws. These statutes impose requirements on the making, enforcement and collection of consumer loans and on the types of disclosures that need to be made in connection with such loans.

In addition, under the requirements imposed by GLBA, JPMorgan Chase and its subsidiaries are required periodically to disclose to their retail customers the Firm's policies and practices with respect to (1) the sharing of non-public customer information with JPMorgan Chase affiliates and others; and (2) the confidentiality and security of that information. Under GLBA, retail customers also must be given the opportunity to "opt out" of information-sharing arrangements with non-affiliates, subject to certain exceptions set forth in GLBA.

For a discussion of certain risks relating to the Firm's regulatory environment, see Risk factors below.

Non-U.S. operations

For geographic distributions of total revenue, total expense, income before income tax expense and net income, see Note 30 on page 129. For a discussion of non-U.S. loans, see Note 11 on page 106 and the sections entitled "Country exposure" in the MD&A on page 70, Loan portfolio on page 142 and "Cross-border outstandings" on page 143.

Item 1A: Risk factors

The following discussion sets forth some of the more important risk factors that could affect the Firm's business and operations. However, other factors besides those discussed below or elsewhere in this or other of the Firm's reports filed or furnished with the SEC also could adversely affect the Firm's business or results. The reader should not consider any descriptions of such factors to be a complete set of all potential risks that may face the Firm.

JPMorgan Chase's results of operations could be adversely affected by U.S. and international markets and economic conditions.
The Firm's businesses are affected by conditions in the global financial markets and economic conditions generally both in the U.S. and internationally. Factors such as the liquidity of the global financial markets; the level and volatility of equity prices; interest rates and commodities prices; investor sentiment; inflation; and the availability and cost of credit can significantly affect the activity level of clients with respect to size, number and timing of transactions involving the Firm's investment banking business, including its underwriting and advisory businesses. These factors also may affect the realization of cash returns from the Firm's private equity business. A market downturn would likely lead to a decline in the volume of transactions that the Firm executes for its customers and, therefore, lead to a decline in the revenues it receives from trading commissions and spreads. In addition, lower market volatility will reduce trading and arbitrage opportunities, which could lead to lower trading revenues. Higher interest rates or weakness in the markets also could adversely affect the number or size of underwritings the Firm manages on behalf of clients and affect the willingness of financial sponsors or investors to participate in loan syndications or underwritings managed by JPMorgan Chase.

The Firm generally maintains large trading portfolios in the fixed income, currency, commodity and equity markets and has significant investment positions, including merchant banking investments held by its private equity business. The revenues derived from mark-to-market values of the Firm's business are affected by many factors, including its credit standing; its success in proprietary positioning; volatility in interest rates and equity and debt markets; and other economic and business factors. JPMorgan Chase anticipates that revenues relating to its trading will experience volatility and there can be no assurance that such volatility relating to the above factors or other conditions could not materially adversely affect the Firm's earnings.

The fees JPMorgan Chase earns for managing third-party assets are also dependent upon general economic conditions. For example, a higher level of U.S. or non-U.S. interest rates or a downturn in trading markets could affect the valuations of the third-party assets managed by the Firm, which, in turn, could affect the Firm's revenues. Moreover, even in the absence of a market downturn, below-market performance by JPMorgan Chase's investment management businesses could result in outflows of assets under management and supervision and, therefore, reduce the fees the Firm receives.

The credit quality of JPMorgan Chase's on-balance sheet and off-balance sheet assets may be affected by business conditions. In a poor economic environment there is a greater likelihood that more of the Firm's customers or counterparties could become delinquent on their loans or other obligations to JPMorgan Chase which, in turn, could result in a higher level of charge-offs and provision for credit losses, all of which would adversely affect the Firm's earnings.

The Firm's consumer businesses are particularly affected by domestic economic conditions which can materially adversely affect such businesses and the Firm.

Such conditions include U.S. interest rates; the rate of unemployment; the level of consumer confidence; changes in consumer spending; and the number of personal bankruptcies, among others. Certain changes to these conditions can diminish demand for businesses' products and services, or increase the cost to provide such products and services. In addition, a deterioration in consumers' credit quality could lead to an increase in loan delinquencies and higher net charge-offs, which could adversely affect the Firm's earnings.

There is increasing competition in the financial services industry which may adversely affect JPMorgan Chase's results of operations.
JPMorgan Chase operates in a highly competitive environment and expects competitive conditions to continue to intensify as continued merger activity in the financial services industry produces larger, better-capitalized and more geographically-diverse companies that are capable of offering a wider array of financial products and services at more competitive prices.

The Firm also faces an increasing array of competitors. Competitors include other banks, brokerage firms, investment banking companies, merchant banks, insurance companies, mutual fund companies, credit card companies, mortgage banking companies, hedge funds, trust companies, automobile financing companies, leasing companies, e-commerce and other Internet-based companies, and a variety of other financial services and advisory companies. Technological advances and the growth of e-commerce have made it possible for non-depository institutions to offer products and services that traditionally were banking products, and for financial institutions and other companies to provide electronic and Internet-based financial solutions, including electronic securities trading. JPMorgan Chase's businesses generally compete on the basis of the quality and variety of its products and services, transaction execution, innovation, technology, reputation and price. Ongoing or increased competition in any one or all of these areas may put downward pressure on prices for the Firm's products and services or may cause the Firm to lose market share. Increased competition may also require the Firm to make additional capital investment in its businesses in order to remain competitive, which investments may increase expenses, or which may require the Firm to extend more of its capital on behalf of clients in order to execute larger, more competitive transactions. There can be no assurance that the significant and increasing competition in the financial services industry will not materially adversely affect JPMorgan Chase's future results of operations.

JPMorgan Chase's acquisitions and integration of acquired businesses may not result in all of the benefits anticipated.
The Firm has in the past and may in the future seek to grow its business by acquiring other businesses. There can be no assurance that the Firm's acquisitions will have the anticipated positive results, including results relating to: the total cost of integration; the time required to complete the integration; the amount of longer-term cost savings; or the overall performance of the combined entity. Integration of an acquired business can be complex and costly, sometimes including combining relevant accounting and data processing systems and management controls, as well as managing relevant relationships with clients, suppliers and other business partners, as well as with employees.

There is no assurance that JPMorgan Chase's most recent acquisitions or that any businesses acquired in the future will be successfully integrated and will result in all of the positive benefits anticipated. If JPMorgan Chase is not able to integrate successfully its past and any future acquisitions, there is the risk the Firm's results of operations could be materially and adversely affected.

JPMorgan Chase relies on its systems, employees and certain counterparties, and certain failures could materially adversely affect the Firm's operations.
The Firm's businesses are dependent on its ability to process a large number of increasingly complex transactions. If any of the Firm's financial, accounting, or other data processing systems fail or have other significant shortcomings, the Firm could be materially adversely affected. The Firm is similarly dependent on its employees. The Firm could be materially adversely affected if a Firm employee causes a significant operational break-down or failure, either as a result of human error or where an individual purposefully sabotages or fraudulently manipulates the Firm's operations or systems. Third parties with which the Firm does business could also be sources of operational risk to the Firm, including relating to break-downs or failures of such parties' own systems or employees. Any of these occurrences could result in a diminished ability of the Firm to operate one or more of its businesses, potential liability to clients, reputational damage and regulatory intervention, which could materially adversely affect the Firm.

The Firm may also be subject to disruptions of its operating systems arising from events that are wholly or partially beyond its control, which may include, for example, computer viruses or electrical or telecommunications outages or natural disasters, such as Hurricane Katrina, or events arising from local or regional politics, including terrorist acts. Such disruptions may give rise to losses in service to customers and loss or liability to the Firm.

In a firm as large and complex as JPMorgan Chase, lapses or deficiencies in internal control over financial reporting are likely to occur from time to time, and there is no assurance that significant deficiencies or material weaknesses in internal controls may not occur in the future.

In addition there is the risk that the Firm's controls and procedures as well as business continuity and data security systems prove to be inadequate. Any such failure could affect the Firm's operations and could materially adversely affect its results of operations by requiring the Firm to expend significant resources to correct the defect, as well as by exposing the Firm to litigation or losses not covered by insurance.

JPMorgan Chase's non-U.S. trading activities and operations are subject to risk of loss, particularly in emerging markets.
The Firm does business throughout the world, including in developing regions of the world commonly known as emerging markets. In the past many emerging market countries have experienced severe economic and financial disruptions, including devaluations of their currencies and capital and currency exchange controls, as well as low or negative economic growth.

JPMorgan Chase's businesses and revenues derived from non-U.S. operations are subject to risk of loss from various unfavorable political, economic and legal developments, including currency fluctuations, social instability, changes in governmental policies or policies of central banks, expropriation, nationalization, confiscation of assets and changes in legislation relating to non-U.S. ownership.

The Firm also invests in the securities of corporations located in non-U.S. jurisdictions, including emerging markets. Revenues from the trading of non-U.S. securities also may be subject to negative fluctuations as a result of the above considerations. The impact of these fluctuations could be accentuated as non-U.S. trading markets (particularly in emerging markets) are usually smaller, less liquid and more volatile than U.S. trading markets. There can be no assurance the Firm will not suffer losses in the future arising from its non-U.S. trading activities or operations.

If JPMorgan Chase does not successfully handle issues that may arise in the conduct of its business and operations its reputation could be damaged, which could in turn negatively affect its business.
The Firm's ability to attract and retain customers and transact with its counter-parties could be adversely affected to the extent its reputation is damaged. The failure of the Firm to deal, or to appear to fail to deal, with various issues that could give rise to reputational risk could cause harm to the Firm and its business prospects. These issues include, but are not limited to, appropriately dealing with potential conflicts of interest, legal and regulatory requirements, ethical issues, money-laundering, privacy, record-keeping, sales and trading practices, and the proper identification of the legal, reputational, credit, liquidity and market risks inherent in its products. The failure to address appropriately these issues could make the Firm's clients unwilling to do business with the Firm, which could adversely affect the Firm's results.

JPMorgan Chase operates within a highly regulated industry and its business and results are significantly affected by the regulations to which it is subject.
JPMorgan Chase operates within a highly regulated environment. The regulations to which the Firm is subject will continue to have a significant impact on the Firm's operations and the degree to which it can grow and be profitable.

Certain regulators to which the Firm is subject have significant power in reviewing the Firm's operations and approving its business practices. Particularly in recent years, the Firm's businesses have experienced increased regulation and regulatory scrutiny, often requiring additional Firm resources. In addition, as the Firm expands its international operations, its activities will become subject to an increasing range of non-U.S. laws and regulations that will likely impose new requirements and limitations on certain of the Firm's operations. There is no assurance that any change to the current regulatory requirements to which JPMorgan Chase is subject, or the way in which such regulatory requirements are interpreted or enforced, will not have a negative affect on the Firm's ability to conduct its business and its results of operations.

JPMorgan Chase faces significant legal risks, both from regulatory investigations and proceedings and from private actions brought against the Firm.
JPMorgan Chase is named as a defendant in various legal actions, including class actions and other litigation or disputes with third parties, as well as investigations or proceedings brought by regulatory agencies. These or other future actions brought against the Firm may result in judgments, settlements, fines, penalties or other results adverse to the Firm which could materially adversely affect the Firm's business, financial condition or results of operation, or cause it serious reputational harm.

JPMorgan Chase's ability to attract and retain qualified employees is critical to the success of its business and failure to do so may materially adversely affect its performance.
The Firm's employees are its most important resource and, in many areas of the financial services industry, competition for qualified personnel is intense. If JPMorgan Chase is unable to continue to retain and attract qualified employees, its performance, including its competitive position, could be materially adversely affected.

Government monetary policies and economic controls may have a significant adverse affect on JPMorgan Chase's businesses and results of operations.
The Firm's businesses and earnings are affected by the fiscal or other policies that are adopted by various regulatory authorities of the United States, non-U.S. governments and international agencies. For example, policies and regulations of the Federal Reserve Board influence, directly and indirectly, the rate of interest paid by commercial banks on their interest-bearing deposits and also may affect the value of financial instruments held by the Firm. The actions of the Federal Reserve Board also determine to a significant degree the Firm's cost of funds for lending and investing. In addition, these policies and conditions can adversely affect the Firm's customers and counterparties, both in the United States and abroad, which may increase the risk that such customers or counterparties default on their obligations to JPMorgan Chase.

JPMorgan Chase's framework for managing its risks may not be effective in mitigating risk and loss to the Firm.
JPMorgan Chase's risk management framework is made up of various processes and strategies to manage the Firm's risk exposure. Types of risk to which the Firm is subject include liquidity risk, credit risk, market risk, interest rate risk, operational risk, legal and reputation risk, fiduciary risk and private equity risk, among others. There can be no assurance that the Firm's framework to manage risk, including such framework's underlying assumptions, will be effective under all conditions and circumstances. If the Firm's risk management framework proves ineffective, the Firm could suffer unexpected losses and could be materially adversely affected.

If JPMorgan Chase does not effectively manage its liquidity, its business could be negatively impacted.
The Firm's liquidity is critical to its ability to operate its businesses, grow and be profitable. A compromise to the Firm's liquidity could therefore have a negative effect on the Firm. Potential conditions that could negatively affect the Firm's liquidity include diminished access to capital markets, unforeseen cash or capital requirements and an inability to sell assets.

The Firm's credit ratings are an important part of maintaining its liquidity, as a reduction in the Firm's credit ratings would also negatively affect the Firm's liquidity. A credit ratings downgrade, depending on its severity, could potentially increase borrowing costs, limit access to capital markets, require cash payments or collateral posting, and permit termination of certain contracts material to the Firm.

Future events may be different than those anticipated by JPMorgan Chase's management assumptions and estimates, which may cause unexpected losses in the future.
Pursuant to U.S. GAAP, the Firm is required to use certain estimates in preparing its financial statements, including accounting estimates to determine loan loss reserves, reserves related to future litigation, and the fair value of certain assets and liabilities, among other items. Should the Firm's determined values for such items prove substantially inaccurate the Firm may experience unexpected losses which could be material.

Item 1B: Unresolved SEC Staff comments

None.

Item 2: Properties

The headquarters of JPMorgan Chase is located in New York City at 270 Park Avenue, which is a 50-story bank and office building owned by JPMorgan Chase. This location contains approximately 1.3 million square feet of space. In total, JPMorgan Chase owns or leases approximately 12.3 million square feet of commercial office space and retail space in New York City.

JPMorgan Chase and its subsidiaries also own or lease significant administrative and operational facilities in Chicago, Illinois (5.1 million square feet), Houston and Dallas, Texas (6.8 million square feet), Columbus, Ohio (2.9 million square feet), Newark and Wilmington, Delaware (2.2 million square feet), Phoenix, Arizona (1.4 million square feet), Tampa, Florida (1.0 million square feet), Jersey City, New Jersey (1.2 million square feet), and Indianapolis, Indiana (900 thousand square feet).

Outside the United States, JPMorgan Chase owns or leases facilities in the United Kingdom (2.7 million square feet) and in other countries (2.6 million square feet).

In addition, JPMorgan Chase and its subsidiaries occupy offices and other administrative and operational facilities throughout the world under various types of ownership and leasehold agreements, including 2,641 retail branches in the United States. The properties occupied by JPMorgan Chase are used across all of the Firm's business segments and for corporate purposes.

JPMorgan Chase continues to evaluate its current and projected space requirements. There is no assurance that the Firm will be able to dispose of its excess premises or that it will not incur charges in connection with such dispositions. Such disposition costs may be material to the Firm's results of operations in a given period. For a discussion of occupancy expense, see the Consolidated results of operations discussion on pages 29–30.

Item 3: Legal proceedings

Enron litigation. JPMorgan Chase and certain of its officers and directors are involved in a number of lawsuits arising out of its banking relationships with Enron Corp. and its subsidiaries ("Enron"). Several actions and other proceedings, against the Firm, have been resolved, including adversary proceedings brought by Enron's bankruptcy estate. In addition, as previously reported, the Firm has reached an agreement to settle the lead class action litigation brought on behalf of the purchasers of Enron securities, captioned *Newby v. Enron Corp.*, for $2.2 billion (pretax). The settlement is subject to approval by the United States District Court for the Southern District of Texas. The *Newby* settlement does not resolve Enron-related actions filed separately by plaintiffs who opt out of the class action, or by certain plaintiffs who are asserting claims not covered by that action.

The remaining Enron-related actions include individual actions against the Firm by plaintiffs who were lenders or claim to be successors-in-interest to lenders who participated in Enron credit facilities syndicated by the Firm; individual and putative class actions by Enron investors, creditors and counterparties; and third-party actions brought by defendants in Enron-related cases, alleging federal and state law claims against JPMorgan Chase and many other defendants. Fact discovery in these actions is mostly complete. Plaintiffs in two of the bank lender cases have moved for partial summary judgment, which the Firm will oppose.

In a purported, consolidated class action lawsuit by JPMorgan Chase stockholders alleging that the Firm issued false and misleading press releases and other public documents relating to Enron in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, the United States District Court for the Southern District of New York dismissed the lawsuit in its entirety without prejudice in March 2005. Plaintiffs filed an amended complaint in May 2005. The Firm has moved to dismiss the amended complaint, and the motion has been submitted to the court for decision.

In a putative class action on behalf of JPMorgan Chase employees who participated in the Firm's 401(k) plan are alleging claims under the Employee Retirement Income Security Act ("ERISA") for alleged breaches of fiduciary duties and negligence by JPMorgan Chase, its directors and named officers. In August 2005, the United States District Court for the Southern District of New York denied plaintiffs' motion for class certification and ordered some of plaintiffs' claims dismissed. A petition has been filed by the plaintiffs seeking review of the denial of class certification in the United States Court of Appeals for the Second Circuit, which petition remains pending. The Firm has also moved for summary judgment seeking dismissal of this ERISA lawsuit in its entirety.

IPO allocation litigation. Beginning in May 2001, JPMorgan Chase and certain of its securities subsidiaries were named, along with numerous other firms in the securities industry, as defendants in a large number of putative class action lawsuits filed in the United States District Court for the Southern District of New York. These suits allege improprieties in the allocation of stock in various public offerings, including some offerings for which a JPMorgan Chase entity served as an underwriter. The suits allege violations of securities and antitrust laws arising from alleged material misstatements and omissions in registration statements and prospectuses for the initial public offerings ("IPOs") and alleged market manipulation with respect to aftermarket transactions in the offered securities. The securities lawsuits allege, among other things, misrepresentation and market manipulation of the aftermarket trading for these offerings by tying allocations of shares in IPOs to undisclosed excessive commissions paid to JPMorgan Chase and to required aftermarket purchase transactions by customers who received allocations of shares in the respective IPOs, as well as allegations of misleading analyst reports. The antitrust lawsuits allege an illegal conspiracy to require customers, in exchange for IPO allocations, to pay undisclosed and excessive commissions and to make aftermarket purchases of the IPO securities at a price higher than the offering price as a precondition to receiving allocations. The securities cases were all assigned to one judge for coordinated pre-trial proceedings, and the antitrust cases were all assigned to another judge. On February 13, 2003, the Court denied the motions of JPMorgan Chase and others to dismiss the securities complaints. On October 13, 2004, the Court granted in part plaintiffs' motion to certify classes in six "focus" cases in the securities litigation. On June 30, 2005, the United States Court of Appeals for the Second Circuit granted the underwriter defendants' petition for permission to appeal the district court's class certification decision, and the appeal currently is being briefed. The Second Circuit likely will hear oral argument sometime during the first half of 2006.

In addition, on February 15, 2005, the Court in the securities cases preliminarily approved a proposed settlement of plaintiffs' claims against 298 of the issuer defendants in these cases and a fairness hearing on the proposed settlement is now scheduled for April 24, 2006. Pursuant to the proposed issuer settlement, the insurers for the settling issuer defendants, among other things, (1) agreed to guarantee that the plaintiff classes will recover at least $1 billion from the underwriter defendants in the IPO securities and antitrust

cases and to pay any shortfall, and (2) conditionally assigned to the plaintiffs any claims related to any "excess compensation" allegedly paid to the underwriters by their customers for allocations of stock in the offerings at issue in the IPO litigation. Joseph P. Lasala, the trustee designated by plaintiffs to act as assignee of such issuer excess compensation claims, filed complaints purporting to allege state law claims on behalf of certain issuers against JPMSI and other underwriters (the "*LaSala* Actions"), together with motions to stay proceedings in each case. To date, JPMSI is a defendant in more than half of the approximately 100 pending *LaSala* Actions. On August 30, 2005, the Court stayed until resolution of the proposed issuer settlement the *LaSala* Actions then pending against JPMSI and other underwriter defendants at that time, as well as all future-filed *LaSala* Actions pursuant to the parties' stipulation that the Court's decision would govern stay motions in all future *LaSala* Actions. On October 12, 2005, the Court granted the underwriter defendants' motion to dismiss one *LaSala* Action, which by stipulation applied to the parallel motions to dismiss in all other pending and future-filed *LaSala* Actions. The Court did, however, grant Plaintiffs leave to replead and noted that the stay of the *LaSala* Actions remains in effect. Plaintiffs thereafter filed amended complaints in the lead and other *LaSala* Actions in which Plaintiffs are purportedly seeking equitable restitution on a breach of fiduciary duty claim — a claim that sought damages in the initial *LaSala* complaints and was dismissed on the ground that it was time-barred. On November 21, 2005, the underwriter defendants moved to dismiss the amended complaint in the lead *LaSala* Action and — by virtue of the stipulation of the parties — thereby moved to dismiss the amended complaints in all other pending and future-filed *LaSala* Actions. The motion currently is being briefed.

With respect to the IPO antitrust lawsuits, on November 3, 2003, the Court granted defendants' motion to dismiss the claims relating to the IPO allocation practices in the IPO Allocation Antitrust Litigation. On September 28, 2005, the United States Court of Appeals for the Second Circuit reversed, vacated and remanded the district court's November 3, 2003, dismissal decision. Defendants' motion for *rehearing en banc* in the Second Circuit was denied on January 11, 2006.

A wholly separate antitrust class action lawsuit on behalf of a class of IPO issuers alleging that JPMSI and other underwriters conspired to fix their underwriting fees in IPOs is in discovery.

National Century Financial Enterprises litigation. JPMorgan Chase, JPMorgan Chase Bank, JPMorgan Partners, Beacon Group, LLC and three current or former Firm employees have been named as defendants in more than a dozen actions filed in or transferred to the United States District Court for the Southern District of Ohio (the "MDL Litigation"). In the majority of these actions, Bank One, Bank One, N.A., and Banc One Capital Markets, Inc. are also named as defendants. JPMorgan Chase Bank and Bank One, N.A. are also defendants in an action brought by The Unencumbered Assets Trust ("UAT"), a trust created for the benefit of the creditors of National Century Financial Enterprises, Inc. ("NCFE") as a result of NCFE's Plan of Liquidation in bankruptcy. These actions arose out of the November 2002 bankruptcy of NCFE. Prior to bankruptcy, NCFE provided financing to various healthcare providers through wholly-owned special-purpose vehicles, including NPF VI and NPF XII, which purchased discounted accounts receivable to be paid under third-party insurance programs. NPF VI and NPF XII financed the purchases of such receivables, primarily through private placements of notes ("Notes") to institutional investors and pledged the receivables for, among other things, the repayment of the Notes. In the MDL Litigation, JPMorgan Chase Bank is sued in its role as indenture trustee for NPF VI, which issued approximately $1 billion in Notes. Bank One, N.A. is sued in its role as indenture trustee for NPF XII, which issued approximately $2 billion in Notes. The three current or former Firm employees are sued in their roles as former members of NCFE's board of directors (the "Defendant Employees"). JPMorgan Chase, JPMorgan Partners and Beacon Group, LLC, are claimed to be vicariously liable for the alleged actions of the Defendant Employees. Banc One Capital Markets, Inc. is sued in its role as co-manager for three note offerings made by NPF XII. Other defendants include the founders and key executives of NCFE, its auditors and outside counsel, and rating agencies and placement agents that were involved with the issuance of the Notes. Plaintiffs in these actions include institutional investors who purchased more than $2.7 billion in original face amount of asset-backed securities issued by NCFE. Plaintiffs allege that the trustees violated fiduciary and contractual duties, improperly permitted NCFE and its affiliates to violate the applicable indentures and violated securities laws by (among other things) failing to disclose the true nature of the NCFE arrangements. Plaintiffs further allege that the Defendant Employees controlled the Board and audit committees of the NCFE entities; were fully aware or negligent in not knowing of NCFE's alleged manipulation of its books; and are liable for failing to disclose their purported knowledge of the alleged fraud to the plaintiffs. Plaintiffs also allege that Banc One Capital Markets, Inc. is liable for cooperating in the sale of securities based upon false and misleading statements. Motions to dismiss on behalf of the JPMorgan Chase entities, the Bank One entities and the Defendant Employees are currently pending. In the UAT action, JPMorgan Chase Bank and Bank One are sued in their roles as indenture trustees. Claims are asserted under the Federal Racketeer Influenced and Corrupt Organizations Act ("RICO"), the Ohio Corrupt Practices Act and various common-law claims. On March 31, 2005, motions to dismiss the UAT action were filed on behalf of JPMorgan Chase Bank. These motions are currently pending. On February 22, 2006, the JPMorgan Chase entities, the Bank One entities and the Defendant Employees reached a settlement with the holders of $1.6 billion face value of Notes (the "Arizona Noteholders"), and reached a separate agreement with the UAT. The settlements are contingent upon the entry of certain orders by the MDL court and bankruptcy courts. Assuming the contingencies are met, the Firm has agreed to pay the Arizona Noteholders the sum of $375 million for all claims and potential claims held by them and has agreed to pay the UAT the sum of $50 million for all claims or potential claims held by it.

In addition, the Securities and Exchange Commission has served subpoenas on JPMorgan Chase Bank and Bank One, N.A. ("Bank One") and has interviewed certain current and former employees. On April 25, 2005, the staff of the Midwest Regional Office of the SEC wrote to advise Bank One that it is considering recommending that the Commission bring a civil injunctive action against Bank One and a former employee alleging violations of the securities laws in connection with Bank One's role as indenture trustee for the NPF XII note program. On July 8, 2005, the staff of the Midwest Regional Office of the Securities and Exchange Commission wrote to advise that it is considering recommending that the Commission bring a civil injunctive action against two individuals, one present and one former employee of the Firm's affiliates, alleging violations of certain securities laws in connection with their role as former members of NCFE's board of directors. On July 13, 2005, the staff further advised that it is considering recommending that the Commission also bring a civil injunctive action against the Firm in connection with the alleged activities of the two individuals as alleged agents of the Firm. Lastly, the United States Department of Justice is also investigating the events surrounding the collapse of NCFE, and the Firm is cooperating with that investigation.

In addition to the various cases, proceedings and investigations discussed above, JPMorgan Chase and its subsidiaries are named as defendants in a number of other legal actions and governmental proceedings arising in connection with their businesses. Additional actions, investigations or proceedings may be brought from time to time in the future. In view of the inherent difficulty of predicting the outcome of legal matters, particularly where the claimants seek very large or indeterminate damages, or where the cases present novel legal theories, involve a large number of parties or are in early stages of discovery, the Firm cannot state with confidence what the eventual outcome of these pending matters will be, what the timing of the ultimate resolution of these matters will be or what the eventual loss, fines or penalties related to each pending matter may be. JPMorgan Chase believes, based upon its current knowledge, after consultation with counsel and after taking into account its current litigation reserves, that the outcome of the legal actions, proceedings and investigations currently pending against it should not have a material, adverse effect on the consolidated financial condition of the Firm. However, in light of the uncertainties involved in such proceedings, actions and investigations, there is no assurance that the ultimate resolution of these matters will not significantly exceed the reserves currently accrued by the Firm; as a result, the outcome of a particular matter may be material to JPMorgan Chase's operating results for a particular period, depending upon, among other factors, the size of the loss or liability imposed and the level of JPMorgan Chase's income for that period.

Item 4: Submission of matters to a vote of security holders

None.

Executive officers of the registrant

Name	Age (at December 31, 2005)	Positions and offices held with JPMorgan Chase
William B. Harrison, Jr.	**62**	Chairman of the Board since December 31, 2005, prior to which he was Chairman and Chief Executive Officer from November 2001. He was President and Chief Executive Officer from December 2000 until November 2001 and Chairman and Chief Executive Officer from January through December 2000.
James Dimon	**49**	President and Chief Executive Officer since December 31, 2005, prior to which he was President and Chief Operating Officer. Prior to the Merger, he had been Chairman and Chief Executive Officer of Bank One Corporation since March 2000. Before joining Bank One Corporation, he had been a private investor from November 1998 until March 2000, prior to which he held various senior executive positions at Citigroup Inc., its subsidiary, Salomon Smith Barney, and its predecessor company, Travelers Group, Inc.
Austin A. Adams	**62**	Chief Information Officer. Prior to the Merger, he had been Chief Information Officer of Bank One Corporation since March 2001. Before joining Bank One Corporation, he had been Chief Information Officer at First Union Corporation (now known as Wachovia Corp.).
Frank Bisignano	**46**	Chief Administrative Officer since December 2005. Prior to joining JPMorgan Chase, he had been Chief Executive Officer of Citigroup Inc.'s Global Transaction Services from 2002 until December 2005 and Chief Administrative Officer of Citigroup Inc.'s Global Corporate and Investment Bank from 2000 until 2002.
Steven D. Black	**53**	Co-Chief Executive Officer of the Investment Bank since March 2004, prior to which he had been Deputy Head of the Investment Bank since January 2001 and Head of Institutional Equities business since 2000. Prior to joining JPMorgan Chase in 2000, he had been Vice Chairman of Citigroup Inc. subsidiary, Salomon Smith Barney.
John F. Bradley	**45**	Director of Human Resources since December 2005. He had been Head of Human Resources for Europe and Asia regions from April 2003 until December 2005, prior to which he was Human Resources executive for Technology and Operations since 2002 and was responsible for human resources integration efforts in 2001. He had been Co-Head of Global Human Resources at J.P. Morgan & Co. Incorporated.
Michael J. Cavanagh	**39**	Chief Financial Officer since September 2004, prior to which he had been Head of Middle Market Banking. Prior to the Merger, he had been Chief Administrative Officer of Commercial Banking from February 2003, Chief Operating Officer for Middle Market Banking from August 2003, Treasurer from 2001 until 2003, and Head of Strategy and Planning from May 2000 until 2001 at Bank One Corporation.

Ina R. Drew	**49**	Chief Investment Officer since February 2005, prior to which she was Head of Global Treasury.
Joan Guggenheimer	**53**	Co-General Counsel since July 2004. Prior to the Merger, she had been Chief Legal Officer and Corporate Secretary at Bank One Corporation since May 2003. She had served in various positions with Citigroup Inc. and its predecessor entities from 1985 until 2003, and immediately prior to joining Bank One Corporation was General Counsel of the Global Corporate and Investment Bank and also served as Co-General Counsel of Citigroup Inc.
Samuel Todd Maclin	**49**	Head of Commercial Banking since July 2004, prior to which he had been Chairman and CEO of the Texas Region and Head of Middle Market Banking.
Jay Mandelbaum	**43**	Head of Strategy and Business Development. Prior to the Merger, he had been Head of Strategy and Business Development since September 2002 at Bank One Corporation. Prior to joining Bank One Corporation, he had been Vice Chairman and Chief Executive Officer of the Private Client Group of Citigroup Inc. subsidiary Salomon Smith Barney from September 2000 until August 2002, prior to which he had been Senior Executive Vice President of Private Client Sales and Marketing at Salomon Smith Barney.
William H. McDavid	**59**	Co-General Counsel since July 2004. Prior to the Merger, he had been General Counsel.
Heidi Miller	**52**	Chief Executive Officer of Treasury & Securities Services. Prior to the Merger, she had been Chief Financial Officer at Bank One Corporation since March 2002. Prior to joining Bank One Corporation, she had been Vice Chairman of Marsh, Inc. from January 2001 until March 2002, prior to which she had held several executive positions at Priceline.com and at Citigroup Inc., including Chief Financial Officer.
Charles W. Scharf	**40**	Head of Retail Financial Services. Prior to the Merger, he had been Head of Retail Banking from May 2002, prior to which he was Chief Financial Officer from June 2000 at Bank One Corporation. Prior to joining Bank One Corporation, he had been Chief Financial Officer at Citigroup Global Corporate and Investment Bank.
Richard J. Srednicki	**58**	Chief Executive Officer of Card Services from July 2004, prior to which he was Executive Vice President of Chase Cardmember Services.
James E. Staley	**49**	Global Head of Asset & Wealth Management since 2001, prior to which he had been Head of the Private Bank at J.P. Morgan & Co. Incorporated.
Don M. Wilson III	**57**	Chief Risk Officer. He had been Co-Head of Credit & Rate Markets from 2001 until July 2003, prior to which he headed the Global Trading Division.
William T. Winters	**44**	Co-Chief Executive Officer of the Investment Bank since March 2004, prior to which he had been Deputy Head of the Investment Bank and Head of Credit & Rate Markets. He had been Head of Global Markets at J.P. Morgan & Co. Incorporated.

Unless otherwise noted, during the five fiscal years ended December 31, 2005, all of JPMorgan Chase's above-named executive officers have continuously held senior-level positions with JPMorgan Chase or its predecessor institution, Bank One Corporation. There are no family relationships among the foregoing executive officers.

Part II

Item 5: Market for registrant's common equity, related stockholder matters and issuer purchases of equity securities

The outstanding shares of JPMorgan Chase's common stock are listed and traded on the New York Stock Exchange, the London Stock Exchange Limited and the Tokyo Stock Exchange. For the quarterly high and low prices of JPMorgan Chase's common stock on the New York Stock Exchange for the last two years, see the section entitled "Supplementary information — selected quarterly financial data (unaudited)" on page 133. JPMorgan Chase declared quarterly cash dividends on its common stock in the amount of $0.34 per share for each quarter of 2005, 2004 and 2003. The common dividend payout ratio, based upon reported net income, was: 57% for 2005; 88% for 2004; and 43% for 2003. At January 31, 2006, there were 225,105 holders of record of JPMorgan Chase's common stock. For information regarding securities authorized for issuance under the Firm's employee stock-based compensation plans, see Item 12 on page 12.

On July 20, 2004, the Board of Directors approved an initial stock repurchase program in the aggregate amount of $6.0 billion. This amount includes shares to be repurchased to offset issuances under the Firm's employee stock-based plans. The actual amount of shares repurchased is subject to various factors, including market conditions; legal considerations affecting the amount and timing of repurchase activity; the Firm's capital position (taking into account goodwill and intangibles); internal capital generation; and alternative potential investment opportunities. The stock repurchase program has no set expiration date.

The Firm's repurchases of equity securities during 2005 were as follows:

For the year ended December 31, 2005	Total open market shares repurchased	Average price paid per share[(a)]	Dollar value of remaining authorized repurchase program
First quarter	35,972,000	$ 36.57	$ 3,946
Second quarter	16,807,465	35.32	3,352
Third quarter	14,445,300	34.61	2,853
October	5,964,000	35.77	2,640
November	8,428,600	37.90	2,321
December	11,913,900	39.29	1,853
Fourth quarter	26,306,500	38.05	1,853
Total for 2005	93,531,265	$ 36.46	$ 1,853

(a) Excludes commission costs.

In addition to the repurchases disclosed above, participants in the Firm's stock-based incentive plans may have shares withheld to cover income taxes. Shares withheld to pay income taxes are repurchased pursuant to the terms of the applicable Plan and not under the Firm's share repurchase program. Shares repurchased pursuant to these plans were as follows for 2005:

For the year ended December 31, 2005	Total shares repurchased	Average price paid per share
First quarter	6,993,164	$ 37.22
Second quarter	680,851	35.10
Third quarter	386,526	34.90
October	67,885	33.99
November	31,110	37.77
December	19,362	39.09
Fourth quarter	118,357	35.82
Total for 2005	8,178,898	$ 36.91

Item 6: Selected financial data

For five-year selected financial data, see "Five-year summary of consolidated financial highlights (unaudited)" on page 22.

Item 7: Management's discussion and analysis of financial condition and results of operations

Management's discussion and analysis of the financial condition and results of operations, entitled "Management's discussion and analysis," appears on pages 23 through 84. Such information should be read in conjunction with the Consolidated financial statements and Notes thereto, which appear on pages 87 through 132.

Item 7A: Quantitative and qualitative disclosures about market risk

For information related to market risk, see the "Market risk management" section on pages 75 through 78 and Note 26 on page 123.

Item 8: Financial statements and supplementary data

The Consolidated financial statements, together with the Notes thereto and the report of PricewaterhouseCoopers LLP dated February 24, 2006 thereon, appear on pages 86 through 132.

Supplementary financial data for each full quarter within the two years ended December 31, 2005, are included on page 133 in the table entitled "Supplementary information – selected quarterly financial data (unaudited)." Also included is a "Glossary of terms" on page 134.

Item 9: Changes in and disagreements with accountants on accounting and financial disclosure

None.

Item 9A: Controls and procedures

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of the Firm's management, including its Chairman, Chief Executive Officer and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chairman, Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures were effective. See Exhibits 31.1, 31.2 and 31.3 for the Certification statements issued by the Chairman, Chief Executive Officer and Chief Financial Officer.

The Firm is committed to maintaining high standards of internal control over financial reporting. Nevertheless, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, in a firm as large and complex as JPMorgan Chase, lapses or deficiencies in internal controls are likely to occur from time to time, and there can be no assurance that any such deficiencies will not result in significant deficiencies – or even material weaknesses – in internal controls in the future. See page 85 for Management's report on internal control over financial reporting, and page 86 for the Report of independent registered public accounting firm with respect to management's assessment of internal control. There was no change in the Firm's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that occurred during the fourth quarter of 2005 that has materially affected, or is reasonably likely to materially affect, the Firm's internal control over financial reporting.

Item 9B: Other information

None.

Part III

Item 10: Directors and executive officers of the Registrant

See Item 13 below.

Item 11: Executive compensation

See Item 13 below.

Item 12: Security ownership of certain beneficial owners and management and related stockholder matters

For security ownership of certain beneficial owners and management, see Item 13 below.

The following table details the total number of shares available for issuance under JPMorgan Chase's employee stock-based incentive plans (including shares available for issuance to nonemployee directors). The Firm is not authorized to grant stock-based incentive awards to nonemployees other than to nonemployee directors.

December 31, 2005 (Shares in thousands)	Number of shares to be issued upon exercise of outstanding options/SARs	Weighted-average exercise price of outstanding options/SARs	Number of shares remaining available for future issuance under stock compensation plans
Employee stock-based incentive plans approved by shareholders	**292,248**	$ **36.64**	**260,367**
Employee stock-based incentive plans not approved by shareholders	**150,452**	**42.37**	**—**
Total	**442,700**	$ **38.59**	**260,367**[(a)]

(a) Future shares will be issued out of the shareholder-approved 2005 Long-Term Incentive Plan ("2005 Plan"). The 2005 Plan replaces three existing stock compensation plans – the 1996 Long-Term Incentive Plan, as amended, and two nonshareholder approved plans – all of which expired in May 2005.

Item 13: Certain relationships and related transactions

Information related to JPMorgan Chase's Executive Officers is included on pages 9–10. Pursuant to Instruction G(3) to Form 10-K, the remainder of the information to be provided in Items 10, 11, 12, 13 and 14 of Form 10-K (other than information pursuant to Rule 402 (i), (k) and (l) of Regulation S-K) is incorporated by reference to JPMorgan Chase's definitive proxy statement for the 2006 annual meeting of stockholders, which proxy statement will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days of the close of JPMorgan Chase's 2005 fiscal year.

Item 14: Principal accounting fees and services

See Item 13 above.

Part IV

Item 15: Exhibits, financial statement schedules

Exhibits, financial statement schedules

1. Financial statements

   The Consolidated financial statements, the Notes thereto and the report thereon listed in Item 8 are set forth commencing on page 87.

2. Financial statement schedules

   Financial statement schedules are omitted since the required information is either not applicable, not deemed material, or is shown in the respective Consolidated financial statements or in the Notes thereto.

Part IV

3. Exhibits

3.1 Restated Certificate of Incorporation of JPMorgan Chase & Co. (incorporated by reference to Exhibit 3.1 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

3.2 By-laws of JPMorgan Chase & Co., effective December 31, 2005.

4.1 Deposit Agreement, dated as of February 8, 1996, between J.P. Morgan & Co. Incorporated (succeeded through merger by JPMorgan Chase & Co.) and Morgan Guaranty Trust Company of New York (succeeded through merger by JPMorgan Chase Bank), as Depository (incorporated by reference to Exhibit 4.7 to the Registration Statement on Form 8A (File No. 1-5805) of The Chase Manhattan Corporation (now known as JPMorgan Chase & Co.) filed December 20, 2000).

4.2 Indenture, dated as of December 1, 1989, between Chemical Banking Corporation (now known as JPMorgan Chase & Co.) and The Chase Manhattan Bank (National Association) (succeeded by Deutsche Bank Trust Company Americas), as Trustee (incorporated by reference to Exhibit 4.2 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

4.3(a) Indenture, dated as of April 1, 1987, as amended and restated as of December 15, 1992, between Chemical Banking Corporation (now known as JPMorgan Chase & Co.) and Morgan Guaranty Trust Company of New York (succeeded by U.S. Bank Trust National Association), as Trustee.

4.3(b) Second Supplemental Indenture, dated as of October 8, 1996, between The Chase Manhattan Corporation (now known as JPMorgan Chase & Co.) and First Trust of New York, National Association (succeeded by U.S. Bank Trust National Association), as Trustee, to the Indenture, dated as of April 1, 1987, as amended and restated as of December 15, 1992.

4.3(c) Third Supplemental Indenture, dated as of December 29, 2000, between The Chase Manhattan Corporation (now known as JPMorgan Chase & Co.) and U.S. Bank Trust National Association, as Trustee, to the Indenture, dated as of April 1, 1987, as amended and restated as of December 15, 1992.

4.4(a) Amended and Restated Indenture, dated as of September 1, 1993, between The Chase Manhattan Corporation (succeeded through merger by JPMorgan Chase & Co.) and Chemical Bank (succeeded by U.S. Bank Trust National Association), as Trustee.

4.4(b) First Supplemental Indenture, dated as of March 29, 1996, among Chemical Banking Corporation (now known as JPMorgan Chase & Co.), The Chase Manhattan Corporation, (succeeded through merger by JPMorgan Chase & Co.), Chemical Bank, as Resigning Trustee, and First Trust of New York, National Association (succeeded by U.S. Bank Trust National Association), as Successor Trustee, to the Amended and Restated Indenture, dated as of September 1, 1993.

4.4(c) Second Supplemental Indenture, dated as of October 8, 1996, between The Chase Manhattan Corporation (now known as JPMorgan Chase & Co.) and First Trust of New York, National Association (succeeded by U.S. Bank Trust National Association), as Trustee, to the Amended and Restated Indenture, dated as of September 1, 1993.

4.4(d) Third Supplemental Indenture, dated as of December 29, 2000, between The Chase Manhattan Corporation (now known as JPMorgan Chase & Co.) and U.S. Bank Trust National Association, as Trustee, to the Amended and Restated Indenture, dated as of September 1, 1993.

4.5(a) Indenture, dated as of August 15, 1982, between J.P. Morgan & Co. Incorporated (succeeded through merger by JPMorgan Chase & Co.) and Manufacturers Hanover Trust Company (succeeded by U.S. Bank Trust National Association), as Trustee.

4.5(b) First Supplemental Indenture, dated as of May 5, 1986, between J.P. Morgan & Co. Incorporated (succeeded through merger by JPMorgan Chase & Co.) and Manufacturers Hanover Trust Company (succeeded by U.S. Bank Trust National Association), as Trustee, to the Indenture, dated as of August 15, 1982.

4.5(c) Second Supplemental Indenture, dated as of February 27, 1996, between J.P. Morgan & Co. Incorporated (succeeded through merger by JPMorgan Chase & Co.) and First Trust of New York, National Association (succeeded by U.S. Bank Trust National Association), as Trustee, to the Indenture, dated as of August 15, 1982.

4.5(d) Third Supplemental Indenture, dated as of January 30, 1997, between J.P. Morgan & Co. Incorporated (succeeded through merger by JPMorgan Chase & Co.) and First Trust of New York, National Association (succeeded by U.S. Bank Trust National Association), as Trustee, to the Indenture, dated as of August 15, 1982.

4.5(e) Fourth Supplemental Indenture, dated as of December 29, 2000, among J.P. Morgan & Co. Incorporated (succeeded through merger by JPMorgan Chase & Co.), The Chase Manhattan Corporation (now known as JPMorgan Chase & Co.) and U.S. Bank Trust National Association, as Trustee, to the Indenture, dated as of August 15, 1982.

4.6(a) Indenture, dated as of March 1, 1993, between J.P. Morgan & Co. Incorporated (succeeded through merger by JPMorgan Chase & Co.) and Citibank, N.A. (succeeded by U.S. Bank Trust National Association), as Trustee.

4.6(b) First Supplemental Indenture, dated as of December 29, 2000, among J.P. Morgan & Co. Incorporated (succeeded through merger by JPMorgan Chase & Co.), The Chase Manhattan Corporation (now known as JPMorgan Chase & Co.) and U.S. Bank Trust National Association, as Trustee, to the Indenture, dated as of March 1, 1993.

4.7 Indenture, dated as of May 25, 2001, between J.P. Morgan Chase & Co. and Bankers Trust Company (succeeded by Deutsche Bank Trust Company Americas), as Trustee (incorporated by reference to Exhibit 4(a)(1) to the amended Registration Statement on Form S-3 (File No. 333-52826) of J.P. Morgan Chase & Co. filed June 13, 2001).

4.8(a) Junior Subordinated Indenture, dated as of December 1, 1996, between The Chase Manhattan Corporation (now known as JPMorgan Chase & Co.) and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.8(a) to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

4.8(b) Guarantee Agreement, dated as of January 24, 1997, between The Chase Manhattan Corporation (now known as JPMorgan Chase & Co.) and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.8(b) to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

4.8(c) Amended and Restated Trust Agreement, dated as of January 24, 1997, among The Chase Manhattan Corporation (now known as JPMorgan Chase & Co.), The Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustees named therein (incorporated by reference to Exhibit 4.8(c) to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

Part IV

4.9(a) Indenture, dated as of March 3, 1997, between Banc One Corporation (succeeded through merger by JPMorgan Chase & Co.) and The Chase Manhattan Bank (succeeded by Deutsche Bank Trust Company Americas), as Trustee (incorporated by reference to Exhibit 4.9(a) to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

4.9(b) First Supplemental Indenture, dated as of October 2, 1998, between Banc One Corporation (succeeded through merger by JPMorgan Chase & Co.) and The Chase Manhattan Bank (succeeded by Deutsche Bank Trust Company Americas), as Trustee, to the Indenture, dated as of March 3, 1997 (incorporated by reference to Exhibit 4.9(b) to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

4.9(c) Form of Second Supplemental Indenture, dated as of July 1, 2004, among J.P. Morgan Chase & Co., Bank One Corporation (succeeded through merger by JPMorgan Chase & Co.), JPMorgan Chase Bank, as Resigning Trustee, and Deutsche Bank Trust Company Americas, as Successor Trustee, to the Indenture, dated as of March 3, 1997 (incorporated by reference to Exhibit 4.22 to the Registration Statement on Form S-3 (File No. 333-116822) of JPMorgan Chase & Co. filed June 24, 2004).

4.10(a) Indenture, dated as of March 3, 1997, between Banc One Corporation (succeeded through merger by JPMorgan Chase & Co.) and The Chase Manhattan Bank (succeeded by U.S. Bank Trust National Association), as Trustee (incorporated by reference to Exhibit 4.10(a) to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

4.10(b) First Supplemental Indenture, dated as of October 2, 1998, between Banc One Corporation (succeeded through merger by JPMorgan Chase & Co.) and The Chase Manhattan Bank (succeeded by U.S. Bank Trust National Association), as Trustee, to the Indenture, dated as of March 3, 1997 (incorporated by reference to Exhibit 4.10(b) to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

4.10(c) Second Supplemental Indenture, dated as of July 1, 2004, among J.P. Morgan Chase & Co., Bank One Corporation (succeeded through merger by JPMorgan Chase & Co.), JPMorgan Chase Bank, as Resigning Trustee, and U.S. Bank Trust National Association, as Successor Trustee, to the Indenture, dated as of March 3, 1997 (incorporated by reference to Exhibit 4.25 to the Registration Statement on Form S-3 (File No. 333-116822) of JPMorgan Chase & Co. filed June 24, 2004).

4.11(a) Form of Indenture, dated as of July 1, 1995, between Banc One Corporation (succeeded through merger by JPMorgan Chase & Co.) and Citibank N.A, as Trustee (incorporated by reference to Exhibit 4.11(a) to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

4.11(b) Form of Supplemental Indenture, dated as of July 1, 2004, among J.P. Morgan Chase & Co., Bank One Corporation (succeeded through merger by JPMorgan Chase & Co.) and Citibank N.A., as Trustee, to the Indenture, dated as of July 1, 1995 (incorporated by reference to Exhibit 4.31 to the amended Registration Statement on Form S-3 (File No. 333-116822) of JPMorgan Chase & Co. filed July 1, 2004).

4.12(a) Form of Indenture, dated as of December 1, 1995, between First Chicago NBC Corporation (succeeded through merger by JPMorgan Chase & Co.) and The Chase Manhattan Bank (National Association) (succeeded by U.S. Bank Trust National Association), as Trustee (incorporated by reference to Exhibit 4.12(a) to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

4.12(b) Form of Supplemental Indenture, dated as of July 1, 2004, among J.P. Morgan Chase & Co., Bank One Corporation (succeeded through merger by JPMorgan Chase & Co.), JPMorgan Chase Bank, as Resigning Trustee, and U.S. Bank Trust National Association, as Successor Trustee, to the Indenture, dated as of December 1, 1995 (incorporated by reference to Exhibit 4.29 to the Registration Statement on Form S-3 (File No. 333-116822) of JPMorgan Chase & Co. filed June 24, 2004).

10.1 Deferred Compensation Plan for Non-Employee Directors of The Chase Manhattan Corporation (now known as JPMorgan Chase & Co.) and The Chase Manhattan Bank (now known as JPMorgan Chase Bank, N.A.), as amended and restated effective December, 1996 (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

10.2 Post-Retirement Compensation Plan for Non-Employee Directors of The Chase Manhattan Corporation (now known as JPMorgan Chase & Co.), as amended and restated effective May 21, 1996 (incorporated by reference to Exhibit 10.2 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

10.3 Deferred Compensation Program of JPMorgan Chase & Co. and Participating Companies, effective as of January 1, 1996 (incorporated by reference to Exhibit 10.3 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

10.4 2005 Deferred Compensation Program of JPMorgan Chase & Co., effective December 31, 2005.

10.5 JPMorgan Chase & Co. 2005 Long-Term Incentive Plan (incorporated by reference to Appendix C of Schedule 14A of JPMorgan Chase & Co. (File No. 1-5805) filed April 4, 2005).

10.6 The Chase Manhattan Corporation 1996 Long-Term Incentive Plan.

10.7 Key Executive Performance Plan of JPMorgan Chase & Co., as restated as of January 1, 2005.

10.8 Excess Retirement Plan of The Chase Manhattan Bank and Participating Companies, restated effective January 1, 2005.

10.9 1984 J.P. Morgan & Co. Incorporated Stock Incentive Plan, as amended (incorporated by reference to Exhibit 10.11 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

10.10 1992 J.P. Morgan & Co. Incorporated and Affiliated Companies Stock Incentive Plan, as amended (incorporated by reference to Exhibit 10.10 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

10.11 1995 J.P. Morgan & Co. Incorporated Stock Incentive Plan, as amended (incorporated by reference to Exhibit 10.12 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

10.12 1998 J.P. Morgan & Co. Incorporated and Affiliated Companies Performance Plan (incorporated by reference to Exhibit 10.13 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

10.13 Executive Retirement Plan of The Chase Manhattan Corporation and Certain Subsidiaries.

10.14 Benefit Equalization Plan of The Chase Manhattan Corporation and Certain Subsidiaries.

10.15 Summary of Terms of JPMorgan Chase & Co. Severance Policy.

10.16 Employment Agreement between J.P. Morgan Chase & Co. and James Dimon dated January 14, 2004 (incorporated by reference to Exhibit 10.1 of the Registration Statement on Form S-4 of J.P. Morgan Chase & Co. (File No. 333-112967) filed February 20, 2004).

10.17 Summary of Terms of Pension of William B. Harrison, Jr. (incorporated by reference to Form 8-K Item 1.01 of JPMorgan Chase & Co. filed February 28, 2005 (File No. 1-5805)).

10.18 Bank One Corporation Director Stock Plan, as amended (incorporated by reference to Exhibit 10(B) to the Form 10-K of Bank One Corporation (File No. 1-15323) for the year ended December 31, 2003).

10.19 Summary of Bank One Corporation Director Deferred Compensation Plan.

10.20 Bank One Corporation Stock Performance Plan (incorporated by reference to Exhibit 10(A) to the Form 10-K of Bank One Corporation (File No. 1-15323) for the year ended December 31, 2002).

10.21 Bank One Corporation Deferred Compensation Plan.

10.22 Bank One Corporation Supplemental Savings and Investment Plan, as amended (incorporated by reference to Exhibit 10(E) to the Form 10-K of Bank One Corporation (File No. 1-15323) for the year ended December 31, 2003).

10.23 Bank One Corporation Supplemental Personal Pension Account Plan, as amended (incorporated by reference to Exhibit 10(F) to the Form 10-K of Bank One Corporation (File No. 1-15323) for the year ended December 31, 2003).

10.24 Bank One Corporation Key Executive Change of Control Plan, as amended (incorporated by reference to Exhibit 10(G) to the Form 10-K of Bank One Corporation (File No. 1-15323) for the year ended December 31, 2003).

10.25 Bank One Corporation Planning Group Annual Incentive Plan, as amended (incorporated by reference to Exhibit 10(H) to the Form 10-K of Bank One Corporation (File No. 1-15323) for the year ended December 31, 2003).

10.26 Bank One Corporation Investment Option Plan.

10.27 First Chicago Corporation Stock Incentive Plan (incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

10.28 NBD Bancorp, Inc. Performance Incentive Plan, as amended (incorporated by reference to Exhibit 10.29 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

10.29 Bank One Corporation Revised and Restated 1989 Stock Incentive Plan (incorporated by reference to Exhibit 10.30 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

10.30 Bank One Corporation Revised and Restated 1995 Stock Incentive Plan (incorporated by reference to Exhibit 10.31 to the Annual Report on Form 10-K of JPMorgan Chase & Co. (File No. 1-5805) for the year ended December 31, 2004).

10.31 Form of JPMorgan Chase & Co. Long-Term Incentive Plan Award Agreement of January 2005 stock appreciation rights.

10.32 JPMorgan Chase & Co. Long-Term Incentive Plan Award Agreement of January 2005 restricted stock units (incorporated by reference to Exhibit 10.1 to Form 8-K of JPMorgan Chase & Co. (File No. 1-5805) filed April 11, 2005).

10.33 Form of JPMorgan Chase & Co. Long-Term Incentive Plan Award Agreement of October 2005 stock appreciation rights.

10.34 Amendment and Restatement of Letter Agreement between JPMorgan Chase & Co. and Charles W. Scharf, dated December 29, 2005.

12.1 Computation of ratio of earnings to fixed charges.

12.2 Computation of ratio of earnings to fixed charges and preferred stock dividend requirements.

21.1 List of Subsidiaries of JPMorgan Chase & Co.

22.1 Annual Report on Form 11-K of the JPMorgan Chase 401(k) Savings Plan (to be filed by amendment pursuant to Rule 15d-21 under the Securities Exchange Act of 1934).

23.1 Consent of independent registered public accounting firm.

31.1 Certification.

31.2 Certification.

31.3 Certification.

32 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

JPMorgan Chase hereby agrees to furnish to the Securities and Exchange Commission, upon request, copies of instruments defining the rights of holders for the outstanding nonregistered long-term debt of JPMorgan Chase and its subsidiaries and certain other long-term debt issued by predecessor institutions of JPMorgan Chase and assumed by virtue of the mergers with those respective institutions. These instruments have not been filed as exhibits hereto by reason that the total amount of each issue of such securities does not exceed 10% of the total assets of JPMorgan Chase and its subsidiaries on a consolidated basis. In addition, JPMorgan Chase hereby agrees to file with the Securities and Exchange Commission, upon request, the Junior Subordinated Indentures, the Guarantees and the Amended and Restated Trust Agreements for each Delaware business trust subsidiary that has issued Capital Securities, the guarantees for which have been assumed by JPMorgan Chase & Co. by virtue of the mergers of the respective predecessor institutions that originally issued such securities. The provisions of such agreements differ from the documents constituting Exhibits 4.8(a), (b) and (c) to this report only with respect to the pricing terms of each series of capital securities; these pricing terms are disclosed in Note 17 on page 117.

Pages 16-20 not used

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Merger with Bank One Corporation

Effective July 1, 2004, Bank One Corporation ("Bank One") merged with and into JPMorgan Chase & Co. (the "Merger"). As a result of the Merger, each outstanding share of common stock of Bank One was converted in a stock-for-stock exchange into 1.32 shares of common stock of JPMorgan Chase & Co. ("JPMorgan Chase"). The Merger was accounted for using the purchase method of accounting. Accordingly, the Firm's results of operations for 2004 include six months of the combined Firm's results and six months of heritage JPMorgan Chase results only and 2003 results of operations reflect the results of heritage JPMorgan Chase only. For additional information regarding the Merger, see Note 2 on page 92 of this Annual Report.

Five-year summary of consolidated financial highlights

JPMorgan Chase & Co.

(unaudited)
(in millions, except per share, headcount and ratio data)

As of or for the year ended December 31,	2005	2004(e)	Heritage JPMorgan Chase only 2003	2002	2001
Selected income statement data					
Noninterest revenue	**$ 34,702**	$ 26,336	$ 20,419	$ 17,436	$ 17,943
Net interest income	**19,831**	16,761	12,965	12,178	11,401
Total net revenue	**54,533**	43,097	33,384	29,614	29,344
Provision for credit losses	**3,483**	2,544	1,540	4,331	3,182
Noninterest expense before Merger costs and Litigation reserve charge	**35,549**	29,294	21,716	20,254	21,073
Merger and restructuring costs	**722**	1,365	—	1,210	2,523
Litigation reserve charge	**2,564**	3,700	100	1,300	—
Total noninterest expense	**38,835**	34,359	21,816	22,764	23,596
Income before income tax expense and effect of accounting change	**12,215**	6,194	10,028	2,519	2,566
Income tax expense	**3,732**	1,728	3,309	856	847
Income before effect of accounting change	**8,483**	4,466	6,719	1,663	1,719
Cumulative effect of change in accounting principle (net of tax)	**—**	—	—	—	(25)
Net income	**$ 8,483**	$ 4,466	$ 6,719	$ 1,663	$ 1,694
Per common share					
Net income per share: Basic	**$ 2.43**	$ 1.59	$ 3.32	$ 0.81	$ 0.83(f)
Diluted	**2.38**	1.55	3.24	0.80	0.80(f)
Cash dividends declared per share	**1.36**	1.36	1.36	1.36	1.36
Book value per share	**30.71**	29.61	22.10	20.66	20.32
Common shares outstanding					
Average: Basic	**3,492**	2,780	2,009	1,984	1,972
Diluted	**3,557**	2,851	2,055	2,009	2,024
Common shares at period-end	**3,487**	3,556	2,043	1,999	1,973
Selected ratios					
Return on common equity (“ROE”)	**8%**	6%	16%	4%	4%
Return on assets (“ROA”)(a)	**0.72**	0.46	0.87	0.23	0.23
Tier 1 capital ratio	**8.5**	8.7	8.5	8.2	8.3
Total capital ratio	**12.0**	12.2	11.8	12.0	11.9
Tier 1 leverage ratio	**6.3**	6.2	5.6	5.1	5.2
Selected balance sheet data (period-end)					
Total assets	**$ 1,198,942**	$ 1,157,248	$ 770,912	$ 758,800	$ 693,575
Securities	**47,600**	94,512	60,244	84,463	59,760
Loans	**419,148**	402,114	214,766	216,364	217,444
Deposits	**554,991**	521,456	326,492	304,753	293,650
Long-term debt	**108,357**	95,422	48,014	39,751	39,183
Common stockholders’ equity	**107,072**	105,314	45,145	41,297	40,090
Total stockholders’ equity	**107,211**	105,653	46,154	42,306	41,099
Credit quality metrics					
Allowance for credit losses	**$ 7,490**	$ 7,812	$ 4,847	$ 5,713	$ 4,806
Nonperforming assets(b)	**2,590**	3,231	3,161	4,821	4,037
Allowance for loan losses to total loans(c)	**1.84%**	1.94%	2.33%	2.80%	2.25%
Net charge-offs	**$ 3,819**	$ 3,099	$ 2,272	$ 3,676	$ 2,335
Net charge-off rate(c)	**1.00%**	1.08%	1.19%	1.90%	1.13%
Headcount	**168,847**	160,968	96,367	97,124	95,812(g)
Share price (d)					
High	**$ 40.56**	$ 43.84	$ 38.26	$ 39.68	$ 59.19
Low	**32.92**	34.62	20.13	15.26	29.04
Close	**39.69**	39.01	36.73	24.00	36.35

(a) Represents Net income divided by Total average assets.
(b) Excludes wholesale purchased held-for-sale (“HFS”) loans purchased as part of the Investment Bank’s proprietary activities.
(c) Excluded from the allowance coverage ratios were end-of-period loans held-for-sale; and excluded from the net charge-off rates were average loans held-for-sale.
(d) JPMorgan Chase’s common stock is listed and traded on the New York Stock Exchange, the London Stock Exchange Limited and the Tokyo Stock Exchange. The high, low and closing prices of JPMorgan Chase’s common stock are from The New York Stock Exchange Composite Transaction Tape.
(e) 2004 results include six months of the combined Firm’s results and six months of heritage JPMorgan Chase results.
(f) Basic and diluted earnings per share were each reduced by $0.01 in 2001 because of the impact of the adoption of SFAS 133 relating to the accounting for derivative instruments and hedging activities.
(g) Represents full-time equivalent employees, as headcount data is unavailable.

Management's discussion and analysis

JPMorgan Chase & Co.

This section of the Annual Report provides management's discussion and analysis ("MD&A") of the financial condition and results of operations for JPMorgan Chase. See the Glossary of terms on pages 134–135 for definitions of terms used throughout this Annual Report. The MD&A included in this Annual Report contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. These risks and uncertainties could cause JPMorgan Chase's results to differ materially from those set forth in such forward-looking statements. Certain of such risks and uncertainties are described herein (see Forward-looking statements on page 135 of this Annual Report) and in the JPMorgan Chase Annual Report on Form 10–K ("Form 10–K") for the year ended December 31, 2005, in Part I, Item 1A: Risk factors, to which reference is hereby made.

Introduction

JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"), a financial holding company incorporated under Delaware law in 1968, is a leading global financial services firm and one of the largest banking institutions in the United States, with $1.2 trillion in assets, $107 billion in stockholders' equity and operations worldwide. The Firm is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, asset and wealth management and private equity. Under the JPMorgan, Chase and Bank One brands, the Firm serves millions of customers in the United States and many of the world's most prominent corporate, institutional and government clients.

JPMorgan Chase's principal bank subsidiaries are JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank"), a national banking association with branches in 17 states; and Chase Bank USA, National Association, a national bank that is the Firm's credit card issuing bank. JPMorgan Chase's principal nonbank subsidiary is J.P. Morgan Securities Inc. ("JPMSI"), the Firm's U.S. investment banking firm.

JPMorgan Chase's activities are organized, for management reporting purposes, into six business segments, as well as Corporate. The Firm's wholesale businesses comprise the Investment Bank, Commercial Banking, Treasury & Securities Services, and Asset & Wealth Management. The Firm's consumer businesses comprise Retail Financial Services and Card Services. A description of the Firm's business segments, and the products and services they provide to their respective client bases, follows.

Investment Bank
JPMorgan Chase is one of the world's leading investment banks, as evidenced by the breadth of the Investment Bank client relationships and product capabilities. The Investment Bank ("IB") has extensive relationships with corporations, financial institutions, governments and institutional investors worldwide. The Firm provides a full range of investment banking products and services in all major capital markets, including advising on corporate strategy and structure, capital raising in equity and debt markets, sophisticated risk management, and market-making in cash securities and derivative instruments. The Investment Bank also commits the Firm's own capital to proprietary investing and trading activities.

Retail Financial Services
Retail Financial Services ("RFS") includes Home Finance, Consumer & Small Business Banking, Auto & Education Finance and Insurance. Through this group of businesses, the Firm provides consumers and small businesses with a broad range of financial products and services including deposits, investments, loans and insurance. Home Finance is a leading provider of consumer real estate loan products and is one of the largest originators and servicers of home mortgages. Consumer & Small Business Banking offers one of the largest branch networks in the United States, covering 17 states with 2,641 branches and 7,312 automated teller machines ("ATMs"). Auto & Education Finance is the largest noncaptive originator of automobile loans as well as a top provider of loans for college students. Through its Insurance operations, the Firm sells and underwrites an extensive range of financial protection products and investment alternatives, including life insurance, annuities and debt protection products.

Card Services
Card Services ("CS") is one of the largest issuers of credit cards in the United States, with more than 110 million cards in circulation, and is the largest merchant acquirer. CS offers a wide variety of products to satisfy the needs of its cardmembers, including cards issued on behalf of many well-known partners, such as major airlines, hotels, universities, retailers and other financial institutions.

Commercial Banking
Commercial Banking ("CB") serves more than 25,000 clients, including corporations, municipalities, financial institutions and not-for-profit entities with annual revenues generally ranging from $10 million to $2 billion. While most Middle Market clients are within the Retail Financial Services footprint, CB also covers larger corporations, as well as local governments and financial institutions on a national basis. CB is a market leader with superior client penetration across the businesses it serves. Local market presence, coupled with industry expertise and excellent client service and risk management, enable CB to offer superior financial advice. Partnership with other JPMorgan Chase businesses positions CB to deliver broad product capabilities – including lending, treasury services, investment banking, and asset and wealth management – and meet its clients' financial needs.

Treasury & Securities Services
Treasury & Securities Services ("TSS") is a global leader in providing transaction, investment and information services to support the needs of corporations, issuers and institutional investors worldwide. TSS is one of the largest cash management providers in the world and a leading global custodian. The Treasury Services ("TS") business provides a variety of cash management products, trade finance and logistics solutions, wholesale card products, and short-term liquidity management tools. The Investor Services ("IS") business provides custody, fund services, securities lending, and performance measurement and execution products. The Institutional Trust Services ("ITS") business provides trustee, depository and administrative services for debt and equity issuers. TS partners with the Commercial Banking, Consumer & Small Business Banking and Asset & Wealth Management businesses to serve clients firmwide. As a result, certain TS revenues are included in other segments' results. TSS combined the management of the IS and ITS businesses under the name Worldwide Securities Services ("WSS") to create an integrated franchise which provides custody and investor services as well as securities clearance and trust services to clients globally. Beginning January 1, 2006, TSS will report results for two divisions: TS and WSS.

Asset & Wealth Management
Asset & Wealth Management ("AWM") provides investment advice and management for institutions and individuals. With Assets under supervision of $1.1 trillion, AWM is one of the largest asset and wealth managers in the world. AWM serves four distinct client groups through three businesses: institutions through JPMorgan Asset Management; ultra-high-net-worth clients through the Private Bank; high-net-worth clients through Private Client Services; and retail clients through JPMorgan Asset Management. The majority of AWM's client assets are in actively managed portfolios. AWM has global investment expertise in equities, fixed income, real estate, hedge funds, private equity and liquidity, including both money market instruments and bank deposits. AWM also provides trust and estate services to ultra-high-net-worth and high-net-worth clients, and retirement services for corporations and individuals.

2005 Business events

Collegiate Funding Services
On March 1, 2006, JPMorgan Chase acquired, for approximately $663 million, Collegiate Funding Services, a leader in student loan servicing and consolidation. This acquisition will enable the Firm to create a comprehensive education finance business.

BrownCo
On November 30, 2005, JPMorgan Chase sold BrownCo, an on-line deep-discount brokerage business, to E*TRADE Financial for a cash purchase price of $1.6 billion. JPMorgan Chase recognized an after-tax gain of $752 million.

Sears Canada credit card business
On November 15, 2005, JPMorgan Chase purchased Sears Canada Inc.'s credit card operation, including both the private-label card accounts and the co-branded Sears MasterCard® accounts. The credit card operation includes approximately 10 million accounts with $2.2 billion (CAD$2.5 billion) in managed loans. Sears Canada and JPMorgan Chase entered into an ongoing arrangement under which JPMorgan Chase will offer private-label and co-branded credit cards to both new and existing customers of Sears Canada.

Chase Merchant Services, Paymentech integration
On October 5, 2005, JPMorgan Chase and First Data Corp. completed the integration of the companies' jointly owned Chase Merchant Services and Paymentech merchant businesses, to be operated under the name of Chase Paymentech Solutions, LLC. The joint venture is the largest financial transaction processor in the U.S. for businesses accepting credit card payments via traditional point of sale, Internet, catalog and recurring billing. As a result of the integration into a joint venture, Paymentech has been deconsolidated and JPMorgan Chase's ownership interest in this joint venture is accounted for in accordance with the equity method of accounting.

Neovest Holdings, Inc.
On September 1, 2005, JPMorgan Chase completed its acquisition of Neovest Holdings, Inc., a provider of high-performance trading technology and direct market access. This transaction will enable the Investment Bank to offer a leading, broker-neutral trading platform across asset classes to institutional investors, asset managers and hedge funds.

Enron litigation settlement
On June 14, 2005, JPMorgan Chase announced that it had reached an agreement in principle to settle, for $2.2 billion, the Enron class action litigation captioned Newby v. Enron Corp. The Firm also recorded a nonoperating charge of $1.9 billion (pre-tax) to cover the settlement and to increase its reserves for certain other remaining material legal matters.

Vastera
On April 1, 2005, JPMorgan Chase acquired Vastera, a provider of global trade management solutions, for approximately $129 million. Vastera's business was combined with the Logistics and Trade Services businesses of TSS' Treasury Services unit. Vastera automates trade management processes associated with the physical movement of goods internationally; the acquisition enables TS to offer management of information and processes in support of physical goods movement, together with financial settlement.

WorldCom litigation settlement
On March 17, 2005, JPMorgan Chase settled, for $2.0 billion, the WorldCom, Inc. class action litigation. In connection with the settlement, JPMorgan Chase increased the Firm's Litigation reserve by $900 million.

JPMorgan Partners
On March 1, 2005, the Firm announced that the management team of JPMorgan Partners, LLC, a private equity unit of the Firm, will become independent when it completes the investment of the current $6.5 billion Global Fund, which it advises. The buyout and growth equity professionals of JPMorgan Partners will form a new independent firm, CCMP Capital, LLC, and the venture professionals will separately form a new independent firm, Panorama Capital, LLC. JPMorgan Chase has committed to invest the lesser of $875 million or 24.9% of the limited partnership interests in the fund to be raised by CCMP Capital, and has committed to invest the lesser of $50 million or 24.9% of the limited partnership interests in the fund to be raised by Panorama Capital. The investment professionals of CCMP and Panorama will continue to manage the JPMP investments pursuant to a management agreement with the Firm.

Cazenove
On February 28, 2005, JPMorgan Chase and Cazenove Group plc ("Cazenove") formed a business partnership which combined Cazenove's investment banking business and JPMorgan Chase's U.K.-based investment banking business in order to provide investment banking services in the United Kingdom and Ireland. The new company is called JPMorgan Cazenove Holdings.

Subsequent events

Sale of insurance underwriting business
On February 7, 2006, JPMorgan Chase announced that the Firm has agreed to sell its life insurance and annuity underwriting businesses to Protective Life Corporation for a cash purchase price of approximately $1.2 billion. The sale, which includes both the heritage Chase insurance business and the life business that Bank One had bought from Zurich Insurance in 2003, is subject to normal regulatory approvals and is expected to close in the third quarter of 2006. JPMorgan Chase anticipates the transaction will have no material impact on earnings.

Executive overview

This overview of management's discussion and analysis highlights selected information and may not contain all of the information that is important to readers of this Annual Report. For a more complete understanding of events, trends and uncertainties, as well as the liquidity, capital, credit and market risks, and the critical accounting estimates, affecting the Firm and the lines of business, this Annual Report should be read in its entirety.

Financial performance of JPMorgan Chase

As of or for the year ended December 31, (in millions, except per share and ratio data)	2005	2004(a)	Change
Total net revenue	**$ 54,533**	$ 43,097	27%
Provision for credit losses	**3,483**	2,544	37
Total noninterest expense	**38,835**	34,359	13
Net income	**8,483**	4,466	90
Net income per share – diluted	**2.38**	1.55	54
Average common equity	**105,507**	75,641	39
Return on common equity ("ROE")	**8%**	6%	
Loans	**$ 419,148**	$ 402,114	4%
Total assets	**1,198,942**	1,157,248	4
Deposits	**554,991**	521,456	6
Tier 1 capital ratio	**8.5%**	8.7%	
Total capital ratio	**12.0**	12.2	

(a) Includes six months of the combined Firm's results and six months of heritage JPMorgan Chase results.

Business overview

2005 represented the Firm's first full year as a merged company; 2004 included six months of the combined Firm's results and six months of heritage JPMorgan Chase results. Therefore, comparisons between the two years are significantly affected by the Merger. In addition, other key factors affecting 2005 results included litigation charges to settle the Enron and Worldcom class actions, a special provision for credit losses related to Hurricane Katrina, the impact of the new bankruptcy legislation on credit card charge-offs and the sale of BrownCo, as well as the global economic and market environments.

In 2005, the Firm successfully completed a number of milestones in the execution of its Merger integration plan. Key accomplishments included: launching a national advertising campaign that introduced a modernized Chase brand; the conversion of 1,400 Bank One branches, 3,400 ATMs and millions of Bank One credit cards to the Chase brand; completing the operating platform conversion in Card Services; and executing a major systems conversion in Texas that united 400 Chase and Bank One branches and over 800 ATMs under common systems and branding. These accomplishments resulted in continued efficiencies from the Merger, and the Firm made significant progress toward reaching the merger-related savings target of approximately $3.0 billion by the end of 2007. The Firm realized approximately $1.5 billion of merger savings in 2005, bringing estimated cumulative savings to $1.9 billion, and the annualized run-rate of savings entering 2006 is approximately $2.2 billion. In order to achieve these savings, the Firm expensed merger-related costs of $722 million during the year, bringing the total cumulative amount expensed since the Merger announcement to $2.1 billion. Management continues to estimate remaining Merger costs of approximately $0.9 billion to $1.4 billion, which are expected to be expensed over the next two years.

The Board of Directors announced in the fourth quarter that James Dimon, President and Chief Operating Officer, would succeed Chairman and Chief Executive Officer William B. Harrison, Jr. as Chief Executive Officer on December 31, 2005. Mr. Harrison remains Chairman of the Board.

The Firm reported 2005 net income of $8.5 billion, or $2.38 per share, compared with net income of $4.5 billion, or $1.55 per share, for 2004. The return on common equity was 8% compared with 6% in 2004.

Results included $2.0 billion in after-tax charges, or $0.57 per share, which included nonoperating litigation charges of $1.6 billion and Merger costs of $448 million. Excluding these charges, operating earnings were $10.5 billion, or $2.95 per share, and return on common equity was 10%. Operating earnings represent business results without merger-related costs, nonoperating litigation-related charges and recoveries, and costs related to conformance of accounting policies.

In 2005, both the U.S. and global economies continued to expand. Gross domestic product increased by an estimated 3.0% globally with the U.S. economy growing at a slightly faster pace. The U.S. economy experienced continued rising short-term interest rates, which were driven by Federal Reserve Board actions during the course of the year. The federal funds rate increased from 2.25% to 4.25% during the year, and the yield curve flattened as long term interest rates remained broadly steady. Equity markets, both domestic and international, reflected positive performance, with the S&P 500 up 3% and international indices increasing over 20%. Capital markets activity was very strong during 2005, with debt and equity underwriting and merger and acquisition activity surpassing 2004 levels. The U.S. consumer sector showed continued strength buoyed by overall economic strength, which benefited from good levels of employment and retail sales that increased versus the prior year. This strength came despite slowing mortgage origination and refinance activity as well as significantly higher bankruptcy filings due to the new bankruptcy legislation which became effective in October 2005.

The 2005 economic environment was a contributing factor to the performance of the Firm and each of its businesses. The overall economic expansion and strong level of capital markets activity helped to drive new business volume and sales growth within each business. The interest rate environment negatively affected both wholesale and consumer loan spreads, though wholesale liability spreads widened over the course of the year, benefiting Treasury & Securities Services and Commercial Banking. Additionally, the credit quality of the loan portfolio continued to remain strong, reflecting the beneficial economic environment, despite the impacts of accelerated bankruptcy filings and Hurricane Katrina.

The discussion that follows highlights, on an operating basis and excluding the impact of the Merger, the performance of each of the Firm's lines of business.

Investment Bank operating earnings benefited from higher revenue and a continued benefit from the Provision for credit losses, which were offset by increased compensation expense. Revenue growth was driven by higher, although volatile, fixed income trading results, stronger equity commissions and improved investment banking fees, all of which benefited from strength in global capital markets activity. Investment banking fees had particular strength in advisory, reflecting in part the benefit of the business partnership with Cazenove, which was formed in February of 2005. As in 2004, the

Provision for credit losses in 2005 was a benefit to earnings, mainly due to continued improvement in the credit quality of the loan portfolio. The increase in expense was primarily the result of higher performance-based incentive compensation due to increased revenues.

Retail Financial Services operating earnings benefited from the overall strength of the U.S. economy, which led to increased deposit, home equity and mortgage balances. In addition to the benefit from higher balances, revenues increased due to improved mortgage servicing rights ("MSRs") risk management results. Expenses declined, reflecting ongoing efficiency improvements across all businesses even as investments continued in retail banking distribution and sales, with the net addition during the year of 133 branch offices, 662 ATMs and over 1,300 personal bankers. These benefits were offset partially by narrower spreads on loans due to the interest rate environment and net losses associated with loan portfolio sale activity. The provision for credit losses benefited from improved credit trends in most consumer lending portfolios and from loan portfolio sales, but was affected negatively by a special provision related to Hurricane Katrina.

Card Services operating earnings benefited from lower expenses driven by merger savings and greater efficiencies from the operating platform conversion, which resulted in lower processing and compensation costs. Revenue benefited from higher loan balances and customer charge volume resulting from marketing initiatives and increased consumer spending. Partially offsetting this growth were narrower spreads on loan balances due to an increase in accounts in their introductory rate period and higher interest rates. The managed provision for credit losses increased due to record levels of bankruptcy-related charge-offs related to the new bankruptcy legislation that became effective in October 2005 and a special provision related to Hurricane Katrina. Despite these events, underlying credit quality remained strong, with a managed net charge-off ratio of 5.21%, down from 5.27% in 2004.

Commercial Banking operating earnings benefited from wider spreads and higher volumes related to liability balances and increased loan balances. Partially offsetting these benefits were narrower loan spreads related to competitive pressures in some markets and lower deposit-related fees due to higher interest rates. The provision for credit losses increased due to a special provision related to Hurricane Katrina, increased loan balances and refinements in the data used to estimate the allowance for credit losses. However, the underlying credit quality in the portfolio was strong throughout the year, as evidenced by lower net charge-offs and nonperforming loans compared with 2004.

Treasury & Securities Services operating earnings grew significantly in 2005. Revenue growth resulted from business growth and widening spreads on, and growth in, liability balances, all of which benefited from global economic strength and capital market activity. Partially offsetting this growth were lower deposit-related fees due to higher interest rates. Expenses decreased due to lower software impairment charges, partially offset by higher compensation expense resulting from new business growth, the Vastera acquisition completed in April, and by charges taken in the second quarter to terminate a client contract.

Asset & Wealth Management operating earnings benefited from net asset inflows and asset appreciation, both the result of favorable capital markets and improved investment performance, which resulted in an increased level of Assets under management. Results also benefited from the acquisition of a majority interest in Highbridge Capital Management in the fourth quarter of 2004 and growth in deposit and loan balances. Expenses increased due primarily to the acquisition of Highbridge and higher performance-based incentive compensation related to increased revenue.

Corporate segment operating earnings were affected negatively by repositioning of the Treasury Investment portfolio. This decline was offset partially by the gain on the sale of BrownCo of $1.3 billion (pre-tax) and improved Private Equity results.

The Firm had, at year-end, total stockholders' equity of $107 billion, and a Tier 1 capital ratio of 8.5%. The Firm purchased $3.4 billion, or 93.5 million shares of common stock during the year.

2006 Business outlook

The following forward-looking statements are based upon the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. These risks and uncertainties could cause JPMorgan Chase's results to differ materially from those set forth in such forward-looking statements.

JPMorgan Chase's outlook for 2006 should be viewed against the backdrop of the global economy, financial markets and the geopolitical environment, all of which are integrally linked. While the Firm considers outcomes for, and has contingency plans to respond to, stress environments, the basic outlook for 2006 is predicated on the interest rate movements implied in the forward rate curve for U.S. treasuries, the continuation of favorable U.S. and international equity markets and continued expansion of the global economy.

The performance of the Firm's capital markets and wholesale businesses are affected by overall global economic growth and by financial market movements and activity levels. The Investment Bank enters 2006 with a strong investment banking fee pipeline and continues to focus on new product expansion initiatives, such as commodities and securitized products, which are intended to benefit growth and reduce volatility in trading results over time. Compared with 2005, the Investment Bank anticipates lower credit portfolio revenues due to reduced gains from loan workouts. Asset & Wealth Management anticipates continued growth driven by continued net inflows to Assets under supervision. Treasury & Securities Services and Commercial Banking expect growth due to increased business activity and product sales.

Retail Financial Services anticipates benefiting from the expanded branch network and salesforce, and improved sales productivity and cross-selling in the branches, partially offset by pressure on loan and deposit spreads due to the higher interest rate environment. The acquisition of Collegiate Funding Services is expected to contribute modestly to earnings in 2006.

Card Services anticipates that managed receivables will grow in line with the overall credit card industry, benefiting from marketing initiatives, new partnerships and the acquisition of the Sears Canada credit card business. Revenues and expenses also will reflect the full-year impact of the Paymentech deconsolidation and the acquisition of the Sears Canada credit card business.

The Corporate segment includes Private Equity, Treasury and other corporate support units. The revenue outlook for the Private Equity business is directly related to the strength of the equity markets and the performance of the underlying portfolio investments. If current market conditions persist, the Firm anticipates continued realization of private equity gains in 2006, but results can be volatile from quarter to quarter. It is anticipated that Treasury net interest

income will gradually improve and that the net loss in Other Corporate will be reduced as merger savings and other expense reduction initiatives, such as less excess real estate, are realized.

The Provision for credit losses in 2006 is anticipated to be higher than in 2005, primarily driven by a trend toward a more normal level of provisioning for credit losses in the wholesale businesses. The consumer Provision for credit losses in 2006 should reflect generally stable underlying asset quality. However, it is anticipated that the first half of 2006 will experience lower credit card net charge-offs, as the record level of bankruptcy filings in the fourth quarter of 2005 are believed to have included bankruptcy filings that would otherwise have occurred in 2006. The second half of 2006 is expected to include increased credit card delinquencies and net charge-offs as a result of implementation of new FFIEC minimum payment rules.

Firmwide expenses are anticipated to benefit as the run rate of merger savings is expected to reach approximately $2.8 billion by the end of 2006 driven by activities such as the tri-state retail conversion and data center upgrades. Offsetting the merger savings will be continued investment in distribution enhancements and new product offerings; extensive merger integration activities and upgrading of technology; and expenses related to recent acquisitions, such as the Sears Canada credit card business and Collegiate Funding Services.

Consolidated results of operations

The following section provides a comparative discussion of JPMorgan Chase's consolidated results of operations on a reported basis for the three-year period ended December 31, 2005. Factors that are related primarily to a single business segment are discussed in more detail within that business segment than they are in this consolidated section. For a discussion of the Critical accounting estimates used by the Firm that affect the Consolidated results of operations, see pages 81–83 of this Annual Report.

Revenue

Year ended December 31,(a) (in millions)	2005	2004	2003
Investment banking fees	**$ 4,088**	$ 3,537	$ 2,890
Trading revenue	**5,860**	3,612	4,427
Lending & deposit related fees	**3,389**	2,672	1,727
Asset management, administration and commissions	**10,390**	8,165	6,039
Securities/private equity gains	**473**	1,874	1,479
Mortgage fees and related income	**1,054**	806	790
Credit card income	**6,754**	4,840	2,466
Other income	**2,694**	830	601
Noninterest revenue	**34,702**	26,336	20,419
Net interest income	**19,831**	16,761	12,965
Total net revenue	**$54,533**	$43,097	$33,384

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

2005 compared with 2004

Total net revenue for 2005 was $54.5 billion, up 27% from 2004, primarily due to the Merger, which affected every revenue category. The increase from the prior year also was affected by a $1.3 billion gain on the sale of BrownCo; higher Trading revenue; and higher Asset management, administration and commissions, which benefited from several new investments and growth in Assets under management and assets under custody. These increases were offset partly by available-for-sale ("AFS") securities losses as a result of repositioning of the Firm's Treasury investment portfolio. The discussions that follow highlight factors other than the Merger that affected the 2005 versus 2004 comparison.

The increase in Investment banking fees reflected continued strength in advisory, equity and debt underwriting, with particular growth in Europe, which benefited from the business partnership with Cazenove. Trading revenue increased from 2004, reflecting strength in fixed income, equities and commodities. For a further discussion of Investment banking fees and Trading revenue, which are primarily recorded in the IB, see the IB segment results on pages 36–38 of this Annual Report.

The higher Lending & deposit-related fees were driven by the Merger; absent the effects of the Merger, the deposit-related fees would have been lower due to rising interest rates. In a higher interest-rate environment, the value of deposit balances to a customer is greater, resulting in a reduction of deposit-related fees. For a further discussion of liability balances (including deposits) see the CB and TSS segment discussions on pages 47–48 and 49–50, respectively, of this Annual Report.

The increase in Asset management, administration and commissions revenue was driven by incremental fees from several new investments, including a majority interest in Highbridge Capital Management, LLC, the business partnership with Cazenove and the acquisition of Vastera. Also contributing to the higher level of revenue was an increase in Assets under management, reflecting net asset inflows, mainly in equity-related products, and global equity market appreciation. In addition, Assets under custody were up due to market value appreciation and new business. Commissions rose as a result of a higher volume of brokerage transactions. For additional information on these fees and commissions, see the segment discussions for IB on pages 36–38, AWM on pages 51–52 and TSS on pages 49–50 of this Annual Report.

The decline in Securities/private equity gains reflected $1.3 billion of securities losses, as compared with $338 million of gains in 2004. The losses resulted primarily from repositioning the Firm's Treasury investment portfolio in response to rising interest rates. The securities losses were offset partly by higher private equity gains due to a continuation of favorable capital markets conditions. For a further discussion of Securities/private equity gains, which are recorded primarily in the Firm's Treasury and Private Equity businesses, see the Corporate segment discussion on pages 53–54 of this Annual Report.

Mortgage fees and related income increased due to improvements in risk management results related to MSR assets. Mortgage fees and related income exclude the impact of NII and AFS securities gains related to home mortgage activities. For a discussion of Mortgage fees and related income, which is recorded primarily in RFS's Home Finance business, see the segment discussion for RFS on pages 39–44 of this Annual Report.

Credit card income rose as a result of higher interchange income associated with the increase in charge volume. This increase was offset partially by higher volume-driven payments to partners; rewards expense; and the impact of the deconsolidation of Paymentech, which was deconsolidated upon completion of the integration of Chase Merchant Services and the Paymentech merchant processing businesses in 2005. For a further discussion of Credit card income, see CS segment results on pages 45–46 of this Annual Report.

The increase in Other income primarily reflected a $1.3 billion pre-tax gain on the sale of BrownCo to E*TRADE Financial; higher gains from loan workouts and loan sales; and higher revenues as a result of a shift from financing leases to operating leases in the auto business. These gains were offset partly by write-downs on auto loans that were transferred to held-for-sale and a one-time gain in 2004 on the sale of an investment.

Net interest income rose as a result of higher average volume of, and wider spreads on, liability balances. Also contributing to the increase was higher average volume of wholesale and consumer loans, in particular, home equity and credit card loans. These increases were offset partially by narrower spreads on consumer and wholesale loans and on trading assets, as well as reduced Treasury investment portfolio levels. The Firm's total average interest-earning assets in 2005 were $916 billion, up 23% from the prior year. The net interest yield on these assets, on a fully taxable-equivalent basis, was 2.19%, a decrease of six basis points from the prior year.

2004 compared with 2003

Total net revenues, at $43.1 billion, rose by $9.7 billion, or 29%, primarily due to the Merger, which affected every category of Total net revenue. The discussion that follows highlights factors other than the Merger that affected the 2004 versus 2003 comparison.

The increase in Investment banking fees was driven by significant gains in underwriting and advisory activities as a result of increased global market volumes and market share gains. Trading revenue declined by 18%, primarily due to lower portfolio management results in fixed income and equities.

Lending & deposit related fees were up from 2003 due to the Merger. The rise was offset partially by lower deposit-related fees, as clients paid for services with deposits versus fees due to rising interest rates. Throughout 2004, deposit balances grew in response to rising interest rates.

The increase in Asset management, administration and commissions was driven also by the full-year impact of other acquisitions – such as EFS in January 2004, Bank One's Corporate Trust business in November 2003 and JPMorgan Retirement Plan Services in June 2003 – as well as the effect of global equity market appreciation, net asset inflows and a better product mix. In addition, a more active market for trading activities in 2004 resulted in higher brokerage commissions.

Securities/private equity gains for 2004 rose from the prior year, primarily fueled by the improvement in the Firm's private equity investment results. This change was offset by lower securities gains on the Treasury investment portfolio as a result of lower volumes of securities sold, and lower gains realized on sales due to higher interest rates. Additionally, RFS's Home Finance business reported losses in 2004 on AFS securities, as compared with gains in 2003. For a further discussion of securities gains, see the RFS and Corporate segment discussions on pages 39–44 and 53–54, respectively, of this Annual Report.

Mortgage fees and related income rose as a result of higher servicing revenue; this improvement was offset partially by lower MSR risk management results and prime mortgage production revenue, and by lower gains from sales and securitizations of subprime loans as a result of management's decision in 2004 to retain these loans. Mortgage fees and related income exclude the impact of NII and securities gains related to home mortgage activities.

Credit card income increased from 2003 as a result of higher customer charge volume, which resulted in increased interchange income, and higher credit card servicing fees associated with an increase of $19.4 billion in average securitized loans. The increases were offset partially by higher volume-driven payments to partners and rewards expense.

The increase in Other income from 2003 reflected gains on leveraged lease transactions, the sale of an investment in 2004 and higher net results from corporate- and bank-owned life insurance policies. These positive factors in 2004 were offset partially by gains on sales of several nonstrategic businesses and real estate properties in 2003.

Net interest income rose from 2003 as growth in volumes of consumer loans and deposits, as well as wider spreads on deposits, contributed to higher net interest income. These positive factors were offset partially by lower wholesale loan balances in the IB and tighter spreads on loans, investment securities and trading assets stemming from the rise in interest rates. The Firm's total average interest-earning assets for 2004 were $744 billion, up $154 billion from 2003. The net interest yield on these assets, on a fully taxable-equivalent basis, was 2.25% in 2004, an increase of four basis points from the prior year.

Provision for credit losses

2005 compared with 2004
The Provision for credit losses was $3.5 billion, an increase of $939 million, or 37%, from 2004, reflecting the full-year impact of the Merger. The wholesale Provision for credit losses was a benefit of $811 million for the year compared with a benefit of $716 million in the prior year, reflecting continued strength in credit quality. The wholesale loan net recovery rate was 0.06% in 2005, an improvement from a net charge-off rate of 0.18% in the prior year. The total consumer Provision for credit losses was $4.3 billion, $1.9 billion higher than the prior year, primarily due to the Merger, higher bankruptcy-related net charge-offs in Card Services and a $350 million special provision for Hurricane Katrina. 2004 included accounting policy conformity adjustments as a result of the Merger. Excluding these items, the consumer portfolio continued to show strength in credit quality.

The Firm had total nonperforming assets of $2.6 billion at December 31, 2005, a decline of $641 million, or 20%, from the 2004 level of $3.2 billion. For further information about the Provision for credit losses and the Firm's management of credit risk, see the Credit risk management discussion on pages 63–74 of this Annual Report.

2004 compared with 2003
The Provision for credit losses of $2.5 billion was up $1.0 billion, or 65%, compared with 2003. The impact of the Merger and accounting policy conformity charges of $858 million were offset partially by releases in the allowance for credit losses related to the wholesale loan portfolio, primarily due to improved credit quality in the IB, and the sale of the manufactured home loan portfolio in RFS.

Noninterest expense

Year ended December 31,[a] (in millions)	**2005**	2004	2003
Compensation expense	**$18,255**	$14,506	$11,387
Occupancy expense	**2,299**	2,084	1,912
Technology and communications expense	**3,624**	3,702	2,844
Professional & outside services	**4,224**	3,862	2,875
Marketing	**1,917**	1,335	710
Other expense	**3,705**	2,859	1,694
Amortization of intangibles	**1,525**	946	294
Merger costs	**722**	1,365	—
Litigation reserve charge	**2,564**	3,700	100
Total noninterest expense	**$38,835**	$34,359	$21,816

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

2005 compared with 2004
Noninterest expense was $38.8 billion, up 13% from the prior year, primarily due to the full-year impact of the Merger. Excluding Litigation reserve charges and Merger costs, Noninterest expense would have been $35.5 billion, up 21%. In addition to the Merger, expenses increased as a result of higher performance-based incentives, continued investment spending in the Firm's businesses and incremental marketing expenses related to launching the new Chase brand, partially offset by merger-related savings and other efficiencies throughout the Firm. Each category of Noninterest expense was affected by the Merger. The discussions that follow highlight factors other than the Merger that affected the 2005 versus 2004 comparison.

Compensation expense rose as a result of higher performance-based incentives; additional headcount due to the insourcing of the Firm's global technology infrastructure (effective December 31, 2004, when JPMorgan Chase terminated the Firm's outsourcing agreement with IBM); the impact of several investments, including Cazenove, Highbridge and Vastera; the accelerated vesting of certain employee stock options; and business growth. The effect of the termination of the IBM outsourcing agreement was to shift expenses from Technology and communications expense to Compensation expense. The increase in Compensation expense was offset partially by merger-related savings throughout the Firm. For a detailed discussion of employee stock-based incentives, see Note 7 on pages 100–102 of this Annual Report.

The increase in Occupancy expense was primarily due to the Merger, partially offset by lower charges for excess real estate and a net release of excess property tax accruals, compared with $103 million of charges for excess real estate in 2004.

Technology and communications expense was down only slightly. This reduction reflects the offset of six months of the combined Firm's results for 2004 against the full-year 2005 impact from termination of the JPMorgan Chase outsourcing agreement with IBM. The reduction in Technology and communications expense due to the outsourcing agreement termination is mostly offset by increases in Compensation expense related to additional headcount and investments in the Firm's hardware and software infrastructure.

Professional and outside services were higher compared with the prior year as a result of the insourcing of the Firm's global technology infrastructure, upgrades to the Firm's systems and technology, and business growth. These expenses were offset partially by expense-management initiatives.

Marketing expense was higher compared with the prior year, primarily as a result of the Merger and the cost of advertising campaigns to launch the new Chase brand.

The increase in Other expense reflected incremental expenses related to investments made in 2005, as well as an increase in operating charges for legal matters. Also contributing to the increase was a $93 million charge taken by TSS to terminate a client contract and a $40 million charge taken by RFS related to the dissolution of a student loan joint venture. These items were offset partially by lower software impairment write-offs, merger-related savings and other efficiencies.

For a discussion of Amortization of intangibles and Merger costs, refer to Note 15 and Note 8 on pages 114–116 and 103, respectively, of this Annual Report.

The 2005 nonoperating Litigation reserve charges that were recorded by the Firm were as follows: a $1.9 billion charge related to the settlement of the Enron class action litigation and for certain other material legal proceedings and a $900 million charge for the settlement costs of the WorldCom class action litigation; these were partially offset by a $208 million insurance recovery related to certain material litigation. In comparison, 2004 included a $3.7 billion nonoperating charge to increase litigation reserves. For a further discussion of litigation, refer to Note 25 on page 123 of this Annual Report.

2004 compared with 2003
Noninterest expense was $34.4 billion in 2004, up $12.5 billion, or 57%, primarily due to the Merger. Excluding $1.4 billion of Merger costs, and Litigation reserve charges, Noninterest expense would have been $29.3 billion, up 35%. The discussion that follows highlights other factors affecting the 2004 versus 2003 comparison.

Compensation expense was up from 2003, primarily due to strategic investments in the IB and continuing expansion in RFS. These factors were offset partially by ongoing efficiency improvements and merger-related savings throughout the Firm, and by a reduction in pension costs. The decline in pension costs was attributable mainly to the increase in the expected return on plan assets resulting from a discretionary $1.1 billion contribution to the Firm's pension plan in April 2004, partially offset by changes in actuarial assumptions for 2004 compared with 2003.

The increase in Occupancy expense was offset partly by lower charges for excess real estate, which were $103 million in 2004 compared with $270 million in 2003.

Technology and communications expense was higher than in the prior year as a result of higher costs associated with greater use of outside vendors, primarily IBM, to support the global infrastructure requirements of the Firm. For a further discussion regarding the IBM outsourcing agreement, see the Corporate segment discussion on page 53 of this Annual Report.

Professional & outside services rose due to higher legal costs associated with litigation matters, as well as outside services stemming from recent acquisitions – primarily Electronic Financial Services ("EFS"), and growth in business at TSS and CS.

Marketing expense rose as CS initiated a more robust marketing campaign during 2004.

Other expense was up due to software impairment write-offs of $224 million, primarily in TSS and Corporate, compared with $60 million in 2003; higher operating charges for legal matters; and growth in business volume. These expenses were offset partly by a $57 million settlement related to the Enron surety bond litigation.

For a discussion of Amortization of intangibles and Merger costs, refer to Note 15 and Note 8 on pages 114–116 and 103, respectively.

In June of 2004, JPMorgan Chase recorded a $3.7 billion addition to the Litigation reserve. By comparison, 2003 included a charge of $100 million for Enron-related litigation.

Income tax expense

The Firm's Income before income tax expense, Income tax expense and effective tax rate were as follows for each of the periods indicated:

Year ended December 31,(a) (in millions, except rate)	**2005**	2004	2003
Income before income tax expense	**$12,215**	$6,194	$10,028
Income tax expense	**3,732**	1,728	3,309
Effective tax rate	**30.6%**	27.9%	33.0%

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

2005 compared with 2004
The increase in the effective tax rate was primarily the result of higher reported pre-tax income combined with changes in the proportion of income subject to federal, state and local taxes. Also contributing to the increase were lower 2005 nonoperating charges and a gain on the sale of BrownCo, which were taxed at marginal tax rates of 38% and 40%, respectively. These increases were offset partially by a tax benefit of $55 million recorded in connection with the repatriation of foreign earnings.

2004 compared with 2003
The reduction in the effective tax rate for 2004, as compared with 2003, was the result of various factors, including lower reported pre-tax income, a higher level of business tax credits, and changes in the proportion of income subject to federal, state and local taxes, partially offset by purchase accounting adjustments related to leveraged lease transactions. The Merger costs and accounting policy conformity adjustments recorded in 2004, and the Litigation reserve charge recorded in the second quarter of 2004, reflected a tax benefit at a 38% marginal tax rate, contributing to the reduction in the effective tax rate compared with 2003.

Explanation and reconciliation of the Firm's use of non-GAAP financial measures

The Firm prepares its Consolidated financial statements using accounting principles generally accepted in the United States of America ("U.S. GAAP"); these financial statements appear on pages 87–90 of this Annual Report. That presentation, which is referred to as "reported basis," provides the reader with an understanding of the Firm's results that can be tracked consistently from year to year and enables a comparison of the Firm's performance with other companies' U.S. GAAP financial statements.

In addition to analyzing the Firm's results on a reported basis, management reviews the Firm's and the lines' of business results on an operating basis, which is a non-GAAP financial measure. The Firm's definition of operating basis starts with the reported U.S. GAAP results. Operating basis excludes: (i) merger costs, (ii) the nonoperating litigation charges taken and insurance recoveries received with respect to certain of the Firm's material litigation; and (iii) costs related to the conformance of certain accounting policies as a result of the Merger. Management believes these items are not part of the Firm's normal daily business operations and, therefore, not indicative of trends, as they do not provide meaningful comparisons with other periods. For additional detail on nonoperating litigation charges, see the Glossary of terms on page 134 of this Annual Report.

In addition, the Firm manages its lines of business on an operating basis. In the case of the Investment Bank, noninterest revenue on an operating basis includes, in trading-related revenue, net interest income related to trading activities. Trading activities generate revenues, which are recorded for U.S. GAAP purposes in two line items on the income statement: trading revenue, which includes the mark-to-market gains or losses on trading positions; and net interest income, which includes the interest income or expense related to those positions. The impact of changes in market interest rates will either be recorded in Trading revenue or Net interest income depending on whether the trading position is a cash security or a derivative. Combining both the trading revenue and related net interest income allows management to evaluate the economic results of the Investment Bank's trading activities, which for GAAP purposes are reported in both Trading revenue and Net interest income. In management's view, this presentation also facilitates operating comparisons to competitors. For a discussion of trading-related revenue, see the IB on pages 36–38 of this Annual Report.

In the case of Card Services, operating basis is also referred to as "managed basis," and excludes the impact of credit card securitizations on total net revenue, the provision for credit losses, net charge-offs and loan receivables. This presentation is provided to facilitate operating comparisons to competitors. Through securitization, the Firm transforms a portion of its credit card receivables into securities, which are sold to investors. The credit card receivables are removed from the consolidated balance sheet through the transfer of the receivables to a trust, and the sale of undivided interests to investors that entitle the investors to specific cash flows generated from the credit card receivables. The Firm retains the remaining undivided interests as seller's interests, which are recorded in Loans on the Consolidated balance sheets. A gain or loss on the sale of credit card receivables to investors is recorded in Other income. Securitization also affects the Firm's Consolidated statements of income as interest income, certain fee revenue, recoveries in excess of interest paid to the investors, gross credit losses and other trust expenses related to the securitized receivables are all reclassified into credit card income. For a reconciliation of reported to managed basis of Card Services results, see page 46 of this Annual Report. For information regarding loans and residual interests sold and securitized, see Note 13 on pages 108–111 of this Annual Report. JPMorgan Chase uses the concept of "managed receivables" to evaluate the credit performance and overall financial performance of the underlying credit card loans, both sold and not sold: as the same borrower is continuing to use the credit card for ongoing charges, a borrower's credit performance will affect both the loan receivables sold under SFAS 140 and those not sold. Thus, in its disclosures regarding managed loan receivables, JPMorgan Chase treats the sold receivables as if they were still on the balance sheet in order to disclose the credit performance (such as net charge-off rates) of the entire managed credit card portfolio. In addition, Card Services operations are funded, operating results are evaluated, and decisions are made about allocating resources such as employees and capital based upon managed financial information.

Finally, commencing with the first quarter of 2005, operating revenue (noninterest revenue and net interest income) for each of the segments and the Firm is presented on a tax-equivalent basis. Accordingly, revenue from tax exempt securities and investments that receive tax credits are presented in the operating results on a basis comparable to taxable securities and investments. This non-GAAP financial measure allows management to assess the comparability of revenues arising from both taxable and tax-exempt sources. The corresponding income tax impact related to these items is recorded within income tax expense. The Corporate sector's and the Firm's operating revenue and income tax expense for the periods prior to the first quarter of 2005 have been restated to be similarly presented on a tax-equivalent basis. This restatement had no impact on the Corporate sector's or the Firm's operating earnings.

Management uses certain non-GAAP financial measures at the segment level because it believes these non-GAAP financial measures provide information to investors in understanding the underlying operational performance and trends of the particular business segment and facilitate a comparison of the business segment with the performance of competitors.

The following summary table provides a reconciliation from the firm's reported GAAP results to operating results:

(Table continues on next page)

Year ended December 31,(a)	2005					2004				
(in millions, except per share and ratio data)	Reported results	Credit card(b)	Nonoperating items	Tax-equivalent adjustments	Operating basis	Reported results	Credit card(b)	Nonoperating items	Tax-equivalent adjustments	Operating basis
Revenue										
Investment banking fees	**$ 4,088**	**$ —**	**$ —**	**$ —**	**$ 4,088**	$ 3,537	$ —	$ —	$ —	$ 3,537
Trading revenue(c)	**6,019**	**—**	**—**	**—**	**6,019**	5,562	—	—	—	5,562
Lending & deposit related fees	**3,389**	**—**	**—**	**—**	**3,389**	2,672	—	—	—	2,672
Asset management, administration and commissions	**10,390**	**—**	**—**	**—**	**10,390**	8,165	—	—	—	8,165
Securities/private equity gains	**473**	**—**	**—**	**—**	**473**	1,874	—	—	—	1,874
Mortgage fees and related income	**1,054**	**—**	**—**	**—**	**1,054**	806	—	—	—	806
Credit card income	**6,754**	**(2,718)**	**—**	**—**	**4,036**	4,840	(2,267)	—	—	2,573
Other income	**2,694**	**—**	**—**	**571**	**3,265**	830	(86)	118(3)	317	1,179
Noninterest revenue(c)	**34,861**	**(2,718)**	**—**	**571**	**32,714**	28,286	(2,353)	118	317	26,368
Net interest income(c)	**19,672**	**6,494**	**—**	**269**	**26,435**	14,811	5,251	—	6	20,068
Total net revenue	**54,533**	**3,776**	**—**	**840**	**59,149**	43,097	2,898	118	323	46,436
Provision for credit losses	**3,483**	**3,776**	**—**	**—**	**7,259**	2,544	2,898	(858)(4)	—	4,584
Noninterest expense										
Merger costs	**722**	**—**	**(722)**(1)	**—**	**—**	1,365	—	(1,365)(1)	—	—
Litigation reserve charge	**2,564**	**—**	**(2,564)**(2)	**—**	**—**	3,700	—	(3,700)(2)	—	—
All other noninterest expense	**35,549**	**—**	**—**	**—**	**35,549**	29,294	—	—	—	29,294
Total noninterest expense	**38,835**	**—**	**(3,286)**	**—**	**35,549**	34,359	—	(5,065)	—	29,294
Income before income tax expense	**12,215**	**—**	**3,286**	**840**	**16,341**	6,194	—	6,041	323	12,558
Income tax expense	**3,732**	**—**	**1,248**	**840**	**5,820**	1,728	—	2,296	323	4,347
Net income	**$ 8,483**	**$ —**	**$ 2,038**	**$ —**	**$ 10,521**	$ 4,466	$ —	$ 3,745	$ —	$ 8,211
Earnings per share – diluted	**$ 2.38**	**$ —**	**$ 0.57**	**$ —**	**$ 2.95**	$ 1.55	$ —	$ 1.31	$ —	$ 2.86
Return on common equity	**8%**	**—%**	**2%**	**—%**	**10%**	6%	—%	5%	—%	11%
Return on equity less goodwill	**14**	**—**	**3**	**—**	**17**	9	—	7	—	16
Return on assets	**0.72**	**NM**	**NM**	**NM**	**0.84**	0.46	NM	NM	NM	0.81
Overhead ratio	**71**	**NM**	**NM**	**NM**	**60**	80	NM	NM	NM	63
Effective income tax rate	**31**	**NM**	**38**	**NM**	**36**	28	NM	38	NM	35
Loans–Period-end	**$ 419,148**	**$ 70,527**	**—**	**—**	**$ 489,675**	$ 402,114	$ 70,795	—	—	$ 472,909
Total assets – average	**1,185,066**	**67,180**	**—**	**—**	**1,252,246**	962,556(a)	51,084(a)	—	—	1,013,640(a)

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) The impact of credit card securitizations affects CS. See pages 45–46 of this Annual Report for further information.
(c) **Trading-related net interest income reclassification**

Year ended December 31,(a) (in millions)	2005	2004	2003
Trading revenue – reported (d)	**$ 5,860**	$ 3,612	$ 4,427
Trading-related NII	**159**	1,950	2,129
Trading revenue – adjusted (d)	**$ 6,019**	$ 5,562	$ 6,556
Net interest income – reported	**$ 19,831**	$ 16,761	$ 12,965
Trading-related NII	**(159)**	(1,950)	(2,129)
Net interest income – adjusted	**$ 19,672**	$ 14,811	$ 10,836

(d) Reflects Trading revenue at the Firm level. The majority of Trading revenue is recorded in the Investment Bank.

(Table continued from previous page)

2003				
Reported results	Credit card (b)	Nonoperating items	Tax-equivalent adjustments	Operating basis
$ 2,890	$ —	$ —	$ —	$ 2,890
6,556	—	—	—	6,556
1,727	—	—	—	1,727
6,039	—	—	—	6,039
1,479	—	—	—	1,479
790	—	—	—	790
2,466	(1,379)	—	—	1,087
601	(71)	—	89	619
22,548	(1,450)	—	89	21,187
10,836	3,320	—	44	14,200
33,384	1,870	—	133	35,387
1,540	1,870	—	—	3,410
—	—	—	—	—
100	—	—	—	100
21,716	—	—	—	21,716
21,816	—	—	—	21,816
10,028	—	—	133	10,161
3,309	—	—	133	3,442
$ 6,719	$ —	$ —	$ —	$ 6,719
$ 3.24	$ —	$ —	$ —	$ 3.24
16%	—%	—%	—%	16%
19	—	—	—	19
0.87	NM	NM	NM	0.83
65	NM	NM	NM	62
33	NM	NM	NM	34
$ 214,766	$ 34,856	—	—	$ 249,622
775,978	32,365	—	—	808,343

Nonoperating Items

The reconciliation of the Firm's reported results to operating results in the accompanying table sets forth the impact of several nonoperating items incurred by the Firm in 2005 and 2004. These nonoperating items are excluded from Operating earnings, as management believes these items are not part of the Firm's normal daily business operations and, therefore, not indicative of trends as they do not provide meaningful comparisons with other periods. These items include Merger costs, nonoperating litigation charges and insurance recoveries, and charges to conform accounting policies, each of which is described below:

(1) Merger costs of $722 million in 2005 and $1.4 billion in 2004 reflect costs associated with the Merger.

(2) Net nonoperating litigation charges of $2.6 billion and $3.7 billion were taken in 2005 and 2004, respectively.

(3) Other income in 2004 reflects $118 million of other accounting policy conformity adjustments.

(4) The Provision for credit losses in 2004 reflects $858 million of accounting policy conformity adjustments, consisting of a $1.4 billion charge related to the decertification of the seller's interest in credit card securitizations, partially offset by a benefit of $584 million related to conforming wholesale and consumer credit provision methodologies for the combined Firm.

Calculation of Certain GAAP and Non-GAAP Metrics

The table below reflects the formulas used to calculate both the following GAAP and non-GAAP measures:

Return on common equity

Reported	Net income* / Average common equity
Operating	Operating earnings* / Average common equity

Return on equity less goodwill(a)

Reported	Net income* / Average common equity less goodwill
Operating	Operating earnings*/ Average common equity less goodwill

Return on assets

Reported	Net income / Average assets
Operating	Operating earnings / Average managed assets

Overhead ratio

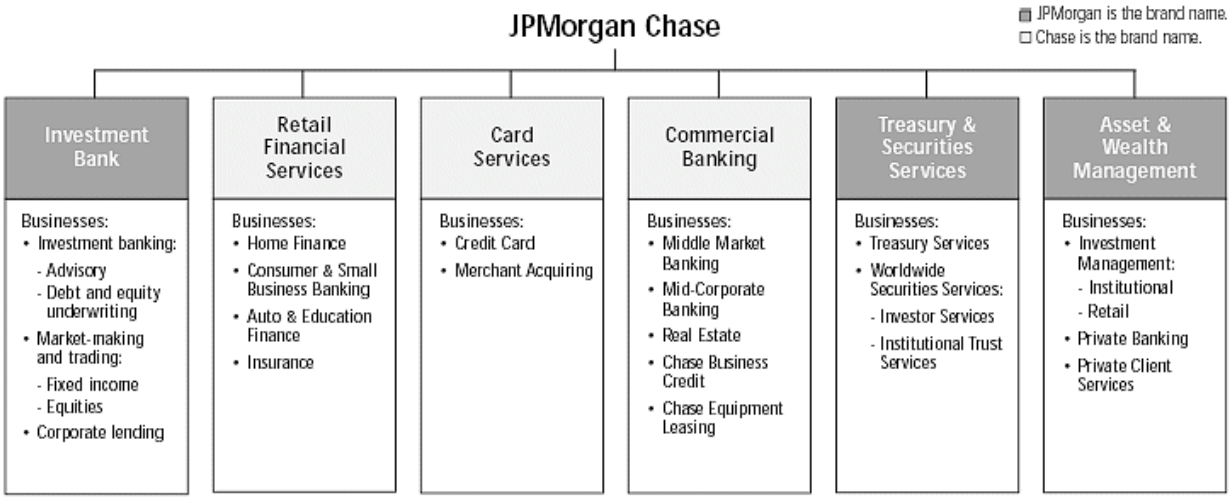
Reported	Total noninterest expense / Total net revenue
Operating	Total noninterest expense / Total net revenue

* Represents earnings applicable to common stock

(a) The Firm uses return on equity less goodwill, a non-GAAP financial measure, to evaluate the operating performance of the Firm. The Firm utilizes this measure to facilitate operating comparisons to competitors.

Business segment results

The Firm is managed on a line-of-business basis. The business segment financial results presented reflect the current organization of JPMorgan Chase. There are six major business segments: the Investment Bank, Retail Financial Services, Card Services, Commercial Banking, Treasury & Securities Services and Asset & Wealth Management, as well as a Corporate segment. The segments are based upon the products and services provided, or the type of customer served, and reflect the manner in which financial information is currently evaluated by management. Results of these lines of business are presented on an operating basis.



In connection with the Merger, business segment reporting was realigned to reflect the new business structure of the combined Firm. Treasury was transferred from the IB into Corporate. The segment formerly known as Chase Financial Services had been comprised of Chase Home Finance, Chase Cardmember Services, Chase Auto Finance, Chase Regional Banking and Chase Middle Market; as a result of the Merger, this segment is now called Retail Financial Services and is comprised of Home Finance, Auto & Education Finance, Consumer & Small Business Banking and Insurance. Chase Cardmember Services is now its own segment called Card Services, and Chase Middle Market moved into Commercial Banking. Investment Management & Private Banking was renamed Asset & Wealth Management. JPMorgan Partners, which formerly was a stand-alone business segment, was moved into Corporate. Corporate currently comprises Private Equity (JPMorgan Partners and ONE Equity Partners) and Treasury, and the corporate support areas, which include Central Technology and Operations, Audit, Executive Office, Finance, Human Resources, Marketing & Communications, Office of the General Counsel, Corporate Real Estate and General Services, Risk Management, and Strategy and Development. Beginning January 1, 2006, TSS will report results for two divisions: TS and WSS. WSS was formed by consolidating IS and ITS.

Segment results for periods prior to July 1, 2004, reflect heritage JPMorgan Chase-only results and have been restated to reflect the current business segment organization and reporting classifications.

Segment results – Operating basis(a)(b)

(Table continues on next page)

Year ended December 31,	Total net revenue			Noninterest expense		
(in millions, except ratios)	**2005**	2004	Change	**2005**	2004	Change
Investment Bank	**$ 14,578**	$ 12,605	16%	**$ 9,739**	$ 8,696	12%
Retail Financial Services	**14,830**	10,791	37	**8,585**	6,825	26
Card Services	**15,366**	10,745	43	**4,999**	3,883	29
Commercial Banking	**3,596**	2,374	51	**1,872**	1,343	39
Treasury & Securities Services	**6,241**	4,857	28	**4,470**	4,113	9
Asset & Wealth Management	**5,664**	4,179	36	**3,860**	3,133	23
Corporate	**(1,126)**	885	NM	**2,024**	1,301	56
Total	**$ 59,149**	$ 46,436	27%	**$ 35,549**	$ 29,294	21%

(a) Represents reported results on a tax-equivalent basis and excludes the impact of credit card securitizations; Merger costs, litigation reserve charges and insurance recoveries deemed nonoperating; and accounting policy conformity adjustments related to the Merger.
(b) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(c) As a result of the Merger, new capital allocation methodologies were implemented during the third quarter of 2004. The capital allocated to each line of business considers several factors: stand-alone peer comparables, economic risk measures and regulatory capital requirements. In addition, effective with the third quarter of 2004, goodwill, as well as the associated capital, is only allocated to the Corporate line of business. Prior periods have not been revised to reflect these new methodologies and are not comparable to the presentation beginning in the third quarter of 2004.

Description of business segment reporting methodology
Results of the business segments are intended to reflect each segment as if it were essentially a stand-alone business. The management reporting process that derives these results allocates income and expense using market-based methodologies. Effective with the Merger on July 1, 2004, several of the allocation methodologies were revised, as noted below. As prior periods have not been revised to reflect these new methodologies, they are not comparable to the presentation of periods beginning with the third quarter of 2004. Further, the Firm continues to assess the assumptions, methodologies and reporting reclassifications used for segment reporting, and further refinements may be implemented in future periods.

Revenue sharing
When business segments join efforts to sell products and services to the Firm's clients, the participating business segments agree to share revenues from those transactions. These revenue-sharing agreements were revised on the Merger date to provide consistency across the lines of business.

Funds transfer pricing
Funds transfer pricing ("FTP") is used to allocate interest income and expense to each business and transfer the primary interest rate risk exposures to Corporate. The allocation process is unique to each business and considers the interest rate risk, liquidity risk and regulatory requirements of its stand-alone peers. Business segments may retain certain interest rate exposures, subject to management approval, that would be expected in the normal operation of a similar peer business. In the third quarter of 2004, FTP was revised to conform the policies of the combined firms.

Expense allocation
Where business segments use services provided by support units within the Firm, the costs of those support units are allocated to the business segments. Those expenses are allocated based upon their actual cost, or the lower of actual cost or market cost, as well as upon usage of the services provided. Effective with the third quarter of 2004, the cost allocation methodologies of the heritage firms were aligned to provide consistency across the business segments. In addition, expenses related to certain corporate functions, technology and operations ceased to be allocated to the business segments and are retained in Corporate. These retained expenses include parent company costs that would not be incurred if the segments were stand-alone businesses; adjustments to align certain corporate staff, technology and operations allocations with market prices; and other one-time items not aligned with the business segments. During 2005, the Firm refined cost allocation methodologies related to certain corporate functions, technology and operations expenses in order to improve transparency, consistency and accountability with regard to costs allocated across business segments. Prior periods have not been revised to reflect these new cost allocation methodologies.

Capital allocation
Each business segment is allocated capital by taking into consideration stand-alone peer comparisons, economic risk measures and regulatory capital requirements. The amount of capital assigned to each business is referred to as equity. At the time of the Merger, goodwill, as well as the associated capital, was allocated solely to Corporate. Effective January 2006, the Firm expects to refine its methodology for allocating capital to the business segments to include any goodwill associated with line of business-directed acquisitions since the Merger. U.S. GAAP requires the allocation of goodwill to the business segments for impairment testing (see Critical accounting estimates used by the Firm and Note 15 on pages 81–83 and 114–116, respectively, of this Annual Report). See the Capital management section on page 56 of this Annual Report for a discussion of the equity framework.

Credit reimbursement
TSS reimburses the IB for credit portfolio exposures the IB manages on behalf of clients the segments share. At the time of the Merger, the reimbursement methodology was revised to be based upon pre-tax earnings, net of the cost of capital related to those exposures. Prior to the Merger, the credit reimbursement was based upon pre-tax earnings, plus the allocated capital associated with the shared clients.

Tax-equivalent adjustments
Segment and Firm results reflect revenues on a tax-equivalent basis for segment reporting purposes. Refer to Explanation and reconciliation of the Firm's non-GAAP financial measures on page 31 of this Annual Report for additional details.

Segment results – Operating basis(a)(b)

(Table continued from previous page)

Year ended December 31,	Operating earnings			Return on common equity – goodwill(c)	
(in millions, except ratios)	**2005**	2004	Change	**2005**	2004
Investment Bank	**$ 3,658**	$ 2,948	24%	**18%**	17%
Retail Financial Services	**3,427**	2,199	56	**26**	24
Card Services	**1,907**	1,274	50	**16**	17
Commercial Banking	**1,007**	608	66	**30**	29
Treasury & Securities Services	**1,037**	440	136	**55**	17
Asset & Wealth Management	**1,216**	681	79	**51**	17
Corporate	**(1,731)**	61	NM	**NM**	NM
Total	**$ 10,521**	$ 8,211	28%	**17%**	16%

Investment Bank

JPMorgan Chase is one of the world's leading investment banks, as evidenced by the breadth of its client relationships and product capabilities. The Investment Bank has extensive relationships with corporations, financial institutions, governments and institutional investors worldwide. The Firm provides a full range of investment banking products and services in all major capital markets, including advising on corporate strategy and structure, capital raising in equity and debt markets, sophisticated risk management, and market-making in cash securities and derivative instruments. The Investment Bank also commits the Firm's own capital to proprietary investing and trading activities.

Selected income statement data

Year ended December 31,(a) (in millions, except ratios)	2005	2004	2003
Revenue			
Investment banking fees:			
Advisory	**$ 1,263**	$ 938	$ 640
Equity underwriting	**864**	781	699
Debt underwriting	**1,969**	1,853	1,532
Total investment banking fees	**4,096**	3,572	2,871
Trading-related revenue:			
Fixed income and other	**5,673**	5,008	6,016
Equities	**350**	427	556
Credit portfolio	**116**	6	(186)
Total trading-related revenue(b)	**6,139**	5,441	6,386
Lending & deposit related fees	**594**	539	440
Asset management, administration and commissions	**1,724**	1,400	1,217
Other income	**615**	328	103
Noninterest revenue	**13,168**	11,280	11,017
Net interest income(b)	**1,410**	1,325	1,667
Total net revenue(c)	**14,578**	12,605	12,684
Provision for credit losses	**(838)**	(640)	(181)
Credit reimbursement from (to) TSS(d)	**154**	90	(36)
Noninterest expense			
Compensation expense	**5,785**	4,893	4,462
Noncompensation expense	**3,954**	3,803	3,840
Total noninterest expense	**9,739**	8,696	8,302
Operating earnings before income tax expense	**5,831**	4,639	4,527
Income tax expense	**2,173**	1,691	1,722
Operating earnings	**$ 3,658**	$ 2,948	$ 2,805
Financial ratios			
ROE	**18%**	17%	15%
ROA	**0.61**	0.62	0.64
Overhead ratio	**67**	69	65
Compensation expense as % of total net revenue	**40**	39	35

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

(b) Trading revenue, on a reported basis, excludes the impact of Net interest income related to IB's trading activities; this income is recorded in Net interest income. However, in this presentation, to assess the profitability of IB's trading business, the Firm combines these revenues for segment reporting purposes. The amount reclassified from Net interest income to Trading revenue was $0.2 billion, $1.9 billion and $2.1 billion for 2005, 2004 and 2003, respectively. The decline from prior years is due to tightening spreads as short-term funding rates have risen sharply and also, to a lesser extent, increased funding costs from growth in noninterest-bearing trading assets.

(c) Total net revenue includes tax-equivalent adjustments, primarily due to tax-exempt income from municipal bond investments and income tax credits related to affordable housing investments, of $752 million, $274 million and $117 million for 2005, 2004 and 2003, respectively.

(d) TSS is charged a credit reimbursement related to certain exposures managed within the IB credit portfolio on behalf of clients shared with TSS. For a further discussion, see Credit reimbursement on page 35 of this Annual Report.

The following table provides the IB's total net revenue by business segment:

Year ended December 31,(a) (in millions)	2005	2004	2003
Revenue by business			
Investment banking fees	**$ 4,096**	$ 3,572	$ 2,871
Fixed income markets	**7,242**	6,314	6,987
Equities markets	**1,799**	1,491	1,406
Credit portfolio	**1,441**	1,228	1,420
Total net revenue	**$14,578**	$12,605	$12,684

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

2005 compared with 2004
Operating earnings of $3.7 billion were up 24%, or $710 million, from the prior year. The increase was driven by the Merger, higher revenues and an increased benefit from the Provision for credit losses. These factors were partially offset by higher compensation expense. Return on equity was 18%.

Net revenue of $14.6 billion was up $2.0 billion, or 16%, over the prior year, representing the IB's highest annual revenue since 2000, driven by strong Fixed Income and Equity Markets and Investment banking fees. Investment banking fees of $4.1 billion increased 15% from the prior year driven by strong growth in advisory fees resulting in part from the Cazenove business partnership. Advisory revenues of $1.3 billion were up 35% from the prior year, reflecting higher market volumes. Debt underwriting revenues of $2.0 billion increased by 6% driven by strong loan syndication fees. Equity underwriting fees of $864 million were up 11% from the prior year driven by improved market share. Fixed Income Markets revenue of $7.2 billion increased 15%, or $928 million, driven by stronger, although volatile, trading results across commodities, emerging markets, rate markets and currencies. Equities Markets revenues increased 21% to $1.8 billion, primarily due to increased commissions, which were offset partially by lower trading results, which also experienced a high level of volatility. Credit Portfolio revenues were $1.4 billion, up $213 million from the prior year due to higher gains from loan workouts and sales as well as higher trading revenue from credit risk management activities.

The Provision for credit losses was a benefit of $838 million compared with a benefit of $640 million in 2004. The increased benefit was due primarily to the improvement in the credit quality of the loan portfolio and reflected net recoveries. Nonperforming assets of $645 million decreased by 46% since the end of 2004.

Noninterest expense increased 12% to $9.7 billion, largely reflecting higher performance-based incentive compensation related to growth in revenue. Noncompensation expense was up 4% from the prior year primarily due to the impact of the Cazenove business partnership, while the overhead ratio declined to 67% for 2005, from 69% in 2004.

2004 compared with 2003
In 2004, Operating earnings of $2.9 billion were up 5% from the prior year. Increases in Investment banking fees, the improvement in the Provision for credit losses and the impact of the Merger were partially offset by decreases in trading revenues and net interest income. Return on equity was 17% for 2004.

Total net revenue of $12.6 billion was relatively flat from the prior year, primarily due to lower Fixed income markets revenues and Credit portfolio revenues, offset by increases in Investment banking fees and the impact of the Merger. The decline in revenue from Fixed income markets was driven by weaker portfolio management trading results, mainly in the interest rate markets business. Credit portfolio revenues were down due to lower net interest income,

primarily driven by lower loan balances; these factors were partially offset by higher trading revenue due to more severe credit spread tightening in 2003 relative to 2004. Investment banking fees increased by 24% over the prior year, driven by significant gains in advisory and debt underwriting. The advisory gains were a result of increased global market volumes and market share, while the higher underwriting fees were due to stronger client activity.

The Provision for credit losses was a benefit of $640 million, compared with a benefit of $181 million in 2003. The improvement in the provision was the result of a $633 million decline in net charge-offs, partially offset by lower reductions in the allowance for credit losses in 2004 relative to 2003.

For the year ended December 31, 2004, Noninterest expense was up 5% from the prior year. The increase from 2003 was driven by higher Compensation expense, resulting from strategic investments and the impact of the Merger.

Selected metrics

Year ended December 31,(a) (in millions, except headcount and ratio data)	2005	2004	2003
Revenue by region			
Americas	**$ 8,223**	$ 6,870	$ 7,250
Europe/Middle East/Africa	**4,627**	4,082	4,331
Asia/Pacific	**1,728**	1,653	1,103
Total net revenue	**$ 14,578**	$ 12,605	$ 12,684
Selected average balances			
Total assets	**$ 598,118**	$ 473,121	$ 436,488
Trading assets–debt and equity instruments	**231,303**	173,086	156,408
Trading assets–derivatives receivables	**55,239**	58,735	83,361
Loans:			
Loans retained(b)	**42,918**	36,494	40,240
Loans held-for-sale(c)	**12,014**	6,124	4,797
Total loans	**54,932**	42,618	45,037
Adjusted assets(d)	**455,277**	393,646	370,776
Equity(e)	**20,000**	17,290	18,350
Headcount	**19,769**	17,478	14,691
Credit data and quality statistics			
Net charge-offs (recoveries)	**$ (126)**	$ 47	$ 680
Nonperforming assets:			
Nonperforming loans(f)	**594**	954	1,708
Other nonperforming assets	**51**	242	370
Allowance for loan losses	**907**	1,547	1,055
Allowance for lending related commitments	**226**	305	242
Net charge-off (recovery) rate(c)	**(0.29)%**	0.13%	1.69%
Allowance for loan losses to average loans(c)	**2.11**	4.24	2.56
Allowance for loan losses to nonperforming loans(f)	**187**	163	63
Nonperforming loans to average loans	**1.08**	2.24	3.79
Market risk–average trading and credit portfolio VAR(g)(h)(i)			
Trading activities:			
Fixed income(g)	**$ 67**	$ 74	$ 61
Foreign exchange	**23**	17	17
Equities	**34**	28	18
Commodities and other	**21**	9	8
Diversification(i)	**(59)**	(43)	(39)
Total trading VAR	**86**	85	65
Credit portfolio VAR(h)	**14**	14	18
Diversification(i)	**(12)**	(9)	(14)
Total trading and credit portfolio VAR	**$ 88**	$ 90	$ 69

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

(b) Loans retained include Credit Portfolio, Conduit loans, leverage leases, bridge loans for underwriting and other accrual loans.

(c) Loans held-for-sale, which include warehouse loans held as part of the IB's mortgage-backed, asset-backed and other securitization businesses, are excluded from Total loans for the allowance coverage ratio and net charge-off rate.

(d) Adjusted assets, a non-GAAP financial measure, equals total average assets minus (1) securities purchased under resale agreements and securities borrowed less securities sold, not yet purchased; (2) assets of variable interest entities (VIEs) consolidated under FIN 46R; (3) cash and securities segregated and on deposit for regulatory and other purposes; and (4) goodwill and intangibles. The amount of adjusted assets is presented to assist the reader in comparing the IB's asset and capital levels to other investment banks in the securities industry. Asset-to-equity leverage ratios are commonly used as one measure to assess a company's capital adequacy. The IB believes an adjusted asset amount, which excludes certain assets considered to have a low risk profile, provides a more meaningful measure of balance sheet leverage in the securities industry.

(e) Equity includes $15.0 billion, $15.0 billion and $14.6 billion of economic risk capital assigned to the IB for the years ended 2005, 2004 and 2003 respectively.

(f) Nonperforming loans include loans held-for-sale of $109 million, $2 million and $30 million as of December 31, 2005, 2004 and 2003, respectively. These amounts are not included in the allowance coverage ratios.

(g) Includes all fixed income mark-to-market trading activities, plus available-for-sale securities held for proprietary purposes.

(h) Includes VAR on derivative credit valuation adjustments, credit valuation adjustment hedges and mark-to-market hedges of the accrual loan portfolio, which are all reported in Trading revenue. This VAR does not include the accrual loan portfolio, which is not marked to market.

(i) Average VARs are less than the sum of the VARs of its market risk components, due to risk offsets resulting from portfolio diversification. The diversification effect reflects the fact that the risks are not perfectly correlated. The risk of a portfolio of positions is therefore usually less than the sum of the risks of the positions themselves.

According to Thomson Financial, in 2005, the Firm improved its ranking in U.S. Debt, Equity and Equity-related from #5 in 2004 to #4 and in U.S. Equity and Equity-related from #6 in 2004 to #5. The Firm maintained its #3 position in Global Announced M&A with 24% market share and its #1 position in Global Syndicated Loans. The Firm maintained its #2 ranking in U.S. Long-Term Debt, but dropped from #2 to #4 in Global Long-Term Debt.

According to Dealogic, the Firm was ranked #2 in Investment Banking fees generated during 2005.

Market shares and rankings(a)

	2005		2004		2003	
December 31,	Market Share	Rankings	Market Share	Rankings	Market Share	Rankings
Global debt, equity and equity-related	**6%**	**#4**	7%	#3	8%	#3
Global syndicated loans	**16**	**#1**	19	#1	20	#1
Global long-term debt	**6**	**#4**	7	#2	8	#2
Global equity and equity-related	**7**	**#6**	6	#6	8	#4
Global announced M&A	**24**	**#3**	24	#3	16	#4
U.S. debt, equity and equity-related	**8**	**#4**	8	#5	9	#3
U.S. syndicated loans	**28**	**#1**	32	#1	34	#1
U.S. long-term debt	**11**	**#2**	12	#2	12	#2
U.S. equity and equity-related	**9**	**#5**	8	#6	11	#4
U.S. announced M&A	**24**	**#3**	31	#2	14	#7

(a) Source: Thomson Financial Securities data. Global announced M&A is based on rank value; all other rankings are based upon proceeds, with full credit to each book manager/equal if joint. Because of joint assignments, market share of all participants will add up to more than 100%. The market share and rankings for the years ended December 31, 2004 and 2003 are presented on a combined basis, as if the merger of JPMorgan Chase and Bank One had been in effect during the periods.

Composition of revenue

Year ended December 31,(a) (in millions)	Investment banking fees	Trading-related revenue	Lending & deposit related fees	Asset management, administration and commissions	Other income	Net interest income	Total net revenue
2005							
Investment banking fees	**$ 4,096**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 4,096**
Fixed income markets	**—**	**5,673**	**251**	**219**	**365**	**734**	**7,242**
Equities markets	**—**	**350**	**—**	**1,462**	**(88)**	**75**	**1,799**
Credit portfolio	**—**	**116**	**343**	**43**	**338**	**601**	**1,441**
Total	**$ 4,096**	**$6,139**	**$ 594**	**$ 1,724**	**$ 615**	**$1,410**	**$14,578**
2004							
Investment banking fees	$ 3,572	$ —	$ —	$ —	$ —	$ —	$ 3,572
Fixed income markets	—	5,008	191	287	304	524	6,314
Equities markets	—	427	—	1,076	(95)	83	1,491
Credit portfolio	—	6	348	37	119	718	1,228
Total	$ 3,572	$5,441	$ 539	$ 1,400	$ 328	$1,325	$12,605
2003							
Investment banking fees	$ 2,871	$ —	$ —	$ —	$ —	$ —	$ 2,871
Fixed income markets	—	6,016	107	331	84	449	6,987
Equities markets	—	556	—	851	(85)	84	1,406
Credit portfolio	—	(186)	333	35	104	1,134	1,420
Total	$ 2,871	$6,386	$ 440	$ 1,217	$ 103	$1,667	$12,684

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

IB revenues comprise the following:

Investment banking fees includes advisory, equity underwriting, bond underwriting and loan syndication fees.

Fixed income markets includes client and portfolio management revenue related to both market-making and proprietary risk-taking across global fixed income markets, including government and corporate debt, foreign exchange, interest rate and commodities markets.

Equities markets includes client and portfolio management revenue related to market-making and proprietary risk-taking across global equity products, including cash instruments, derivatives and convertibles.

Credit portfolio revenue includes Net interest income, fees and loan sale activity, as well as gains or losses on securities received as part of a loan restructuring, for IB's credit portfolio. Credit portfolio revenue also includes the results of risk management related to the Firm's lending and derivative activities, and changes in the credit valuation adjustment ("CVA"), which is the component of the fair value of a derivative that reflects the credit quality of the counterparty. See pages 69–70 of the Credit risk management section of this Annual Report for a further discussion.

Retail Financial Services

RFS includes Home Finance, Consumer & Small Business Banking, Auto & Education Finance and Insurance. Through this group of businesses, the Firm provides consumers and small businesses with a broad range of financial products and services including deposits, investments, loans and insurance. Home Finance is a leading provider of consumer real estate loan products and is one of the largest originators and servicers of home mortgages. Consumer & Small Business Banking offers one of the largest branch networks in the United States, covering 17 states with 2,641 branches and 7,312 automated teller machines ("ATMs"). Auto & Education Finance is the largest noncaptive originator of automobile loans as well as a top provider of loans for college students. Through its Insurance operations, the Firm sells and underwrites an extensive range of financial protection products and investment alternatives, including life insurance, annuities and debt protection products.

Selected income statement data

Year ended December 31,[a] (in millions, except ratios)	2005	2004	2003
Revenue			
Lending & deposit related fees	**$ 1,452**	$ 1,013	$ 486
Asset management, administration and commissions	**1,498**	1,020	459
Securities / private equity gains (losses)	**9**	(83)	381
Mortgage fees and related income	**1,104**	866	803
Credit card income	**426**	230	107
Other income	**136**	31	(28)
Noninterest revenue	**4,625**	3,077	2,208
Net interest income	**10,205**	7,714	5,220
Total net revenue	**14,830**	10,791	7,428
Provision for credit losses[b]	**724**	449	521
Noninterest expense			
Compensation expense	**3,337**	2,621	1,695
Noncompensation expense	**4,748**	3,937	2,773
Amortization of intangibles	**500**	267	3
Total noninterest expense	**8,585**	6,825	4,471
Operating earnings before income tax expense	**5,521**	3,517	2,436
Income tax expense	**2,094**	1,318	889
Operating earnings	**$ 3,427**	$ 2,199	$ 1,547
Financial ratios			
ROE	**26%**	24%	37%
ROA	**1.51**	1.18	1.05
Overhead ratio	**58**	63	60

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

(b) 2005 includes a $250 million special provision related to Hurricane Katrina allocated as follows: $140 million in Consumer Real Estate Lending, $90 million in Consumer & Small Business Banking and $20 million in Auto & Education Finance.

2005 compared with 2004

Operating earnings were $3.4 billion, up $1.2 billion from the prior year. The increase was due largely to the Merger but also reflected increased deposit balances and wider spreads, higher home equity and subprime mortgage balances, and expense savings in all businesses. These benefits were partially offset by narrower spreads on retained loan portfolios, the special provision for Hurricane Katrina and net losses associated with portfolio loan sales in the Home Finance and Auto businesses.

Net revenue increased to $14.8 billion, up $4.0 billion, or 37%, due primarily to the Merger. Net interest income of $10.2 billion increased by $2.5 billion as a result of the Merger, increased deposit balances and wider spreads, and growth in retained consumer real estate loans. These benefits were offset partially by narrower spreads on loan balances and the absence of loan portfolios sold in late 2004 and early 2005. Noninterest revenue of $4.6 billion increased by $1.5 billion due to the Merger, improved MSR risk management results, higher automobile operating lease income and increased banking fees. These benefits were offset in part by losses on portfolio loan sales in the Home Finance and Auto businesses.

The Provision for credit losses totaled $724 million, up $275 million, or 61%, from 2004. Results included a special provision in 2005 for Hurricane Katrina of $250 million and a release in 2004 of $87 million in the Allowance for loan losses related to the sale of the manufactured home loan portfolio. Excluding these items, the Provision for credit losses would have been down $62 million, or 12%. The decline reflected reductions in the Allowance for loan losses due to improved credit trends in most consumer lending portfolios and the benefit of certain portfolios in run-off. These reductions were partially offset by the Merger and higher provision expense related to the decision to retain subprime mortgage loans.

Noninterest expense rose to $8.6 billion, an increase of $1.8 billion from the prior year, due primarily to the Merger. The increase also reflected continued investment in retail banking distribution and sales, increased depreciation expense on owned automobiles subject to operating leases and a $40 million charge related to the dissolution of a student loan joint venture. Expense savings across all businesses provided a favorable offset.

2004 compared with 2003

Operating earnings were $2.2 billion, up from $1.5 billion a year ago. The increase was due largely to the Merger. Excluding the benefit of the Merger, earnings declined as lower MSR risk management results and reduced prime mortgage production revenue offset the benefits of growth in loan balances, wider spreads on deposit products and improvement in credit costs.

Total net revenue increased to $10.8 billion, up 45% from the prior year. Net interest income increased by 48% to $7.7 billion, primarily due to the Merger, growth in retained loan balances and wider spreads on deposit products. Noninterest revenue increased to $3.1 billion, up 39%, due to the Merger and higher mortgage servicing income. Both components of total revenue included declines associated with risk managing the MSR asset and lower prime mortgage originations.

The Provision for credit losses was down 14% to $449 million despite the impact of the Merger. The effect of the Merger was offset by a reduction in the Allowance for loan losses resulting from the sale of the manufactured home loan portfolio, and continued positive credit quality trends in the consumer lending businesses.

Noninterest expense totaled $6.8 billion, up 53% from the prior year, primarily due to the Merger and continued investment to expand the branch network. Partially offsetting the increase were merger-related expense savings in all businesses.

Selected metrics

Year ended December 31,(a) (in millions, except headcount and ratios)	2005	2004	2003
Selected ending balances			
Total assets	**$ 224,801**	$ 226,560	$ 139,316
Loans(b)	**197,299**	202,473	121,921
Core deposits(c)	**161,666**	156,885	75,850
Total deposits	**191,415**	182,372	86,162
Selected average balances			
Total assets	**$ 226,368**	$ 185,928	$ 147,435
Loans(d)	**198,153**	162,768	120,750
Core deposits(c)	**160,641**	120,758	80,116
Total deposits	**186,811**	137,404	89,793
Equity	**13,383**	9,092	4,220
Headcount	**60,998**	59,632	32,278
Credit data and quality statistics			
Net charge-offs(e)	**$ 572**	$ 990	$ 381
Nonperforming loans(f)	**1,338**	1,161	569
Nonperforming assets	**1,518**	1,385	775
Allowance for loan losses	**1,363**	1,228	1,094
Net charge-off rate(d)	**0.31%**	0.67%	0.40%
Allowance for loan losses to ending loans(b)	**0.75**	0.67	1.04
Allowance for loan losses to nonperforming loans(f)	**104**	107	209
Nonperforming loans to total loans	**0.68**	0.57	0.47

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Includes loans held for sale of $16,598 million, $18,022 million and $17,105 million at December 31, 2005, 2004 and 2003, respectively. These amounts are not included in the allowance coverage ratios.
(c) Includes demand and savings deposits.
(d) Average loans include loans held for sale of $15,675 million, $14,736 million and $25,293 million for 2005, 2004 and 2003, respectively. These amounts are not included in the net charge-off rate.
(e) Includes $406 million of charge-offs related to the manufactured home loan portfolio in 2004.
(f) Nonperforming loans include loans held for sale of $27 million, $13 million and $45 million at December 31, 2005, 2004 and 2003, respectively. These amounts are not included in the allowance coverage ratios.

Home Finance

Home Finance is comprised of two key business segments: Prime Production & Servicing and Consumer Real Estate Lending. The Prime Production & Servicing segment includes the operating results associated with the origination, sale and servicing of prime mortgages. Consumer Real Estate Lending reflects the operating results of consumer loans that are secured by real estate, retained by the Firm and held in the portfolio. This portfolio includes prime and subprime first mortgages, home equity lines and loans, and manufactured home loans. The Firm stopped originating manufactured home loans early in 2004 and sold substantially all of its remaining portfolio in 2004.

Selected income statement data by business

Year ended December 31,(a) (in millions)	2005	2004	2003
Prime production and servicing			
Production	**$ 692**	$ 728	$ 1,339
Servicing:			
Mortgage servicing revenue, net of amortization	**635**	651	453
MSR risk management results(b)	**283**	113	784
Total net revenue	**1,610**	1,492	2,576
Noninterest expense	**943**	1,115	1,124
Operating earnings	**422**	240	918
Consumer real estate lending			
Total net revenue	**2,704**	2,376	1,473
Provision for credit losses	**298**	74	240
Noninterest expense	**940**	922	606
Operating earnings	**935**	881	414
Total Home Finance			
Total net revenue	**4,314**	3,868	4,049
Provision for credit losses	**298**	74	240
Noninterest expense	**1,883**	2,037	1,730
Operating earnings	**1,357**	1,121	1,332

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) For additional information, see page 42 of this Annual Report.

2005 compared with 2004

Operating earnings were $1.4 billion, up $236 million from the prior year, primarily due to the Merger, higher loan balances, reduced expenses and improved MSR risk management results.

Operating earnings for the Prime Production & Servicing segment totaled $422 million, up $182 million from the prior year. Net revenue of $1.6 billion increased by $118 million, reflecting improved MSR risk management results. The increase in MSR risk management results was due in part to the absence of prior-year securities losses on repositioning of the risk management asset. Decreased mortgage production revenue attributable to lower volume partially offset this benefit. Noninterest expense of $943 million decreased by $172 million, reflecting lower production volume and operating efficiencies.

Operating earnings for the Consumer Real Estate Lending segment increased by $54 million to $935 million. The current year included a loss of $120 million associated with the transfer of $3.3 billion of mortgage loans to held-for-sale, and a $140 million special provision related to Hurricane Katrina. Prior-year results included a $95 million net benefit associated with the sale of a $4.0 billion manufactured home loan portfolio and a $52 million charge related to a transfer of adjustable rate mortgage loans to held-for-sale. Excluding the after-tax impact of these items, earnings would have been up $242 million, reflecting the Merger, higher loan balances and lower expenses, partially offset by loan spread compression due to rising short-term interest rates and a flat yield curve, which contributed to accelerated home equity loan payoffs.

Home Finance uses a combination of derivatives, AFS securities and trading securities to manage changes in the fair value of the MSR asset. These risk management activities are intended to protect the economic value of the MSR asset by providing offsetting changes in the fair value of the related risk management instruments. The type and amount of instruments used in this risk management activity change over time as market conditions and approach dictate.

During 2005, positive MSR valuation adjustments of $777 million were partially offset by losses of $494 million on risk management instruments, including net interest earned on AFS securities. In 2004, negative MSR valuation adjustments of $248 million were more than offset by $361 million of aggregate risk management gains, including net interest earned on AFS securities. Unrealized losses on AFS securities were $174 million, $3 million and $144 million at December 31, 2005, 2004 and 2003, respectively. For a further discussion of MSRs, see Critical accounting estimates on page 83 and Note 15 on pages 114–116 of this Annual Report.

2004 compared with 2003

Operating earnings in the Prime Production & Servicing segment dropped to $240 million from $918 million in the prior year. Results reflected a decrease in prime mortgage production revenue, to $728 million from $1.3 billion, due to a decline in mortgage originations. Operating earnings were also adversely affected by a drop in MSR risk management revenue, to $113 million from $784 million in the prior year. Results in 2004 included realized losses of $89 million on the sale of AFS securities associated with the risk management of the MSR asset, compared with securities gains of $359 million in the prior year. Noninterest expense was relatively flat at $1.1 billion.

Operating earnings for the Consumer Real Estate Lending segment more than doubled to $881 million from $414 million in the prior year. The increase was largely due to the addition of the Bank One home equity lending business but also reflected growth in retained loan balances and a $95 million net benefit associated with the sale of the $4 billion manufactured home loan portfolio; partially offsetting these increases were lower subprime mortgage securitization gains as a result of management's decision in 2004 to retain these loans. These factors contributed to total net revenue rising 61% to $2.4 billion. The provision for credit losses, at $74 million, decreased by 69% from a year ago. This improvement was the result of an $87 million reduction in the allowance for loan losses associated with the manufactured home loan portfolio sale, improved credit quality and lower delinquencies, partially offset by the Merger. Noninterest expense totaled $922 million, up 52% from the year-ago period, largely due to the Merger.

Home Finance's origination channels are comprised of the following:

Retail – Borrowers who are buying or refinancing a home are directly contacted by a mortgage banker employed by the Firm using a branch office, the Internet or by phone. Borrowers are frequently referred to a mortgage banker by real estate brokers, home builders or other third parties.

Wholesale – A third-party mortgage broker refers loan applications to a mortgage banker at the Firm. Brokers are independent loan originators that specialize in finding and counseling borrowers but do not provide funding for loans.

Correspondent – Banks, thrifts, other mortgage banks and other financial institutions sell closed loans to the Firm.

Correspondent negotiated transactions ("CNT") – Mid- to large-sized mortgage lenders, banks and bank-owned mortgage companies sell servicing to the Firm on an as-originated basis. These transactions supplement traditional production channels and provide growth opportunities in the servicing portfolio in stable and rising-rate periods.

Selected metrics

Year ended December 31,[a] (in millions, except ratios and where otherwise noted)	2005	2004	2003
Origination volume by channel (in billions)			
Retail	**$ 83.9**	$ 74.2	$ 90.8
Wholesale	**50.4**	48.5	65.6
Correspondent	**14.0**	22.8	44.5
Correspondent negotiated transactions	**34.5**	41.5	83.3
Total	**182.8**	187.0	284.2
Origination volume by business (in billions)			
Mortgage	**$ 128.7**	$ 144.6	$ 259.5
Home equity	**54.1**	42.4	24.7
Total	**182.8**	187.0	284.2
Business metrics (in billions)			
Third-party mortgage loans serviced (ending)[b]	**$ 467.5**	$ 430.9	$ 393.7
MSR net carrying value (ending)	**6.5**	5.1	4.8
End-of-period loans owned			
Mortgage loans held-for-sale	**13.7**	14.2	15.9
Mortgage loans retained	**43.0**	42.6	34.5
Home equity and other loans	**76.8**	67.9	24.1
Total end of period loans owned	**133.5**	124.7	74.5
Average loans owned			
Mortgage loans held-for-sale	**12.1**	12.1	23.5
Mortgage loans retained	**46.4**	40.7	32.0
Home equity and other loans	**70.2**	47.0	19.4
Total average loans owned	**128.7**	99.8	74.9
Overhead ratio	**44%**	53%	43%
Credit data and quality statistics			
30+ day delinquency rate[c]	**1.61%**	1.27%	1.81%
Net charge-offs			
Mortgage	**$ 25**	$ 19	$ 26
Home equity and other loans[d]	**129**	554	109
Total net charge-offs	**154**	573	135
Net charge-off rate			
Mortgage	**0.05%**	0.05%	0.08%
Home equity and other loans	**0.18**	1.18	0.56
Total net charge-off rate[e]	**0.13**	0.65	0.26
Nonperforming assets[f]	**$ 998**	$ 844	$ 546

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Includes prime first mortgage loans and subprime loans.
(c) Excludes delinquencies related to loans eligible for repurchase as well as loans repurchased from GNMA pools that are insured by government agencies of $0.9 billion, $0.9 billion and $0.1 billion, for December 31, 2005, 2004 and 2003, respectively. These amounts are excluded as reimbursement is proceeding normally.
(d) Includes $406 million of charge-offs related to the manufactured home loan portfolio in 2004.
(e) Excludes mortgage loans held for sale.
(f) Excludes nonperforming assets related to loans eligible for repurchase as well as loans repurchased from GNMA pools that are insured by government agencies of $1.1 billion, $1.5 billion and $2.3 billion for December 31, 2005, 2004 and 2003, respectively. These amounts are excluded as reimbursement is proceeding normally.

The table below reconciles management's disclosure of Home Finance's revenue into the reported U.S. GAAP line items shown on the Consolidated statements of income and in the related Notes to Consolidated financial statements:

Year ended December 31,(a)	Prime production and servicing			Consumer real estate lending			Total revenue		
(in millions)	**2005**	2004	2003	**2005**	2004	2003	**2005**	2004	2003
Net interest income	**$ 426**	$ 700	$ 1,556	**$ 2,672**	$ 2,245	$ 1,226	**$ 3,098**	$ 2,945	$ 2,782
Securities / private equity gains (losses)	**3**	(89)	359	**—**	—	—	**3**	(89)	359
Mortgage fees and related income(b)	**1,181**	881	661	**32**	131	247	**1,213**	1,012	908
Total	**$ 1,610**	$ 1,492	$ 2,576	**$ 2,704**	$ 2,376	$ 1,473	**$ 4,314**	$ 3,868	$ 4,049

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Includes activity reported elsewhere as Other income.

The following table details the MSR risk management results in the Home Finance business:

MSR risk management results

Year ended December 31,(a)			
(in millions)	**2005**	2004	2003
Reported amounts:			
MSR valuation adjustments(b)	**$ 777**	$ (248)	$ (253)
Derivative valuation adjustments and other risk management gains (losses)(c)	**(494)**	361	1,037
MSR risk management results	**$ 283**	$ 113	$ 784

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Excludes subprime loan MSR activity of $(7) million and $(2) million in 2005 and 2004, respectively. There was no subprime loan MSR activity in 2003.
(c) Includes gains, losses and interest income associated with derivatives, both designated and not designated, as a SFAS 133 hedge, and securities classified as both trading and available-for-sale.

Consumer & Small Business Banking

Consumer & Small Business Banking offers a full array of financial services through a branch network spanning 17 states as well as through the Internet. Product offerings include checking and savings accounts, mutual funds and annuities, credit cards, mortgages and home equity loans, and loans for small business customers (customers with annual sales generally less than $10 million).

Selected income statement data

Year ended December 31,(a)			
(in millions)	**2005**	2004	2003
Noninterest revenue	**$ 2,929**	$ 1,864	$ 828
Net interest income	**5,476**	3,521	1,594
Total net revenue	**8,405**	5,385	2,422
Provision for credit losses	**214**	165	76
Noninterest expense	**5,431**	3,981	2,358
Operating earnings (loss)	**1,684**	760	(4)

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

2005 compared with 2004
Operating earnings totaled $1.7 billion, up $924 million from the prior year. While growth largely reflected the Merger, results also included increased deposit balances and wider spreads, as well as higher debit card and other banking fees. These factors contributed to net revenue increasing to $8.4 billion from $5.4 billion in the prior year. The Provision for credit losses of $214 million increased by $49 million; excluding the special provision of $90 million related to Hurricane Katrina, the Provision would have decreased by $41 million from the prior year, reflecting lower net charge-offs and improved credit quality trends. Noninterest expense increased by $1.5 billion to $5.4 billion, as a result of the Merger and continued investment in branch distribution and sales, partially offset by merger efficiencies.

2004 compared with 2003
Operating earnings totaled $760 million, up from a loss of $4 million in the prior-year period. The increase was largely due to the Merger but also reflected wider spreads on deposits and lower expenses. These benefits were partially offset by a higher Provision for credit losses.

Total net revenue was $5.4 billion, compared with $2.4 billion in the prior year. While the increase was primarily attributable to the Merger, total net revenue also benefited from wider spreads on deposits.

The Provision for credit losses increased to $165 million from $76 million in the prior year. The increase was in part due to the Merger but also reflected an increase in the allowance for credit losses to cover high-risk portfolio segments.

The increase in Noninterest expense to $4.0 billion was largely attributable to the Merger. Incremental expense from investment in the branch distribution network was also a contributing factor.

Selected metrics

Year ended December 31,(a) (in millions, except ratios and where otherwise noted)	2005	2004	2003
Business metrics (in billions)			
Selected ending balances			
Small business loans	**$ 12.7**	$ 12.5	$ 2.2
Consumer and other loans(b)	**1.7**	2.2	2.0
Total loans	**14.4**	14.7	4.2
Core deposits(c)	**152.3**	146.3	66.4
Total deposits	**181.9**	171.8	76.7
Selected average balances			
Small business loans	**$ 12.4**	$ 7.3	$ 2.1
Consumer and other loans(b)	**2.0**	2.1	2.0
Total loans	**14.4**	9.4	4.1
Core deposits(c)	**149.0**	109.6	64.8
Total deposits	**175.1**	126.2	74.4
Number of:			
Branches	**2,641**	2,508	561
ATMs	**7,312**	6,650	1,931
Personal bankers	**7,067**	5,750	1,820
Personal checking accounts (in thousands)(d)	**7,869**	7,235	1,984
Business checking accounts (in thousands)(d)	**924**	889	347
Active online customers (in thousands)	**4,231**	3,359	NA
Debit cards issued (in thousands)	**9,266**	8,392	2,380
Overhead ratio	**65%**	74%	97%
Retail brokerage business metrics			
Investment sales volume	**$ 11,144**	$ 7,324	$ 3,579
Number of dedicated investment sales representatives	**1,449**	1,364	349
Credit data and quality statistics			
Net charge-offs			
Small business	**$ 101**	$ 77	$ 35
Consumer and other loans	**40**	77	40
Total net charge-offs	**141**	154	75
Net charge-off rate			
Small business	**0.81%**	1.05%	1.67%
Consumer and other loans	**2.00**	3.67	2.00
Total net charge-off rate	**0.98**	1.64	1.83
Nonperforming assets	**$ 283**	$ 299	$ 72

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Primarily community development loans.
(c) Includes demand and savings deposits.
(d) Prior periods amounts have been restated to reflect inactive accounts that should have been closed during those periods.

Auto & Education Finance

Auto & Education Finance provides automobile loans and leases to consumers and loans to commercial clients, primarily through a national network of automotive dealers. The segment is also a top provider of loans to students at colleges and universities across the United States.

Selected income statement data

Year ended December 31,(a) (in millions)	2005	2004	2003
Total net revenue	**$ 1,467**	$ 1,145	$ 842
Provision for credit losses	**212**	210	205
Noninterest expense	**751**	490	291
Operating earnings	**307**	270	206

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

2005 compared with 2004

Operating earnings were $307 million, up $37 million from the prior year. The current year included a net loss of $83 million associated with a $2.3 billion auto loan securitization; a net loss of $42 million associated with a $1.5 billion auto loan securitization; a $40 million charge related to the dissolution of a student loan joint venture; a benefit of $34 million from the sale of a $2 billion recreational vehicle loan portfolio; and the $20 million special provision for credit losses related to Hurricane Katrina. The prior-year results included charges of $65 million related to auto lease residuals. Excluding the after-tax impact of these items, operating earnings would have increased by $90 million over the prior year, primarily due to the Merger and improved credit quality. Results continued to reflect lower production volumes and narrower spreads.

2004 compared with 2003

Operating earnings totaled $270 million, up 31% from the prior year. The increase was due to the Merger, offset by narrower spreads and reduced origination volumes reflecting a competitive operating environment.

Total net revenue increased by 36% to $1.1 billion from the prior year. This increase was due to the Merger, which more than offset a decline in net interest income, reflecting the competitive operating environment in 2004, and incremental charges associated with the Firm's auto lease residual exposure.

The following is a brief description of selected terms used by Consumer & Small Business Banking.

- **Personal bankers –** Retail branch office personnel who acquire, retain and expand new and existing customer relationships by assessing customer needs and recommending and selling appropriate banking products and services.
- **Investment sales representatives –** Licensed retail branch sales personnel, assigned to support several branches, who assist with the sale of investment products including college planning accounts, mutual funds, annuities and retirement accounts.

The Provision for credit losses totaled $210 million, up 2% from the prior year. The increase was due to the Merger but was largely offset by a lower Provision for credit losses, reflecting favorable credit trends.

Noninterest expense increased by 68% to $490 million, largely due to the Merger.

Selected metrics

Year ended December 31,(a) (in millions, except ratios and where otherwise noted)	2005	2004	2003
Business metrics (in billions)			
End-of-period loans and lease related assets			
Loans outstanding	**$ 44.7**	$ 54.6	$ 33.7
Lease related assets(b)	**5.2**	8.0	9.5
Total end-of-period loans and lease related assets	**49.9**	62.6	43.2
Average loans and lease related assets			
Loans outstanding(c)	$ **48.5**	$ 44.3	$ 32.0
Lease related assets(d)	**6.6**	9.0	9.7
Total average loans and lease related assets(c)(d)	**55.1**	53.3	41.7
Overhead ratio	**51%**	43%	35%
Credit quality statistics			
30+ day delinquency rate	**1.65%**	1.55%	1.42%
Net charge-offs			
Loans	**$ 257**	$ 219	$ 130
Lease receivables(d)	**20**	44	41
Total net charge-offs	**277**	263	171
Net charge-off rate			
Loans(c)	**0.57%**	0.52%	0.43%
Lease receivables	**0.32**	0.49	0.42
Total net charge-off rate(c)	**0.54**	0.52	0.43
Nonperforming assets	**$ 237**	$ 242	$ 157

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Includes operating lease-related assets of $0.9 billion for 2005. Balances prior to January 1, 2005, were insignificant.
(c) Average loans include loans held for sale of $3.5 billion, $2.3 billion and $1.8 billion for, 2005, 2004 and 2003, respectively. These are not included in the net charge-off rate.
(d) Includes operating lease-related assets of $0.4 billion for 2005. Balances prior to January 1, 2005, were insignificant. These are not included in the net charge-off rate.

Insurance

Insurance is a provider of financial protection products and services, including life insurance, annuities and debt protection. Products and services are distributed through both internal lines of business and external markets. On February 7, 2006, the Firm signed a definitive agreement to sell its life insurance and annuity underwriting business.

Selected income statement data

Year ended December 31,(a) (in millions)	2005	2004	2003
Total net revenue	**$ 644**	$ 393	$ 115
Noninterest expense	**520**	317	92
Operating earnings	**79**	48	13
Memo: Consolidated gross insurance-related revenue(b)	**1,642**	1,191	611

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Includes revenue reported in the results of other businesses.

2005 compared with 2004
Operating earnings totaled $79 million, an increase of $31 million from the prior year, on net revenues of $644 million. The increase was due primarily to the Merger. Results also reflected an increase in proprietary annuity sales commissions paid and lower expenses from merger savings and other efficiencies.

2004 compared with 2003
Operating earnings totaled $48 million on Total net revenue of $393 million in 2004. The increases in Total net revenue and Noninterest expense over the prior year were due almost entirely to the Merger.

Selected metrics

Year ended December 31,(a) (in millions, except where otherwise noted)	2005	2004	2003
Business metrics – ending balances			
Invested assets	**$ 7,767**	$ 7,368	$ 1,559
Policy loans	**388**	397	—
Insurance policy and claims reserves	**7,774**	7,279	1,096
Term life sales – first year annualized premiums	**60**	28	—
Term life premium revenues	**477**	234	—
Proprietary annuity sales	**706**	208	548
Number of policies in force – direct/assumed (in thousands)	**2,441**	2,611	631
Insurance in force – direct/assumed	**$282,903**	$277,827	$31,992
Insurance in force – retained	**87,753**	80,691	31,992
A.M. Best rating	**A**	A	A

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

The following is a brief description of selected business metrics within Insurance.

- **Proprietary annuity sales** represent annuity contracts marketed through and issued by subsidiaries of the Firm.
- **Insurance in force – direct/assumed** includes the aggregate face amount of insurance policies directly underwritten and assumed through reinsurance.
- **Insurance in force – retained** includes the aggregate face amounts of insurance policies directly underwritten and assumed through reinsurance, after reduction for face amounts ceded to reinsurers.

Card Services

Card Services is one of the largest issuers of credit cards in the United States, with more than 110 million cards in circulation, and is the largest merchant acquirer. CS offers a wide variety of products to satisfy the needs of its cardmembers, including cards issued on behalf of many well-known partners, such as major airlines, hotels, universities, retailers and other financial institutions.

JPMorgan Chase uses the concept of "managed receivables" to evaluate the credit performance of the underlying credit card loans, both sold and not sold: as the same borrower is continuing to use the credit card for ongoing charges, a borrower's credit performance will affect both the receivables sold under SFAS 140 and those not sold. Thus, in its disclosures regarding managed receivables, JPMorgan Chase treats the sold receivables as if they were still on the balance sheet in order to disclose the credit performance (such as net charge-off rates) of the entire managed credit card portfolio.

Operating results exclude the impact of credit card securitizations on revenue, the Provision for credit losses, net charge-offs and receivables. Securitization does not change reported Net income versus operating earnings; however, it does affect the classification of items on the Consolidated statements of income.

Selected income statement data – managed basis

Year ended December 31,[a][b] (in millions, except ratios)	2005	2004	2003
Revenue			
Asset management, administration and commissions	**$ —**	$ 75	$ 108
Credit card income	**3,351**	2,179	930
Other income	**212**	117	54
Noninterest revenue	**3,563**	2,371	1,092
Net interest income	**11,803**	8,374	5,052
Total net revenue	**15,366**	10,745	6,144
Provision for credit losses[c]	**7,346**	4,851	2,904
Noninterest expense			
Compensation expense	**1,081**	893	582
Noncompensation expense	**3,170**	2,485	1,336
Amortization of intangibles	**748**	505	260
Total noninterest expense	**4,999**	3,883	2,178
Operating earnings before income tax expense	**3,021**	2,011	1,062
Income tax expense	**1,114**	737	379
Operating earnings	**$ 1,907**	$ 1,274	$ 683
Memo: Net securitization gains (amortization)	**$ 56**	$ (8)	$ 1
Financial metrics			
ROE	**16%**	17%	20%
Overhead ratio	**33**	36	35

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) As a result of the integration of Chase Merchant Services and Paymentech merchant processing businesses into a joint venture, beginning in the fourth quarter of 2005, Total net revenue, Noninterest expense and pre-tax earnings have been reduced to reflect the deconsolidation of Paymentech. There is no impact to operating earnings.
(c) 2005 includes a $100 million special provision related to Hurricane Katrina.

2005 compared with 2004
Operating earnings of $1.9 billion were up $633 million, or 50%, from the prior year due to the Merger. In addition, lower expenses driven by merger savings, stronger underlying credit quality and higher revenue from increased loan balances and charge volume were partially offset by the impact of increased bankruptcies.

Net revenue was $15.4 billion, up $4.6 billion, or 43%. Net interest income was $11.8 billion, up $3.4 billion, or 41%, primarily due to the Merger, and the acquisition of a private label portfolio. In addition, higher loan balances were partially offset by narrower loan spreads and the reversal of revenue related to increased bankruptcies. Noninterest revenue of $3.6 billion was up $1.2 billion, or 50%, due to the Merger and higher interchange income from higher charge volume, partially offset by higher volume-driven payments to partners, higher expense related to rewards programs and the impact of the deconsolidation of Paymentech.

The Provision for credit losses was $7.3 billion, up $2.5 billion, or 51%, primarily due to the Merger, and included the acquisition of a private label portfolio. The provision also increased due to record bankruptcy-related net charge-offs resulting from the new bankruptcy legislation, which became effective on October 17, 2005. Finally, the Allowance for loan losses was increased in part by the special provision for credit losses related to Hurricane Katrina. These factors were partially offset by lower contractual net charge-offs. Despite a record level of bankruptcy losses, the net charge-off rate improved. The managed net charge-off rate was 5.21%, down from 5.27% in the prior year. The 30-day managed delinquency rate was 2.79%, down from 3.70% in the prior year, driven primarily by accelerated loss recognition of delinquent accounts as a result of the bankruptcy reform legislation and strong underlying credit quality.

Noninterest expense of $5.0 billion increased by $1.1 billion, or 29%, primarily due to the Merger, which included the acquisition of a private label portfolio. Merger savings, including lower processing and compensation costs and the impact of the deconsolidation of Paymentech, were partially offset by higher spending on marketing.

2004 compared with 2003
Operating earnings of $1.3 billion increased by $591 million compared with the prior year, primarily due to the Merger. In addition, earnings benefited from higher loan balances and charge volume, partially offset by a higher Provision for credit losses and higher expenses.

Total net revenue of $10.7 billion increased by $4.6 billion. Net interest income of $8.4 billion increased by $3.3 billion, primarily due to the Merger and higher loan balances. Noninterest revenue of $2.4 billion increased by $1.3 billion, primarily due to the Merger and increased interchange income resulting from higher charge-off volume. These factors were partially offset by higher volume-driven payments to partners, reflecting the sharing of income and increased rewards expense.

The Provision for credit losses of $4.9 billion increased by $1.9 billion, primarily due to the Merger and growth in credit card receivables. Credit ratios remained strong, benefiting from reduced contractual and bankruptcy charge-offs. The net charge-off ratio was 5.27%. The 30-day delinquency ratio was 3.70%.

Noninterest expense of $3.9 billion increased by $1.7 billion, primarily related to the Merger. In addition, expenses increased due to higher marketing expenses and volume-based processing expenses, partially offset by lower compensation expenses.

Selected metrics

Year ended December 31,(a) (in millions, except headcount, ratios and where otherwise noted)	2005	2004	2003
% of average managed outstandings:			
Net interest income	**8.65%**	9.16%	9.95%
Provision for credit losses	**5.39**	5.31	5.72
Noninterest revenue	**2.61**	2.59	2.15
Risk adjusted margin(b)	**5.88**	6.45	6.38
Noninterest expense	**3.67**	4.25	4.29
Pre-tax income (ROO)	**2.21**	2.20	2.09
Operating earnings	**1.40**	1.39	1.35
Business metrics			
Charge volume (in billions)	$ **301.9**	$ 193.6	$ 88.2
Net accounts opened (in thousands)	**21,056**	7,523	4,177
Credit cards issued (in thousands)	**110,439**	94,285	35,103
Number of registered Internet customers (in millions)	**14.6**	13.6	3.7
Merchant acquiring business(c)			
Bank card volume (in billions)	$ **563.1**	$ 396.2	$ 261.2
Total transactions (in millions)(d)	**15,499**	9,049	4,254
Selected ending balances			
Loans:			
Loans on balance sheets	$ **71,738**	$ 64,575	$ 17,426
Securitized loans	**70,527**	70,795	34,856
Managed loans	**$142,265**	$135,370	$ 52,282
Selected average balances			
Managed assets	**$141,933**	$ 94,741	$ 51,406
Loans:			
Loans on balance sheets	$ **67,334**	$ 38,842	$ 17,604
Securitized loans	**69,055**	52,590	33,169
Managed loans	**$136,389**	$ 91,432	$ 50,773
Equity	**11,800**	7,608	3,440
Headcount	**18,629**	19,598	10,612
Credit quality statistics			
Net charge-offs	$ **7,100**	$ 4,821	$ 2,996
Managed net charge-off rate	**5.21%**	5.27%	5.90%
Delinquency ratios			
30+ days	**2.79%**	3.70%	4.68%
90+ days	**1.27**	1.72	2.19
Allowance for loan losses	$ **3,274**	$ 2,994	$ 1,225
Allowance for loan losses to period-end loans	**4.56%**	4.64%	7.03%

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Represents Total net revenue less Provision for credit losses.
(c) Represents 100% of the merchant acquiring business.
(d) Prior periods have been restated to conform methodologies following the integration of Chase Merchant Services and Paymentech merchant processing businesses.

The financial information presented below reconciles reported basis and managed basis to disclose the effect of securitizations.

Year ended December 31,(a) (in millions)	2005	2004	2003
Income statement data			
Credit card income			
Reported data for the period	$ **6,069**	$ 4,446	$ 2,309
Securitization adjustments	**(2,718)**	(2,267)	(1,379)
Managed credit card income	$ **3,351**	$ 2,179	$ 930
Other income			
Reported data for the period	$ **212**	$ 203	$ 125
Securitization adjustments	**—**	(86)	(71)
Managed other income	$ **212**	$ 117	$ 54
Net interest income			
Reported data for the period	$ **5,309**	$ 3,123	$ 1,732
Securitization adjustments	**6,494**	5,251	3,320
Managed net interest income	$ **11,803**	$ 8,374	$ 5,052
Total net revenue(b)			
Reported data for the period	$ **11,590**	$ 7,847	$ 4,274
Securitization adjustments	**3,776**	2,898	1,870
Managed total net revenue	$ **15,366**	$10,745	$ 6,144
Provision for credit losses			
Reported data for the period(c)	$ **3,570**	$ 1,953	$ 1,034
Securitization adjustments	**3,776**	2,898	1,870
Managed provision for credit losses	$ **7,346**	$ 4,851	$ 2,904
Balance sheet – average balances			
Total average assets			
Reported data for the period	$ **74,753**	$43,657	$19,041
Securitization adjustments	**67,180**	51,084	32,365
Managed average assets	**$141,933**	$94,741	$51,406
Credit quality statistics			
Net charge-offs			
Reported net charge-offs data for the period	$ **3,324**	$ 1,923	$ 1,126
Securitization adjustments	**3,776**	2,898	1,870
Managed net charge-offs	$ **7,100**	$ 4,821	$ 2,996

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Includes noninterest revenue and Net interest income.
(c) 2005 includes a $100 million special provision related to Hurricane Katrina.

The following is a brief description of selected business metrics within Card Services.

- **Charge volume** – Represents the dollar amount of cardmember purchases, balance transfers and cash advance activity.
- **Net accounts opened** – Includes originations, portfolio purchases and sales.
- **Merchant acquiring business** – Represents an entity that processes payments for merchants. JPMorgan Chase is a partner in Chase Paymentech Solutions, LLC.
- **Bank card volume** – Represents the dollar amount of transactions processed for the merchants.
- **Total transactions** — Represents the number of transactions and authorizations processed for the merchants.

Commercial Banking

Commercial Banking serves more than 25,000 clients, including corporations, municipalities, financial institutions and not-for-profit entities with annual revenues generally ranging from $10 million to $2 billion. While most Middle Market clients are within the Retail Financial Services footprint, CB also covers larger corporations, as well as local governments and financial institutions on a national basis. CB is a market leader with superior client penetration across the businesses it serves. Local market presence, coupled with industry expertise and excellent client service and risk management, enable CB to offer superior financial advice. Partnership with other JPMorgan Chase businesses positions CB to deliver broad product capabilities – including lending, treasury services, investment banking, and asset and wealth management – and meet its clients' financial needs.

Selected income statement data

Year ended December 31,(a) (in millions, except ratios)	2005	2004	2003
Revenue			
Lending & deposit related fees	**$ 575**	$ 441	$ 301
Asset management, administration and commissions	**60**	32	19
Other income(b)	**351**	209	73
Noninterest revenue	**986**	682	393
Net interest income	**2,610**	1,692	959
Total net revenue	**3,596**	2,374	1,352
Provision for credit losses(c)	**73**	41	6
Noninterest expense			
Compensation expense	**661**	465	285
Noncompensation expense	**1,146**	843	534
Amortization of intangibles	**65**	35	3
Total noninterest expense	**1,872**	1,343	822
Operating earnings before income tax expense	**1,651**	990	524
Income tax expense	**644**	382	217
Operating earnings	**$1,007**	$ 608	$ 307
Financial ratios			
ROE	**30%**	29%	29%
ROA	**1.78**	1.67	1.87
Overhead ratio	**52**	57	61

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) IB-related and commercial card revenues are included in Other income.
(c) 2005 includes a $35 million special provision related to Hurricane Katrina.

Commercial Banking operates in 10 of the top 15 major U.S. metropolitan areas and is divided into three customer segments: Middle Market Banking, Mid-Corporate Banking and Real Estate. General coverage for corporate clients is provided by Middle Market Banking, which covers clients with annual revenues generally up to $500 million. Mid-Corporate Banking covers clients with annual revenues generally ranging between $500 million and $2 billion and focuses on clients that have broader investment banking needs. The third segment, Real Estate, serves investors in, and developers of, for-sale housing, multifamily rental, retail, office, and industrial properties. In addition to these three customer segments, Commercial Banking offers several products to the Firm's entire customer base: Chase Business Credit, the #1 asset-based lender for 2005, provides asset-based financing, syndications, and collateral analysis, and Chase Equipment Leasing offers a variety of equipment finance and leasing products, with specialties in aircraft finance, public sector, and information technology. Given this structure, Commercial Banking manages a customer base and loan portfolio that is highly diversified across a broad range of industries and geographic locations.

2005 compared with 2004
Operating earnings of $1.0 billion were up $399 million from the prior year, primarily due to the Merger.

Net revenue of $3.6 billion increased by $1.2 billion, or 51%, primarily as a result of the Merger. In addition to the overall increase from the Merger, Net interest income of $2.6 billion was positively affected by wider spreads on higher volume related to liability balances and increased loans, partially offset by narrower loan spreads. Noninterest revenue of $986 million was lower due to a decline in deposit-related fees due to higher interest rates, partially offset by increased investment banking revenue.

Each business within Commercial Banking demonstrated revenue growth over the prior year, primarily due to the Merger. Middle Market revenue was $2.4 billion, an increase of $870 million over the prior year; Mid-Corporate Banking revenue was $548 million, an increase of $181 million; and Real Estate revenue was $534 million, up $166 million. In addition to the Merger, revenue was higher for each business due to wider spreads and higher volume related to liability balances and increased investment banking revenue, partially offset by narrower loan spreads.

Provision for credit losses of $73 million increased by $32 million, primarily due to a special provision related to Hurricane Katrina, increased loan balances and refinements in the data used to estimate the allowance for credit losses. The credit quality of the portfolio was strong with net charge-offs of $26 million, down $35 million from the prior year, and nonperforming loans of $272 million, down $255 million.

Noninterest expense of $1.9 billion increased by $529 million, or 39%, primarily due to the Merger and to an increase in allocated unit costs for Treasury Services products.

2004 compared with 2003
Operating earnings were $608 million, an increase of 98%, primarily due to the Merger.

Total net revenue was $2.4 billion, an increase of 76%, primarily due to the Merger. In addition to the overall increase related to the Merger, Net interest income of $1.7 billion was positively affected by higher liability balances, partially offset by lower lending-related revenue. Noninterest revenue of $682 million was positively affected by higher investment banking fees and higher gains on the sale of loans and securities acquired in satisfaction of debt, partially offset by lower deposit-related fees, which often decline as interest rates rise.

The Provision for credit losses was $41 million, an increase of $35 million, primarily due to the Merger. Excluding the impact of the Merger, the provision was higher in 2004. Lower net charge-offs in 2004 were partially offset by smaller reductions in the allowance for credit losses in 2004 relative to 2003.

Noninterest expense was $1.3 billion, an increase of $521 million, or 63%, primarily related to the Merger.

Selected metrics

Year ended December 31,(a) (in millions, except headcount and ratios)	2005	2004	2003
Revenue by product:			
Lending	**$ 1,076**	$ 764	$ 396
Treasury services	**2,299**	1,467	896
Investment banking	**213**	120	66
Other	**8**	23	(6)
Total Commercial Banking revenue	**3,596**	2,374	1,352
Revenue by business:			
Middle Market Banking	**$ 2,369**	$ 1,499	$ 772
Mid-Corporate Banking	**548**	367	194
Real Estate	**534**	368	206
Other	**145**	140	180
Total Commercial Banking revenue	**3,596**	2,374	1,352
Selected average balances			
Total assets	**$56,561**	$36,435	$16,460
Loans and leases	**51,797**	32,417	14,049
Liability balances(b)	**73,395**	52,824	32,880
Equity	**3,400**	2,093	1,059
Average loans by business:			
Middle market	**$31,156**	$17,471	$ 5,609
Mid-corporate banking	**6,375**	4,348	2,880
Real estate	**10,639**	7,586	2,831
Other	**3,627**	3,012	2,729
Total Commercial Banking loans	**51,797**	32,417	14,049
Headcount	**4,456**	4,555	1,730
Credit data and quality statistics:			
Net charge-offs	**$ 26**	$ 61	$ 76
Nonperforming loans	**272**	527	123
Allowance for loan losses	**1,392**	1,322	122
Allowance for lending-related commitments	**154**	169	26
Net charge-off rate	**0.05%**	0.19%	0.54%
Allowance for loan losses to average loans	**2.69**	4.08	0.87
Allowance for loan losses to nonperforming loans	**512**	251	99
Nonperforming loans to average loans	**0.53**	1.63	0.88

(a) 2004 results include six months of the combined Firm’s results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Liability balances include deposits and deposits swept to on-balance sheet liabilities.

Commercial Banking revenues are comprised of the following:

Lending includes a variety of financing alternatives, which are often provided on a basis secured by receivables, inventory, equipment, real estate or other assets. Products include

- Term loans
- Revolving lines of credit
- Bridge financing
- Asset-based structures
- Leases

Treasury services includes a broad range of products and services enabling clients to transfer, invest and manage the receipt and disbursement of funds, while providing the related information reporting. These products and services include:

- U.S. dollar and multi-currency clearing
- ACH
- Lockbox
- Disbursement and reconciliation services
- Check deposits
- Other check and currency-related services
- Trade finance and logistics solutions
- Commercial card
- Deposit products, sweeps and money market mutual funds

Investment banking products provide clients with sophisticated capital-raising alternatives, as well as balance sheet and risk management tools, through:

- Loan syndications
- Investment-grade debt
- Asset-backed securities
- Private placements
- High-yield bonds
- Equity underwriting
- Advisory
- Interest rate derivatives
- Foreign exchange hedges

Treasury & Securities Services

Treasury & Securities Services is a global leader in providing transaction, investment and information services to support the needs of corporations, issuers and institutional investors worldwide. TSS is one of the largest cash management providers in the world and a leading global custodian. The TS business provides a variety of cash management products, trade finance and logistics solutions, wholesale card products, and short-term liquidity management tools. The IS business provides custody, fund services, securities lending, and performance measurement and execution products. The ITS business provides trustee, depository and administrative services for debt and equity issuers. TS partners with the Commercial Banking, Consumer & Small Business Banking and Asset & Wealth Management businesses to serve clients firmwide. As a result, certain TS revenues are included in other segments' results. TSS combined the management of the IS and ITS businesses under the name WSS to create an integrated franchise which provides custody and investor services as well as securities clearance and trust services to clients globally. Beginning January 1, 2006, TSS will report results for two divisions: TS and WSS.

Selected income statement data

Year ending December 31,(a) (in millions, except ratios)	2005	2004	2003
Revenue			
Lending & deposit related fees	**$ 728**	$ 647	$ 470
Asset management, administration and commissions	**2,908**	2,445	1,903
Other income	**543**	382	288
Noninterest revenue	**4,179**	3,474	2,661
Net interest income	**2,062**	1,383	947
Total net revenue	**6,241**	4,857	3,608
Provision for credit losses	**—**	7	1
Credit reimbursement (to) from IB(b)	**(154)**	(90)	36
Noninterest expense			
Compensation expense	**2,061**	1,629	1,257
Noncompensation expense	**2,293**	2,391	1,745
Amortization of intangibles	**116**	93	26
Total noninterest expense	**4,470**	4,113	3,028
Operating earnings before income tax expense	**1,617**	647	615
Income tax expense	**580**	207	193
Operating earnings	**$1,037**	$ 440	$ 422
Financial ratios			
ROE	**55%**	17%	15%
Overhead ratio	**72**	85	84
Pre-tax margin ratio(c)	**26**	13	17

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

(b) TSS is charged a credit reimbursement related to certain exposures managed within the IB credit portfolio on behalf of clients shared with TSS. For a further discussion, see Credit reimbursement on page 35 of this Annual Report.

(c) Pre-tax margin represents Operating earnings before income tax expense divided by Total net revenue, which is a comprehensive measure of pre-tax performance and is another basis by which TSS management evaluates its performance and that of its competitors. Pre-tax margin is an effective measure of TSS' earnings, after all operating costs are taken into consideration.

2005 compared with 2004

Operating earnings were $1.0 billion, an increase of $597 million, or 136%. Primarily driving the improvement in revenue were the Merger, business growth, and widening spreads on and growth in average liability balances. Noninterest expense increased primarily due to the Merger and higher compensation expense. Results for 2005 also included charges of $58 million (after-tax) to terminate a client contract. Results for 2004 also included software-impairment charges of $97 million (after-tax) and a gain of $10 million (after-tax) on the sale of a business.

TSS net revenue of $6.2 billion increased $1.4 billion, or 28%. Net interest income grew to $2.1 billion, up $679 million, due to wider spreads on liability balances, a change in the corporate deposit pricing methodology in 2004 and growth in average liability balances. Noninterest revenue of $4.2 billion increased by $705 million, or 20%, due to product growth across TSS, the Merger and the acquisition of Vastera. Leading the product revenue growth was an increase in assets under custody to $11.2 trillion, primarily driven by market value appreciation and new business, along with growth in wholesale card, securities lending, foreign exchange, trust product, trade, clearing and ACH revenues. Partially offsetting this growth in noninterest revenue was a decline in deposit-related fees due to higher interest rates and the absence, in the current period, of a gain on the sale of a business.

TS net revenue of $2.6 billion grew by $628 million, Investor Services net revenue of $2.2 billion grew by $446 million, and Institutional Trust Services net revenue of $1.5 billion grew by $310 million. TSS firmwide net revenue, which includes TS net revenue recorded in other lines of business, grew to $8.8 billion, up $2.3 billion, or 35%. Treasury Services firmwide net revenue grew to $5.2 billion, up $1.6 billion, or 43%.

Credit reimbursement to the Investment Bank was $154 million, an increase of $64 million, primarily as a result of the Merger. TSS is charged a credit reimbursement related to certain exposures managed within the Investment Bank credit portfolio on behalf of clients shared with TSS.

Noninterest expense of $4.5 billion was up $357 million, or 9%, due to the Merger, increased compensation expense resulting from new business growth and the Vastera acquisition, and charges of $93 million to terminate a client contract. Partially offsetting these increases were higher product unit costs charged to other lines of business, primarily Commercial Banking, lower allocations of Corporate segment expenses, merger savings and business efficiencies. The prior year included software-impairment charges of $155 million.

2004 compared with 2003

Operating earnings for the year were $440 million, an increase of $18 million, or 4%. Results in 2004 include an after-tax gain of $10 million on the sale of an IS business. Prior-year results include an after-tax gain of $22 million on the sale of an ITS business. Excluding these one-time gains, operating earnings would have increased by $30 million, or 8%. Both net revenue and Noninterest expense increased primarily as a result of the Merger, the acquisition of Bank One's Corporate Trust business in November 2003 and the acquisition of Electronic Financial Services ("EFS") in January 2004.

TSS net revenue improved by 35% to $4.9 billion. This revenue growth reflected the benefit of the Merger, the acquisitions noted above, and improved product revenues across TSS. Net interest income grew to $1.4 billion from $947 million as a result of average liability balance growth of 46%, to $126 billion, a change in the corporate deposit pricing methodology in 2004 and wider deposit spreads. Growth in fees and commissions was driven by a 22% increase in assets under custody to $9.3 trillion as well as new business growth in trade, commercial card, global equity products, securities lending, fund services, clearing and ACH. Partially offsetting these improvements were lower deposit-related fees, which often decline as interest rates rise, and a soft municipal bond market.

TS net revenue grew to $2.0 billion, IS to $1.7 billion and ITS to $1.2 billion. TSS firmwide net revenue grew by 41% to $6.5 billion. TSS firmwide net revenues include TS net revenues recorded in other lines of business.

Credit reimbursement to the Investment Bank was $90 million, compared with a credit from the Investment Bank of $36 million in the prior year, principally due to the Merger and a change in methodology. TSS is charged a credit reimbursement related to certain exposures managed within the Investment Bank credit portfolio on behalf of clients shared with TSS.

Noninterest expense totaled $4.1 billion, up from $3.0 billion, reflecting the Merger, the acquisitions noted above, $155 million of software impairment charges, upfront transition expenses related to on-boarding new custody and fund accounting clients, and legal and technology-related expenses.

Treasury & Securities Services firmwide metrics include certain TSS product revenues and liability balances reported in other lines of business related to customers who are also customers of those other lines of business. In order to capture the firmwide impact of TS and TSS products and revenues, management reviews firmwide metrics such as liability balances, revenues and overhead ratios in assessing financial performance for TSS. Firmwide metrics are necessary, in management's view, in order to understand the aggregate TSS business.

Selected metrics

Year ending December 31,(a) (in millions, except headcount and where otherwise noted)	2005	2004	2003
Revenue by business			
Treasury Services	**$ 2,622**	$ 1,994	$ 1,200
Investor Services	**2,155**	1,709	1,448
Institutional Trust Services	**1,464**	1,154	960
Total net revenue	**$ 6,241**	$ 4,857	$ 3,608
Business metrics			
Assets under custody (in billions)(b)	**$ 11,249**	$ 9,300	$ 7,597
Corporate trust securities under administration (in billions)(c)	**6,818**	6,676	6,127
Number of:			
US$ ACH transactions originated (in millions)	**2,966**	1,994	NA
Total US$ clearing volume (in thousands)	**95,713**	81,162	NA
International electronic funds transfer volume (in thousands)(d)	**89,537**	45,654	NA
Wholesale check volume (in millions)	**3,856**	NA	NA
Wholesale cards issued (in thousands)(e)	**13,206**	11,787	NA
Selected average balances			
Total assets	**$ 26,947**	$ 23,430	$ 18,379
Loans	**10,430**	7,849	6,009
Liability balances(f)	**164,305**	125,712	85,994
Equity	**1,900**	2,544	2,738
Headcount	**24,484**	22,612	15,145
TSS firmwide metrics			
Treasury Services firmwide revenue(g)	**$ 5,224**	$ 3,665	$ 2,214
Treasury & Securities Services firmwide revenue(g)	**8,843**	6,528	4,622
Treasury Services firmwide overhead ratio(h)	**55%**	62%	62%
Treasury & Securities Services firmwide overhead ratio(h)	**62**	74	76
Treasury Services firmwide liability balances(i)	**$139,579**	$102,785	$ 64,819
Treasury & Securities Services firmwide liability balances(i)	**237,699**	178,536	118,873

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) 2005 assets under custody include approximately $530 billion of ITS assets under custody that have not been included previously. At December 31, 2005, approximately 5% of total assets under custody were trust-related.
(c) Corporate trust securities under administration include debt held in trust on behalf of third parties and debt serviced as agent.
(d) International electronic funds transfer includes non-US$ ACH and clearing volume.
(e) Wholesale cards issued include domestic commercial card, stored value card, prepaid card, and government electronic benefit card products.
(f) Liability balances include deposits and deposits swept to on-balance sheet liabilities.
(g) Firmwide revenue includes TS revenue recorded in the Commercial Banking, Consumer & Small Business Banking and Asset & Wealth Management businesses (see below) and excludes FX revenues recorded in the IB for TSS-related FX activity. TSS firmwide FX revenue, which includes FX revenue recorded in TSS and FX revenue associated with TSS customers who are FX customers of the IB, was $382 million, $320 million and $256 million for the years ended December 31, 2005, 2004 and 2003, respectively.
(h) Overhead ratios have been calculated based on firmwide revenues and TSS and TS expenses, respectively, including those allocated to certain other lines of business. FX revenues and expenses recorded in the IB for TSS-related FX activity are not included in this ratio.
(i) Firmwide liability balances include TS' liability balances recorded in certain lines of business. Liability balances associated with TS customers who are also customers of the Commercial Banking line of business are not included in TS liability balances.

(in millions)(a)	2005	2004	2003
Treasury Services revenue reported in Commercial Banking	**$2,299**	$1,467	$ 896
Treasury Services revenue reported in other lines of business	**303**	204	118

Asset & Wealth Management

Asset & Wealth Management provides investment advice and management for institutions and individuals. With Assets under supervision of $1.1 trillion, AWM is one of the largest asset and wealth managers in the world. AWM serves four distinct client groups through three businesses: institutions through JPMorgan Asset Management; ultra-high-net-worth clients through the Private Bank; high-net-worth clients through Private Client Services; and retail clients through JPMorgan Asset Management. The majority of AWM's client assets are in actively managed portfolios. AWM has global investment expertise in equities, fixed income, real estate, hedge funds, private equity and liquidity, including both money market instruments and bank deposits. AWM also provides trust and estate services to ultra-high-net-worth and high-net-worth clients, and retirement services for corporations and individuals.

Selected income statement data

Year ended December 31,(a) (in millions, except ratios)	2005	2004	2003
Revenue			
Asset management, administration and commissions	**$4,189**	$3,140	$2,258
Other income	**394**	243	224
Noninterest revenue	**4,583**	3,383	2,482
Net interest income	**1,081**	796	488
Total net revenue	**5,664**	4,179	2,970
Provision for credit losses(b)	**(56)**	(14)	35
Noninterest expense			
Compensation expense	**2,179**	1,579	1,213
Noncompensation expense	**1,582**	1,502	1,265
Amortization of intangibles	**99**	52	8
Total noninterest expense	**3,860**	3,133	2,486
Operating earnings before income tax expense	**1,860**	1,060	449
Income tax expense	**644**	379	162
Operating earnings	**$1,216**	$ 681	$ 287
Financial ratios			
ROE	**51%**	17%	5%
Overhead ratio	**68**	75	84
Pre-tax margin ratio(c)	**33**	25	15

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

(b) 2005 includes a $3 million special provision related to Hurricane Katrina.

(c) Pre-tax margin represents Operating earnings before income tax expense divided by Total net revenue, which is a comprehensive measure of pre-tax performance and is another basis by which AWM management evaluates its performance and that of its competitors. Pre-tax margin is an effective measure of AWM's earnings, after all costs are taken into consideration.

2005 compared with 2004

Operating earnings of $1.2 billion were up $535 million from the prior year due to the Merger and increased revenue, partially offset by higher compensation expense.

Net revenue was $5.7 billion, up $1.5 billion, or 36%. Noninterest revenue, primarily fees and commissions, of $4.6 billion was up $1.2 billion, principally due to the Merger, the acquisition of a majority interest in Highbridge Capital Management in 2004, net asset inflows and global equity market appreciation. Net interest income of $1.1 billion was up $285 million, primarily due to the Merger, higher deposit and loan balances, partially offset by narrower deposit spreads.

Private Bank client segment revenue of $1.7 billion increased by $135 million. Retail client segment revenue of $1.5 billion increased by $360 million. Institutional client segment revenue was up $504 million to $1.4 billion due to the acquisition of a majority interest in Highbridge Capital Management. Private Client Services client segment revenue grew by $486 million, to $1.0 billion.

Provision for credit losses was a benefit of $56 million, compared with a benefit of $14 million in the prior year, due to lower net charge-offs and refinements in the data used to estimate the allowance for credit losses.

Noninterest expense of $3.9 billion increased by $727 million, or 23%, reflecting the Merger, the acquisition of Highbridge and increased compensation expense related primarily to higher performance-based incentives.

2004 compared with 2003

Operating earnings were $681 million, up 137% from the prior year, due largely to the Merger but also driven by increased revenue and a decrease in the Provision for credit losses; these were partially offset by higher Compensation expense.

Total net revenue was $4.2 billion, up 41%, primarily due to the Merger. Additionally, fees and commissions increased due to global equity market appreciation, net asset inflows and the acquisition of JPMorgan Retirement Plan Services ("RPS") in 2003. Fees and commissions also increased due to an improved product mix, with an increased percentage of assets in higher-yielding products. Net interest income increased due to deposit and loan growth.

The Provision for credit losses was a benefit of $14 million, a decrease of $49 million, due to an improvement in credit quality.

Noninterest expense was $3.1 billion, up 26%, due to the Merger, increased Compensation expense and increased technology and marketing initiatives.

Selected metrics

Year ended December 31,(a) (in millions, except headcount and ranking data, and where otherwise noted)	2005	2004	2003
Revenue by client segment			
Private bank	**$ 1,689**	$ 1,554	$ 1,437
Retail	**1,544**	1,184	774
Institutional	**1,395**	891	681
Private client services	**1,036**	550	78
Total net revenue	**$ 5,664**	$ 4,179	$ 2,970
Business metrics			
Number of:			
Client advisors	**1,430**	1,333	651
Retirement Plan Services participants	**1,299,000**	918,000	756,000
% of customer assets in 4 & 5 Star Funds(b)	**46%**	48%	48%
% of AUM in 1st and 2nd quartiles:(c)			
1 year	**69**	66	57
3 years	**68**	71	69
5 years	**74**	68	65
Selected average balances			
Total assets	**$ 41,599**	$ 37,751	$ 33,780
Loans	**26,610**	21,545	16,678
Deposits(d)	**42,123**	32,431	20,576
Equity	**2,400**	3,902	5,507
Headcount	**12,127**	12,287	8,520

Credit data and quality statistics			
Net charge-offs	**$ 23**	$ 72	$ 9
Nonperforming loans	**104**	79	173
Allowance for loan losses	**132**	216	130
Allowance for lending-related commitments	**4**	5	4
Net charge-off rate	**0.09%**	0.33%	0.05%
Allowance for loan losses to average loans	**0.50**	1.00	0.78
Allowance for loan losses to nonperforming loans	**127**	273	75
Nonperforming loans to average loans	**0.39**	0.37	1.04

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Star rankings derived from Morningstar and Standard & Poor's.
(c) Quartile rankings sourced from Lipper and Standard & Poor's.
(d) Reflects the transfer in 2005 of certain consumer deposits from Retail Financial Services to Asset & Wealth Management.

AWM's client segments are comprised of the following:

Institutional serves large and mid-size corporate and public institutions, endowments and foundations, and governments globally. AWM offers these institutions comprehensive global investment services, including investment management across asset classes, pension analytics, asset-liability management, active risk budgeting and overlay strategies.

The **Private Bank** addresses every facet of wealth management for ultra-high-net-worth individuals and families worldwide, including investment management, capital markets and risk management, tax and estate planning, banking, capital raising and specialty wealth advisory services.

Retail provides worldwide investment management services and retirement planning and administration through third-party and direct distribution channels.

Private Client Services offers high-net-worth individuals, families and business owners comprehensive wealth management solutions that include financial planning, personal trust, investment and banking products and services.

Assets under supervision

2005 compared with 2004
Assets under supervision ("AUS") at December 31, 2005, were $1.1 trillion, up 4%, or $43 billion, from the prior year despite a $33 billion reduction due to the sale of BrownCo. Assets under management ("AUM") were $847 billion, up 7%. The increase was primarily the result of net asset inflows in equity-related products and global equity market appreciation. The Firm also has a 43% interest in American Century Companies, Inc., whose AUM totaled $101 billion and $98 billion at December 31, 2005 and 2004, respectively. Custody, brokerage, administration, and deposits were $302 billion, down $13 billion due to a $33 billion reduction from the sale of BrownCo.

2004 compared with 2003
Assets under supervision at December 31, 2004, were $1.1 trillion, up 45% from 2003, and Assets under management were $791 billion, up 41% from the prior year. The increases were primarily the result of the Merger, as well as market appreciation, net asset inflows and the acquisition of a majority interest in Highbridge Capital Management. The Firm also has a 43% interest in American Century Companies, Inc., whose AUM totaled $98 billion and $87 billion at December 31, 2004 and 2003, respectively. Custody, brokerage, administration, and deposits were $315 billion, up 55%, due to market appreciation, the Merger and net inflows across all products.

Assets under supervision(a) (in billions)		
As of or for the year ended December 31,	**2005**	2004
Assets by asset class		
Liquidity	**$ 238**	$ 232
Fixed income	**165**	171
Equities & balanced	**370**	326
Alternatives	**74**	62
Total Assets under management	**847**	791
Custody/brokerage/administration/deposits	**302**	315
Total Assets under supervision	**$ 1,149**	$ 1,106
Assets by client segment		
Institutional	**$ 481**	$ 466
Private Bank	**145**	139
Retail	**169**	133
Private Client Services	**52**	53
Total Assets under management	**$ 847**	$ 791
Institutional	**$ 484**	$ 487
Private Bank	**318**	304
Retail	**245**	221
Private Client Services	**102**	94
Total Assets under supervision	**$ 1,149**	$ 1,106
Assets by geographic region		
U.S./Canada	**$ 562**	$ 554
International	**285**	237
Total Assets under management	**$ 847**	$ 791
U.S./Canada	**$ 805**	$ 815
International	**344**	291
Total Assets under supervision	**$ 1,149**	$ 1,106
Mutual fund assets by asset class		
Liquidity	**$ 182**	$ 183
Fixed income	**45**	41
Equity	**150**	104
Total mutual fund assets	**$ 377**	$ 328
Assets under management rollforward(b)		
Beginning balance, January 1	**$ 791**	$ 561
Flows:		
Liquidity	**8**	3
Fixed income	**—**	(8)
Equity, balanced and alternative	**24**	14
Acquisitions /divestitures(c)	**—**	183
Market/performance/other impacts(d)	**24**	38
Ending balance, December 31	**$ 847**	$ 791
Assets under supervision rollforward(b)		
Beginning balance, January 1	**$ 1,106**	$ 764
Net asset flows	**49**	42
Acquisitions /divestitures(e)	**(33)**	221
Market/performance/other impacts(d)	**27**	79
Ending balance, December 31	**$ 1,149**	$ 1,106

(a) Excludes Assets under management of American Century.
(b) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(c) Reflects the Merger with Bank One ($176 billion) and the acquisition of a majority interest in Highbridge Capital Management ($7 billion) in 2004.
(d) Includes AWM's strategic decision to exit the Institutional fiduciary business ($12 billion) in 2005.
(e) Reflects the Merger with Bank One ($214 billion) and the acquisition of a majority interest in Highbridge Capital Management ($7 billion) in 2004, and the sale of BrownCo ($33 billion) in 2005.

Corporate

The Corporate sector is comprised of Private Equity, Treasury, corporate staff units and expenses that are centrally managed. Private Equity includes the JPMorgan Partners and ONE Equity Partners businesses. Treasury manages the structural interest rate risk and investment portfolio for the Firm. The corporate staff units include Central Technology and Operations, Audit, Executive Office, Finance, Human Resources, Marketing & Communications, Office of the General Counsel, Corporate Real Estate and General Services, Risk Management, and Strategy and Development. Other centrally managed expenses include the Firm's occupancy and pension-related expenses, net of allocations to the business.

Selected income statement data

Year ended December 31,(a) (in millions)	2005	2004(d)	2003(d)
Revenue			
Securities / private equity gains	**$ 200**	$ 1,786	$ 1,031
Other income(b)	**1,410**	315	303
Noninterest revenue	**1,610**	2,101	1,334
Net interest income	**(2,736)**	(1,216)	(133)
Total net revenue	**(1,126)**	885	1,201
Provision for credit losses(c)	**10**	(110)	124
Noninterest expense			
Compensation expense	**3,151**	2,426	1,893
Noncompensation expense	**4,216**	4,088	3,216
Subtotal	**7,367**	6,514	5,109
Net expenses allocated to other businesses	**(5,343)**	(5,213)	(4,580)
Total noninterest expense	**2,024**	1,301	529
Operating earnings before income tax expense	**(3,160)**	(306)	548
Income tax expense (benefit)	**(1,429)**	(367)	(120)
Operating earnings (loss)	**$(1,731)**	$ 61	$ 668

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Includes $1.3 billion (pre-tax) gain on the sale of BrownCo in 2005.
(c) 2005 includes a $12 million special provision related to Hurricane Katrina.
(d) In 2005, the Corporate sector's and the Firm's operating results were presented on a tax-equivalent basis. Prior period results have been restated. This restatement had no impact on the Corporate sector's or the Firm's operating earnings.

2005 compared with 2004
Operating loss of $1.7 billion declined from earnings of $61 million in the prior year.

Net revenue was a loss of $1.1 billion compared with revenue of $885 million in the prior year. Noninterest revenue of $1.6 billion decreased by $491 million and included securities losses of $1.5 billion due to the repositioning of the Treasury investment portfolio, to manage exposure to interest rates, the gain on the sale of BrownCo of $1.3 billion and the increase in private equity gains of $262 million. For a further discussion on the sale of BrownCo, see Note 2 on page 93 of this Annual Report.

Net interest income was a loss of $2.7 billion compared with a loss of $1.2 billion in the prior year. Actions and policies adopted in conjunction with the Merger and the repositioning of the Treasury investment portfolio were the main drivers of the increased loss.

Noninterest expense was $2.0 billion, up $723 million, or 56%, from the prior year, primarily due to the Merger and the cost of the accelerated vesting of certain employee stock options. These increases were offset partially by merger-related savings and other expense efficiencies.

On September 15, 2004, JPMorgan Chase and IBM announced the Firm's plans to reintegrate the portions of its technology infrastructure – including data centers, help desks, distributed computing, data networks and voice networks – that were previously outsourced to IBM. In January 2005, approximately 3,100 employees and 800 contract employees were transferred to the Firm.

2004 compared with 2003
Operating earnings were $61 million, down from earnings of $668 million in the prior year.

Noninterest revenue was $2.1 billion, up 57% from the prior year. The primary component of noninterest revenue is Securities/private equity gains, which totaled $1.8 billion, up 73% from the prior year. The increase was a result of net gains in the Private Equity portfolio of $1.4 billion in 2004 compared with $27 million in net gains in 2003. Partially offsetting these gains were lower investment securities gains in Treasury.

Net interest income was a loss of $1.2 billion compared with a loss of $133 million in the prior year. The increased loss was driven primarily by actions and policies adopted in conjunction with the Merger.

Noninterest expense of $1.3 billion was up $772 million from the prior year due to the Merger. The Merger resulted in higher gross compensation and noncompensation expenses. Allocations of compensation and noncompensation expenses to the businesses were lower than the gross expense increase due to certain policies adopted in conjunction with the Merger, which retain in Corporate overhead costs that would not be incurred by the lines of business if operated on a stand-alone basis, and costs in excess of the market price for services provided by the corporate staff and technology and operations areas.

Selected metrics

Year ended December 31,(a) (in millions, except headcount)	2005	2004	2003
Selected average balances			
Short-term investments(b)	**$ 16,808**	$ 14,590	$ 4,076
Investment portfolio(c)	**54,481**	65,985	65,113
Goodwill(d)	**43,475**	21,773	293
Total assets	**160,720**	162,234	104,395
Headcount	**28,384**	24,806	13,391
Treasury			
Securities gains (losses)	**$ (1,502)**	$ 347	$ 999
Investment portfolio (average)	**46,520**	57,776	56,299
Investment portfolio (ending)	**30,741**	64,949	45,811

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Represents Federal funds sold, Securities borrowed, Trading assets – debt and equity instruments and Trading assets – derivative receivables.
(c) Represents Investment securities and private equity investments.
(d) As of July 1, 2004, the Firm revised the goodwill allocation methodology to retain all goodwill in Corporate. Effective with the first quarter of 2006, the Firm will refine its methodology to allocate goodwill to the lines of business.

Private equity

2005 compared with 2004
Private Equity's operating earnings for the year were $821 million compared with $602 million in the prior year. This improvement in earnings reflected an increase of $262 million in private equity gains to $1.7 billion, a 15% reduction in noninterest expenses and a $62 million decline in net funding costs of carrying portfolio investments. Private equity gains benefited from continued favorable markets for investment sales and recapitalizations, resulting in nearly $2 billion of realized gains. The carrying value of the private equity portfolio declined by $1.3 billion to $6.2 billion as of December 31, 2005. This decline was primarily the result of sales and recapitalizations of direct investments.

2004 compared with 2003
Private Equity's operating earnings for the year totaled $602 million compared with a loss of $290 million in 2003. This improvement reflected a $1.4 billion increase in total private equity gains. In 2004, markets improved for investment sales, resulting in $1.4 billion of realized gains on direct investments, compared with realized gains of $535 million in 2003. Net write-downs on direct investments were $192 million in 2004 compared with net write-downs of $404 million in 2003, as valuations continued to stabilize amid positive market conditions.

The carrying value of the Private Equity portfolio at December 31, 2004, was $7.5 billion, an increase of $247 million from December 31, 2003. The increase was primarily the result of the acquisition of ONE Equity Partners as a result of the Merger. Excluding ONE Equity Partners, the portfolio declined as a result of sales of investments, which was consistent with management's intention to reduce over time the capital committed to private equity. Sales of third-party fund investments resulted in a decrease in carrying value of $458 million, to $641 million at December 31, 2004, compared with $1.1 billion at December 31, 2003.

Selected income statement and balance sheet data – Private equity

Year ended December 31,(a) (in millions)	2005	2004	2003
Private equity gains (losses)			
Direct investments			
Realized gains	**$1,969**	$1,423	$ 535
Write-ups / (write-downs)	**(72)**	(192)	(404)
Mark-to-market gains (losses)	**(338)**	164	215
Total direct investments	**1,559**	1,395	346
Third-party fund investments	**132**	34	(319)
Total private equity gains (losses)	**1,691**	1,429	27
Other income	**40**	53	47
Net interest income	**(209)**	(271)	(264)
Total net revenue	**1,522**	1,211	(190)
Total noninterest expense	**244**	288	268
Operating earnings (loss) before income tax expense	**1,278**	923	(458)
Income tax expense	**457**	321	(168)
Operating earnings (loss)	**$ 821**	$ 602	$ (290)
Private equity portfolio information(b)			
Direct investments			
Public securities			
Carrying value	**$ 479**	$1,170	$ 643
Cost	**403**	744	451
Quoted public value	**683**	1,758	994
Private direct securities			
Carrying value	**5,028**	5,686	5,508
Cost	**6,463**	7,178	6,960
Third-party fund investments			
Carrying value	**669**	641	1,099
Cost	**1,003**	1,042	1,736
Total private equity portfolio			
Carrying value	**$6,176**	$7,497	$7,250
Cost	**$7,869**	$8,964	$9,147

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) For further information on the Firm's policies regarding the valuation of the private equity portfolio, see Note 9 on pages 103–105 of this Annual Report.

Balance sheet analysis

Selected balance sheet data

December 31, (in millions)	2005	2004
Assets		
Cash and due from banks	**$ 36,670**	$ 35,168
Deposits with banks and Federal funds sold	**26,072**	28,958
Securities purchased under resale agreements and Securities borrowed	**204,174**	141,504
Trading assets – debt and equity instruments	**248,590**	222,832
Trading assets – derivative receivables	**49,787**	65,982
Securities:		
Available-for-sale	**47,523**	94,402
Held-to-maturity	**77**	110
Loans, net of allowance for loan losses	**412,058**	394,794
Other receivables	**27,643**	31,086
Goodwill and other intangible assets	**58,180**	57,887
All other assets	**88,168**	84,525
Total assets	**$1,198,942**	$1,157,248
Liabilities		
Deposits	**$ 554,991**	$ 521,456
Securities sold under repurchase agreements and securities lent	**117,124**	112,347
Trading liabilities – debt and equity instruments	**94,157**	87,942
Trading liabilities – derivative payables	**51,773**	63,265
Long-term debt and capital debt securities	**119,886**	105,718
All other liabilities	**153,800**	160,867
Total liabilities	**1,091,731**	1,051,595
Stockholders' equity	**107,211**	105,653
Total liabilities and stockholders' equity	**$1,198,942**	$1,157,248

Securities purchased under resale agreements and Securities sold under repurchase agreements
The increase in Securities purchased under resale agreements was due primarily to growth in client-driven financing activities in North America and Europe.

Trading assets and liabilities – debt and equity instruments
The Firm's debt and equity trading instruments consist primarily of fixed income securities (including government and corporate debt) and equity and convertible cash instruments used for both market-making and proprietary risk-taking activities. The increase over December 31, 2004, was primarily due to growth in client-driven market-making activities across interest rate, credit and equity markets. For additional information, refer to Note 3 on page 94 of this Annual Report.

Trading assets and liabilities – derivative receivables and payables
The Firm uses various interest rate, foreign exchange, equity, credit and commodity derivatives for market-making, proprietary risk-taking and risk management purposes. The decline from December 31, 2004, was primarily due to the appreciation of the U.S. dollar and, to a lesser extent, higher interest rates, partially offset by increased commodity trading activity and rising commodity prices. For additional information, refer to Credit risk management and Note 3 on pages 63–74 and 94, respectively, of this Annual Report.

Securities
The AFS portfolio declined by $46.9 billion from December 31, 2004, primarily due to securities sales (as a result of management's decision to reposition the Treasury investment portfolio to manage exposure to interest rates) and maturities, which more than offset purchases. For additional information related to securities, refer to the Corporate segment discussion and to Note 9 on pages 53–54 and 103–105, respectively, of this Annual Report.

Loans
The $17 billion increase in gross loans was due primarily to an increase of $15 billion in the wholesale portfolio, primarily from the IB, reflecting higher balances of loans held-for-sale ("HFS") related to securitization and syndication activities, and growth in the IB Credit Portfolio. Wholesale HFS loans were $18 billion as of December 31, 2005, compared with $6 billion as of December 31, 2004. For consumer loans, growth in consumer real estate (primarily home equity loans) and credit card loans was offset largely by a decline in the auto portfolio. The increase in credit card loans primarily reflected growth from new account originations and the acquisition of $1.5 billion of Sears Canada loans on the balance sheet. The decline in the auto portfolio primarily reflected a difficult auto lending market in 2005, $3.8 billion of securitizations and was also the result of a strategic review of the portfolio in 2004 that led to the decisions to de-emphasize vehicle leasing and sell a $2 billion recreational vehicle portfolio. For a more detailed discussion of the loan portfolio and the Allowance for loan losses, refer to Credit risk management on pages 63–74 of this Annual Report.

Goodwill and Other intangible assets
The $293 million increase in Goodwill and Other intangible assets primarily resulted from higher MSRs due to growth in the servicing portfolio as well as an overall increase in the valuation from improved market conditions; the business partnership with Cazenove; the acquisition of the Sears Canada credit card business; and the Neovest and Vastera acquisitions. Partially offsetting the increase were declines from the amortization of purchased credit card relationships and core deposit intangibles and the deconsolidation of Paymentech. For additional information, see Note 15 on pages 114–116 of this Annual Report.

Deposits
Deposits increased by 6% from December 31, 2004. Retail deposits increased, reflecting growth from new account acquisitions and the ongoing expansion of the retail branch distribution network. Wholesale deposits were higher, driven by growth in business volumes. For more information on deposits, refer to the RFS segment discussion and the Liquidity risk management discussion on pages 39–44 and 61–62, respectively, of this Annual Report. For more information on liability balances, refer to the CB and TSS segment discussions on pages 47–48 and 49–50, respectively, of this Annual Report.

Long-term debt and capital debt securities
Long-term debt and capital debt securities increased by $14.2 billion, or 13%, from December 31, 2004, primarily due to net new issuances of long-term debt and capital debt securities. The Firm took advantage of narrow credit spreads globally to issue opportunistically long-term debt and capital debt securities throughout 2005. Consistent with its liquidity management policy, the Firm raised funds sufficient to cover maturing obligations over the next 12 months and to support the less liquid assets on its balance sheet. Large investor cash positions and increased foreign investor participation in the corporate markets allowed JPMorgan Chase to diversify further its funding across the global markets while lengthening maturities. For additional information on the Firm's long-term debt activity, see the Liquidity risk management discussion on pages 61–62 of this Annual Report.

Stockholders' equity
Total stockholders' equity increased by $1.6 billion from year-end 2004 to $107.2 billion at December 31, 2005. The increase was the result of net income for 2005 and common stock issued under employee plans, partially offset by cash dividends, stock repurchases, the redemption of $200 million of preferred stock and net unrealized losses in Accumulated other comprehensive income. For a further discussion of capital, see the Capital management section that follows.

Capital management

The Firm's capital management framework is intended to ensure that there is capital sufficient to support the underlying risks of the Firm's business activities, as measured by economic risk capital, and to maintain "well-capitalized" status under regulatory requirements. In addition, the Firm holds capital above these requirements in amounts deemed appropriate to achieve management's regulatory and debt rating objectives. The Firm's capital framework is integrated into the process of assigning equity to the lines of business.

Line of business equity

The Firm's framework for allocating capital is based upon the following objectives:

- Integrate firmwide capital management activities with capital management activities within each of the lines of business.
- Measure performance consistently across all lines of business.
- Provide comparability with peer firms for each of the lines of business.

Equity for a line of business represents the amount the Firm believes the business would require if it were operating independently, incorporating sufficient capital to address economic risk measures, regulatory capital requirements, and capital levels for similarly rated peers. Return on equity is measured and internal targets for expected returns are established as a key measure of a business segment's performance.

For performance management purposes, the Firm initiated a methodology at the time of the Merger for allocating goodwill. Under this methodology, in the last half of 2004 and all of 2005, goodwill from the Merger and from any business acquisition by either heritage firm prior to the Merger was allocated to Corporate, as was any associated equity. Therefore, 2005 line of business equity is not comparable to equity assigned to the lines of business in prior years. The increase in average common equity in the following table for 2005 was attributable primarily to the Merger.

(in billions)	Yearly Average	
Line of business equity	**2005**	2004(a)
Investment Bank	**$ 20.0**	$ 17.3
Retail Financial Services	**13.4**	9.1
Card Services	**11.8**	7.6
Commercial Banking	**3.4**	2.1
Treasury & Securities Services	**1.9**	2.5
Asset & Wealth Management	**2.4**	3.9
Corporate(b)	**52.6**	33.1
Total common stockholders' equity	**$ 105.5**	$ 75.6

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(b) 2005 includes $43.5 billion of equity to offset goodwill and $9.1 billion of equity, primarily related to Treasury, Private Equity and the Corporate Pension Plan.

Effective January 1, 2006, the Firm expects to refine its methodology for allocating capital to the lines of business, and may continue to refine this methodology. The revised methodology, among other things, considers for each line of business goodwill associated with such line of business' acquisitions since the Merger. As a result of this refinement, Retail Financial Services, Card Services, Commercial Banking, Treasury & Securities Services and Asset & Wealth Management will have higher amounts of capital allocated in 2006, while the amount of capital allocated to the Investment Bank will remain unchanged. In management's view, the revised methodology assigns responsibility to the lines of business to generate returns on the amount of capital supporting acquisition-related goodwill. As part of this refinement in the capital allocation methodology, the Firm will assign to the Corporate segment an amount of equity capital equal to the then-current book value of goodwill from and prior to the Merger. In accordance with SFAS 142, the lines of business will continue to perform the required goodwill impairment testing. For a further discussion of goodwill and impairment testing, see Critical accounting estimates and Note 15 on pages 81–83 and 114–116, respectively, of this Annual Report.

Economic risk capital

JPMorgan Chase assesses its capital adequacy relative to the underlying risks of the Firm's business activities, utilizing internal risk-assessment methodologies. The Firm assigns economic capital based primarily upon five risk factors: credit risk, market risk, operational risk and business risk for each business; and private equity risk, principally for the Firm's private equity business.

(in billions)	Yearly Average	
Economic risk capital	**2005**	2004(a)
Credit risk	**$ 22.6**	$ 16.5
Market risk	**9.8**	7.5
Operational risk	**5.5**	4.5
Business risk	**2.1**	1.9
Private equity risk	**3.8**	4.5
Economic risk capital	**43.8**	34.9
Goodwill	**43.5**	25.9
Other(b)	**18.2**	14.8
Total common stockholders' equity	**$ 105.5**	$ 75.6

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(b) Additional capital required to meet internal debt and regulatory rating objectives.

Credit risk capital
Credit risk capital is estimated separately for the wholesale businesses (Investment Bank, Commercial Banking, Treasury & Securities Services and Asset & Wealth Management) and consumer businesses (Retail Financial Services and Card Services).

Credit risk capital for the overall wholesale credit portfolio is defined in terms of unexpected credit losses, both from defaults and declines in market value due to credit deterioration, measured over a one-year period at a confidence level consistent with the level of capitalization necessary to achieve a targeted 'AA' solvency standard. Unexpected losses are in excess of those for which provisions for credit losses are maintained. In addition to maturity and correlations, capital allocation is differentiated by several principal drivers of credit risk: exposure at default (or loan equivalent amount), likelihood of default, loss severity, and market credit spread.

- Loan equivalent amount for counterparty exposures in an over-the-counter derivative transaction is represented by the expected positive exposure based upon potential movements of underlying market rates. Loan equivalents for unused revolving credit facilities represent the portion of an unused commitment likely, based upon the Firm's average portfolio historical experience, to become outstanding in the event an obligor defaults.
- Default likelihood is based upon current market conditions for all publicly traded names and investment banking clients, by referencing the growing market in credit derivatives and secondary market loan sales. This methodology produces, in the Firm's view, more active risk management by utilizing a forward-looking measure of credit risk. This dynamic measure captures current market conditions and will change with the credit cycle over time impacting the level of credit risk capital. For privately-held firms in the commercial banking portfolio, default likelihood is based upon longer term averages over an entire credit cycle.

- Loss severity of exposure is based upon the Firm's average historical experience during workouts, with adjustments to account for collateral or subordination.
- Market credit spreads are used in the evaluation of changes in exposure value due to credit deterioration.

Credit risk capital for the consumer portfolio is intended to represent a capital level sufficient to support an 'AA' rating, and its allocation is based upon product and other relevant risk segmentation. Actual segment level default and severity experience are used to estimate unexpected losses for a one-year horizon at a confidence level equivalent to the 'AA' solvency standard. Statistical results for certain segments or portfolios are adjusted upward to ensure that capital is consistent with external benchmarks, including subordination levels on market transactions and capital held at representative monoline competitors, where appropriate.

Market risk capital
The Firm calculates market risk capital guided by the principle that capital should reflect the risk of loss in the value of portfolios and financial instruments caused by adverse movements in market variables, such as interest and foreign exchange rates, credit spreads, securities prices and commodities prices. Daily VAR, monthly stress-test results and other factors are used to determine appropriate capital levels. The Firm allocates market risk capital to each business segment according to a formula that weights that segment's VAR and stress test exposures. See Market risk management on pages 75–78 of this Annual Report for more information about these market risk measures.

Operational risk capital
Capital is allocated to the lines of business for operational risk using a risk-based capital allocation methodology which estimates operational risk on a bottom-up basis. The operational risk capital model is based upon actual losses and potential scenario-based stress losses, with adjustments to the capital calculation to reflect changes in the quality of the control environment or the potential offset as a result of the use of risk-transfer products. The Firm believes the model is consistent with the new Basel II Framework and expects to propose it eventually for qualification under the advanced measurement approach for operational risk.

Business risk capital
Business risk is defined as the risk associated with volatility in the Firm's earnings due to factors not captured by other parts of its economic-capital framework. Such volatility can arise from ineffective design or execution of business strategies, volatile economic or financial market activity, changing client expectations and demands, and restructuring to adjust for changes in the competitive environment. For business risk, capital is allocated to each business based upon historical revenue volatility and measures of fixed and variable expenses. Earnings volatility arising from other risk factors, such as credit, market, or operational risk, is excluded from the measurement of business risk capital, as those factors are captured under their respective risk capital models.

Private equity risk capital
Capital is allocated to privately- and publicly-held securities, third-party fund investments and commitments in the Private Equity portfolio to cover the potential loss associated with a decline in equity markets and related asset devaluations.

Regulatory capital

The Firm's federal banking regulator, the Federal Reserve Board ("FRB"), establishes capital requirements, including well-capitalized standards for the consolidated financial holding company. The Office of the Comptroller of the Currency ("OCC") establishes similar capital requirements and standards for the Firm's national banks, including JPMorgan Chase Bank and Chase Bank USA, National Association.

The federal banking regulatory agencies issued a final rule that makes permanent an interim rule issued in 2000 that provides regulatory capital relief for certain cash-collateralized securities borrowed transactions, effective February 22, 2006. The final rule also broadens the types of transactions qualifying for regulatory capital relief under the interim rule. Adoption of the rule is not expected to have a material effect on the Firm's capital ratios.

On March 1, 2005, the FRB issued a final rule, which became effective April 11, 2005, that continues the inclusion of trust preferred securities in Tier 1 capital, subject to stricter quantitative limits and revised qualitative standards, and broadens the definition of restricted core capital elements. The rule provides for a five-year transition period. As an internationally active bank holding company, JPMorgan Chase is subject to the rule's limitation on restricted core capital elements, including trust preferred securities, to 15% of total core capital elements, net of goodwill less any associated deferred tax liability. At December 31, 2005, JPMorgan Chase's restricted core capital elements were 16.5% of total core capital elements. JPMorgan Chase expects to be in compliance with the 15% limit by the March 31, 2009, implementation date.

On July 20, 2004, the federal banking regulatory agencies issued a final rule that excludes assets of asset-backed commercial paper programs that are consolidated as a result of FIN 46R from risk-weighted assets for purposes of computing Tier 1 and Total risk-based capital ratios. The final rule also requires that capital be held against short-term liquidity facilities supporting asset-backed commercial paper programs. The final rule became effective September 30, 2004. In addition, both short- and long-term liquidity facilities are subject to certain asset quality tests effective September 30, 2005. Adoption of the rule did not have a material effect on the capital ratios of the Firm.

The following tables show that JPMorgan Chase maintained a well-capitalized position based upon Tier 1 and Total capital ratios at December 31, 2005 and 2004.

Capital ratios

December 31,	**2005**	2004	Well-capitalized ratios
Tier 1 capital ratio	**8.5%**	8.7%	6.0%
Total capital ratio	**12.0**	12.2	10.0
Tier 1 leverage ratio	**6.3**	6.2	NA
Total stockholders' equity to assets	**8.9**	9.1	NA

Risk-based capital components and assets

December 31, (in millions)	**2005**	2004
Total Tier 1 capital	**$ 72,474**	$ 68,621
Total Tier 2 capital	**29,963**	28,186
Total capital	**$ 102,437**	$ 96,807
Risk-weighted assets	**$ 850,643**	$ 791,373
Total adjusted average assets	**1,152,546**	1,102,456

Tier 1 capital was $72.5 billion at December 31, 2005, compared with $68.6 billion at December 31, 2004, an increase of $3.9 billion. The increase was due primarily to net income of $8.5 billion, net common stock issued under employee plans of $1.9 billion, $1.3 billion of additional qualifying trust preferred securities and a decline of $716 million in the deduction for nonqualifying intangible assets as a result of amortization. Offsetting these increases were dividends declared of $4.8 billion, common share repurchases of $3.4 billion, an increase in the deduction for goodwill of $418 million and the redemption of $200 million of preferred stock. Additional information regarding the Firm's capital ratios and the federal regulatory capital standards to which it is subject is presented in Note 24 on pages 121–122 of this Annual Report.

Basel II

The Basel Committee on Banking Supervision published the new Basel II Framework in 2004 in an effort to update the original international bank capital

accord ("Basel I"), in effect since 1988. The goal of the Basel II Framework is to improve the consistency of capital requirements internationally, make regulatory capital more risk-sensitive, and promote enhanced risk management practices among large, internationally active banking organizations. JPMorgan Chase supports the overall objectives of the Basel II Framework.

U.S. banking regulators are in the process of incorporating the Basel II Framework into the existing risk-based capital requirements. JPMorgan Chase will be required to implement advanced measurement techniques in the U.S. by employing internal estimates of certain key risk drivers to derive capital requirements. Prior to implementation of the new Basel II Framework, JPMorgan Chase will be required to demonstrate to its U.S. bank supervisors that its internal criteria meet the relevant supervisory standards. JPMorgan Chase expects to be in compliance within the established timelines with all relevant Basel II rules.

Dividends

The Firm's common stock dividend policy reflects JPMorgan Chase's earnings outlook, desired payout ratios, need to maintain an adequate capital level and alternative investment opportunities. In 2005, JPMorgan Chase declared a quarterly cash dividend on its common stock of $0.34 per share. The Firm continues to target a dividend payout ratio of 30-40% of operating earnings over time.

Stock repurchases

On July 20, 2004, the Board of Directors approved an initial stock repurchase program in the aggregate amount of $6.0 billion. This amount includes shares to be repurchased to offset issuances under the Firm's employee stock-based plans. The actual amount of shares repurchased is subject to various factors, including market conditions; legal considerations affecting the amount and timing of repurchase activity; the Firm's capital position (taking into account goodwill and intangibles); internal capital generation; and alternative potential investment opportunities. Under the stock repurchase program, during 2005, the Firm repurchased 93.5 million shares for $3.4 billion at an average price per share of $36.46. During 2004, the Firm repurchased 19.3 million shares for $738 million at an average price per share of $38.27. As of December 31, 2005, $1.9 billion of authorized repurchase capacity remained.

The Firm has determined that it may, from time to time, enter into written trading plans under Rule 10b5-1 of the Securities Exchange Act of 1934 to facilitate the repurchase of common stock in accordance with the repurchase program. A Rule 10b5-1 repurchase plan would allow the Firm to repurchase shares during periods when it would not otherwise be repurchasing common stock – for example, during internal trading "black-out periods." All purchases under a Rule 10b5-1 plan must be made according to a predefined plan that is established when the Firm is not aware of material nonpublic information.

For additional information regarding repurchases of the Firm's equity securities, see Part II, Item 5, Market for registrant's common equity, related stockholder matters and issuer purchases of equity securities, on page 11 of JPMorgan Chase's 2005 Form 10-K.

Off–balance sheet arrangements and contractual cash obligations

Special-purpose entities

JPMorgan Chase is involved with several types of off-balance sheet arrangements, including special purpose entities ("SPEs"), lines of credit and loan commitments. The principal uses of SPEs are to obtain sources of liquidity for JPMorgan Chase and its clients by securitizing financial assets, and to create other investment products for clients. These arrangements are an important part of the financial markets, providing market liquidity by facilitating investors' access to specific portfolios of assets and risks. For example, SPEs are integral to the markets for mortgage-backed securities, commercial paper, and other asset-backed securities.

The basic SPE structure involves a company selling assets to the SPE. The SPE funds the purchase of those assets by issuing securities to investors. To insulate investors from creditors of other entities, including the seller of assets, SPEs can be structured to be bankruptcy-remote.

JPMorgan Chase is involved with SPEs in three broad categories: loan securitizations, multi-seller conduits and client intermediation. Capital is held, as deemed appropriate, against all SPE-related transactions and related exposures, such as derivative transactions and lending-related commitments. For a further discussion of SPEs and the Firm's accounting for them, see Note 1 on page 91, Note 13 on pages 108–111 and Note 14 on pages 111–113 of this Annual Report.

The Firm has no commitments to issue its own stock to support any SPE transaction, and its policies require that transactions with SPEs be conducted at arm's length and reflect market pricing. Consistent with this policy, no JPMorgan Chase employee is permitted to invest in SPEs with which the Firm is involved where such investment would violate the Firm's Code of Conduct. These rules prohibit employees from self-dealing and prohibit employees from acting on behalf of the Firm in transactions with which they or their family have any significant financial interest.

For certain liquidity commitments to SPEs, the Firm could be required to provide funding if the credit rating of JPMorgan Chase Bank were downgraded below specific levels, primarily P-1, A-1 and F1 for Moody's, Standard & Poor's and Fitch, respectively. The amount of these liquidity commitments was $71.3 billion and $79.4 billion at December 31, 2005 and 2004, respectively. Alternatively, if JPMorgan Chase Bank were downgraded, the Firm could be replaced by another liquidity provider in lieu of providing funding under the liquidity commitment, or, in certain circumstances, could facilitate the sale or refinancing of the assets in the SPE in order to provide liquidity.

Of its $71.3 billion in liquidity commitments to SPEs at December 31, 2005, $38.9 billion was included in the Firm's other unfunded commitments to extend credit and asset purchase agreements, included in the following table. Of the $79.4 billion of liquidity commitments to SPEs at December 31, 2004, $47.7 billion was included in the Firm's other unfunded commitments to extend credit and asset purchase agreements. As a result of the Firm's consolidation of multi-seller conduits in accordance with FIN 46R, $32.4 billion of these commitments, compared with $31.7 billion at December 31, 2004, are excluded from the following table, as the underlying assets of the SPEs have been included on the Firm's Consolidated balance sheets.

The Firm also has exposure to certain SPEs arising from derivative transactions; these transactions are recorded at fair value on the Firm's Consolidated balance sheets with changes in fair value (i.e., MTM gains and losses) recorded in Trading revenue. Such MTM gains and losses are not included in the revenue amounts reported in the table below.

The following table summarizes certain revenue information related to variable interest entities ("VIEs") with which the Firm has significant involvement, and qualifying SPEs ("QSPEs"). The revenue reported in the table below primarily represents servicing and custodial fee income. For a further discussion of VIEs and QSPEs, see Note 1, Note 13 and Note 14, on pages 91, 108–111 and 111–113, respectively, of this Annual Report.

Revenue from VIEs and QSPEs

Year ended December 31,[a] (in millions)	VIEs[b]	QSPEs	Total
2005	**$ 222**	**$ 1,645**	**$ 1,867**
2004	154	1,438	1,592
2003	79	979	1,058

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Includes VIE-related revenue (i.e., revenue associated with consolidated and significant nonconsolidated VIEs).

Off-balance sheet lending-related financial instruments and guarantees

JPMorgan Chase utilizes lending-related financial instruments (e.g., commitments and guarantees) to meet the financing needs of its customers. The contractual amount of these financial instruments represents the maximum possible credit risk should the counterparty draw down the commitment or the Firm fulfill its obligation under the guarantee, and the counterparty subsequently fails to perform according to the terms of the contract. Most of these commitments and guarantees expire without a default occurring or without being drawn. As a result, the total contractual amount of these instruments is not, in the Firm's view, representative of its actual future credit exposure or funding requirements. Further, certain commitments, primarily related to consumer financings, are cancelable, upon notice, at the option of the Firm. For a further discussion of lending-related commitments and guarantees and the Firm's accounting for them, see Credit risk management on pages 63–72 and Note 27 on pages 124–125 of this Annual Report.

Contractual cash obligations

In the normal course of business, the Firm enters into various contractual obligations that may require future cash payments. Commitments for future cash expenditures primarily include contracts to purchase future services and capital expenditures related to real estate-related obligations and equipment.

The accompanying table summarizes, by remaining maturity, JPMorgan Chase's off-balance sheet lending-related financial instruments and significant contractual cash obligations at December 31, 2005. Contractual purchases and capital expenditures in the table below reflect the minimum contractual obligation under legally enforceable contracts with contract terms that are both fixed and determinable. Excluded from the following table are a number of obligations to be settled in cash, primarily in under one year. These obligations are reflected on the Firm's Consolidated balance sheets and include Federal funds purchased and securities sold under repurchase agreements; Other borrowed funds; purchases of Debt and equity instruments; Derivative payables; and certain purchases of instruments that resulted in settlement failures. For a discussion regarding Long-term debt and trust preferred capital securities, see Note 17 on pages 117–118 of this Annual Report. For a discussion regarding operating leases, see Note 25 on page 122 of this Annual Report.

Off–balance sheet lending-related financial instruments and guarantees

	2005					
By remaining maturity at December 31, (in millions)	Under 1 year	1–3 years	3–5 years	Over 5 years	Total	2004 Total
Lending-related						
Consumer	**$ 597,047**	**$ 4,177**	$ **3,971**	**$ 50,401**	**$ 655,596**	$ 601,196
Wholesale:						
Other unfunded commitments to extend credit[a][b]	**78,912**	**47,930**	**64,244**	**17,383**	**208,469**	185,822
Asset purchase agreements[c]	**9,501**	**17,785**	**2,947**	**862**	**31,095**	39,330
Standby letters of credit and guarantees[a][d]	**24,836**	**19,588**	**27,935**	**4,840**	**77,199**	78,084
Other letters of credit[a]	**6,128**	**586**	**247**	**40**	**7,001**	6,163
Total wholesale	**119,377**	**85,889**	**95,373**	**23,125**	**323,764**	309,399
Total lending-related	**$ 716,424**	**$ 90,066**	**$ 99,344**	**$ 73,526**	**$ 979,360**	$ 910,595
Other guarantees						
Securities lending guarantees[e]	**$ 244,316**	**$ —**	$ —	**$ —**	**$ 244,316**	$ 220,783
Derivatives qualifying as guarantees[f]	**25,158**	**14,153**	**2,264**	**20,184**	**61,759**	53,312
Contractual cash obligations						
By remaining maturity at December 31, (in millions)						
Time deposits of $100,000 and over	**$ 111,359**	**$ 2,917**	$ **805**	**$ 692**	**$ 115,773**	$ 115,343
Long-term debt	**16,323**	**41,137**	**19,107**	**31,790**	**108,357**	95,422
Trust preferred capital debt securities	**—**	**—**	**—**	**11,529**	**11,529**	10,296
FIN 46R long-term beneficial interests[g]	**106**	**80**	**24**	**2,144**	**2,354**	6,393
Operating leases[h]	**993**	**1,849**	**1,558**	**5,334**	**9,734**	9,853
Contractual purchases and capital expenditures	**1,145**	**777**	**255**	**147**	**2,324**	2,742
Obligations under affinity and co-brand programs	**1,164**	**2,032**	**1,891**	**1,790**	**6,877**	4,402
Other liabilities[i]	**762**	**1,636**	**1,172**	**8,076**	**11,646**	10,966
Total	**$ 131,852**	**$ 50,428**	**$ 24,812**	**$ 61,502**	**$ 268,594**	$ 255,417

(a) Represents contractual amount net of risk participations totaling $29.3 billion and $26.4 billion at December 31, 2005 and 2004, respectively.
(b) Includes unused advised lines of credit totaling $28.3 billion and $22.8 billion at December 31, 2005 and 2004, respectively, which are not legally binding. In regulatory filings with the FRB, unused advised lines are not reportable.
(c) The maturity is based upon the weighted average life of the underlying assets in the SPE, primarily multi-seller asset-backed commercial paper conduits.
(d) Includes unused commitments to issue standby letters of credit of $37.5 billion and $38.4 billion at December 31, 2005 and 2004, respectively.
(e) Collateral held by the Firm in support of securities lending indemnification agreements was $245.0 billion and $221.6 billion at December 31, 2005 and 2004, respectively.
(f) Represents notional amounts of derivative guarantees. For a further discussion of guarantees, see Note 27 on pages 124–125 of this Annual Report.
(g) Included on the Consolidated balance sheets in Beneficial interests issued by consolidated VIEs.
(h) Excludes benefit of noncancelable sublease rentals of $1.3 billion and $689 million at December 31, 2005 and 2004, respectively.
(i) Includes deferred annuity contracts and expected funding for pension and other postretirement benefits for 2006. Funding requirements for pension and postretirement benefits after 2006 are excluded due to the significant variability in the assumptions required to project the timing of future cash payments.

Risk management

Risk is an inherent part of JPMorgan Chase's business activities. The Firm's risk management framework and governance structure is intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities.

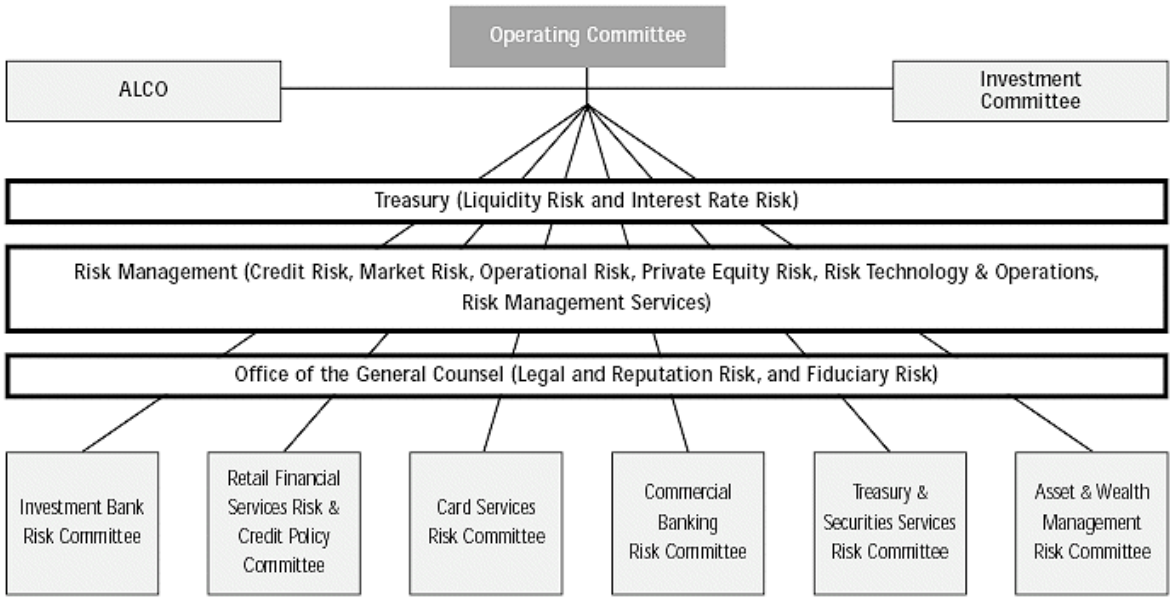
The Firm's ability to properly identify, measure, monitor and report risk is critical to both soundness and profitability.

- **Risk identification:** The Firm identifies risk by dynamically assessing the potential impact of internal and external factors on transactions and positions. Business and risk professionals develop appropriate mitigation strategies for the identified risks.
- **Risk measurement**: The Firm measures risk using a variety of methodologies, including calculating probable loss, unexpected loss and value-at-risk, and by conducting stress tests and making comparisons to external benchmarks. Measurement models and related assumptions are routinely reviewed with the goal of ensuring that the Firm's risk estimates are reasonable and reflective of underlying positions.
- **Risk monitoring/Control:** The Firm establishes risk management policies and procedures. These policies contain approved limits by customer, product and business that are monitored on a daily, weekly and monthly basis as appropriate.
- **Risk reporting:** Risk reporting covers all lines of business and is provided to management on a daily, weekly and monthly basis as appropriate.

Risk governance
The Firm's risk governance structure is built upon the premise that each line of business is responsible for managing the risks inherent in its business activity. There are eight major risk types identified in the business activities of the Firm: liquidity risk, credit risk, market risk, interest rate risk, operational risk, legal and reputation risk, fiduciary risk and private equity risk. As part of the risk management structure, each line of business has a Risk Committee responsible for decisions relating to risk strategy, policies and control. Where appropriate, the Risk Committees escalate risk issues to the Firm's Operating Committee, comprised of senior officers of the Firm, or to the Risk Working Group, a subgroup of the Operating Committee.

Overlaying risk management within the lines of business are three corporate functions: Treasury, Risk Management and Office of the General Counsel. Treasury is responsible for measuring, monitoring, reporting and managing the interest rate and liquidity risk profile of the Firm. Risk Management, under the direction of the Chief Risk Officer reporting to the Chief Executive Officer, provides an independent firmwide function of control and management of risk. Within Risk Management are those units responsible for credit risk, market risk, operational risk, private equity risk and risk technology and operations, as well as Risk Management Services, which is responsible for risk policy and methodology, risk reporting and risk education. The Office of the General Counsel has oversight function for legal, reputation and fiduciary risk.

In addition to the six lines of business risk committees and these corporate functions, the Firm maintains an Asset & Liability Committee ("ALCO"), which oversees interest rate and liquidity risk, and capital management, as well as the Firm's funds transfer pricing policy, through which lines of business transfer interest rate risk to Treasury. Treasury has responsibility for ALCO policies and control and transfers aggregate risk positions to the Chief Investment Office, which has responsibility for managing the risk. There is also an Investment Committee, which reviews key aspects of the Firm's global M&A activities that are undertaken for its own investment account and that fall outside the scope of the Firm's private equity and other principal finance activities.



The Board of Directors exercises its oversight of risk management as a whole and through the Board's Risk Policy Committee and Audit Committee.

The Risk Policy Committee is responsible for oversight of management's responsibilities to assess and manage the Firm's risks as described above.

The Audit Committee is responsible for oversight of guidelines and policies that govern the process by which risk assessment and management is undertaken. In addition, the Audit Committee reviews with management the system of internal controls and financial reporting that is relied upon to provide reasonable assurance of compliance with the Firm's operational risk management processes. Both committees are responsible for oversight of reputation risk. The Chief Risk Officer and other management report on the risks of the Firm to the Board of Directors, particularly through the Board's Risk Policy Committee and Audit Committee. The major risk types identified by the Firm are discussed in the following sections.

Liquidity risk management

Liquidity risk arises from the general funding needs of the Firm's activities and in the management of its assets and liabilities. JPMorgan Chase's liquidity management framework is intended to maximize liquidity access and minimize funding costs. Through active liquidity management, the Firm seeks to preserve stable, reliable and cost-effective sources of funding. This enables the Firm to replace maturing obligations when due and fund assets at appropriate maturities and rates. To accomplish this task, management uses a variety of liquidity risk measures that take into consideration market conditions, prevailing interest rates, liquidity needs and the desired maturity profile of liabilities.

Governance
The Asset & Liability Committee ("ALCO") reviews the Firm's overall liquidity policy and oversees the contingency funding plan. The ALCO also provides oversight of the Firm's exposure to SPEs, with particular focus on the potential liquidity support requirements that the Firm may have to those SPEs.

Treasury is responsible for formulating the Firm's liquidity strategy and targets, understanding the Firm's on- and off-balance sheet liquidity obligations, providing policy guidance, overseeing policy adherence, and maintaining contingency planning and stress testing. In addition, it identifies and measures internal and external liquidity warning signals to permit early detection of liquidity issues.

An extension of the Firm's ongoing liquidity management is its contingency funding plan. The goals of the plan are to ensure maintenance of appropriate liquidity during normal and stress periods, measure and project funding requirements during periods of stress, and manage access to funding sources. The plan considers temporary and long-term stress scenarios where access to unsecured funding is severely limited or nonexistent. The plan forecasts potential funding needs, taking into account both on- and off-balance sheet exposures, separately evaluating access to funds by the parent holding company and JPMorgan Chase Bank.

The Firm's liquidity risk framework also incorporates tools to monitor three primary measures of liquidity:

- Holding company short-term position: Measures the parent holding company's ability to repay all obligations with a maturity of less than one year at a time when the ability of the Firm's subsidiaries to pay dividends to the parent company is constrained. Holding company short-term position is managed to a positive position over time.
- Cash capital surplus: Measures the Firm's ability to fund assets on a fully collateralized basis, assuming access to unsecured funding is lost. This measurement is intended to ensure that the illiquid portion of the balance sheet can be funded by equity, long-term debt, trust preferred securities and deposits the Firm believes to be core.
- Basic surplus: Measures the Bank's ability to sustain a 90-day stress event that is specific to the Firm where no new funding can be raised to meet obligations as they come due.

Each liquidity position is managed to provide sufficient surplus.

Risk monitoring and reporting
Treasury is responsible for measuring, monitoring, reporting and managing the liquidity profile of the Firm through both normal and stress periods. Treasury analyzes the diversity and maturity structure of the Firm's sources of funding; and assesses downgrade impact scenarios, contingent funding needs, and overall collateral availability and pledging status. A downgrade analysis considers the impact of both parent and bank level downgrades (one- and two-notch) and calculates the loss of funding and increase in annual funding costs for both scenarios. A trigger-risk funding analysis considers the impact of a bank level downgrade through A-1/P-1 as well as the increased contingent funding requirements that would be triggered. These liquidity analytics rely on management's judgment about JPMorgan Chase's ability to liquidate assets or use them as collateral for borrowings and take into account credit risk management's historical data on the funding of loan commitments (e.g., commercial paper back-up facilities), liquidity commitments to SPEs, commitments with rating triggers and collateral posting requirements. For a further discussion of SPEs and other off-balance sheet arrangements, see Off-balance sheet arrangements and contractual cash obligations on pages 58–59, as well as Note 1, Note 13, Note 14 and Note 27 on pages 91, 108–111, 111–113, and 124–125, respectively, of this Annual Report.

Funding

Sources of funds
Consistent with its liquidity management policy, the Firm has raised funds at the parent holding company sufficient to cover its obligations and those of its nonbank subsidiaries that mature over the next 12 months. Long-term funding needs for the parent holding company over the next several quarters are expected to be consistent with prior periods.

As of December 31, 2005, the Firm's liquidity position remained strong based upon its liquidity metrics. JPMorgan Chase's long-dated funding, including core deposits, exceeds illiquid assets, and the Firm believes its obligations can be met even if access to funding is impaired.

The diversity of the Firm's funding sources enhances financial flexibility and limits dependence on any one source, thereby minimizing the cost of funds. The deposits held by the RFS, CB and TSS lines of business are a stable and consistent source of funding for JPMorgan Chase Bank. As of December 31, 2005, total deposits for the Firm were $555 billion, which represented 67% of the Firm's funding liabilities. A significant portion of the Firm's retail deposits are "core" deposits, which are less sensitive to interest rate changes and therefore are considered more stable than market-based deposits. Core

deposits include all U.S. deposits insured by the FDIC, up to the legal limit of $100,000 per depositor. In 2005, core bank deposits increased approximately 8% from 2004 year-end. In addition to core retail deposits, the Firm benefits from substantial, geographically diverse corporate liability balances originated by TSS and CB through the normal course of business. These franchise-generated core liability balances are also a stable and consistent source of funding due to the nature of the businesses from which they are generated. For a further discussion of deposit and liability balance trends, see Business Segment Results and Balance Sheet Analysis on pages 34–35 and 55, respectively, of this Annual Report.

Additional sources of funds include a variety of both short- and long-term instruments, including federal funds purchased, commercial paper, bank notes, medium- and long-term debt, and capital debt securities. This funding is managed centrally, using regional expertise and local market access, to ensure active participation in the global financial markets while maintaining consistent global pricing. These markets serve as a cost-effective and diversified source of funds and are a critical component of the Firm's liquidity management. Decisions concerning the timing and tenor of accessing these markets are based upon relative costs, general market conditions, prospective views of balance sheet growth and a targeted liquidity profile.

Finally, funding flexibility is provided by the Firm's ability to access the repo and asset securitization markets. These markets are evaluated on an ongoing basis to achieve an appropriate balance of secured and unsecured funding. The ability to securitize loans, and the associated gains on those securitizations, are principally dependent upon the credit quality and yields of the assets securitized and are generally not dependent upon the credit ratings of the issuing entity. Transactions between the Firm and its securitization structures are reflected in JPMorgan Chase's consolidated financial statements; these relationships include retained interests in securitization trusts, liquidity facilities and derivative transactions. For further details, see Off-balance sheet arrangements and contractual cash obligations and Notes 13 and 27 on pages 58–59, 108–111 and 124–125, respectively, of this Annual Report.

Issuance

Corporate credit spreads widened modestly in 2005 across most industries and sectors. On an historical basis, credit spreads remain near historic tight levels as corporate balance sheet cash positions are strong and corporate profits generally healthy. JPMorgan Chase's credit spreads performed in line with peer spreads in 2005.

Continued strong foreign investor participation in the global corporate markets allowed JPMorgan Chase to identify attractive opportunities globally to further diversify its funding and capital sources while lengthening maturities. During 2005, JPMorgan Chase issued approximately $43.7 billion of long-term debt and capital debt securities. These issuances were offset partially by $26.9 billion of long-term debt and capital debt securities that matured or were redeemed and the Firm's redemption of $200 million of preferred stock. In addition, in 2005 the Firm securitized approximately $18.1 billion of residential mortgage loans, $15.1 billion of credit card loans and $3.8 billion of automobile loans, resulting in pre-tax gains on securitizations of $21 million, $101 million and $9 million, respectively. For a further discussion of loan securitizations, see Note 13 on pages 108–111 of this Annual Report.

Credit ratings

The credit ratings of JPMorgan Chase's parent holding company and each of its significant banking subsidiaries, as of December 31, 2005 and 2004, were as follows:

	Short-term debt			Senior long-term debt		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch
JPMorgan Chase & Co.	P-1	A-1	F1	Aa3	A+	A+
JPMorgan Chase Bank, N.A.	P-1	A-1+	F1+	Aa2	AA-	A+
Chase Bank USA, N.A.	P-1	A-1+	F1+	Aa2	AA-	A+

The Firm's principal insurance subsidiaries had the following financial strength ratings as of December 31, 2005:

	Moody's	S&P	A.M. Best
Chase Insurance Life and Annuity Company	A2	A+	A
Chase Insurance Life Company	A2	A+	A

The cost and availability of unsecured financing are influenced by credit ratings. A reduction in these ratings could adversely affect the Firm's access to liquidity sources, increase the cost of funds, trigger additional collateral requirements and decrease the number of investors and counterparties willing to lend. Critical factors in maintaining high credit ratings include a stable and diverse earnings stream, strong capital ratios, strong credit quality and risk management controls, diverse funding sources and strong liquidity monitoring procedures.

If the Firm's ratings were downgraded by one notch, the Firm estimates the incremental cost of funds and the potential loss of funding to be negligible. Additionally, the Firm estimates the additional funding requirements for VIEs and other third-party commitments would not be material. In the current environment, the Firm believes a downgrade is unlikely. For additional information on the impact of a credit ratings downgrade on the funding requirements for VIEs, and on derivatives and collateral agreements, see Special-purpose entities on pages 58–59 and Ratings profile of derivative receivables mark-to-market ("MTM") on page 69, of this Annual Report.

Credit risk management

Credit risk is the risk of loss from obligor or counterparty default. The Firm provides credit to customers of all sizes, from large corporate clients to loans for the individual consumer. The Firm manages the risk/reward relationship of each portfolio and discourages the retention of loan assets that do not generate a positive return above the cost of risk-adjusted capital. The majority of the Firm's wholesale loan originations (primarily to IB clients) continues to be distributed into the marketplace, with residual holds by the Firm averaging less than 10%. Wholesale loans generated by CB and AWM are generally retained on the balance sheet. With regard to the prime consumer credit market, the Firm focuses on creating a portfolio that is diversified from both a product and a geographical perspective. Within the prime mortgage business, originated loans are retained on the balance sheet as well as selectively sold to government agencies; the latter category is routinely classified as held-for-sale.

Credit risk organization

Credit risk management is overseen by the Chief Risk Officer, a member of the Firm's Operating Committee. The Firm's credit risk management governance structure consists of the following primary functions:

- establishes a comprehensive credit risk policy framework
- calculates Allowance for credit losses and ensures appropriate credit risk-based capital management
- assigns and manages credit authorities to approve all credit exposure
- monitors and manages credit risk across all portfolio segments
- manages criticized exposures

Risk identification
The Firm is exposed to credit risk through lending (e.g., loans and lending-related commitments), derivatives trading and capital markets activities. The credit risk function works in partnership with the business segments in identifying and aggregating exposure across all lines of business.

Risk measurement
To measure credit risk, the Firm employs several methodologies for estimating the likelihood of obligor or counterparty default. Losses generated by consumer loans are more predictable than wholesale losses, but are subject to cyclical and seasonal factors. Although the frequency of loss is higher on consumer loans than on wholesale loans, the severity of loss is typically lower and more manageable. As a result of these differences, methodologies vary depending on certain factors, including type of asset (e.g., consumer installment versus wholesale loan), risk measurement parameters (e.g., delinquency status and credit bureau score versus wholesale risk rating) and risk management and collection processes (e.g., retail collection center versus centrally managed workout groups). Credit risk measurement is based upon the amount of exposure should the obligor or the counterparty default, the probability of default and the loss severity given a default event. Based upon these factors and related market-based inputs, the Firm estimates both probable and unexpected losses for the wholesale and consumer portfolios. Probable losses, reflected in the Provision for credit losses, are generally statistically-based estimates of credit losses over time, anticipated as a result of obligor or counterparty default. However, probable losses are not the sole indicators of risk. If losses were entirely predictable, the probable loss rate could be factored into pricing and covered as a normal and recurring cost of doing business. Unexpected losses, reflected in the allocation of credit risk capital, represent the potential volatility of actual losses relative to the probable level of losses. (Refer to Capital management on pages 56–58 of this Annual Report for a further discussion of the credit risk capital methodology.) Risk measurement for the wholesale portfolio is assessed primarily on a risk-rated basis; for the consumer portfolio, it is assessed primarily on a credit-scored basis.

Risk-rated exposure
For portfolios that are risk-rated, probable and unexpected loss calculations are based upon estimates of probability of default and loss given default. Probability of default is expected default calculated on an obligor basis. Loss given default is an estimate of losses that are based upon collateral and structural support for each credit facility. Calculations and assumptions are based upon management information systems and methodologies which are under continual review. Risk ratings are assigned and reviewed on an ongoing basis by Credit Risk Management and revised, if needed, to reflect the borrowers' current risk profiles and the related collateral and structural positions.

Credit-scored exposure
For credit-scored portfolios (generally held in RFS and CS), probable loss is based upon a statistical analysis of inherent losses over discrete periods of time. Probable losses are estimated using sophisticated portfolio modeling, credit scoring and decision-support tools to project credit risks and establish underwriting standards. In addition, common measures of credit quality derived from historical loss experience are used to predict consumer losses. Other risk characteristics evaluated include recent loss experience in the portfolios, changes in origination sources, portfolio seasoning, loss severity and underlying credit practices, including charge-off policies. These analyses are applied to the Firm's current portfolios in order to forecast delinquencies and severity of losses, which determine the amount of probable losses. These factors and analyses are updated on a quarterly basis.

Risk monitoring
The Firm has developed policies and practices that are designed to preserve the independence and integrity of decision-making and ensure credit risks are accurately assessed, properly approved, continually monitored and actively managed at both the transaction and portfolio levels. The policy framework establishes credit approval authorities, concentration limits, risk-rating methodologies, portfolio-review parameters and problem-loan management. Wholesale credit risk is continually monitored on both an aggregate portfolio level and on an individual customer basis. For consumer credit risk, the key focus items are trends and concentrations at the portfolio level, where potential problems can be remedied through changes in underwriting policies and portfolio guidelines. Consumer Credit Risk Management monitors trends against business expectations and industry benchmarks. In order to meet credit risk management objectives, the Firm seeks to maintain a risk profile that is diverse in terms of borrower, product type, industry and geographic concentration. Additional diversification of the Firm's exposure is accomplished through loan syndication and participations, loan sales, securitizations, credit derivatives and other risk-reduction techniques.

Risk reporting
To enable monitoring of credit risk and decision-making, aggregate credit exposure, credit metric forecasts, hold-limit exceptions and risk profile changes are reported regularly to senior credit risk management. Detailed portfolio reporting of industry, customer and geographic concentrations occurs monthly, and the appropriateness of the allowance for credit losses is reviewed by senior management at least on a quarterly basis. Through the risk reporting and governance structure, credit risk trends and limit exceptions are provided regularly to, and discussed with, the Operating Committee.

2005 Credit risk overview

The wholesale portfolio experienced continued credit strength during 2005. Wholesale nonperforming loans were down by $582 million, or 37%, from 2004; net recoveries were $77 million compared with net charge-offs of

$186 million in 2004; and the allowance for credit losses decreased by $740 million, or 21%, reflecting the quality of the portfolio at this time. The Firm anticipates a return to more normal provisioning for credit losses for the wholesale portfolio in 2006. In 2005, the Firm also made significant strides in the multi-year initiative to reengineer specific components of the wholesale credit risk infrastructure. The Firm is on target to meet the goals of enhancing the timeliness and accuracy of risk and exposure information and reporting; management of credit risk in the retained portfolio; support of client relationships; allocation of economic capital and compliance with Basel II initiatives.

Consumer credit was impacted in 2005 by two significant events, Hurricane Katrina and federal bankruptcy reform legislation. Hurricane Katrina impacted customers across all consumer businesses (and to a lesser extent CB and AWM). As a result, the consumer Allowance for loan losses was increased by $350 million ($250 million in RFS, and $100 million in CS). It is anticipated that the majority of charge-offs associated with the hurricane will be taken against the allowance in 2006. Bankruptcy reform legislation became effective on October 17, 2005. This legislation prompted a "rush to file" effect that resulted in a spike in bankruptcy filings and increased credit losses, predominantly in CS, where it is believed that $575 million in estimated bankruptcy legislation-related credit losses occurred in the fourth quarter of 2005. It is anticipated that the first half of 2006 will experience lower credit card net charge-offs, as the record levels of bankruptcy filings in the 2005 fourth quarter are believed to have included bankruptcy filings that would have occurred in 2006. With the exception of the events noted above, the 2005 underlying credit performance, which was driven by favorable loss severity performance in residential real estate, continued to be strong. CS continues to quantify and refine the impact associated with changes in the FFIEC minimum-payment requirements. Actual implementation of the new payment requirements began in late 2005 and will run through early 2006; CS anticipates higher net charge-offs during the second half of 2006 as a result.

In 2005, the Firm continued to grow the consumer loan portfolio, focusing on businesses providing the most appropriate risk/reward relationship while keeping within the Firm's desired risk tolerance. During the past year, the Firm continued a de-emphasis of vehicle leasing and sold its $2 billion recreational vehicle portfolio. Continued growth in most core consumer lending products (residential real estate, credit cards and small business) reflected a focus on the prime credit quality segment of the market.

Credit portfolio

The following table presents JPMorgan Chase's credit portfolio as of December 31, 2005 and 2004. Total credit exposure at December 31, 2005, increased by $67 billion from December 31, 2004, reflecting an increase of $11 billion in the wholesale credit portfolio and $56 billion in the consumer credit portfolio. The significant majority of the consumer portfolio increase, or $54 billion, was primarily from growth in lending-related commitments. In the table below, reported loans include all HFS loans, which are carried at the lower of cost or fair value with changes in value recorded in Other income. However, these HFS loans are excluded from the average loan balances used for the net charge-off rate calculations.

Total credit portfolio

As of or for the year ended December 31,	Credit exposure		Nonperforming assets(i)		Net charge-offs		Average annual net charge-off rate(k)	
(in millions, except ratios)	**2005**	2004	**2005**	2004	**2005**	2004(h)	**2005**	2004(h)
Total credit portfolio								
Loans – reported(a)	**$ 419,148**	$ 402,114	**$ 2,343**(j)	$ 2,743(j)	**$ 3,819**	$ 3,099	**1.00%**	1.08%
Loans – securitized(b)	**70,527**	70,795	**—**	—	**3,776**	2,898	**5.47**	5.51
Total managed loans(c)	**489,675**	472,909	**2,343**	2,743	**7,595**	5,997	**1.68**	1.76
Derivative receivables(d)	**49,787**	65,982	**50**	241	**NA**	NA	**NA**	NA
Interests in purchased receivables	**29,740**	31,722	**—**	—	**NA**	NA	**NA**	NA
Total managed credit-related assets	**569,202**	570,613	**2,393**	2,984	**7,595**	5,997	**1.68**	1.76
Lending-related commitments(e)	**979,360**	910,595	**NA**	NA	**NA**	NA	**NA**	NA
Assets acquired in loan satisfactions	**NA**	NA	**197**	247	**NA**	NA	**NA**	NA
Total credit portfolio	**$ 1,548,562**	$ 1,481,208	**$ 2,590**	$ 3,231	**$ 7,595**	$ 5,997	**1.68%**	1.76%
Credit derivative hedges notional(f)	**$ (29,882)**	$ (37,200)	**$ (17)**	$ (15)	**NA**	NA	**NA**	NA
Collateral held against derivatives	**(6,000)**	(9,301)	**NA**	NA	**NA**	NA	**NA**	NA
Held-for-sale								
Total average HFS loans	**$ 27,689**	$ 20,860(h)	**NA**	NA	**NA**	NA	**NA**	NA
Nonperforming – purchased(g)	**341**	351	**NA**	NA	**NA**	NA	**NA**	NA

(a) Loans are presented net of unearned income of $3.0 billion and $4.1 billion at December 31, 2005 and 2004, respectively.
(b) Represents securitized credit card receivables. For a further discussion of credit card securitizations, see Card Services on pages 45–46 of this Annual Report.
(c) Past-due 90 days and over and accruing include loans of $1.1 billion and $998 million, and related credit card securitizations of $730 million and $1.3 billion at December 31, 2005 and 2004, respectively.
(d) Reflects net cash received under credit support annexes to legally enforceable master netting agreements of $27 billion and $32 billion as of December 31, 2005 and 2004, respectively.
(e) Includes wholesale unused advised lines of credit totaling $28.3 billion and $22.8 billion at December 31, 2005 and 2004, respectively, which are not legally binding. In regulatory filings with the Federal Reserve Board, unused advised lines are not reportable. Credit card lending-related commitments of $579 billion and $532 billion at December 31, 2005 and 2004, respectively, represents the total available credit to its cardholders; however, the Firm can reduce or cancel these commitments at any time as permitted by law.
(f) Represents the net notional amount of protection purchased and sold of single-name and portfolio credit derivatives used to manage the credit risk of credit exposures; these derivatives do not qualify for hedge accounting under SFAS 133.
(g) Represents distressed HFS wholesale loans purchased as part of IB's proprietary activities, which are excluded from nonperforming assets.
(h) Includes six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(i) Includes nonperforming HFS loans of $136 million and $15 million as of December 31, 2005 and 2004, respectively.
(j) Excludes nonperforming assets related to loans eligible for repurchase as well as loans repurchased from GNMA pools that are insured by government agencies of $1.1 billion and $1.5 billion for December 31, 2005 and 2004, respectively. These amounts are excluded, as reimbursement is proceeding normally.
(k) Net charge-off rates exclude average loans HFS.

Wholesale credit portfolio

As of December 31, 2005, wholesale exposure (IB, CB, TSS and AWM) increased by $11 billion from December 31, 2004. Increases in Loans and lending-related commitments were offset partially by reductions in Derivative receivables and Interests in purchased receivables. As described on pages 36–37 of this Annual Report, the increase in Loans was primarily in the IB, reflecting an increase in loans held-for-sale related to securitization and syndication activities and growth in the IB credit portfolio. The increase in lending-related commitments was mostly due to CB activity. The decrease in Derivative receivables was due primarily to the appreciation of the U.S. dollar and higher interest rates, partially offset by rising commodity prices.

Wholesale

As of or for the year ended December 31, (in millions, except ratios)	Credit exposure		Nonperforming assets(g)		Net charge-offs		Average annual net charge-off rate(i)	
	2005	2004	**2005**	2004	**2005**	2004(f)	**2005**	2004(f)
Loans – reported(a)	**$ 150,111**	$ 135,067	**$ 992**	$ 1,574	**$ (77)**	$ 186	**(0.06)%**	0.18%
Derivative receivables(b)	**49,787**	65,982	**50**	241	**NA**	NA	**NA**	NA
Interests in purchased receivables	**29,740**	31,722	**—**	—	**NA**	NA	**NA**	NA
Total wholesale credit-related assets	**229,638**	232,771	**1,042**	1,815	**(77)**	186	**(0.06)**	0.18
Lending-related commitments(c)	**323,764**	309,399	**NA**	NA	**NA**	NA	**NA**	NA
Assets acquired in loan satisfactions	**NA**	NA	**17**	23	**NA**	NA	**NA**	NA
Total wholesale credit exposure	**$ 553,402**	$ 542,170	**$ 1,059**	$ 1,838	**$ (77)**(h)	$ 186	**(0.06)%**	0.18%
Credit derivative hedges notional(d)	**$ (29,882)**	$ (37,200)	**$ (17)**	$ (15)	**NA**	NA	**NA**	NA
Collateral held against derivatives	**(6,000)**	(9,301)	**NA**	NA	**NA**	NA	**NA**	NA
Held-for-sale								
Total average HFS loans	**$ 12,014**	$ 6,124(f)	**NA**	NA	**NA**	NA	**NA**	NA
Nonperforming – purchased(e)	**341**	351	**NA**	NA	**NA**	NA	**NA**	NA

(a) Past-due 90 days and over and accruing include loans of $50 million and $8 million at December 31, 2005 and 2004, respectively.
(b) Reflects net cash received under credit support annexes to legally enforceable master netting agreements of $27 billion and $32 billion as of December 31, 2005 and 2004, respectively.
(c) Includes unused advised lines of credit totaling $28.3 billion and $22.8 billion at December 31, 2005 and 2004, respectively, which are not legally binding. In regulatory filings with the Federal Reserve Board, unused advised lines are not reportable.
(d) Represents the net notional amount of protection purchased and sold of single-name and portfolio credit derivatives used to manage the credit risk of credit exposures; these derivatives do not qualify for hedge accounting under SFAS 133.
(e) Represents distressed HFS loans purchased as part of IB's proprietary activities, which are excluded from nonperforming assets.
(f) Includes six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(g) Includes nonperforming HFS loans of $109 million and $2 million as of December 31, 2005 and 2004, respectively.
(h) Excludes $67 million in gains on sales of nonperforming loans in 2005; for additional information, see page 67 of this Annual Report.
(i) Net charge-off rates exclude average loans HFS.

Below are summaries of the maturity and ratings profiles of the wholesale portfolio as of December 31, 2005 and 2004. The ratings scale is based upon the Firm's internal risk ratings and is presented on an S&P-equivalent basis.

Wholesale exposure

At December 31, 2005 (in billions, except ratios)	Maturity profile(c)				Ratings profile			
	<1 year(d)	1–5 years(d)	> 5 years(d)	Total	Investment-grade ("IG")(d) AAA to BBB-	Noninvestment-grade(d) BB+ & below	Total	Total % of IG(d)
Loans	**43%**	**44%**	**13%**	**100%**	**$ 87**	**$ 45**	**$ 132**	**66%**
Derivative receivables	**2**	**42**	**56**	**100**	**42**	**8**	**50**	**84**
Interests in purchased receivables	**41**	**57**	**2**	**100**	**29**	**—**	**29**	**100**
Lending-related commitments	**37**	**56**	**7**	**100**	**276**	**48**	**324**	**85**
Total excluding HFS	**36%**	**52%**	**12%**	**100%**	**$434**	**$101**	**535**	**81%**
Held-for-sale(a)							**18**	
Total exposure							**$ 553**	
Credit derivative hedges notional(b)	**15%**	**74%**	**11%**	**100%**	**$ (27)**	**$ (3)**	**$ (30)**	**90%**

At December 31, 2004 (in billions, except ratios)	Maturity profile(c)				Ratings profile			
	<1 year(d)	1–5 years(d)	> 5 years(d)	Total	Investment-grade ("IG")(d) AAA to BBB-	Noninvestment-grade(d) BB+ & below	Total	Total % of IG(d)
Loans	44%	43%	13%	100%	$ 83	$ 46	$ 129	64%
Derivative receivables	19	39	42	100	57	9	66	86
Interests in purchased receivables	37	61	2	100	32	—	32	100
Lending-related commitments	46	52	2	100	266	43	309	86
Total excluding HFS	42%	49%	9%	100%	$438	$ 98	536	82%
Held-for-sale(a)							6	
Total exposure							$ 542	
Credit derivative hedges notional(b)	18%	77%	5%	100%	$ (35)	$ (2)	$ (37)	95%

(a) HFS loans primarily relate to securitization and syndication activities.
(b) Ratings are based upon the underlying referenced assets.
(c) The maturity profile of Loans and lending-related commitments is based upon the remaining contractual maturity. The maturity profile of Derivative receivables is based upon the maturity profile of Average exposure. See page 68 of this Annual Report for a further discussion of Average exposure.
(d) Excludes HFS loans.

At December 31, 2005, the percentage of the investment-grade wholesale exposure, excluding HFS, remained relatively unchanged from December 31, 2004. Derivative receivables of less than one year decreased as a result of the appreciation of the U.S. dollar on short-dated foreign exchange ("FX") contracts. The percentage of derivative exposure greater than 5 years increased from 42% to 56% at year-end 2005, primarily as a result of the reduction in shorter-dated exposure.

Wholesale credit exposure – selected industry concentration

The Firm continues to focus on the management and diversification of industry concentrations, with particular attention paid to industries with actual or potential credit concerns. As of December 31, 2005, the top 10 industries remained predominantly unchanged from year-end 2004, with the exception of Oil and gas, which replaced Media. Below are summaries of the top 10 industry concentrations as of December 31, 2005 and 2004.

As of December 31, 2005 (in millions, except ratios)	Credit exposure (d)	Investment grade	Noninvestment-grade		Net charge-offs/ (recoveries)	Credit derivative hedges(e)	Collateral held against derivative receivables (d)
			Noncriticized	Criticized			
Top 10 industries(a)							
Banks and finance companies	**$ 53,579**	**88%**	**$ 6,462**	**$ 232**	**$ (16)**	**$ (9,490)**	**$ (1,482)**
Real estate	**29,974**	**55**	**13,226**	**276**	**—**	**(560)**	**(2)**
Consumer products	**25,678**	**71**	**6,791**	**590**	**2**	**(927)**	**(28)**
Healthcare	**25,435**	**79**	**4,977**	**243**	**12**	**(581)**	**(7)**
State and municipal governments(b)	**25,328**	**98**	**409**	**40**	**—**	**(597)**	**(1)**
Utilities	**20,482**	**90**	**1,841**	**295**	**(4)**	**(1,624)**	**—**
Retail and consumer services(b)	**19,920**	**75**	**4,654**	**288**	**12**	**(989)**	**(5)**
Oil and gas	**18,200**	**77**	**4,267**	**9**	**—**	**(1,007)**	**—**
Asset managers	**17,358**	**82**	**2,949**	**103**	**(1)**	**(25)**	**(954)**
Securities firms and exchanges	**17,094**	**89**	**1,833**	**15**	**—**	**(2,009)**	**(1,525)**
All other	**282,802**	**82**	**47,966**	**3,081**	**(82)**	**(12,073)**	**(1,996)**
Total excluding HFS	**$ 535,850**	**81%**	**$ 95,375**	**$ 5,172**	**$ (77)**	**$ (29,882)**	**$ (6,000)**
Held-for-sale(c)	**17,552**						
Total exposure	**$ 553,402**						

As of December 31, 2004 (in millions, except ratios)	Credit exposure (d)	Investment grade	Noninvestment-grade		Net charge-offs/ (recoveries)	Credit derivative hedges(e)	Collateral held against derivative receivables (d)
			Noncriticized	Criticized			
Top 10 industries(a)							
Banks and finance companies	$ 55,840	90%	$ 5,348	$ 187	$ 6	$ (11,695)	$ (3,464)
Real estate	25,761	62	9,036	765	9	(800)	(45)
Consumer products	21,251	68	6,267	479	85	(1,189)	(50)
Healthcare	21,890	79	4,321	249	1	(741)	(13)
State and municipal governments	19,728	97	592	14	—	(394)	(18)
Utilities	21,132	85	2,316	890	63	(2,247)	(27)
Retail and consumer services	21,573	76	4,815	393	—	(1,767)	(42)
Oil and gas	14,420	81	2,713	51	9	(1,282)	(26)
Asset managers	20,199	79	4,192	115	(15)	(80)	(655)
Securities firms and exchanges	18,034	88	2,218	17	1	(1,398)	(2,068)
All other	295,902	82	48,150	5,122	27	(15,607)	(2,893)
Total excluding HFS	$ 535,730	82%	$ 89,968	$ 8,282	$ 186	$ (37,200)	$ (9,301)
Held-for-sale(c)	6,440						
Total exposure	$ 542,170						

(a) Based upon December 31, 2005, determination of Top 10 industries.
(b) During the second quarter of 2005, the Firm revised its industry classification for educational institutions to better reflect risk correlations and enhance the Firm's management of industry risk, resulting in an increase to State and municipal governments and a decrease to Retail and consumer services.
(c) HFS loans primarily relate to securitization and syndication activities.
(d) Credit exposure is net of risk participations and excludes the benefit of credit derivative hedges and collateral held against derivative receivables or loans. At December 31, 2005 and 2004, collateral held against derivative receivables excludes $27 billion and $32 billion, respectively, of cash collateral as a result of the Firm electing to report the fair value of derivative assets and liabilities net of cash received and paid, respectively, under legally enforceable master netting agreements.
(e) Represents notional amounts only; these credit derivatives do not qualify for hedge accounting under SFAS 133.

Wholesale criticized exposure
Exposures deemed criticized generally represent a ratings profile similar to a rating of CCC+/Caa1 and lower, as defined by Standard & Poor's/Moody's. The criticized component of the portfolio decreased to $5.2 billion (excluding HFS) at December 31, 2005, from $8.3 billion at year-end 2004, reflecting strong credit quality, refinancings and gross charge-offs. Also contributing to the decline was a refinement in methodology in the first quarter of 2005 to align the ratings methodologies of the heritage firms.

At December 31, 2005, Automotive, Telecom services and Retail and consumer services moved into the top 10 of wholesale criticized exposure, replacing Chemicals/plastics, Business services and Metals/mining industries.

Wholesale nonperforming assets
Wholesale nonperforming assets (excluding purchased held-for-sale wholesale loans) decreased by $779 million from $1.8 billion at December 31, 2004, as a result of loan sales, repayments and gross charge-offs. For full year 2005, wholesale net recoveries were $77 million compared with net charge-offs of $186 million in 2004, primarily due to lower gross charge-offs. The net recovery rate for full year 2005 was 0.06% compared with a net charge-off rate of 0.18% for the prior year. Net charge-offs do not include $67 million of gains from sales of nonperforming loans that were sold during 2005 to a counter-party other than the original borrower. When it is determined that a loan will be sold it is transferred into a held-for-sale account. Held-for-sale loans are accounted for at lower of cost or fair value, with changes in value recorded in other revenue.

Wholesale criticized exposure – industry concentrations

	2005		2004	
As of December 31, (in millions)	Credit exposure	% of portfolio	Credit exposure	% of portfolio
Media	**$ 684**	13.2%	$ 509	6.1%
Automotive	**643**	12.4	359	4.4
Consumer products	**590**	11.4	479	5.8
Telecom services	**430**	8.3	275	3.3
Airlines	**333**	6.5	450	5.4
Utilities	**295**	5.7	890	10.7
Machinery and equipment manufacturing	**290**	5.6	459	5.6
Retail and consumer services	**288**	5.6	393	4.8
Real estate	**276**	5.4	765	9.2
Building materials/construction	**266**	5.1	430	5.2
All other	**1,077**	20.8	3,273	39.5
Total excluding HFS	**$ 5,172**	100.0%	$ 8,282	100.0%
Held-for-sale(a)	**1,069**		2	
Total	**$ 6,241**		$ 8,284	

(a) HFS loans primarily relate to securitization and syndication activities; excludes purchased nonperforming HFS loans.

Wholesale selected industry discussion
Presented below is a discussion of several industries to which the Firm has significant exposure and which it continues to monitor because of actual or potential credit concerns. For additional information, refer to the tables above and on the preceding page.

- **Banks and finance companies:** This industry group, primarily consisting of exposure to commercial banks, is the largest segment of the Firm's wholesale credit portfolio. Credit quality is high, as 88% of the exposure in this category is rated investment-grade.
- **Real estate:** This industry, the second largest segment of the Firm's wholesale credit portfolio, grew modestly in 2005, as the portfolio continued to benefit from relatively low interest rates, high liquidity and increased capital demand. The exposure is well-diversified by client, transaction type, geography and property type.
- **Oil and gas:** During 2005, exposure to this industry group increased as a result of the rise in oil and gas prices; derivative receivables MTM increased on contracts that were executed at lower price levels. In addition, the Firm extended shorter term loans that were expected to be refinanced through capital market transactions and further syndications.
- **Media:** Criticized exposures within Media increased in 2005, and this industry now represents the largest percentage of the total criticized portfolio. The increase was attributable primarily to the extension of short-term financings to select borrowers. The remaining Media portfolio is stable, with the majority of the exposure rated investment-grade.
- **Automotive:** In 2005, Automotive original equipment manufacturers ("OEMs") and suppliers based in North America were negatively affected by a challenging operating environment. As a result, criticized exposures to the Automotive industry grew, primarily as a result of downgrades to select names within the portfolio. However, though larger in the aggregate, most of the criticized exposure remains undrawn and performing.
- **All other:** All other in the wholesale credit exposure concentration table at December 31, 2005, excluding HFS, included $283 billion of credit exposure to 21 industry segments. Exposures related to SPEs and high-net-worth individuals totaled 45% of this category. SPEs provide secured financing (generally backed by receivables, loans or bonds on a bankruptcy-remote, non-recourse or limited-recourse basis) originated by companies in a diverse group of industries that are not highly correlated. The remaining All other exposure is well diversified across other industries; none comprise more than 3% of total exposure.

Derivative contracts
In the normal course of business, the Firm utilizes derivative instruments to meet the needs of customers, to generate revenues through trading activities, to manage exposure to fluctuations in interest rates, currencies and other markets and to manage its own credit risk. The Firm uses the same credit risk management procedures as those used for its traditional lending activities to assess and approve potential credit exposures when entering into derivative transactions.

The following table summarizes the aggregate notional amounts and the reported derivative receivables (i.e., the MTM or fair value of the derivative contracts after taking into account the effects of legally enforceable master netting agreements) at each of the dates indicated:

Notional amounts and derivative receivables marked to market ("MTM")

As of December 31, (in billions)	Notional amounts[a]		Derivative receivables MTM	
	2005	2004	**2005**	2004
Interest rate	**$ 38,493**	$ 37,022	**$ 30**	$ 46
Foreign exchange	**2,136**	1,886	**3**	8
Equity	**458**	434	**6**	6
Credit derivatives	**2,241**	1,071	**4**	3
Commodity	**265**	101	**7**	3
Total	**$ 43,593**	$ 40,514	**50**	66
Collateral held against derivative receivables	**NA**	NA	**(6)**	(9)
Exposure net of collateral	**NA**	NA	**$ 44**[b]	$ 57[c]

(a) The notional amounts represent the gross sum of long and short third-party notional derivative contracts, excluding written options and foreign exchange spot contracts, which significantly exceed the possible credit losses that could arise from such transactions. For most derivative transactions, the notional principal amount does not change hands; it is used simply as a reference to calculate payments.

(b) The Firm held $33 billion of collateral against derivative receivables as of December 31, 2005, consisting of $27 billion in net cash received under credit support annexes to legally enforceable master netting agreements, and $6 billion of other liquid securities collateral. The benefit of the $27 billion is reflected within the $50 billion of derivative receivables MTM. Excluded from the $33 billion of collateral is $10 billion of collateral delivered by clients at the initiation of transactions; this collateral secures exposure that could arise in the derivatives portfolio should the MTM of the client's transactions move in the Firm's favor. Also excluded are credit enhancements in the form of letters of credit and surety receivables.

(c) The Firm held $41 billion of collateral against derivative receivables as of December 31, 2004, consisting of $32 billion in net cash received under credit support annexes to legally enforceable master netting agreements, and $9 billion of other liquid securities collateral. The benefit of the $32 billion is reflected within the $66 billion of derivative receivables MTM. Excluded from the $41 billion of collateral is $10 billion of collateral delivered by clients at the initiation of transactions; this collateral secures exposure that could arise in the derivatives portfolio should the MTM of the client's transactions move in the Firm's favor. Also excluded are credit enhancements in the form of letters of credit and surety receivables.

The MTM of derivative receivables contracts represents the cost to replace the contracts at current market rates should the counterparty default. When JPMorgan Chase has more than one transaction outstanding with a counter-party, and a legally enforceable master netting agreement exists with that counterparty, the netted MTM exposure, less collateral held, represents, in the Firm's view, the appropriate measure of current credit risk.

While useful as a current view of credit exposure, the net MTM value of the derivative receivables does not capture the potential future variability of that credit exposure. To capture the potential future variability of credit exposure, the Firm calculates, on a client-by-client basis, three measures of potential derivatives-related credit loss: Peak, Derivative Risk Equivalent ("DRE") and Average exposure ("AVG"). These measures all incorporate netting and collateral benefits, where applicable.

Peak exposure to a counterparty is an extreme measure of exposure calculated at a 97.5% confidence level. However, the total potential future credit risk embedded in the Firm's derivatives portfolio is not the simple sum of all Peak client credit risks. This is because, at the portfolio level, credit risk is reduced by the fact that when offsetting transactions are done with separate counterparties, only one of the two trades can generate a credit loss, even if both counterparties were to default simultaneously. The Firm refers to this effect as market diversification, and the Market-Diversified Peak ("MDP") measure is a portfolio aggregation of counterparty Peak measures, representing the maximum losses at the 97.5% confidence level that would occur if all counterparties defaulted under any one given market scenario and time frame.

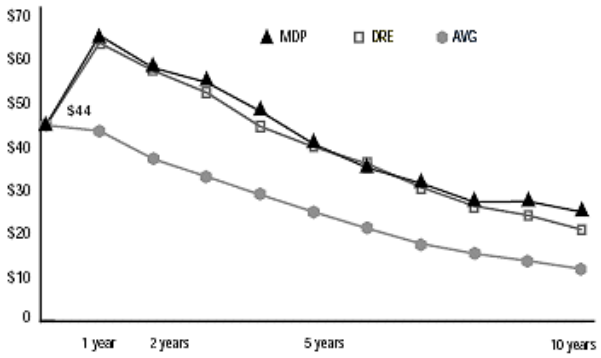
Derivative Risk Equivalent ("DRE") exposure is a measure that expresses the riskiness of derivative exposure on a basis intended to be equivalent to the riskiness of loan exposures. The measurement is done by equating the unexpected loss in a derivative counterparty exposure (which takes into consideration both the loss volatility and the credit rating of the counterparty) with the unexpected loss in a loan exposure (which takes into consideration only the credit rating of the counterparty). DRE is a less extreme measure of potential credit loss than Peak and is the primary measure used by the Firm for credit approval of derivative transactions.

Finally, Average exposure ("AVG") is a measure of the expected MTM value of the Firm's derivative receivables at future time periods, including the benefit of collateral. AVG exposure over the total life of the derivative contract is used as the primary metric for pricing purposes and is used to calculate credit capital and the Credit Valuation Adjustment ("CVA"), as further described below. Average exposure was $36 billion and $38 billion at December 31, 2005 and 2004, respectively, compared with derivative receivables MTM net of other highly liquid collateral of $44 billion and $57 billion at December 31, 2005 and 2004, respectively.

The graph below shows exposure profiles to derivatives over the next 10 years as calculated by the MDP, DRE and AVG metrics. All three measures generally show declining exposure after the first year, if no new trades were added to the portfolio.

Exposure profile of derivatives measures

December 31, 2005
(in billions)



The MTM value of the Firm's derivative receivables incorporates an adjustment, the CVA, to reflect the credit quality of counterparties. The CVA is based upon the Firm's AVG exposure to a counterparty and the counterparty's credit spread in the credit derivatives market. The primary components of changes in CVA are credit spreads, new deal activity or unwinds, and changes in the underlying market environment. The Firm believes that active risk management is essential to controlling the dynamic credit risk in the derivatives portfolio. The Firm risk manages exposure to changes in CVA by entering into credit derivative transactions, as well as interest rate, foreign exchange, equity and commodity derivative transactions. The MTM value of the Firm's derivative payables does not incorporate a valuation adjustment to reflect JPMorgan Chase's credit quality.

The following table summarizes the ratings profile of the Firm's Consolidated balance sheets Derivative receivables MTM, net of cash and other liquid securities collateral, for the dates indicated:

Ratings profile of derivative receivables MTM

Rating equivalent	**2005**		2004	
December 31, (in millions)	Exposure net of collateral(a)	% of exposure net of collateral	Exposure net of collateral(b)	% of exposure net of collateral
AAA to AA-	**$ 20,735**	**48%**	$ 30,384	53%
A+ to A-	**8,074**	**18**	9,109	16
BBB+ to BBB-	**8,243**	**19**	9,522	17
BB+ to B-	**6,580**	**15**	7,271	13
CCC+ and below	**155**	**—**	395	1
Total	**$ 43,787**	**100%**	$ 56,681	100%

(a) The Firm held $33 billion of collateral against derivative receivables as of December 31, 2005, consisting of $27 billion in net cash received under credit support annexes to legally enforceable master netting agreements, and $6 billion of other liquid securities collateral. The benefit of the $27 billion is reflected within the $50 billion of derivative receivables MTM. Excluded from the $33 billion of collateral is $10 billion of collateral delivered by clients at the initiation of transactions; this collateral secures exposure that could arise in the derivatives portfolio should the MTM of the client's transactions move in the Firm's favor. Also excluded are credit enhancements in the form of letters of credit and surety receivables.

(b) The Firm held $41 billion of collateral against derivative receivables as of December 31, 2004, consisting of $32 billion in net cash received under credit support annexes to legally enforceable master netting agreements, and $9 billion of other liquid securities collateral. The benefit of the $32 billion is reflected within the $66 billion of derivative receivables MTM. Excluded from the $41 billion of collateral is $10 billion of collateral delivered by clients at the initiation of transactions; this collateral secures exposure that could arise in the derivatives portfolio should the MTM of the client's transactions move in the Firm's favor. Also excluded are credit enhancements in the form of letters of credit and surety receivables.

The Firm actively pursues the use of collateral agreements to mitigate counterparty credit risk in derivatives. The percentage of the Firm's derivatives transactions subject to collateral agreements increased slightly, to 81% as of December 31, 2005, from 79% at December 31, 2004. The Firm posted $27 billion and $31 billion of collateral as of December 31, 2005 and 2004, respectively.

Certain derivative and collateral agreements include provisions that require the counterparty and/or the Firm, upon specified downgrades in their respective credit ratings, to post collateral for the benefit of the other party. As of December 31, 2005, the impact of a single-notch ratings downgrade to JPMorgan Chase Bank, from its current rating of AA- to A+, would have been an additional $1.4 billion of collateral posted by the Firm; the impact of a six-notch ratings downgrade (from AA- to BBB-) would have been $3.8 billion of additional collateral. Certain derivative contracts also provide for termination of the contract, generally upon a downgrade of either the Firm or the counterparty, at the then-existing MTM value of the derivative contracts.

Credit derivatives

The following table presents the Firm's notional amounts of credit derivatives protection purchased and sold by the respective businesses as of December 31, 2005 and 2004:

Credit derivatives positions

	Notional amount				
	Portfolio management		Dealer/client		
December 31, (in billions)	Protection purchased(a)	Protection sold	Protection purchased	Protection sold	Total
2005	**$ 31**	**$ 1**	**$ 1,096**	**$ 1,113**	**$ 2,241**
2004	37	—	501	533	1,071

(a) Includes $848 million and $2 billion at December 31, 2005 and 2004, respectively, of portfolio credit derivatives.

In managing wholesale credit exposure, the Firm purchases single-name and portfolio credit derivatives; this activity does not reduce the reported level of assets on the balance sheet or the level of reported off-balance sheet commitments. The Firm also diversifies exposures by providing (i.e., selling) credit protection, which increases exposure to industries or clients where the Firm has little or no client-related exposure. This activity is not material to the Firm's overall credit exposure.

JPMorgan Chase has limited counterparty exposure as a result of credit derivatives transactions. Of the $50 billion of total Derivative receivables at December 31, 2005, approximately $4 billion, or 8%, was associated with credit derivatives, before the benefit of liquid securities collateral.

Dealer/client

At December 31, 2005, the total notional amount of protection purchased and sold in the dealer/client business increased $1.2 trillion from year-end 2004 as a result of increased trade volume in the market. This business has a mismatch between the total notional amounts of protection purchased and sold. However, in the Firm's view, the risk positions are largely matched when securities used to risk manage certain derivative positions are taken into consideration and the notional amounts are adjusted to a duration-based equivalent basis or to reflect different degrees of subordination in tranched structures.

Use of single-name and portfolio credit derivatives

December 31, (in millions)	Notional amount of protection purchased 2005	2004
Credit derivatives used to manage:		
Loans and lending-related commitments	**$ 18,926**	$ 25,002
Derivative receivables	**12,088**	12,235
Total	**$ 31,014**	$ 37,237

Credit portfolio management activities

The credit derivatives used by JPMorgan Chase for portfolio management activities do not qualify for hedge accounting under SFAS 133, and therefore, effectiveness testing under SFAS 133 is not performed. These derivatives are reported at fair value, with gains and losses recognized as Trading revenue. The MTM value incorporates both the cost of credit derivative premiums and changes in value due to movement in spreads and credit events; in contrast, the loans and lending-related commitments being risk-managed are accounted for on an accrual basis. Loan interest and fees are generally recognized in Net interest income, and impairment is recognized in the Provision for credit losses. This asymmetry in accounting treatment, between loans and lending-related commitments and the credit derivatives utilized in portfolio management activities, causes earnings volatility that is not representative, in the Firm's view, of the true changes in value of the Firm's overall credit exposure. The MTM related to the Firm's credit derivatives used for managing credit exposure, as well as the mark related to the CVA, which reflects the credit quality of derivatives counterparty exposure, are included in the table below:

For the year ended December 31, (in millions)	2005	2004(c)
Hedges of lending-related commitments(a)	**$ 24**	$ (234)
CVA and hedges of CVA(a)	**84**	188
Net gains (losses)(b)	**$ 108**	$ (46)

(a) These hedges do not qualify for hedge accounting under SFAS 133.
(b) Excludes $8 million and $52 million in 2005 and 2004, respectively, of other credit portfolio trading results that are not associated with hedging activities.
(c) Includes six months of the combined Firm's results and six months of heritage JPMorgan Chase results.

The Firm also actively manages wholesale credit exposure through loan and commitment sales. During 2005 and 2004, the Firm sold $4.0 billion and $5.9 billion of loans and commitments, respectively, recognizing gains of $76 million and losses of $8 million in 2005 and 2004, respectively. These activities are not related to the Firm's securitization activities, which are undertaken for liquidity and balance sheet management purposes. For a further discussion of securitization activity, see Note 13 on pages 108–111 of this Annual Report.

Lending-related commitments

The contractual amount of wholesale lending-related commitments was $324 billion at December 31, 2005, compared with $309 billion at December 31, 2004. In the Firm's view, the total contractual amount of these instruments is not representative of the Firm's actual credit risk exposure or funding requirements. In determining the amount of credit risk exposure the Firm has to wholesale lending-related commitments, which is used as the basis for allocating credit risk capital to these instruments, the Firm has established a "loan-equivalent" amount for each commitment; this amount represents the portion of the unused commitment or other contingent exposure that is expected, based upon average portfolio historical experience, to become outstanding in the event of a default by an obligor. The loan equivalent amount of the Firm's lending-related commitments as of December 31, 2005 and 2004, was $178 billion and $162 billion, respectively.

Country exposure

The Firm has a comprehensive process for measuring and managing exposures and risk in emerging markets countries–defined as those countries potentially vulnerable to sovereign events. Exposures to a country include all credit-related lending, trading, and investment activities, whether cross-border or locally funded. Exposure amounts are adjusted for credit enhancements (e.g., guarantees and letters of credit) provided by third parties located outside the country, if the enhancements fully cover the country risk as well as the business risk. As of December 31, 2005, the Firm's exposure to any individual emerging markets country was not material.

Consumer credit portfolio

JPMorgan Chase's consumer portfolio consists primarily of residential mortgages and home equity loans, credit cards, auto and education financings and loans to small businesses. The domestic consumer portfolio reflects the benefit of diversification from both a product and a geographical perspective. The primary focus is on serving the prime consumer credit market.

The following table presents managed consumer credit-related information for the dates indicated:

Consumer portfolio

As of or for the year ended December 31, (in millions, except ratios)	Credit exposure 2005	Credit exposure 2004	Nonperforming assets(g) 2005	Nonperforming assets(g) 2004	Net charge-offs 2005	Net charge-offs 2004(f)	Average annual net charge-off rate(i) 2005	Average annual net charge-off rate(i) 2004(f)
Consumer real estate								
Home finance – Home equity and other(a)	**$ 76,727**	$ 67,837	**$ 422**	$ 416	**$ 129**	$ 554	**0.18%**	1.18%
Home finance – Mortgage	**56,726**	56,816	**441**	257	**25**	19	**0.05**	0.05
Total Home finance(a)	**133,453**	124,653	**863**(h)	673(h)	**154**	573	**0.13**	0.65
Auto & education finance(b)	**49,047**	62,712	**195**	193	**277**	263	**0.54**	0.52
Consumer & small business and other	**14,799**	15,107	**280**	295	**141**	154	**0.98**	1.64
Credit card receivables – reported(c)	**71,738**	64,575	**13**	8	**3,324**	1,923	**4.94**	4.95
Total consumer loans – reported	**269,037**	267,047	**1,351**	1,169	**3,896**	2,913	**1.56**	1.56
Credit card securitizations(c)(d)	**70,527**	70,795	**—**	—	**3,776**	2,898	**5.47**	5.51
Total consumer loans – managed(c)	**339,564**	337,842	**1,351**	1,169	**7,672**	5,811	**2.41**	2.43
Assets acquired in loan satisfactions	**NA**	NA	**180**	224	**NA**	NA	**NA**	NA
Total consumer related assets – managed	**339,564**	337,842	**1,531**	1,393	**7,672**	5,811	**2.41**	2.43
Consumer lending-related commitments:								
Home finance	**65,106**	53,223	**NA**	NA	**NA**	NA	**NA**	NA
Auto & education finance	**5,732**	5,193	**NA**	NA	**NA**	NA	**NA**	NA
Consumer & small business and other	**5,437**	10,312	**NA**	NA	**NA**	NA	**NA**	NA
Credit card(e)	**579,321**	532,468	**NA**	NA	**NA**	NA	**NA**	NA
Total lending-related commitments	**655,596**	601,196	**NA**	NA	**NA**	NA	**NA**	NA
Total consumer credit portfolio	**$ 995,160**	$ 939,038	**$ 1,531**	$ 1,393	**$ 7,672**	$ 5,811	**2.41%**	2.43%
Total average HFS loans	**$ 15,675**	$ 14,736(f)	**NA**	NA	**NA**	NA	**NA**	NA
Memo: Credit card – managed	**142,265**	135,370	**$ 13**	$ 8	**$ 7,100**	$ 4,821	**5.21%**	5.27%

(a) Includes $406 million of charge-offs related to the manufactured home loan portfolio in the fourth quarter of 2004.
(b) Excludes operating lease-related assets of $858 million for December 31, 2005. Balances at December 31, 2004, were insignificant.
(c) Past-due loans 90 days and over and accruing includes credit card receivables of $1.1 billion and $998 million, and related credit card securitizations of $730 million and $1.3 billion at December 31, 2005 and 2004, respectively.
(d) Represents securitized credit cards. For a further discussion of credit card securitizations, see Card Services on pages 45–46 of this Annual Report.
(e) The credit card lending-related commitments represent the total available credit to the Firm's cardholders. The Firm has not experienced, and does not anticipate, that all of its cardholders will exercise their entire available line of credit at any given point in time. The Firm can reduce or cancel a credit card commitment by providing the cardholder prior notice or without notice as permitted by law.
(f) Includes six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(g) Includes nonperforming HFS loans of $27 million and $13 million at December 31, 2005 and 2004, respectively.
(h) Excludes nonperforming assets related to loans eligible for repurchase as well as loans repurchased from GNMA pools that are insured by government agencies of $1.1 billion and $1.5 billion for December 31, 2005, and December 31, 2004, respectively. These amounts are excluded, as reimbursement is proceeding normally.
(i) Net charge-off rates exclude average loans HFS.

Total managed consumer loans at December 31, 2005, were $340 billion, up from $338 billion at year-end 2004. Consumer lending-related commitments increased by 9% to $656 billion at December 31, 2005, reflecting growth in credit cards and home equity lines of credit. The following discussion relates to the specific loan and lending-related categories within the consumer portfolio.

Retail Financial Services
Average RFS loan balances for 2005 were $198 billion. New loans originated in 2005 reflect high credit quality consistent with management's focus on the prime credit market segment. The net charge-off rate for retail loans in 2005 was 0.31%, a decrease of 36 basis points from 2004. This decrease was attributable primarily to $406 million of charge-offs in the fourth quarter of 2004 associated with the sale of the $4.0 billion manufactured home loan portfolio. Excluding these charge-offs, the net charge-off rate would have improved eight basis points.

Home Finance: Home finance loans on the balance sheet at December 31, 2005, were $133 billion. This amount consisted of $77 billion of home equity and other loans and $56 billion of mortgages, including mortgage loans held-for-sale. Home finance receivables as of December 31, 2005, reflect an increase of $9 billion from year-end 2004 driven by growth in the home equity portfolio. Home Finance provides consumer real estate lending to the full spectrum of credit borrowers, including $15 billion in sub-prime credits at December 31, 2005. Home Finance does not offer mortgage products that result in negative amortization but does offer mortgages with interest-only payment options to predominantly prime borrowers.

The geographic distribution of outstanding consumer real estate loans is well diversified as shown in the table below.

Consumer real estate loan portfolio by geographic location

December 31,	**2005**		2004	
(in billions)	Outstanding	%	Outstanding	%
Top 10 U.S. States				
California	**$ 24.4**	**18%**	$ 22.8	18%
New York	**19.5**	**15**	18.4	15
Florida	**10.3**	**8**	7.1	6
Illinois	**7.7**	**6**	8.0	6
Texas	**7.6**	**6**	7.9	6
Ohio	**6.1**	**5**	6.1	5
Arizona	**5.8**	**4**	5.2	4
New Jersey	**5.3**	**4**	4.5	4
Michigan	**5.2**	**4**	5.2	4
Colorado	**3.2**	**2**	3.2	3
Total Top 10	**95.1**	**72**	88.4	71
Other	**38.4**	**28**	36.3	29
Total	**$ 133.5**	**100%**	$ 124.7	100%

Auto & Education Finance: As of December 31, 2005, Auto & education finance loans decreased to $49 billion from $63 billion at year-end 2004. The decrease in outstanding loans was caused primarily by a difficult auto lending market in 2005, $3.8 billion in securitizations, the sale of the $2.0 billion recreational vehicle portfolio and the de-emphasis of vehicle leasing, which comprised $4.4 billion of outstanding loans as of December 31, 2005. It is anticipated that over time vehicle leases will account for a smaller share of balance sheet receivables and exposure. The Auto & Education loan portfolio reflects a high concentration of prime quality credits.

Consumer & Small Business and other: As of December 31, 2005, Small business & other consumer loans remained relatively stable at $14.8 billion compared with 2004 year-end levels of $15.1 billion. The portfolio reflects highly collateralized loans, often with personal loan guarantees.

Card Services
JPMorgan Chase analyzes the credit card portfolio on a managed basis, which includes credit card receivables on the consolidated balance sheet and those receivables sold to investors through securitization. Managed credit card receivables were $142 billion at December 31, 2005, an increase of $7 billion from year-end 2004, reflecting solid growth in the business as well as the addition of $2.2 billion of receivables as a result of the acquisition of the Sears Canada credit card business.

Consumer credit quality trends remained stable despite the effects of increased losses due to bankruptcy legislation, which became effective October 17, 2005. The managed credit card net charge-off rate decreased to 5.21% in 2005 from 5.27% in 2004. The 30-day delinquency rates declined significantly to 2.79% in 2005 from 3.70% in 2004, primarily driven by accelerated loss recognition of delinquent accounts as a result of the bankruptcy reform legislation and strong underlying credit quality. The managed credit card portfolio continues to reflect a well-seasoned portfolio that has good U.S. geographic diversification.

Allowance for credit losses

JPMorgan Chase's allowance for credit losses is intended to cover probable credit losses, including losses where the asset is not specifically identified or the size of the loss has not been fully determined. At least quarterly, the allowance for credit losses is reviewed by the Chief Risk Officer of the Firm, the Risk Policy Committee, a subgroup of the Operating Committee, and the Audit Committee of the Board of Directors of the Firm. The allowance is reviewed relative to the risk profile of the Firm's credit portfolio and current economic conditions and is adjusted if, in management's judgment, changes are warranted. The allowance includes an asset-specific component and a formula-based component, the latter of which consists of a statistical calculation and adjustments to the statistical calculation. For further discussion of the components of the Allowance for credit losses, see Critical accounting estimates used by the Firm on page 81 and Note 12 on pages 107–108 of this Annual Report. At December 31, 2005, management deemed the allowance for credit losses to be sufficient to absorb losses that are inherent in the portfolio, including losses that are not specifically identified or for which the size of the loss has not yet been fully determined.

Summary of changes in the allowance for credit losses

For the year ended December 31,	2005			2004(e)		
(in millions)	Wholesale	Consumer	Total	Wholesale	Consumer	Total
Loans:						
Beginning balance at January 1,	**$ 3,098**	**$ 4,222**	**$ 7,320**	$ 2,204	$ 2,319	$ 4,523
Addition resulting from the Merger, July 1, 2004	**—**	**—**	**—**	1,788	1,335	3,123
Gross charge-offs	**(255)**	**(4,614)**	**(4,869)**	(543)	(3,262)	(3,805)
Gross recoveries	**332**	**718**	**1,050**	357	349	706
Net (charge-offs) recoveries	**77**	**(3,896)**	**(3,819)**	(186)	(2,913)	(3,099)
Provision for loan losses:						
Provision excluding accounting policy conformity	**(716)**	**4,291**	**3,575**(c)	(605)	2,403	1,798
Accounting policy conformity	**—**	**—**	**—**	(103)	1,188(f)	1,085
Total Provision for loan losses	**(716)**	**4,291**	**3,575**	(708)	3,591	2,883
Other	**(6)**	**20**	**14**	—	(110)	(110)(g)
Ending balance	**$ 2,453**(a)	**$ 4,637**(b)	**$ 7,090**	$ 3,098(a)	$ 4,222(b)	$ 7,320
Components:						
Asset specific	**$ 203**	**$ —**	**$ 203**	$ 469	$ —	$ 469
Statistical component	**1,629**	**3,422**	**5,051**	1,639	3,169	4,808
Adjustment to statistical component	**621**	**1,215**	**1,836**	990	1,053	2,043
Total Allowance for loan losses	**$ 2,453**	**$ 4,637**	**$ 7,090**	$ 3,098	$ 4,222	$ 7,320
Lending-related commitments:						
Beginning balance at January 1,	**$ 480**	**$ 12**	**$ 492**	$ 320	$ 4	$ 324
Addition resulting from the Merger, July 1, 2004	**—**	**—**	**—**	499	9	508
Provision for lending-related commitments:						
Provision excluding accounting policy conformity	**(95)**	**3**	**(92)**	(111)	(1)	(112)
Accounting policy conformity	**—**	**—**	**—**	(227)	—	(227)
Total Provision for lending-related commitments	**(95)**	**3**	**(92)**	(338)	(1)	(339)
Other	**—**	**—**	**—**	(1)	—	(1)
Ending balance	**$ 385**	**$ 15**	**$ 400**(d)	$ 480	$ 12	$ 492(h)

(a) The wholesale allowance for loan losses to total wholesale loans was 1.85% and 2.41%, excluding wholesale HFS loans of $17.6 billion and $6.4 billion at December 31, 2005 and 2004, respectively.
(b) The consumer allowance for loan losses to total consumer loans was 1.84% and 1.70%, excluding consumer HFS loans of $16.6 billion and $18.0 billion at December 31, 2005 and 2004, respectively.
(c) 2005 includes a special provision related to Hurricane Katrina allocated as follows: Retail Financial Services $250 million, Card Services $100 million, Commercial Banking $35 million, Asset & Wealth Management $3 million and Corporate $12 million.
(d) Includes $60 million of asset-specific and $340 million of formula-based allowance at December 31, 2005. The formula-based allowance for lending-related commitments is based upon statistical calculation. There is no adjustment to the statistical calculation for lending-related commitments.
(e) Includes six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(f) Reflects an increase of $1.4 billion as a result of the decertification of heritage Bank One seller's interest in credit card securitizations, partially offset by a $254 million decrease in the allowance to conform methodologies in 2004.
(g) Primarily represents the transfer of the allowance for accrued interest and fees on reported and securitized credit card loans.
(h) Includes $130 million of asset-specific and $362 million of formula-based allowance at December 31, 2004. The formula-based allowance for lending-related commitments is based upon a statistical calculation. There is no adjustment to the statistical calculation for lending-related commitments.

The reduction in the allowance for credit losses of $322 million from December 31, 2004, was driven primarily by continued credit strength in the wholesale businesses, partially offset by an increase in the consumer allowance as a result of the special provision taken in the third quarter of 2005 due to Hurricane Katrina.

Excluding held-for-sale loans, the allowance for loan losses represented 1.84% of loans at December 31, 2005, compared with 1.94% at December 31, 2004. The wholesale component of the allowance decreased to $2.5 billion as of December 31, 2005, from $3.1 billion at year-end 2004, due to strong credit quality across all wholesale businesses. Excluding the special provision for Hurricane Katrina, the consumer component of the allowance would have been $4.3 billion as of December 31, 2005, a slight increase from December 31, 2004.

To provide for the risk of loss inherent in the Firm's process of extending credit, management also computes an asset-specific component and a formula-based component for wholesale lending-related commitments. These are computed using a methodology similar to that used for the wholesale loan portfolio, modified for expected maturities and probabilities of drawdown. This allowance, which is reported in Other liabilities, was $400 million and $492 million at December 31, 2005 and 2004, respectively.

Provision for credit losses

For a discussion of the reported Provision for credit losses, see page 29 of this Annual Report. The managed provision for credit losses reflects credit card securitizations. At December 31, 2005, securitized credit card outstandings were relatively flat compared with the prior year-end.

For the year ended December 31,(a)	Provision for loan losses		Provision for lending-related commitments		Total provision for credit losses	
(in millions)	**2005**	2004	**2005**	2004	**2005**(c)	2004
Investment Bank	**$ (757)**	$ (525)	**$ (81)**	$ (115)	**$ (838)**	$ (640)
Commercial Banking	**87**	35	**(14)**	6	**73**	41
Treasury & Securities Services	**(1)**	7	**1**	—	**—**	7
Asset & Wealth Management	**(55)**	(12)	**(1)**	(2)	**(56)**	(14)
Corporate	**10**	(110)	**—**	—	**10**	(110)
Total Wholesale	**(716)**	(605)	**(95)**	(111)	**(811)**	(716)
Retail Financial Services	**721**	450	**3**	(1)	**724**	449
Card Services	**3,570**	1,953	**—**	—	**3,570**	1,953
Total Consumer	**4,291**	2,403	**3**	(1)	**4,294**	2,402
Accounting policy conformity(b)	**—**	1,085	**—**	(227)	**—**	858
Total provision for credit losses	**3,575**	2,883	**(92)**	(339)	**3,483**	2,544
Credit card securitization	**3,776**	2,898	**—**	—	**3,776**	2,898
Accounting policy conformity	**—**	(1,085)	**—**	227	**—**	(858)
Total managed provision for credit losses	**$ 7,351**	$ 4,696	**$ (92)**	$ (112)	**$ 7,259**	$ 4,584

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(b) The 2004 provision for loan losses includes an increase of approximately $1.4 billion as a result of the decertification of heritage Bank One seller's interest in credit card securitizations, partially offset by a reduction of $357 million to conform provision methodologies. The 2004 provision for lending-related commitments reflects a reduction of $227 million to conform provision methodologies in the wholesale portfolio.
(c) 2005 includes a $400 million special provision related to Hurricane Katrina allocated as follows: Retail Financial Services $250 million, Card Services $100 million, Commercial Banking $35 million, Asset & Wealth Management $3 million and Corporate $12 million.

Market risk management

Market risk is the exposure to an adverse change in the market value of portfolios and financial instruments caused by a change in market prices or rates.

Market risk management
Market Risk Management ("MRM") is an independent corporate risk governance function that identifies, measures, monitors, and controls market risk. It seeks to facilitate efficient risk/return decisions and to reduce volatility in operating performance. It strives to make the Firm's market risk profile transparent to senior management, the Board of Directors and regulators. Market Risk Management is overseen by the Chief Risk Officer, a member of the Firm's Operating Committee. MRM's governance structure consists of the following primary functions:

- Establishment of a comprehensive market risk policy framework
- Independent measurement, monitoring and control of business segment market risk
- Definition, approval and monitoring of limits
- Performance of stress testing and qualitative risk assessments

In addition, the Firm's business segments have valuation control functions that are responsible for ensuring the accuracy of the valuations of positions that expose the Firm to market risk. These groups report primarily into Finance.

Risk identification and classification

MRM works in partnership with the business segments to identify market risks throughout the Firm and to refine and monitor market risk policies and procedures. All business segments are responsible for comprehensive identification and verification of market risks within their units. Risk-taking businesses have functions that act independently from trading personnel and are responsible for verifying risk exposures that the business takes. In addition to providing independent oversight for market risk arising from the business segments, MRM also is responsible for identifying exposures which may not be large within individual business segments, but which may be large for the Firm in aggregate. Regular meetings are held between MRM and the heads of risk-taking businesses to discuss and decide on risk exposures in the context of the market environment and client flows.

Positions that expose the Firm to market risk can be classified into two categories: trading and nontrading risk. Trading risk includes positions that are held by the Firm as part of a business segment or unit whose main business strategy is to trade or make markets. Unrealized gains and losses in these positions are generally reported in trading revenue. Nontrading risk includes securities held for longer term investment, mortgage servicing rights, and securities and derivatives used to manage the Firm's asset/liability exposures. Unrealized gains and losses in these positions are generally not reported in Trading revenue.

Trading risk
Fixed income risk (which includes interest rate risk and credit spread risk) involves the potential decline in net income or financial condition due to adverse changes in market rates, whether arising from client activities or proprietary positions taken by the Firm.

Foreign exchange, equities and commodities risks involve the potential decline in net income to the Firm due to adverse changes in foreign exchange, equities or commodities markets, whether arising from client activities or proprietary positions taken by the Firm.

Nontrading risk
Nontrading risk arises from execution of the Firm's core business strategies, the delivery of products and services to its customers, and the discretionary positions the Firm undertakes to risk-manage exposures.

These exposures can result from a variety of factors, including differences in the timing among the maturity or repricing of assets, liabilities and off–balance sheet instruments. Changes in the level and shape of market interest rate curves also may create interest rate risk, since the repricing characteristics of the Firm's assets do not necessarily match those of its liabilities. The Firm also is exposed to basis risk, which is the difference in re-pricing characteristics of two floating rate indices, such as the prime rate and 3-month LIBOR. In addition, some of the Firm's products have embedded optionality that impact pricing and balances.

The Firm's mortgage banking activities also give rise to complex interest rate risks. The interest rate exposure from the Firm's mortgage banking activities is a result of changes in the level of interest rates, option and basis risk. Option risk arises primarily from prepayment options embedded in mortgages and changes in the probability of newly-originated mortgage commitments actually closing. Basis risk results from different relative movements between mortgage rates and other interest rates.

Risk measurement

Tools used to measure risk
Because no single measure can reflect all aspects of market risk, the Firm uses various metrics, both statistical and nonstatistical, including:

- Nonstatistical risk measures
- Value-at-Risk ("VAR")
- Loss advisories
- Economic value stress testing
- Earnings-at-risk stress testing
- Risk identification for large exposures ("RIFLE")

Nonstatistical risk measures
Nonstatistical risk measures other than stress testing include net open positions, basis point values, option sensitivities, market values, position concentrations and position turnover. These measures provide granular information on the Firm's market risk exposure. They are aggregated by line of business and by risk type, and are used for monitoring limits, one-off approvals and tactical control.

Value-at-risk
JPMorgan Chase's primary statistical risk measure, VAR, estimates the potential loss from adverse market moves in an ordinary market environment and provides a consistent cross-business measure of risk profiles and levels of diversification. VAR is used for comparing risks across businesses, monitoring limits, one-off approvals, and as an input to economic capital calculations. VAR provides risk transparency in a normal trading environment.

Each business day the Firm undertakes a comprehensive VAR calculation that includes both its trading and its nontrading activities. VAR for nontrading activities measures the amount of potential change in fair value of the exposures related to these activities; however, VAR for such activities is not a measure of reported revenue since nontrading activities are generally not marked to market through earnings.

To calculate VAR, the Firm uses historical simulation, which measures risk across instruments and portfolios in a consistent and comparable way. This approach assumes that historical changes in market values are representative of future changes. The simulation is based upon data for the previous twelve months. The Firm calculates VAR using a one-day time horizon and an expected tail loss methodology, which approximates a 99% confidence level. This means the Firm would expect to incur losses greater than that predicted by VAR estimates only once in every 100 trading days, or about 2.5 times a year.

Trading VAR

IB trading VAR by risk type and credit portfolio VAR(a)

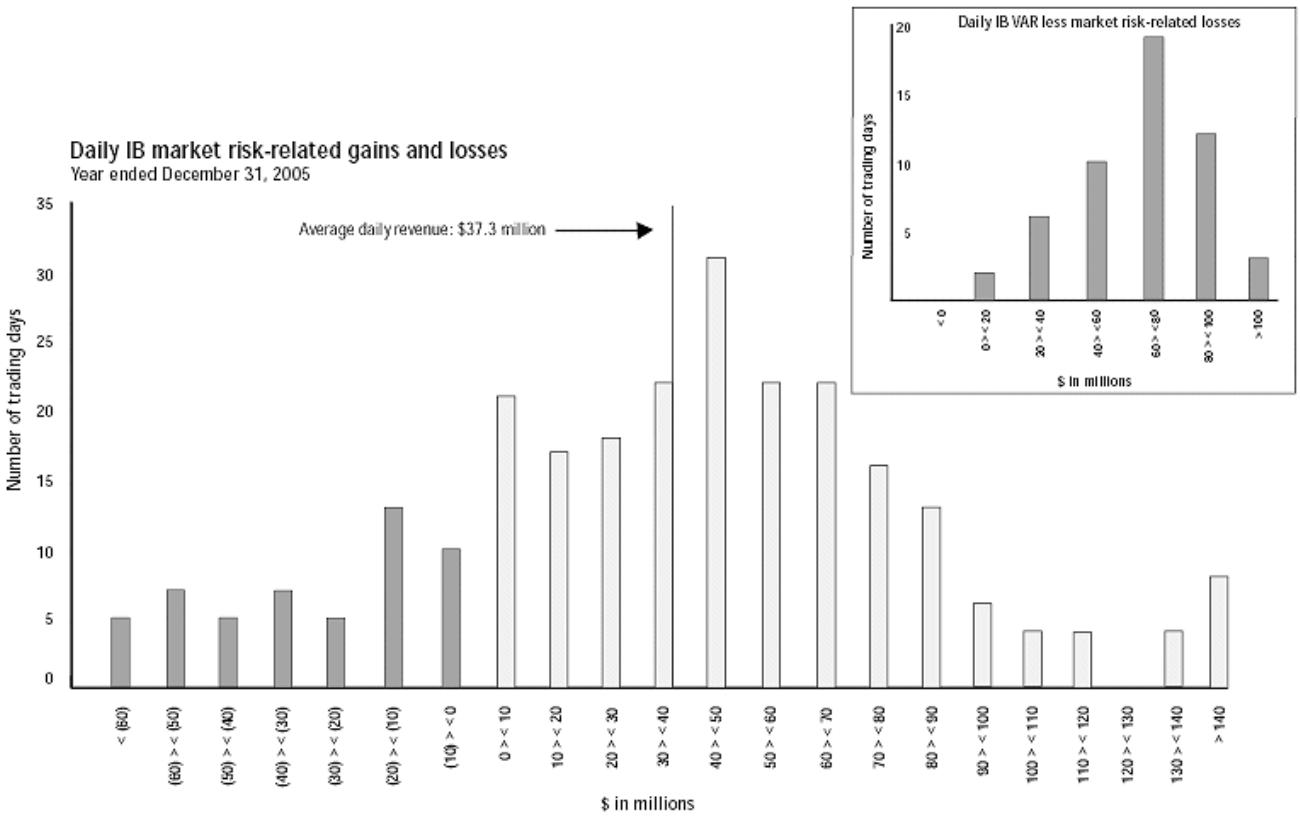
	2005				2004(e)			
As of or for the year ended December 31, (in millions)	Average VAR	Minimum VAR	Maximum VAR	At December 31,	Average VAR	Minimum VAR	Maximum VAR	At December 31,
By risk type:								
Fixed income	**$ 67**	**$ 37**	**$ 110**	**$ 89**	$ 74	$ 45	$ 118	$ 57
Foreign exchange	**23**	**16**	**32**	**19**	17	10	33	28
Equities	**34**	**15**	**65**	**24**	28	15	58	20
Commodities and other	**21**	**7**	**50**	**34**	9	7	18	8
Less: portfolio diversification	**(59)**(c)	**NM**(d)	**NM**(d)	**(63)**(c)	(43)(c)	NM(d)	NM(d)	(41)(c)
Total trading VAR	**$ 86**	**$ 53**	**$ 130**	**$ 103**	$ 85	$ 52	$ 125	$ 72
Credit portfolio VAR(b)	**14**	**11**	**17**	**15**	14	11	17	15
Less: portfolio diversification	**(12)**(c)	**NM**(d)	**NM**(d)	**(10)**(c)	(9)(c)	NM(d)	NM(d)	(9)(c)
Total trading and credit portfolio VAR	**$ 88**	**$ 57**	**$ 130**	**$ 108**	$ 90	$ 55	$ 132	$ 78

(a) Trading VAR excludes VAR related to the Firm's private equity business and certain exposures used to manage MSRs. For a discussion of Private equity risk management and MSRs, see page 80 and Note 15 on pages 114–116 of this Annual Report, respectively. Trading VAR includes substantially all mark-to-market trading activities in the IB, plus available-for-sale securities held for the IB's proprietary purposes (included within Fixed Income); however, particular risk parameters of certain products are not fully captured, for example, correlation risk.
(b) Includes VAR on derivative credit valuation adjustments, credit valuation adjustment hedges and mark-to-market hedges of the accrual loan portfolio, which are all reported in Trading revenue. This VAR does not include the accrual loan portfolio, which is not marked to market.
(c) Average and period-end VARs are less than the sum of the VARs of its market risk components, which is due to risk offsets resulting from portfolio diversification. The diversification effect reflects the fact that the risks are not perfectly correlated. The risk of a portfolio of positions is therefore usually less than the sum of the risks of the positions themselves.
(d) Designated as not meaningful ("NM") because the minimum and maximum may occur on different days for different risk components, and hence it is not meaningful to compute a portfolio diversification effect.
(e) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.

IB's Average Total Trading and Credit Portfolio VAR decreased to $88 million during 2005 compared with $90 million for the same period in 2004. Period-end VAR increased over the same period to $108 million from $78 million. Commodities and other VAR increased due to the expansion of the energy trading business. The decrease in average Total Trading and Credit Portfolio VAR was driven by increased portfolio diversification as fixed income risk decreased and foreign exchange, equities and commodities risk increased. Trading VAR diversification increased to $59 million, or 41% of the sum of the components, from $43 million, or 34% of the sum of the components. The diversification effect between the trading portfolio and the credit portfolio also increased to $12 million, or 12% of the sum of the components, from $9 million, or 9% of the sum of the components. In general, over the course of the year, VAR exposures can vary significantly as trading positions change, market volatility fluctuates and diversification benefits change.

VAR backtesting

To evaluate the soundness of its VAR model, the Firm conducts daily backtesting of VAR against daily financial results, based upon market risk-related revenue. Market risk-related revenue is defined as the change in value of the mark-to-market trading portfolios plus any trading-related net interest income, brokerage commissions, underwriting fees or other revenue. The following histogram illustrates the daily market risk-related gains and losses for the IB trading businesses for the year ended December 31, 2005. The chart shows that the IB posted market risk-related gains on 208 out of 260 days in this period, with 20 days exceeding $100 million. The inset graph looks at those days on which the IB experienced losses and depicts the amount by which VAR exceeded the actual loss on each of those days. Losses were sustained on 52 days, with no loss greater than $90 million, and with no loss exceeding the VAR measure.



Loss advisories
Loss advisories are tools used to highlight to senior management trading losses above certain levels and are used to initiate discussion of remedies.

Economic value stress testing
While VAR reflects the risk of loss due to unlikely events in normal markets, stress testing captures the Firm's exposure to unlikely but plausible events in abnormal markets. The Firm conducts economic-value stress tests for both its trading and its nontrading activities using multiple scenarios for both types of activities. Periodically, scenarios are reviewed and updated to reflect changes in the Firm's risk profile and economic events. Stress testing is as important as VAR in measuring and controlling risk. Stress testing enhances the understanding of the Firm's risk profile and loss potential, and is used for monitoring limits, one-off approvals and cross-business risk measurement, as well as an input to economic capital allocation.

Based upon the Firm's stress scenarios, the stress test loss (pre-tax) in the IB's trading portfolio ranged from $469 million to $1.4 billion, and $202 million to $1.2 billion, for the years ended December 31, 2005 and 2004, respectively. The 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.

Earnings-at-risk stress testing
The VAR and stress-test measures described above illustrate the total economic sensitivity of the Firm's balance sheet to changes in market variables. The effect of interest rate exposure on reported Net income also is critical. Interest rate risk exposure in the Firm's core nontrading business activities (i.e., asset/liability management positions) results from on– and off–balance sheet positions. The Firm conducts simulations of changes in NII from its nontrading activities under a variety of interest rate scenarios, which are consistent with the scenarios used for economic-value stress testing. Earnings-at-risk tests measure the potential change in the Firm's Net interest income over the next 12 months and highlight exposures to various rate-sensitive factors, such as the rates themselves (e.g., the prime lending rate), pricing strategies on deposits, optionality and changes in product mix. The tests include forecasted balance sheet changes, such as asset sales and securitizations, as well as prepayment and reinvestment behavior.

Earnings-at-risk also can result from changes in the slope of the yield curve, because the Firm has the ability to lend at fixed rates and borrow at variable or short-term fixed rates. Based upon these scenarios, the Firm's earnings would be affected negatively by a sudden and unanticipated increase in short-term rates without a corresponding increase in long-term rates. Conversely, higher long-term rates generally are beneficial to earnings, particularly when the increase is not accompanied by rising short-term rates.

Immediate changes in interest rates present a limited view of risk, and so a number of alternative scenarios also are reviewed. These scenarios include the implied forward curve, nonparallel rate shifts and severe interest rate shocks on selected key rates. These scenarios are intended to provide a comprehensive view of JPMorgan Chase's earnings-at-risk over a wide range of outcomes.

JPMorgan Chase's 12-month pre-tax earnings sensitivity profile as of December 31, 2005 and 2004, follows:

	Immediate change in rates		
(in millions)	+200bp	+100bp	-100bp
December 31, 2005	**$ 265**	**$ 172**	**$ (162)**
December 31, 2004	(557)	(164)	(180)

The Firm's risk to rising and falling interest rates is due primarily to corresponding increases and decreases in short-term funding costs.

RIFLE
Individuals who manage risk positions, particularly those that are complex, are responsible for identifying potential losses that could arise from specific unusual events, such as a potential tax change, and estimating the probabilities of losses arising from such events. This information is entered into the Firm's RIFLE system and directed to the appropriate level of management, thereby permitting the Firm to identify further earnings vulnerability not adequately covered by standard risk measures.

Risk monitoring and control

Limits
Market risk is controlled primarily through a series of limits. Limits reflect the Firm's risk appetite in the context of the market environment and business strategy. In setting limits, the Firm takes into consideration factors such as market volatility, product liquidity, business track record and management experience.

MRM regularly reviews and updates risk limits, and senior management reviews and approves risk limits at least once a year. MRM further controls the Firm's exposure by specifically designating approved financial instruments and tenors, known as instrument authorities, for each business segment.

The Firm maintains different levels of limits. Corporate-level limits include VAR, stress and loss advisories. Similarly, line of business limits include VAR, stress and loss advisories, and are supplemented by nonstatistical measure-ments and instrument authorities. Businesses are responsible for adhering to established limits, against which exposures are monitored and reported. Limit breaches are reported in a timely manner to senior management, and the affected business segment is required to take appropriate action to reduce trading positions. If the business cannot do this within an acceptable timeframe, senior management is consulted on the appropriate action.

Qualitative review
MRM also performs periodic reviews as necessary of both businesses and products with exposure to market risk in order to assess the ability of the businesses to control their market risk. Strategies, market conditions, product details and risk controls are reviewed, and specific recommendations for improvements are made to management.

Model review
Some of the Firm's financial instruments cannot be valued based upon quoted market prices but are instead valued using pricing models. Such models are used for management of risk positions, such as reporting against limits, as well as for valuation. The Model Risk Group, independent of the businesses and MRM, reviews the models the Firm uses and assesses model appropriateness and consistency. The model reviews consider a number of factors about the model's suitability for valuation and risk management of a particular product, including whether it accurately reflects the characteristics of the transaction and its significant risks, the suitability and convergence properties of numerical algorithms, reliability of data sources, consistency of the treatment with models for similar products, and sensitivity to input parameters and assumptions that cannot be priced from the market.

Reviews are conducted for new or changed models, as well as previously accepted models, to assess whether there have been any changes in the product or market that may impact the model's validity and whether there are theoretical or competitive developments that may require reassessment of the model's adequacy. For a summary of valuations based upon models, see Critical Accounting Estimates used by the Firm on pages 81–83 of this Annual Report.

Risk reporting

Nonstatistical exposures, value-at-risk, loss advisories and limit excesses are reported daily for each trading and nontrading business. Market risk exposure trends, value-at-risk trends, profit and loss changes, and portfolio concentrations are reported weekly. Stress test results are reported monthly to business and senior management.

Operational risk management

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human factors or external events.

Overview
Operational risk is inherent in each of the Firm's businesses and support activities. Operational risk can manifest itself in various ways, including errors, business interruptions, inappropriate behavior of employees and vendors that do not perform in accordance with outsourcing arrangements. These events can potentially result in financial losses and other damage to the Firm, including reputational harm.

To monitor and control operational risk, the Firm maintains a system of comprehensive policies and a control framework designed to provide a sound and well-controlled operational environment. The goal is to keep operational risk at appropriate levels, in light of the Firm's financial strength, the characteristics of its businesses, the markets in which it operates, and the competitive and regulatory environment to which it is subject. Notwithstanding these control measures, the Firm incurs operational losses.

The Firm's approach to operational risk management is intended to mitigate such losses by supplementing traditional control-based approaches to operational risk with risk measures, tools and disciplines that are risk-specific, consistently applied and utilized firmwide. Key themes are transparency of information, escalation of key issues and accountability for issue resolution.

During 2005, the Firm substantially completed the implementation of Phoenix, a new internally-designed operational risk software tool. Phoenix integrates the individual components of the operational risk management framework into a unified, web-based tool. Phoenix is intended to enable the Firm to enhance its reporting and analysis of operational risk data by enabling risk identification, measurement, monitoring, reporting and analysis to be done in an integrated manner, thereby enabling efficiencies in the Firm's management of its operational risk.

For purposes of identification, monitoring, reporting and analysis, the Firm categorizes operational risk events as follows:

- Client service and selection
- Business practices
- Fraud, theft and malice
- Execution, delivery and process management
- Employee disputes
- Disasters and public safety
- Technology and infrastructure failures

Risk identification and measurement
Risk identification is the recognition of the operational risk events that management believes may give rise to operational losses.

In 2005, JPMorgan Chase substantially completed a multi-year effort to redesign the underlying architecture of its firmwide self-assessment process. The goal of the self-assessment process is for each business to identify the key operational risks specific to its environment and assess the degree to which it maintains appropriate controls. Action plans are developed for control issues identified, and businesses are held accountable for tracking and resolving these issues on a timely basis.

All businesses were required to perform self-assessments in 2005. Going forward, the Firm will utilize the self-assessment process as a dynamic risk management tool.

Risk monitoring
The Firm has a process for monitoring operational risk-event data, permitting analysis of errors and losses as well as trends. Such analysis, performed both at a line of business level and by risk-event type, enables identification of the causes associated with risk events faced by the businesses. Where available, the internal data can be supplemented with external data for comparative analysis with industry patterns. The data reported will enable the Firm to back-test against self-assessment results.

Risk reporting and analysis
Operational risk management reports provide timely and accurate information, including information about actual operational loss levels and self-assessment results, to the lines of business and senior management. The purpose of these reports is to enable management to maintain operational risk at appropriate levels within each line of business, to escalate issues and to provide consistent data aggregation across the Firm's businesses and support areas.

Audit alignment
Internal Audit utilizes a risk-based program of audit coverage to provide an independent assessment of the design and effectiveness of key controls over the Firm's operations, regulatory compliance and reporting. Audit partners with business management and members of the control community in providing guidance on the operational risk framework and reviewing the effectiveness and accuracy of the business self-assessment process as part of its business unit audits.

Reputation and fiduciary risk management

A firm's success depends not only on its prudent management of liquidity, credit, market and operational risks that are part of its business risks, but equally on the maintenance among many constituents – clients, investors, regulators, as well as the general public – of a reputation for business practices of the highest quality. Attention to reputation has always been a key aspect of the Firm's practices, and maintenance of reputation is the responsibility of everyone at the Firm. JPMorgan Chase bolsters this individual responsibility in many ways, including through the Firm's Code of Conduct, training, maintaining adherence to policies and procedures and oversight functions that approve transactions. These oversight functions include a Conflicts Office, which examines wholesale transactions with the potential to create conflicts of interest for the Firm.

Policy review office
The Firm also has a specific structure to address certain transactions with clients, especially complex derivatives and structured finance transactions, that have the potential to adversely affect its reputation. This structure reinforces the Firm's procedures for examining transactions in terms of appropriateness, ethical issues and reputational risk, and it intensifies the Firm's scrutiny of the purpose and effect of its transactions from the client's point of view, with the goal that these transactions are not used to mislead investors or others. The structure operates at three levels: as part of every business' transaction approval process; through review by regional Reputation Risk Committees; and through oversight by the Policy Review Office.

Primary responsibility for adherence to the policies and procedures designed to address reputation risk lies with the business units conducting the transactions in question. The Firm's transaction approval process requires review from, among others, internal legal/compliance, conflicts, tax and accounting groups. Transactions involving an SPE established by the Firm receive particular scrutiny intended to ensure that every such entity is properly approved, documented, monitored and controlled.

Business units are also required to submit to regional Reputation Risk Committees proposed transactions that may give rise to heightened reputation risk – particularly a client's motivation and its intended financial disclosure of the transaction. The committees may approve, reject or require further clarification on or changes to the transactions. The members of these committees are senior representatives of the business and support units in the region. The committees may escalate transaction review to the Policy Review Office.

The Policy Review Office is the most senior approval level for client transactions involving reputation risk issues. The mandate of the Office is to opine on specific transactions brought by the Regional Committees and consider changes in policies or practices relating to reputation risk. The head of the Office consults with the Firm's most senior executives on specific topics and provides regular updates. Aside from governance and guidance on specific transactions, the objective of the policy review process is to reinforce a culture, through a "case study" approach, that ensures that all employees, regardless of seniority, understand the basic principles of reputation risk control and can recognize and address issues as they arise.

In 2006, this structure, which until now has been focused primarily on Investment Bank activities, will be expanded to include the activities of Commercial Banking and the Private Bank. These lines of business will implement training and review procedures similar to those in the Investment Bank and their activities also will be subject to the oversight of the Policy Review Office.

Fiduciary risk management
The risk management committees within each line of business include in their mandate the oversight of the legal, reputational and, where appropriate, fiduciary risks in their businesses that may produce significant losses or reputational damage. The Fiduciary Risk Management function works with the relevant line of business risk committees to ensure that businesses providing investment or risk management products or services that give rise to fiduciary duties to clients perform at the appropriate standard relative to their fiduciary relationship with a client. Of particular focus are the policies and practices that address a business' responsibilities to a client, including client suitability determination, disclosure obligations, disclosure communications and performance expectations with respect to such of the investment and risk management products or services being provided by the Firm that give rise to such fiduciary duties. In this way, the relevant line-of-business risk committees, together with the Fiduciary Risk Management function, provide oversight of the Firm's efforts to monitor, measure and control the risks that may arise in the delivery of the products or services to clients that give rise to such duties, as well as those stemming from any of the Firm's fiduciary responsibilities to employees under the Firm's various employee benefit plans.

Private equity risk management

Risk management
The Firm makes direct principal investments in private equity. The illiquid nature and long-term holding period associated with these investments differentiates private equity risk from the risk of positions held in the trading portfolios. The Firm's approach to managing private equity risk is consistent with the Firm's general risk governance structure. Controls are in place establishing target levels for total and annual investment in order to control the overall size of the portfolio. Industry and geographic concentration limits are in place intended to ensure diversification of the portfolio, and periodic reviews are performed on the portfolio to substantiate the valuations of the investments. The Valuation Control Group within the Finance area is responsible for reviewing the accuracy of the carrying values of private equity investments held by Private Equity. At December 31, 2005, the carrying value of the private equity portfolios of JPMorgan Partners and ONE Equity Partners businesses was $6.2 billion, of which $479 million represented positions traded in the public market.

Critical accounting estimates used by the Firm

JPMorgan Chase's accounting policies and use of estimates are integral to understanding its reported results. The Firm's most complex accounting estimates require management's judgment to ascertain the valuation of assets and liabilities. The Firm has established detailed policies and control procedures intended to ensure that valuation methods, including any judgments made as part of such methods, are well controlled, independently reviewed and applied consistently from period to period. In addition, the policies and procedures are intended to ensure that the process for changing methodologies occurs in a controlled and appropriate manner. The Firm believes its estimates for determining the valuation of its assets and liabilities are appropriate. The following is a brief description of the Firm's critical accounting estimates involving significant valuation judgments.

Allowance for credit losses
JPMorgan Chase's allowance for credit losses covers the wholesale and consumer loan portfolios as well as the Firm's portfolio of wholesale lending-related commitments. The Allowance for loan losses is intended to adjust the value of the Firm's loan assets for probable credit losses as of the balance sheet date. For a further discussion of the methodologies used in establishing the Firm's Allowance for credit losses, see Note 12 on pages 107–108 of this Annual Report.

Wholesale loans and lending-related commitments
The methodology for calculating both the Allowance for loan losses and the Allowance for lending-related commitments involves significant judgment. First and foremost, it involves the early identification of credits that are deteriorating. Second, it involves management judgment to derive loss factors. Third, it involves management judgment to evaluate certain macroeconomic factors, underwriting standards, and other relevant internal and external factors affecting the credit quality of the current portfolio and to refine loss factors to better reflect these conditions.

The Firm uses a risk rating system to determine the credit quality of its wholesale loans. Wholesale loans are reviewed for information affecting the obligor's ability to fulfill its obligations. In assessing the risk rating of a particular loan, among the factors considered include the obligor's debt capacity and financial flexibility, the level of the obligor's earnings, the amount and sources for repayment, the level and nature of contingencies, management strength, and the industry and geography in which the obligor operates. These factors are based upon an evaluation of historical and current information, and involve subjective assessment and interpretation. Emphasizing one factor over another, or considering additional factors that may be relevant in determining the risk rating of a particular loan but which are not currently an explicit part of the Firm's methodology, could impact the risk rating assigned by the Firm to that loan.

Management applies its judgment to derive loss factors associated with each credit facility. These loss factors are determined by facility structure, collateral and type of obligor. Wherever possible, the Firm uses independent, verifiable data or the Firm's own historical loss experience in its models for estimating these loss factors. Many factors can affect management's estimates of loss, including volatility of loss given default, probability of default and rating migrations. Judgment is applied to determine whether the loss given default should be calculated as an average over the entire credit cycle or at a particular point in the credit cycle. The application of different loss given default factors would change the amount of the Allowance for credit losses determined appropriate by the Firm. Similarly, there are judgments as to which external data on probability of default should be used and when they should be used. Choosing data that are not reflective of the Firm's specific loan portfolio characteristics could also affect loss estimates.

Management also applies its judgment to adjust the loss factors derived, taking into consideration model imprecision, external factors and economic events that have occurred but are not yet reflected in the loss factors. The resultant adjustments to the statistical calculation on the performing portfolio are determined by creating estimated ranges using historical experience of both loss given default and probability of default. Factors related to concentrated and deteriorating industries are also incorporated where relevant. The estimated ranges and the determination of the appropriate point within the range are based upon management's view of uncertainties that relate to current macroeconomic and political conditions, quality of underwriting standards and other relevant internal and external factors affecting the credit quality of the current portfolio. The adjustment to the statistical calculation for the wholesale loan portfolio for the period ended December 31, 2005, was $621 million, the higher-end within the range, based upon management's assessment of current economic conditions.

Consumer loans
For scored loans in the consumer lines of business, loss is primarily determined by applying statistical loss factors and other risk indicators to pools of loans by asset type. These loss estimates are sensitive to changes in delinquency status, credit bureau scores, the realizable value of collateral and other risk factors.

Adjustments to the statistical calculation are accomplished in part by analyzing the historical loss experience for each major product segment. Management analyzes the range of credit loss experienced for each major portfolio segment, taking into account economic cycles, portfolio seasoning and underwriting criteria, and then formulates a range that incorporates relevant risk factors that impact overall credit performance. The recorded adjustment to the statistical calculation for the period ended December 31, 2005, was $1.2 billion, based upon management's assessment of current economic conditions.

Fair value of financial instruments
A portion of JPMorgan Chase's assets and liabilities are carried at fair value, including trading assets and liabilities, AFS securities and private equity investments. Held-for-sale loans, mortgage servicing rights ("MSRs") and commodities inventory are carried at the lower of fair value or cost. At December 31, 2005, approximately $386 billion of the Firm's assets were recorded at fair value.

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The majority of the Firm's assets reported at fair value are based upon quoted market prices or on internally developed models that utilize independently sourced market parameters, including interest rate yield curves, option volatilities and currency rates.

The degree of management judgment involved in determining the fair value of a financial instrument is dependent upon the availability of quoted market prices or observable market parameters. For financial instruments that are actively traded and have quoted market prices or parameters readily available, there is little-to-no subjectivity in determining fair value. When observable market prices and parameters do not exist, management judgment is necessary to estimate fair value. The valuation process takes into consideration

factors such as liquidity and concentration concerns and, for the derivatives portfolio, counterparty credit risk (see the discussion of CVA on page 70 of this Annual Report). For example, there is often limited market data to rely on when estimating the fair value of a large or aged position. Similarly, judgment must be applied in estimating prices for less readily observable external parameters. Finally, other factors such as model assumptions, market dislocations and unexpected correlations can affect estimates of fair value. Imprecision in estimating these factors can impact the amount of revenue or loss recorded for a particular position.

Trading and available-for-sale portfolios
Substantially all of the Firm's securities held for trading and investment purposes ("long" positions) and securities that the Firm has sold to other parties but does not own ("short" positions) are valued based upon quoted market prices. However, certain securities are less actively traded and, therefore, are not always able to be valued based upon quoted market prices. The determination of their fair value requires management judgment, as this determination may require benchmarking to similar instruments or analyzing default and recovery rates. Examples include certain collateralized mortgage and debt obligations and high-yield debt securities.

As few derivative contracts are listed on an exchange, the majority of the Firm's derivative positions are valued using internally developed models that use as their basis readily observable market parameters – that is, parameters that are actively quoted and can be validated to external sources, including industry-pricing services. Certain derivatives, however, are valued based upon models with significant unobservable market parameters – that is, parameters that must be estimated and are, therefore, subject to management judgment to substantiate the model valuation. These instruments are normally either less actively traded or trade activity is one-way. Examples include long-dated interest rate or currency swaps, where swap rates may be unobservable for longer maturities, and certain credit products, where correlation and recovery rates are unobservable. Due to the lack of observable market data, the Firm defers the initial trading profit for these financial instruments. The deferred profit is recognized in Trading revenue on a systematic basis and when observable market data becomes available. Management's judgment also includes recording fair value adjustments (i.e., reductions) to model valuations to account for parameter uncertainty when valuing complex or less actively traded derivative transactions. The following table summarizes the Firm's trading and available-for-sale portfolios by valuation methodology at December 31, 2005:

	Trading assets		Trading liabilities		
	Securities purchased (a)	Derivatives (b)	Securities sold (a)	Derivatives (b)	AFS securities
Fair value based upon:					
Quoted market prices	**86%**	**2%**	**97%**	**2%**	**91%**
Internal models with significant observable market parameters	**12**	**96**	**2**	**97**	**6**
Internal models with significant unobservable market parameters	**2**	**2**	**1**	**1**	**3**
Total	**100%**	**100%**	**100%**	**100%**	**100%**

(a) Reflected as debt and equity instruments on the Firm's Consolidated balance sheets.
(b) Based upon gross mark-to-market valuations of the Firm's derivatives portfolio prior to netting positions pursuant to FIN 39, as cross-product netting is not relevant to an analysis based upon valuation methodologies.

To ensure that the valuations are appropriate, the Firm has various controls in place. These include: an independent review and approval of valuation models; detailed review and explanation for profit and loss analyzed daily and over time; decomposing the model valuations for certain structured derivative instruments into their components and benchmarking valuations, where possible, to similar products; and validating valuation estimates through actual cash settlement. As markets and products develop and the pricing for certain derivative products becomes more transparent, the Firm refines its valuation methodologies. The Valuation Control Group within the Finance area, a group independent of the risk-taking function, is responsible for reviewing the accuracy of the valuations of positions taken within the Investment Bank.

For a discussion of market risk management, including the model review process, see Market risk management on pages 75–78 of this Annual Report. For further details regarding the Firm's valuation methodologies, see Note 29 on pages 126–128 of this Annual Report.

Loans held-for-sale
The fair value of loans in the held-for-sale portfolio is generally based upon observable market prices of similar instruments, including bonds, credit derivatives and loans with similar characteristics. If market prices are not available, fair value is based upon the estimated cash flows adjusted for credit risk that is discounted using a rate appropriate for each maturity that incorporates the effects of interest rate changes.

Commodities inventory
The majority of commodities inventory includes bullion and base metals where fair value is determined by reference to prices in highly active and liquid markets. The fair value of other commodities inventory is determined primarily using prices and data derived from less liquid and developing markets where the underlying commodities are traded.

Private equity investments
Valuation of private investments held primarily by the Private Equity business within Corporate requires significant management judgment due to the absence of quoted market prices, inherent lack of liquidity and the long-term nature of such assets. Private investments are initially valued based upon cost. The carrying values of private investments are adjusted from cost to reflect both positive and negative changes evidenced by financing events with third-party capital providers. In addition, these investments are subject to ongoing impairment reviews by Private Equity's senior investment professionals. A variety of factors are reviewed and monitored to assess impairment including, but not limited to, operating performance and future expectations of the particular portfolio investment, industry valuations of comparable public companies, changes in market outlook and the third-party financing environment over time. The Valuation Control Group within the Finance area is responsible for reviewing the accuracy of the carrying values of private investments held by Private Equity. For additional information about private equity investments,

see the Private equity risk management discussion on page 80 and Note 9 on pages 103–105 of this Annual Report.

MSRs and certain other retained interests in securitizations
MSRs and certain other retained interests from securitization activities do not trade in an active, open market with readily observable prices. For example, sales of MSRs do occur, but the precise terms and conditions are typically not readily available. Accordingly, the Firm estimates the fair value of MSRs and certain other retained interests in securitizations using discounted future cash flow (DCF) models.

For MSRs, the model considers portfolio characteristics, contractually specified servicing fees and prepayment assumptions, delinquency rates, late charges, other ancillary revenues, costs to service and other economic factors. During the fourth quarter of 2005, the Company began utilizing an option adjusted spread ("OAS") valuation approach when determining the fair value of MSRs. This approach, when used in conjunction with the Firm's proprietary prepayment model, projects MSR cash flows over multiple interest rate scenarios, which are then discounted at risk-adjusted rates, to estimate an expected fair value of the MSRs. The OAS valuation approach is expected to provide improved estimates of fair value. The initial valuation of MSRs under OAS did not have a material impact to the Firm's financial statements.

For certain other retained interests in securitizations (such as interest only strips), a single interest rate path DCF model is used and generally includes assumptions based upon projected finance charges related to the securitized assets, estimated net credit losses, prepayment assumptions, and contractual interest paid to the third-party investors. Changes in the assumptions used may have a significant impact on the Firm's valuation of retained interests.

For both MSRs and certain other retained interests in securitizations, the Firm compares its fair value estimates and assumptions to observable market data where available and to recent market activity and actual portfolio experience. Management believes that the assumptions used to estimate fair values are supportable and reasonable.

For a further discussion of the most significant assumptions used to value retained interests in securitizations and MSRs, as well as the applicable stress tests for those assumptions, see Notes 13 and 15 on pages 108–111 and 114–116, respectively, of this Annual Report.

Goodwill impairment
Under SFAS 142, goodwill must be allocated to reporting units and tested for impairment. The Firm tests goodwill for impairment at least annually or more frequently if events or circumstances, such as adverse changes in the business climate, indicate that there may be justification for conducting an interim test. Impairment testing is performed at the reporting-unit level (which is generally one level below the six major business segments identified in Note 31 on pages 130–131 of this Annual Report, plus Private Equity which is included in Corporate). The first part of the test is a comparison, at the reporting unit level, of the fair value of each reporting unit to its carrying amount, including goodwill. If the fair value is less than the carrying value, then the second part of the test is needed to measure the amount of potential goodwill impairment. The implied fair value of the reporting unit goodwill is calculated and compared to the carrying amount of goodwill recorded in the Firm's financial records. If the carrying value of reporting unit goodwill exceeds the implied fair value of that goodwill, then the Firm would recognize an impairment loss in the amount of the difference, which would be recorded as a charge against Net income.

The fair values of the reporting units are determined using discounted cash flow models based upon each reporting unit's internal forecasts. In addition, analysis using market-based trading and transaction multiples, where available, are used to assess the reasonableness of the valuations derived from the discounted cash flow models.

Goodwill was not impaired as of December 31, 2005 or 2004, nor was any goodwill written off due to impairment during the years ended December 31, 2005, 2004 and 2003. See Note 15 on page 114 of this Annual Report for additional information related to the nature and accounting for goodwill and the carrying values of goodwill by major business segment.

Accounting and reporting developments

Accounting for income taxes – repatriation of foreign earnings under the American Jobs Creation Act of 2004
On October 22, 2004, the American Jobs Creation Act of 2004 (the "Act") was signed into law. The Act creates a temporary incentive for U.S. companies to repatriate accumulated foreign earnings at a substantially reduced U.S. effective tax rate by providing a dividends received deduction on the repatriation of certain foreign earnings to the U.S. taxpayer (the "repatriation provision"). The new deduction is subject to a number of limitations and requirements.

In the fourth quarter of 2005, the Firm applied the repatriation provision to $1.9 billion of cash from foreign earnings, resulting in a net tax benefit of $55 million. The $1.9 billion of cash will be used in accordance with the Firm's domestic reinvestment plan pursuant to the guidelines set forth in the Act.

Accounting for share-based payments
In December 2004, the FASB issued SFAS 123R, which revises SFAS 123 and supersedes APB 25. In March 2005, the Securities and Exchange Commission ("SEC") issued SAB 107 which provides interpretive guidance on SFAS 123R. Accounting and reporting under SFAS 123R is generally similar to the SFAS 123 approach. However, SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based upon their fair values. Pro forma disclosure is no longer an alternative. SFAS 123R permits adoption using one of two methods – modified prospective or modified retrospective. In April 2005, the SEC approved a new rule that, for public companies, delays the effective date of SFAS 123R to no later than January 1, 2006. The Firm adopted SFAS 123R on January 1, 2006, under the modified prospective method.

The Firm continued to account for certain stock options that were outstanding as of December 31, 2002, under APB 25 using the intrinsic value method. Therefore, compensation expense for some previously granted awards that was not recognized under SFAS 123 will be recognized commencing January 1, 2006, under SFAS 123R. Had the Firm adopted SFAS 123R in prior periods, the impact would have approximated that shown in the SFAS 123 pro forma disclosures in Note 7 on pages 100–102 of this Annual Report, which presents net income and earnings per share as if all outstanding awards were accounted for at fair value.

Prior to adopting SFAS 123R, the Firm's accounting policy for share-based payment awards granted to retirement-eligible employees was to recognize

compensation cost over the awards' stated service period. For awards granted to retirement-eligible employees in January 2006, which are subject to SFAS 123R, the Firm will recognize compensation expense on the grant date without giving consideration to the impact of post-employment restrictions. This will result in an increase in compensation expense for the fiscal quarter ended March 31, 2006 of approximately $300 million, as compared with the expense that would have been recognized under the Firm's prior accounting policy. The Firm will also accrue in 2006 the estimated cost of stock awards to be granted to retirement-eligible employees in January 2007.

Accounting for conditional asset retirement obligations
In March 2005, FASB issued FIN 47 to clarify the term "conditional asset retirement obligation" as used in SFAS 143. Conditional asset retirement obligations are legal obligations to perform an asset retirement activity in which the timing and/or method of settlement are conditional based upon a future event that may or may not be within the control of the company. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. FIN 47 clarifies that a company is required to recognize a liability for the fair value of the conditional asset retirement obligation if the fair value of the liability can be reasonably estimated and provides guidance for determining when a company would have sufficient information to reasonably estimate the fair value of the obligation. The Firm adopted FIN 47 on December 31, 2005. The implementation did not have a material impact on its financial position or results of operations.

Accounting for Certain Hybrid Financial Instruments – an Amendment of FASB Statements No. 133 and 140
In February 2006, the FASB issued SFAS 155, which applies to certain "hybrid financial instruments," which are instruments that contain embedded derivatives. The new standard establishes a requirement to evaluate beneficial interests in securitized financial assets to determine if the interests represent freestanding derivatives or are hybrid financial instruments containing embedded derivatives requiring bifurcation.

This new standard also permits an election for fair value remeasurement of any hybrid financial instrument containing an embedded derivative that otherwise would require bifurcation under SFAS 133. The fair value election can be applied on an instrument-by-instrument basis to existing instruments at the date of adoption and can be applied to new instruments on a prospective basis.

Currently, the Firm is planning to adopt this standard effective January 1, 2006. In addition, the Firm is assessing to which qualifying existing and newly issued instruments it will apply the fair value election. Implementation of this standard is not expected to have a material impact on the Firm's financial position or results of operations.

Nonexchange-traded commodity derivative contracts at fair value

In the normal course of business, JPMorgan Chase trades nonexchange-traded commodity derivative contracts. To determine the fair value of these contracts, the Firm uses various fair value estimation techniques, which are primarily based upon internal models with significant observable market parameters. The Firm's nonexchange-traded commodity derivative contracts are primarily energy-related contracts. The following table summarizes the changes in fair value for nonexchange-traded commodity derivative contracts for the year ended December 31, 2005:

For the year ended December 31, 2005 (in millions)	Asset position	Liability position
Net fair value of contracts outstanding at January 1, 2005	$ **1,449**	$ **999**
Effect of legally enforceable master netting agreements	**2,304**	**2,233**
Gross fair value of contracts outstanding at January 1, 2005	**3,753**	**3,232**
Contracts realized or otherwise settled during the period	**(12,589)**	**(10,886)**
Fair value of new contracts	**37,518**	**30,691**
Changes in fair values attributable to changes in valuation techniques and assumptions	**–**	**–**
Other changes in fair value	**(11,717)**	**(7,635)**
Gross fair value of contracts outstanding at December 31, 2005	**16,965**	**15,402**
Effect of legally enforceable master netting agreements	**(10,014)**	**(10,078)**
Net fair value of contracts outstanding at December 31, 2005	$ **6,951**	$ **5,324**

The following table indicates the schedule of maturities of nonexchange-traded commodity derivative contracts at December 31, 2005:

At December 31, 2005 (in millions)	Asset position	Liability position
Maturity less than 1 year	$ **6,682**	$ **6,254**
Maturity 1–3 years	**8,231**	**7,590**
Maturity 4–5 years	**1,616**	**1,246**
Maturity in excess of 5 years	**436**	**312**
Gross fair value of contracts outstanding at December 31, 2005	**16,965**	**15,402**
Effects of legally enforceable master netting agreements	**(10,014)**	**(10,078)**
Net fair value of contracts outstanding at December 31, 2005	$ **6,951**	$ **5,324**

Management’s report on internal control over financial reporting

JPMorgan Chase & Co.

Management of JPMorgan Chase & Co. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Firm’s principal executive, principal operating and principal financial officers, or persons performing similar functions, and effected by JPMorgan Chase’s board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

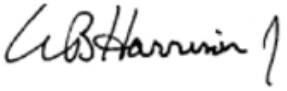
JPMorgan Chase’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Firm’s assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Firm are being made only in accordance with authorizations of JPMorgan Chase’s management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Firm’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has completed an assessment of the effectiveness of the Firm’s internal control over financial reporting as of December 31, 2005. In making the assessment, management used the framework in “Internal Control –Integrated Framework” promulgated by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the “COSO” criteria.

Based upon the assessment performed, management concluded that as of December 31, 2005, JPMorgan Chase’s internal control over financial reporting was effective based upon the COSO criteria. Additionally, based upon management's assessment, the Firm determined that there were no material weaknesses in its internal control over financial reporting as of December 31, 2005.

Management’s assessment of the effectiveness of the Firm’s internal control over financial reporting as of December 31, 2005 has been audited by PricewaterhouseCoopers LLP, JPMorgan Chase’s independent registered public accounting firm, who also audited the Firm’s financial statements as of and for the year ended December 31, 2005, as stated in their report which is included herein.



William B. Harrison, Jr.
Chairman of the Board

James Dimon
President and Chief Executive Officer

Michael J. Cavanagh
Executive Vice President and Chief Financial Officer

February 24, 2006

Report of independent registered public accounting firm

JPMorgan Chase & Co.

PRICEWATERHOUSECOOPERS

PRICEWATERHOUSE COOPERS LLP • 300 MADISON AVENUE • NEW YORK, NY 10017

Report of Independent Registered Public Accounting Firm
To the Board of Directors and Stockholders of JPMorgan Chase & Co.:

We have completed integrated audits of JPMorgan Chase & Co.'s 2005 and 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2005, and an audit of its 2003 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions on JPMorgan Chase & Co.'s 2005, 2004, and 2003 consolidated financial statements and on its internal control over financial reporting as of December 31, 2005, based on our audits, are presented below.

Consolidated financial statements
In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, changes in stockholders' equity and cash flows present fairly, in all material respects, the financial position of the JPMorgan Chase & Co. and its subsidiaries (the "Company") at December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Internal control over financial reporting
Also, in our opinion, management's assessment, included in the accompanying Management's report on internal control over financial reporting, that the Company maintained effective internal control over financial reporting as of December 31, 2005 based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control –Integrated Framework issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

February 24, 2006

Consolidated statements of income

JPMorgan Chase & Co.

Year ended December 31, (in millions, except per share data)[a]	2005	2004	2003
Revenue			
Investment banking fees	**$ 4,088**	$ 3,537	$ 2,890
Trading revenue	**5,860**	3,612	4,427
Lending & deposit related fees	**3,389**	2,672	1,727
Asset management, administration and commissions	**10,390**	8,165	6,039
Securities/private equity gains	**473**	1,874	1,479
Mortgage fees and related income	**1,054**	806	790
Credit card income	**6,754**	4,840	2,466
Other income	**2,694**	830	601
Noninterest revenue	**34,702**	26,336	20,419
Interest income	**45,200**	30,595	24,044
Interest expense	**25,369**	13,834	11,079
Net interest income	**19,831**	16,761	12,965
Total net revenue	**54,533**	43,097	33,384
Provision for credit losses	**3,483**	2,544	1,540
Noninterest expense			
Compensation expense	**18,255**	14,506	11,387
Occupancy expense	**2,299**	2,084	1,912
Technology and communications expense	**3,624**	3,702	2,844
Professional & outside services	**4,224**	3,862	2,875
Marketing	**1,917**	1,335	710
Other expense	**3,705**	2,859	1,694
Amortization of intangibles	**1,525**	946	294
Merger costs	**722**	1,365	—
Litigation reserve charge	**2,564**	3,700	100
Total noninterest expense	**38,835**	34,359	21,816
Income before income tax expense	**12,215**	6,194	10,028
Income tax expense	**3,732**	1,728	3,309
Net income	**$ 8,483**	$ 4,466	$ 6,719
Net income applicable to common stock	**$ 8,470**	$ 4,414	$ 6,668
Net income per common share			
Basic earnings per share	**$ 2.43**	$ 1.59	$ 3.32
Diluted earnings per share	**2.38**	1.55	3.24
Average basic shares	**3,492**	2,780	2,009
Average diluted shares	**3,557**	2,851	2,055
Cash dividends per common share	**$ 1.36**	$ 1.36	$ 1.36

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

The Notes to consolidated financial statements are an integral part of these statements.

Consolidated balance sheets

JPMorgan Chase & Co.

At December 31, (in millions, except share data)	2005	2004
Assets		
Cash and due from banks	**$ 36,670**	$ 35,168
Deposits with banks	**21,661**	21,680
Federal funds sold and securities purchased under resale agreements	**133,981**	101,354
Securities borrowed	**74,604**	47,428
Trading assets (including assets pledged of $79,657 at December 31, 2005, and $77,266 at December 31, 2004)	**298,377**	288,814
Securities:		
Available-for-sale (including assets pledged of $17,614 at December 31, 2005, and $26,881 at December 31, 2004)	**47,523**	94,402
Held-to-maturity (fair value: $80 at December 31, 2005, and $117 at December 31, 2004)	**77**	110
Interests in purchased receivables	**29,740**	31,722
Loans	**419,148**	402,114
Allowance for loan losses	**(7,090)**	(7,320)
Loans, net of Allowance for loan losses	**412,058**	394,794
Private equity investments	**6,374**	7,735
Accrued interest and accounts receivable	**22,421**	21,409
Premises and equipment	**9,081**	9,145
Goodwill	**43,621**	43,203
Other intangible assets:		
Mortgage servicing rights	**6,452**	5,080
Purchased credit card relationships	**3,275**	3,878
All other intangibles	**4,832**	5,726
Other assets	**48,195**	45,600
Total assets	**$ 1,198,942**	$ 1,157,248
Liabilities		
Deposits:		
U.S. offices:		
Noninterest-bearing	**$ 135,599**	$ 129,257
Interest-bearing	**287,774**	261,673
Non-U.S. offices:		
Noninterest-bearing	**7,476**	6,931
Interest-bearing	**124,142**	123,595
Total deposits	**554,991**	521,456
Federal funds purchased and securities sold under repurchase agreements	**125,925**	127,787
Commercial paper	**13,863**	12,605
Other borrowed funds	**10,479**	9,039
Trading liabilities	**145,930**	151,207
Accounts payable, accrued expenses and other liabilities (including the Allowance for lending-related commitments of $400 at December 31, 2005, and $492 at December 31, 2004)	**78,460**	75,722
Beneficial interests issued by consolidated VIEs	**42,197**	48,061
Long-term debt	**108,357**	95,422
Junior subordinated deferrable interest debentures held by trusts that issued guaranteed capital debt securities	**11,529**	10,296
Total liabilities	**1,091,731**	1,051,595
Commitments and contingencies (see Note 25 of this Annual Report)		
Stockholders' equity		
Preferred stock	**139**	339
Common stock (authorized 9,000,000,000 shares at December 31, 2005 and 2004; issued 3,618,189,597 shares and 3,584,747,502 shares at December 31, 2005 and 2004, respectively)	**3,618**	3,585
Capital surplus	**74,994**	72,801
Retained earnings	**33,848**	30,209
Accumulated other comprehensive income (loss)	**(626)**	(208)
Treasury stock, at cost (131,500,350 shares at December 31, 2005, and 28,556,534 shares at December 31, 2004)	**(4,762)**	(1,073)
Total stockholders' equity	**107,211**	105,653
Total liabilities and stockholders' equity	**$ 1,198,942**	$ 1,157,248

The Notes to consolidated financial statements are an integral part of these statements.

Consolidated statements of changes in stockholders' equity

JPMorgan Chase & Co.

Year ended December 31, (in millions, except per share data)(a)	2005	2004	2003
Preferred stock			
Balance at beginning of year	**$ 339**	$ 1,009	$ 1,009
Redemption of preferred stock	**(200)**	(670)	—
Balance at end of year	**139**	339	1,009
Common stock			
Balance at beginning of year	**3,585**	2,044	2,024
Issuance of common stock	**33**	72	20
Issuance of common stock for purchase accounting acquisitions	**—**	1,469	—
Balance at end of year	**3,618**	3,585	2,044
Capital surplus			
Balance at beginning of year	**72,801**	13,512	13,222
Issuance of common stock and options for purchase accounting acquisitions	**—**	55,867	—
Shares issued and commitments to issue common stock for employee stock-based awards and related tax effects	**2,193**	3,422	290
Balance at end of year	**74,994**	72,801	13,512
Retained earnings			
Balance at beginning of year	**30,209**	29,681	25,851
Net income	**8,483**	4,466	6,719
Cash dividends declared:			
Preferred stock	**(13)**	(52)	(51)
Common stock ($1.36 per share each year)	**(4,831)**	(3,886)	(2,838)
Balance at end of year	**33,848**	30,209	29,681
Accumulated other comprehensive income (loss)			
Balance at beginning of year	**(208)**	(30)	1,227
Other comprehensive income (loss)	**(418)**	(178)	(1,257)
Balance at end of year	**(626)**	(208)	(30)
Treasury stock, at cost			
Balance at beginning of year	**(1,073)**	(62)	(1,027)
Purchase of treasury stock	**(3,412)**	(738)	—
Reissuance from treasury stock	**—**	—	1,082
Share repurchases related to employee stock-based awards	**(277)**	(273)	(117)
Balance at end of year	**(4,762)**	(1,073)	(62)
Total stockholders' equity	**$ 107,211**	$ 105,653	$ 46,154
Comprehensive income			
Net income	**$ 8,483**	$ 4,466	$ 6,719
Other comprehensive income (loss)	**(418)**	(178)	(1,257)
Comprehensive income	**$ 8,065**	$ 4,288	$ 5,462

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

The Notes to consolidated financial statements are an integral part of these statements.

Consolidated statements of cash flows

JPMorgan Chase & Co.

Year ended December 31, (in millions)(a)	2005	2004	2003
Operating activities			
Net income	**$ 8,483**	$ 4,466	$ 6,719
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Provision for credit losses	**3,483**	2,544	1,540
Depreciation and amortization	**4,318**	3,835	3,101
Deferred tax (benefit) provision	**(1,791)**	(827)	1,428
Investment securities (gains) losses	**1,336**	(338)	(1,446)
Private equity unrealized (gains) losses	**55**	(766)	(77)
Gain on dispositions of businesses	**(1,254)**	(17)	(68)
Net change in:			
Trading assets	**(3,845)**	(48,703)	(2,671)
Securities borrowed	**(27,290)**	(4,816)	(7,691)
Accrued interest and accounts receivable	**(1,934)**	(2,391)	1,809
Other assets	**(9)**	(17,588)	(9,848)
Trading liabilities	**(12,578)**	29,764	15,769
Accounts payable, accrued expenses and other liabilities	**5,532**	13,277	5,973
Other operating adjustments	**1,267**	(245)	63
Net cash (used in) provided by operating activities	**(24,227)**	(21,805)	14,601
Investing activities			
Net change in:			
Deposits with banks	**104**	(4,196)	(1,233)
Federal funds sold and securities purchased under resale agreements	**(32,469)**	(13,101)	(11,059)
Other change in loans	**(148,894)**	(136,851)	(171,779)
Held-to-maturity securities:			
Proceeds	**33**	66	221
Available-for-sale securities:			
Proceeds from maturities	**31,053**	45,197	10,548
Proceeds from sales	**82,902**	134,534	315,738
Purchases	**(81,749)**	(173,745)	(301,854)
Proceeds due to the sale and securitization of loans	**126,310**	108,637	170,870
Net cash (used) received in business acquisitions or dispositions	**(1,039)**	13,864	(575)
All other investing activities, net	**4,796**	2,519	1,541
Net cash (used in) provided by investing activities	**(18,953)**	(23,076)	12,418
Financing activities			
Net change in:			
Deposits	**31,415**	52,082	21,851
Federal funds purchased and securities sold under repurchase agreements	**(1,862)**	7,065	(56,017)
Commercial paper and other borrowed funds	**2,618**	(4,343)	555
Proceeds from the issuance of long-term debt and capital debt securities	**43,721**	25,344	17,195
Repayments of long-term debt and capital debt securities	**(26,883)**	(16,039)	(8,316)
Proceeds from the issuance of stock and stock-related awards	**682**	848	1,213
Redemption of preferred stock	**(200)**	(670)	—
Treasury stock purchased	**(3,412)**	(738)	—
Cash dividends paid	**(4,878)**	(3,927)	(2,865)
All other financing activities, net	**3,868**	(26)	133
Net cash provided by (used in) financing activities	**45,069**	59,596	(26,251)
Effect of exchange rate changes on cash and due from banks	**(387)**	185	282
Net increase (decrease) in cash and due from banks	**1,502**	14,900	1,050
Cash and due from banks at the beginning of the year	**35,168**	20,268	19,218
Cash and due from banks at the end of the year	**$ 36,670**	$ 35,168	$ 20,268
Cash interest paid	**$ 24,583**	$ 13,384	$ 10,976
Cash income taxes paid	**$ 4,758**	$ 1,477	$ 1,337

Note: In 2004, the fair values of noncash assets acquired and liabilities assumed in the Merger with Bank One were $320.9 billion and $277.0 billion, respectively, and approximately 1,469 million shares of common stock, valued at approximately $57.3 billion, were issued in connection with the merger with Bank One.

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

The Notes to consolidated financial statements are an integral part of these statements.

Note 1 — Basis of presentation

JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"), a financial holding company incorporated under Delaware law in 1968, is a leading global financial services firm and one of the largest banking institutions in the United States, with operations worldwide. The Firm is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, investment management, private banking and private equity. For a discussion of the Firm's business segment information, see Note 31 on pages 130—131 of this Annual Report.

The accounting and financial reporting policies of JPMorgan Chase and its subsidiaries conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") and prevailing industry practices. Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by bank regulatory authorities.

Certain amounts in the prior periods have been reclassified to conform to the current presentation.

Consolidation
The consolidated financial statements include accounts of JPMorgan Chase and other entities in which the Firm has a controlling financial interest. All material intercompany balances and transactions have been eliminated.

The usual condition for a controlling financial interest is ownership of a majority of the voting interests of an entity. However, a controlling financial interest may also exist in entities, such as special purpose entities ("SPEs"), through arrangements that do not involve controlling voting interests.

SPEs are an important part of the financial markets, providing market liquidity by facilitating investors' access to specific portfolios of assets and risks. They are, for example, critical to the functioning of the mortgage- and asset-backed securities and commercial paper markets. SPEs may be organized as trusts, partnerships or corporations and are typically set up for a single, discrete purpose. SPEs are not typically operating entities and usually have a limited life and no employees. The basic SPE structure involves a company selling assets to the SPE. The SPE funds the purchase of those assets by issuing securities to investors. The legal documents that govern the transaction describe how the cash earned on the assets must be allocated to the SPE's investors and other parties that have rights to those cash flows. SPEs can be structured to be bankruptcy-remote, thereby insulating investors from the impact of the creditors of other entities, including the seller of the assets.

There are two different accounting frameworks applicable to SPEs: the qualifying SPE ("QSPE") framework under SFAS 140; and the variable interest entity ("VIE") framework under FIN 46R. The applicable framework depends on the nature of the entity and the Firm's relation to that entity. The QSPE framework is applicable when an entity transfers (sells) financial assets to an SPE meeting certain criteria defined in SFAS 140. These criteria are designed to ensure that the activities of the entity are essentially predetermined at the inception of the vehicle and that the transferor of the financial assets cannot exercise control over the entity and the assets therein. Entities meeting these criteria are not consolidated by the transferor or other counterparties, as long as they do not have the unilateral ability to liquidate or to cause the entity to no longer meet the QSPE criteria. The Firm primarily follows the QSPE model for securitizations of its residential and commercial mortgages, credit card loans and automobile loans. For further details, see Note 13 on pages 108—111 of this Annual Report.

When the SPE does not meet the QSPE criteria, consolidation is assessed pursuant to FIN 46R. Under FIN 46R, a VIE is defined as an entity that: (1) lacks enough equity investment at risk to permit the entity to finance its activities without additional subordinated financial support from other parties; (2) has equity owners that lack the right to make significant decisions affecting the entity's operations; and/or (3) has equity owners that do not have an obligation to absorb or the right to receive the entity's losses or returns.

FIN 46R requires a variable interest holder (i.e., a counterparty to a VIE) to consolidate the VIE if that party will absorb a majority of the expected losses of the VIE, receive the majority of the expected residual returns of the VIE, or both. This party is considered the primary beneficiary. In making this determination, the Firm thoroughly evaluates the VIE's design, capital structure and relationships among variable interest holders. When the primary beneficiary cannot be identified through a qualitative analysis, the Firm performs a quantitative analysis, which computes and allocates expected losses or residual returns to variable interest holders. The allocation of expected cash flows in this analysis is based upon the relative contractual rights and preferences of each interest holder in the VIE's capital structure. For further details, see Note 14 on pages 111—113 of this Annual Report.

All retained interests and significant transactions between the Firm, QSPEs and nonconsolidated VIEs are reflected on JPMorgan Chase's Consolidated balance sheets or in the Notes to consolidated financial statements.

Investments in companies that are considered to be voting-interest entities under FIN 46R in which the Firm has significant influence over operating and financing decisions are accounted for in accordance with the equity method of accounting. These investments are generally included in Other assets, and the Firm's share of income or loss is included in Other income. For a discussion of private equity investments, see Note 9 on pages 103—105 of this Annual Report.

Assets held for clients in an agency or fiduciary capacity by the Firm are not assets of JPMorgan Chase and are not included in the Consolidated balance sheets.

Use of estimates in the preparation of consolidated financial statements
The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and disclosures of contingent assets and liabilities. Actual results could be different from these estimates.

Foreign currency translation
JPMorgan Chase revalues assets, liabilities, revenues and expenses denominated in foreign currencies into U.S. dollars using applicable exchange rates.

Gains and losses relating to translating functional currency financial statements for U.S. reporting are included in Other comprehensive income (loss) within Stockholders' equity. Gains and losses relating to nonfunctional currency transactions, including non-U.S. operations where the functional currency is the U.S. dollar and operations in highly inflationary environments, are reported in the Consolidated statements of income.

Statements of cash flows
For JPMorgan Chase's Consolidated statements of cash flows, cash and cash equivalents are defined as those amounts included in Cash and due from banks.

Significant accounting policies
The following table identifies JPMorgan Chase's significant accounting policies and the Note and page where a detailed description of each policy can be found:

Trading activities	Note 3	Page 94
Other noninterest revenue	Note 4	Page 95
Pension and other postretirement employee benefit plans	Note 6	Page 96
Employee stock-based incentives	Note 7	Page 100
Securities and private equity investments	Note 9	Page 103
Securities financing activities	Note 10	Page 105
Loans	Note 11	Page 106
Allowance for credit losses	Note 12	Page 107
Loan securitizations	Note 13	Page 108
Variable interest entities	Note 14	Page 111
Goodwill and other intangible assets	Note 15	Page 114
Premises and equipment	Note 16	Page 116
Income taxes	Note 22	Page 120
Accounting for derivative instruments and hedging activities	Note 26	Page 123
Off-balance sheet lending-related financial instruments and guarantees	Note 27	Page 124
Fair value of financial instruments	Note 29	Page 126

Note 2 – Business changes and developments

Merger with Bank One Corporation
Bank One Corporation merged with and into JPMorgan Chase (the "Merger") on July 1, 2004. As a result of the Merger, each outstanding share of common stock of Bank One was converted in a stock-for-stock exchange into 1.32 shares of common stock of JPMorgan Chase. JPMorgan Chase stockholders kept their shares, which remained outstanding and unchanged as shares of JPMorgan Chase following the Merger. Key objectives of the Merger were to provide the Firm with a more balanced business mix and greater geographic diversification. The Merger was accounted for using the purchase method of accounting, which requires that the assets and liabilities of Bank One be fair valued as of July 1, 2004. The purchase price to complete the Merger was $58.5 billion.

As part of the Merger, certain accounting policies and practices were conformed, which resulted in $976 million of charges in 2004. The significant components of the conformity charges comprised a $1.4 billion charge related to the decertification of the seller's interest in credit card securitizations, and the benefit of a $584 million reduction in the allowance for credit losses as a result of conforming the wholesale and consumer credit provision methodologies.

The final purchase price of the Merger has been allocated to the assets acquired and liabilities assumed using their fair values as of the merger date. The computation of the purchase price and the allocation of the purchase price to the net assets of Bank One – based on their respective fair values as of July 1, 2004 – and the resulting goodwill are presented below.

(in millions, except per share amounts)	July 1, 2004	
Purchase price		
Bank One common stock exchanged	1,113	
Exchange ratio	1.32	
JPMorgan Chase common stock issued	1,469	
Average purchase price per JPMorgan Chase common share[a]	$ 39.02	
		$ 57,336
Fair value of employee stock awards and direct acquisition costs		1,210
Total purchase price		$ 58,546
Net assets acquired:		
Bank One stockholders' equity	$ 24,156	
Bank One goodwill and other intangible assets	(2,754)	
Subtotal	21,402	
Adjustments to reflect assets acquired at fair value:		
Loans and leases	(2,261)	
Private equity investments	(72)	
Identified intangibles	8,665	
Pension plan assets	(778)	
Premises and equipment	(417)	
Other assets	(267)	
Amounts to reflect liabilities assumed at fair value:		
Deposits	(373)	
Deferred income taxes	932	
Other postretirement benefit plan liabilities	(49)	
Other liabilities	(1,162)	
Long-term debt	(1,234)	
		24,386
Goodwill resulting from Merger[b]		$ 34,160

(a) The value of the Firm's common stock exchanged with Bank One shareholders was based on the average closing prices of the Firm's common stock for the two days prior to, and the two days following, the announcement of the Merger on January 14, 2004.

(b) Goodwill resulting from the Merger reflects adjustments of the allocation of the purchase price to the net assets acquired through June 30, 2005. Minor adjustments subsequent to June 30, 2005, are reflected in the December 31, 2005 Goodwill balance in Note 15 on page 114 of this Annual Report.

Condensed statement of net assets acquired
The following condensed statement of net assets acquired reflects the fair value of Bank One net assets as of July 1, 2004.

(in millions)	July 1, 2004
Assets	
Cash and cash equivalents	**$ 14,669**
Securities	**70,512**
Interests in purchased receivables	**30,184**
Loans, net of allowance for loan losses	**129,650**
Goodwill and other intangible assets	**42,825**
All other assets	**47,739**
Total assets	**$ 335,579**
Liabilities	
Deposits	**$ 164,848**
Short-term borrowings	**9,811**
All other liabilities	**61,494**
Long-term debt	**40,880**
Total liabilities	**277,033**
Net assets acquired	**$ 58,546**

Acquired, identifiable intangible assets
Components of the fair value of acquired, identifiable intangible assets as of July 1, 2004, were as follows:

	Fair value (in millions)	Weighted average life (in years)	Useful life (in years)
Core deposit intangibles	$ 3,650	5.1	Up to 10
Purchased credit card relationships	3,340	4.6	Up to 10
Other credit card-related intangibles	295	4.6	Up to 10
Other customer relationship intangibles	870	4.6–10.5	Up to 20
Subtotal	8,155	5.1	Up to 20
Indefinite-lived asset management intangibles	510	NA	NA
Total	$ 8,665		

Unaudited pro forma condensed combined financial information
The following unaudited pro forma condensed combined financial information presents the results of operations of the Firm had the Merger taken place at January 1, 2003.

Year ended December 31, (in millions, except per share)	2004	2003
Noninterest revenue	$31,175	$28,966
Net interest income	21,366	21,715
Total net revenue	52,541	50,681
Provision for credit losses	2,727	3,570
Noninterest expense	40,504	33,136
Income before income tax expense	9,310	13,975
Net income	$ 6,544	$ 9,330
Net income per common share:		
Basic	$ 1.85	$ 2.66
Diluted	1.81	2.61
Average common shares outstanding:		
Basic	3,510	3,495
Diluted	3,593	3,553

Other business events

Collegiate Funding Services
On March 1, 2006, JPMorgan Chase acquired, for approximately $663 million, Collegiate Funding Services, a leader in student loan servicing and consolidation. This acquisition will enable the Firm to create a comprehensive education finance business.

BrownCo
On November 30, 2005, JPMorgan Chase sold BrownCo, an on-line deep-discount brokerage business, to E*TRADE Financial for a cash purchase price of $1.6 billion. JPMorgan Chase recognized an after-tax gain of $752 million. BrownCo's results of operations are reported in the Asset & Wealth Management business segment; however, the gain on the sale, which is recorded in Other income in the Consolidated statements of income, is reported in the Corporate business segment.

Sears Canada credit card business
On November 15, 2005, JPMorgan Chase purchased Sears Canada Inc.'s credit card operation, including both the private-label card accounts and the co-branded Sears MasterCard® accounts. The credit card operation includes approximately 10 million accounts with $2.2 billion (CAD$2.5 billion) in managed loans. Sears Canada and JPMorgan Chase entered into an ongoing arrangement under which JPMorgan Chase will offer private-label and co-branded credit cards to both new and existing customers of Sears Canada.

Chase Merchant Services, Paymentech integration
On October 5, 2005, JPMorgan Chase and First Data Corp. completed the integration of the companies' jointly owned Chase Merchant Services and Paymentech merchant businesses, to be operated under the name of Chase Paymentech Solutions, LLC. The joint venture is the largest financial transaction processor in the U.S. for businesses accepting credit card payments via traditional point of sale, Internet, catalog and recurring billing. As a result of the integration into a joint venture, Paymentech has been deconsolidated and JPMorgan Chase's ownership interest in this joint venture is accounted for in accordance with the equity method of accounting.

Neovest Holdings, Inc.
On September 1, 2005, JPMorgan Chase completed its acquisition of Neovest Holdings, Inc., a provider of high-performance trading technology and direct market access. This transaction will enable the Investment Bank to offer a leading, broker-neutral trading platform across asset classes to institutional investors, asset managers and hedge funds.

Vastera
On April 1, 2005, JPMorgan Chase acquired Vastera, a provider of global trade management solutions, for approximately $129 million. Vastera's business was combined with the Logistics and Trade Services businesses of TSS' Treasury Services unit. Vastera automates trade management processes associated with the physical movement of goods internationally; the acquisition enables TS to offer management of information and processes in support of physical goods movement, together with financial settlement.

JPMorgan Partners
On March 1, 2005, the Firm announced that the management team of JPMorgan Partners, LLC, a private equity unit of the Firm, will become independent when it completes the investment of the current $6.5 billion Global Fund, which it advises. The buyout and growth equity professionals of JPMorgan Partners will form a new independent firm, CCMP Capital, LLC, and the venture professionals will separately form a new independent firm, Panorama Capital, LLC. JPMorgan Chase has committed to invest the lesser of $875 million or 24.9% of the limited partnership interests in the fund to be raised by CCMP Capital, and has committed to invest the lesser of $50 million or 24.9% of the limited partnership interests in the fund to be raised by Panorama Capital. The investment professionals of CCMP and Panorama will continue to manage the JPMP investments pursuant to a management agreement with the Firm.

Cazenove
On February 28, 2005, JPMorgan Chase and Cazenove Group plc ("Cazenove") formed a business partnership which combined Cazenove's investment banking business and JPMorgan Chase's U.K.-based investment banking business in order to provide investment banking services in the United Kingdom and Ireland. The new company is called JPMorgan Cazenove Holdings.

Other acquisitions
During 2004, JPMorgan Chase purchased the Electronic Financial Services ("EFS") business from Citigroup and acquired a majority interest in hedge fund manager Highbridge Capital Management ("Highbridge").

Note 3 – Trading activities

Trading assets include debt and equity securities held for trading purposes that JPMorgan Chase owns ("long" positions). Trading liabilities include debt and equity securities that the Firm has sold to other parties but does not own ("short" positions). The Firm is obligated to purchase securities at a future date to cover the short positions. Included in Trading assets and Trading liabilities are the reported receivables (unrealized gains) and payables (unrealized losses) related to derivatives. These amounts include the derivative assets and liabilities net of cash received and paid, respectively, under legally enforceable master netting agreements. At December 31, 2005, the amount of cash received and paid was approximately $26.7 billion and $18.9 billion, respectively. At December 31, 2004, the amount of cash received and paid was approximately $32.2 billion and $22.0 billion, respectively. Trading positions are carried at fair value on the Consolidated balance sheets.

Trading revenue

Year ended December 31,(a) (in millions)	**2005**	2004	2003
Fixed income and other(b)	**$4,554**	$2,976	$4,046
Equities(c)	**1,271**	797	764
Credit portfolio(d)	**35**	(161)	(383)
Total	**$5,860**	$3,612	$4,427

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Includes bonds and commercial paper and various types of interest rate derivatives as well as foreign exchange and commodities.
(c) Includes equity securities and equity derivatives.
(d) Includes credit derivatives.

Trading assets and liabilities
The following table presents the fair value of Trading assets and Trading liabilities for the dates indicated:

December 31, (in millions)	**2005**	2004
Trading assets		
Debt and equity instruments:		
U.S. government and federal agency obligations	**$ 16,283**	$ 16,867
U.S. government-sponsored enterprise obligations	**24,172**	23,513
Obligations of state and political subdivisions	**9,887**	3,486
Certificates of deposit, bankers' acceptances and commercial paper	**5,652**	7,341
Debt securities issued by non-U.S. governments	**48,671**	50,699
Corporate securities and other	**143,925**	120,926
Total debt and equity instruments	**248,590**	222,832
Derivative receivables:		
Interest rate	**30,416**	45,892
Foreign exchange	**2,855**	7,939
Equity	**5,575**	6,120
Credit derivatives	**3,464**	2,945
Commodity	**7,477**	3,086
Total derivative receivables	**49,787**	65,982
Total trading assets	**$298,377**	$288,814
Trading liabilities		
Debt and equity instruments(a)	**$ 94,157**	$ 87,942
Derivative payables:		
Interest rate	**28,488**	41,075
Foreign exchange	**3,453**	8,969
Equity	**11,539**	9,096
Credit derivatives	**2,445**	2,499
Commodity	**5,848**	1,626
Total derivative payables	**51,773**	63,265
Total trading liabilities	**$145,930**	$151,207

(a) Primarily represents securities sold, not yet purchased.

Average Trading assets and liabilities were as follows for the periods indicated:

Year ended December 31,(a) (in millions)	**2005**	2004	2003
Trading assets – debt and equity instruments	**$237,370**	$200,467	$154,597
Trading assets – derivative receivables	**57,365**	59,521	85,628
Trading liabilities – debt and equity instruments(b)	**$ 93,102**	$ 82,204	$ 72,877
Trading liabilities – derivative payables	**55,723**	52,761	67,783

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Primarily represents securities sold, not yet purchased.

Note 4 – Other noninterest revenue

Investment banking fees
This revenue category includes advisory and equity and debt underwriting fees. Advisory fees are recognized as revenue when related services are performed. Underwriting fees are recognized as revenue when the Firm has rendered all services to the issuer and is entitled to collect the fee from the issuer, as long as there are no other contingencies associated with the fee (e.g., the fee is not contingent upon the customer obtaining financing). Underwriting fees are net of syndicate expenses. In addition, the Firm recognizes credit arrangement and syndication fees as revenue after satisfying certain retention, timing and yield criteria.

The following table presents the components of Investment banking fees:

Year ended December 31, (in millions)(a)	**2005**	2004	2003
Underwriting:			
Equity	**$ 864**	$ 780	$ 699
Debt	**1,969**	1,859	1,549
Total Underwriting	**2,833**	2,639	2,248
Advisory	**1,255**	898	642
Total	**$4,088**	$3,537	$2,890

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

Lending & deposit related fees
This revenue category includes fees from loan commitments, standby letters of credit, financial guarantees, deposit-related fees in lieu of compensating balances, cash management-related activities or transactions, deposit accounts, and other loan servicing activities. These fees are recognized over the period in which the related service is provided.

Asset management, administration and commissions
This revenue category includes fees from investment management and related services, custody and institutional trust services, brokerage services, insurance premiums and commissions and other products. These fees are recognized over the period in which the related service is provided.

Mortgage fees and related income
This revenue category includes fees and income derived from mortgage origination, sales and servicing, and includes the effect of risk management activities associated with the mortgage pipeline, warehouse and the mortgage servicing rights ("MSRs") asset (excluding gains and losses on the sale of Available-for-sale ("AFS") securities). Origination fees and gains or losses on loan sales are recognized in income upon sale. Mortgage servicing fees are recognized over the period the related service is provided, net of amortization. Valuation changes in the mortgage pipeline, warehouse, MSR asset and corresponding risk management instruments are generally adjusted through earnings as these changes occur. Net interest income and securities gains and losses on AFS securities used in mortgage-related risk management activities are not included in Mortgage fees and related income. For a further discussion of MSRs, see Note 15 on pages 114–116 of this Annual Report.

Credit card income
This revenue category includes interchange income from credit and debit cards, annual fees, and servicing fees earned in connection with securitization activities. Volume-related payments to partners and expenses for rewards programs are also recorded within Credit card income. Fee revenues are recognized as earned, except for annual fees, which are recognized over a 12-month period. Expenses related to rewards programs are recorded when earned by the customer.

Credit card revenue sharing agreements
The Firm has contractual agreements with numerous affinity organizations and co-brand partners, which grant to the Firm exclusive rights to market to their members or customers. These organizations and partners provide to the Firm their endorsement of the credit card programs, mailing lists, and may also conduct marketing activities and provide awards under the various credit card programs. The terms of these agreements generally range from 3 to 10 years. The economic incentives the Firm pays to the endorsing organizations and partners typically include payments based upon new accounts, activation, charge volumes, and the cost of their marketing activities and awards.

The Firm recognizes the portion of payments based upon new accounts to the affinity organizations and co-brand partners, as deferred loan origination costs. The Firm defers these costs and amortizes them over 12 months. Payments based upon charge volumes and considered by the Firm as revenue sharing with the affinity organizations and co-brand partners are deducted from Credit card income as the related revenue is earned. The Firm expenses payments based upon marketing efforts performed by the endorsing organization or partner to activate a new account as incurred. These costs are recorded within Noninterest expense.

Note 5 – Interest income and interest expense

Details of Interest income and Interest expense were as follows:

Year ended December 31, (in millions)(a)	**2005**	2004	2003
Interest income			
Loans	**$26,062**	$16,771	$11,812
Securities	**3,129**	3,377	3,542
Trading assets	**9,117**	7,527	6,592
Federal funds sold and securities purchased under resale agreements	**4,125**	1,627	1,497
Securities borrowed	**1,154**	463	323
Deposits with banks	**680**	539	214
Interests in purchased receivables	**933**	291	64
Total interest income	**45,200**	30,595	24,044
Interest expense			
Interest-bearing deposits	**10,295**	4,630	3,604
Short-term and other liabilities	**9,542**	6,260	5,871
Long-term debt	**4,160**	2,466	1,498
Beneficial interests issued by consolidated VIEs	**1,372**	478	106
Total interest expense	**25,369**	13,834	11,079
Net interest income	**19,831**	16,761	12,965
Provision for credit losses	**3,483**	2,544	1,540
Net interest income after provision for credit losses	**$16,348**	$14,217	$11,425

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

Note 6 – Pension and other postretirement employee benefit plans

New U.S.-based postretirement plans were introduced in 2005 after the Bank One plans were merged into the heritage JPMorgan Chase plans as of December 31, 2004.

The Firm's defined benefit pension plans are accounted for in accordance with SFAS 87 and SFAS 88. The postretirement medical and life insurance plans are accounted for in accordance with SFAS 106.

The Firm uses a measurement date of December 31 for pension and other postretirement employee benefit plans. In addition, as of August 1, 2005, the U.S. postretirement medical and life insurance plan was remeasured to reflect a mid-year plan amendment and the final Medicare Part D regulations that were issued on January 21, 2005. For the Firm's defined benefit pension plan assets, fair value is used to determine the expected return on pension plan assets. For the Firm's other postretirement employee benefit plan assets, a calculated value that recognizes changes in fair value over a five-year period is used to determine the expected return on other postretirement employee benefit plan assets. Unrecognized net actuarial gains and losses and prior service costs associated with the U.S. defined benefit pension plan are amortized over the average future service period of plan participants, which is currently 10 years. For other postretirement employee benefit plans, unrecognized gains and losses are also amortized over the average future service period, which is currently 8 years. However, prior service costs associated with other postretirement employee benefit plans are recognized over the average years of service remaining to full eligibility age, which is currently 6 years.

Defined Benefit Pension Plans
The Firm has a qualified noncontributory U.S. defined benefit pension plan that provides benefits to substantially all U.S. employees. The U.S. plan employs a cash balance formula, in the form of salary and interest credits, to determine the benefits to be provided at retirement, based upon eligible compensation and years of service. Employees begin to accrue plan benefits after completing one year of service, and benefits generally vest after five years of service. The Firm also offers benefits through defined benefit pension plans to qualifying employees in certain non-U.S. locations based upon eligible compensation and years of service.

It is the Firm's policy to fund the pension plans in amounts sufficient to meet the requirements under applicable employee benefit and local tax laws. The Firm did not make any U.S. pension plan contributions in 2005 and based upon the current funded status of this plan, the Firm does not expect to make significant contributions in 2006. In 2004, the Firm made a cash contribution to its U.S. defined benefit pension plan of $1.1 billion, funding the plan to the maximum allowable amount under applicable tax law. Additionally, the Firm made cash contributions totaling $78 million and $40 million to fully fund the accumulated benefit obligations of certain non-U.S. defined benefit pension plans as of December 31, 2005 and 2004, respectively.

Postretirement medical and life insurance
JPMorgan Chase offers postretirement medical and life insurance benefits to certain retirees and qualifying U.S. employees. These benefits vary with length of service and date of hire and provide for limits on the Firm's share of covered medical benefits. The medical benefits are contributory, while the life insurance benefits are noncontributory. As of August 1, 2005, the eligibility requirements for U.S. employees to qualify for subsidized retiree medical coverage were revised and life insurance coverage was eliminated for active employees retiring after 2005. Postretirement medical benefits also are offered to qualifying U.K. employees.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the "Act") was enacted. The Act established a prescription drug benefit under Medicare ("Medicare Part D") and a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. The Firm has determined that benefits provided to certain participants are at least actuarially equivalent to Medicare Part D and has reflected the effects of the subsidy in the financial statements and disclosures retroactive to the beginning of 2004 (July 1, 2004 for Bank One plans) in accordance with FSP SFAS 106-2.

JPMorgan Chase's U.S. postretirement benefit obligation is partially funded with corporate-owned life insurance ("COLI") purchased on the lives of eligible employees and retirees. While the Firm owns the COLI policies, COLI proceeds (death benefits, withdrawals and other distributions) may be used only to reimburse the Firm for net postretirement benefit claim payments and related administrative expenses. The U.K. postretirement benefit plan is unfunded.

The following tables present the funded status and amounts reported on the Consolidated balance sheets, the accumulated benefit obligation and the components of net periodic benefit costs reported in the Consolidated statements of income for the Firm's U.S. and non-U.S. defined benefit pension and postretirement benefit plans:

	Defined benefit pension plans				Other postretirement benefit plans (c)(d)	
	U.S.		Non-U.S.			
December 31, (in millions)	**2005**	2004(b)	**2005**	2004(b)	**2005**	2004(b)
Change in benefit obligation						
Benefit obligation at beginning of year	**$ (7,594)**	$ (4,633)	**$ (1,969)**	$ (1,659)	**$ (1,577)**	$ (1,252)
Merger with Bank One	**—**	(2,497)	**—**	(25)	**—**	(216)
Cazenove business partnership	**—**	—	**(291)**	—	**—**	—
Benefits earned during the year	**(280)**	(251)	**(25)**	(17)	**(13)**	(15)
Interest cost on benefit obligations	**(431)**	(348)	**(104)**	(87)	**(81)**	(81)
Plan amendments	**—**	70	**—**	—	**117**	32
Employee contributions	**—**	—	**—**	—	**(44)**	(36)
Actuarial gain (loss)	**(122)**	(511)	**(310)**	(99)	**21**	(163)
Benefits paid	**723**	555	**66**	64	**187**	167
Curtailments	**28**	21	**—**	—	**(9)**	(8)
Special termination benefits	**—**	—	**—**	(12)	**(1)**	(2)
Foreign exchange impact and other	**—**	—	**255**	(134)	**5**	(3)
Benefit obligation at end of year	**$ (7,676)**	$ (7,594)	**$ (2,378)**	$ (1,969)	**$ (1,395)**	$ (1,577)
Change in plan assets						
Fair value of plan assets at beginning of year	**$ 9,637**	$ 4,866	**$ 1,889**	$ 1,603	**$ 1,302**	$ 1,149
Merger with Bank One	**—**	3,280	**—**	20	**—**	98
Cazenove business partnership	**—**	—	**252**	—	**—**	—
Actual return on plan assets	**703**	946	**308**	164	**43**	84
Firm contributions	**—**	1,100	**78**	40	**3**	2
Benefits paid	**(723)**	(555)	**(66)**	(64)	**(19)**	(31)
Foreign exchange impact and other	**—**	—	**(238)**	126	**—**	—
Fair value of plan assets at end of year	**$ 9,617**(e)	$ 9,637(e)	**$ 2,223**	$ 1,889	**$ 1,329**	$ 1,302
Reconciliation of funded status						
Funded status	**$ 1,941**	$ 2,043	**$ (155)**	$ (80)	**$ (66)**	$ (275)
Unrecognized amounts: (a)						
Net transition asset	**—**	—	**—**	(1)	**—**	—
Prior service cost	**40**	47	**3**	4	**(105)**	(23)
Net actuarial loss	**1,078**	997	**599**	590	**335**	321
Prepaid benefit cost reported in Other assets	**$ 3,059**	$ 3,087	**$ 447**(f)	$ 513(f)	**$ 164**	$ 23
Accumulated benefit obligation	**$ (7,274)**	$ (7,167)	**$ (2,303)**	$ (1,931)	**NA**	NA

(a) For pension benefit plans, the unrecognized net loss is primarily the result of declines in interest rates in recent years, as offset by recent asset gains and amounts recognized through amortization in expense. Other factors that contribute to this unrecognized amount include demographic experience, which differs from expected, and changes in other actuarial assumptions. For other postretirement benefit plans, the primary drivers of the cumulative unrecognized loss was the decline in the discount rate in recent years and the medical trend, which was higher than expected. These losses have been offset somewhat by the recognition of future savings attributable to Medicare Part D subsidy payments.

(b) Effective July 1, 2004, the Firm assumed the obligations of heritage Bank One's pension and postretirement plans. These plans were similar to those of JPMorgan Chase and were merged into the Firm's plans effective December 31, 2004.

(c) The Medicare Prescription Drug, Improvement and Modernization Act of 2003 resulted in a $35 million reduction in the Accumulated other postretirement benefit obligation as of January 1, 2004. During 2005, an additional $116 million reduction was reflected for recognition of the final Medicare Part D regulations issued on January 21, 2005.

(d) Includes postretirement benefit obligation of $44 million and $43 million and postretirement benefit liability (included in Accrued expenses) of $50 million and $57 million at December 31, 2005 and 2004, respectively, for the U.K. plan, which is unfunded.

(e) At December 31, 2005 and 2004, approximately $405 million and $358 million, respectively, of U.S. plan assets relate to surplus assets of group annuity contracts.

(f) At December 31, 2005 and 2004, Accrued expenses related to non-U.S. defined benefit pension plans that JPMorgan Chase elected not to prefund fully totaled $164 million and $124 million, respectively.

	Defined benefit pension plans						Other postretirement benefit plans		
	U.S.			Non-U.S.					
For the year ended December 31, (in millions)	**2005**	2004(a)	2003(b)	**2005**	2004(a)	2003(b)	**2005**(c)	2004(a) (c)	2003(b)
Components of net periodic benefit cost									
Benefits earned during the period	**$ 280**	$ 251	$ 180	**$ 25**	$ 17	$ 16	**$ 13**	$ 15	$ 15
Interest cost on benefit obligations	**431**	348	262	**104**	87	74	**81**	81	73
Expected return on plan assets	**(694)**	(556)	(322)	**(109)**	(90)	(83)	**(90)**	(86)	(92)
Amortization of unrecognized amounts:									
Prior service cost	**5**	13	6	**1**	1	—	**(10)**	—	1
Net actuarial loss	**4**	23	62	**38**	44	35	**12**	—	—
Curtailment (gain) loss	**2**	7	2	**—**	—	8	**(17)**	8	2
Settlement (gain) loss	**—**	—	—	**—**	(1)	—	**—**	—	—
Special termination benefits	**—**	—	—	**—**	11	—	**1**	2	—
Reported net periodic benefit costs	**$ 28**	$ 86	$ 190	**$ 59**	$ 69	$ 50	**$ (10)**	$ 20	$ (1)

(a) Effective July 1, 2004, the Firm assumed the obligations of heritage Bank One's pension and postretirement plans. These plans were similar to those of JPMorgan Chase and were merged into the Firm's plans effective December 31, 2004.

(b) Heritage JPMorgan Chase results only for 2003.

(c) The Medicare Prescription Drug, Improvement and Modernization Act of 2003 resulted in a $15 million and $5 million reduction in 2005 and 2004, respectively, in net periodic benefit cost. The impact on 2005 cost was higher as a result of the final Medicare Part D regulations issued on January 21, 2005.

JPMorgan Chase has a number of other defined benefit pension plans (i.e., U.S. plans not subject to Title IV of the Employee Retirement Income Security Act). The most significant of these plans is the Excess Retirement Plan, pursuant to which certain employees earn service credits on compensation amounts above the maximum stipulated by law. This plan is a nonqualified, noncontributory U.S. pension plan with an unfunded liability at December 31, 2005 and 2004, in the amount of $273 million and $292 million, respectively. Compensation expense related to this pension plan totaled $21 million in 2005, $28 million in 2004 and $19 million in 2003.

Plan assumptions

JPMorgan Chase's expected long-term rate of return for U.S. pension and other postretirement employee benefit plan assets is a blended average of the investment advisor's projected long-term (10 years or more) returns for the various asset classes, weighted by the portfolio allocation. Asset-class returns are developed using a forward-looking building-block approach and are not based strictly upon historical returns. Equity returns are generally developed as the sum of inflation, expected real earnings growth and expected long-term dividend yield. Bond returns are generally developed as the sum of inflation, real bond yield and risk spread (as appropriate), adjusted for the expected effect on returns from changing yields. Other asset-class returns are derived from their relationship to the equity and bond markets.

In the U.K., which represents the most significant of the non-U.S. pension plans, procedures similar to those in the U.S. are used to develop the expected long-term rate of return on pension plan assets, taking into consideration local market conditions and the specific allocation of plan assets. The expected long-term rate of return on U.K. plan assets is an average of projected long-term returns for each asset class, selected by reference to the yield on long-term U.K. government bonds and AA-rated long-term corporate bonds, plus an equity risk premium above the risk-free rate.

In 2005, the discount rate used in determining the benefit obligation under the U.S. pension and other postretirement employee benefit plans was selected by reference to the yield on a portfolio of bonds whose redemptions and coupons closely match each of the plan's projected cash flows; such portfolio is derived from a broad-based universe of high quality corporate bonds as of the measurement date. In years in which this hypothetical bond portfolio generates excess cash, such excess is assumed to be reinvested at the one-year forward rates implied by the Citigroup Pension Discount Curve published as of the measurement date. Prior to 2005, discount rates were selected by reference to the year-end Moody's corporate AA rate, as well as other high-quality indices with a duration that was similar to that of the respective plan's benefit obligations. The discount rate for the U.K. pension and other postretirement employee benefit plans was determined by matching the duration of the Firm's obligations with the corresponding duration from the yield curve of the year-end iBoxx £ corporate AA 15-year-plus bond index.

The following tables present the weighted-average annualized actuarial assumptions for the projected and accumulated benefit obligations, and the components of net periodic benefit costs for the Firm's U.S. and non-U.S. defined benefit pension and postretirement benefit plans, as of year-end.

	U.S.		Non-U.S.	
For the year ended December 31,	**2005**	2004	**2005**	2004
Weighted-average assumptions used to determine benefit obligations				
Discount rate:				
Pension	**5.70%**	5.75%	**2.00-4.70%**	2.00-5.30%
Postretirement benefit	**5.65**	5.75	**4.7**	5.3
Rate of compensation increase	**4.00**	4.50	**3.00-3.75**	1.75-3.75

	U.S.			Non-U.S.		
For the year ended December 31,	**2005**	2004	2003(b)	**2005**	2004	2003(b)
Weighted-average assumptions used to determine net periodic benefit costs						
Discount rate	**5.75%**(a)	6.00%	6.50%	**2.00-5.30%**	2.00-5.75%	1.50-5.60%
Expected long-term rate of return on plan assets:						
Pension	**7.50**	7.50-7.75	8.00	**3.25-5.75**	3.00-6.50	2.70-6.50
Postretirement benefit	**4.75-7.00**	4.75-7.00	8.00	**NA**	NA	NA
Rate of compensation increase	**4.00**	4.25-4.50	4.50	**1.75-3.75**	1.75-3.75	1.25-3.00

(a) The postretirement plan was remeasured as of August 1, 2005, and a rate of 5.25% was used from the period of August 1, 2005, through December 31, 2005.
(b) Heritage JPMorgan Chase results only for 2003.

The following tables present JPMorgan Chase's assumed weighted-average medical benefits cost trend rate, which is used to measure the expected cost of benefits at year-end, and the effect of a one-percentage-point change in the assumed medical benefits cost trend rate.

December 31,	**2005**	2004(a)	2003(b)
Health care cost trend rate assumed for next year	**10%**	10%	10%
Rate to which cost trend rate is assumed to decline (ultimate trend rate)	**5**	5	5
Year that rate reaches ultimate trend rate	**2012**	2011	2010

(in millions) For the year ended December 31,2005	1-Percentage-point increase	1-Percentage-point decrease
Effect on total service and interest costs	**$ 4**	$ (3)
Effect on postretirement benefit obligation	**64**	(55)

(a) Effective July 1, 2004, the Firm assumed the obligations of heritage Bank One's pension and postretirement plans. These plans were similar to those of JPMorgan Chase and were merged into the Firm's plans effective December 31, 2004.

(b) 2003 reflects the results of heritage JPMorgan Chase only.

At December 31, 2005, the Firm reduced the discount rate used to determine its U.S. benefit obligations to 5.70% for the pension plan and to 5.65% for the postretirement benefits plans from the prior year rate of 5.75% for both plans. The Firm also changed the health care benefit obligation trend assumption to 10% for 2006, grading down to an ultimate rate of 5% in 2013. The 2006 expected long-term rate of return on its U.S. pension plan assets remained at 7.50%. The 2006 expected long-term rate of return on the Firm's COLI post-retirement plan assets remained at 7.00%; however, with the merger of Bank One's other postretirement plan assets, the Firm's overall expected long-term rate of return on U.S. postretirement employee benefit plan assets decreased to 6.84% and 6.80% in 2005 and 2004, respectively, to reflect a weighted average expected rate of return for the merged plan. The interest crediting rate assumption used to determine pension benefits changed to 5.00% from 4.75% in 2005, primarily due to changes in market interest rates which will result in additional expense of $18 million. The changes as of December 31, 2005, to the discount rates are expected to increase 2006 U.S. pension and other postretirement benefit expenses by approximately $5 million and to the non-U.S. pension and other postretirement benefit expenses by $23 million. The rate of compensation increase assumption of 4.00% at December 31, 2005, reflects the consolidation of the prior JPMorgan Chase and Bank One age-weighted increase assumptions; the impact to expense is not expected to be material.

JPMorgan Chase's U.S. pension and other postretirement benefit expenses are most sensitive to the expected long-term rate of return on plan assets. With all other assumptions held constant, a 25-basis point decline in the expected long-term rate of return on U.S. plan assets would result in an increase of approximately $26 million in 2006 U.S. pension and other postretirement benefit expenses. A 25-basis point decline in the discount rate for the U.S. plans would result in an increase in 2006 U.S. pension and other postretirement benefit expenses of approximately $20 million and an increase in the related projected benefit obligations of approximately $233 million. A 25-basis point decline in the discount rates for the non-U.S. plans would result in an increase in the 2006 non-U.S. pension and other postretirement benefit expenses of $12 million. A 25-basis point increase in the interest crediting rate would result in an increase in 2006 U.S. pension expense of approximately $18 million.

Investment strategy and asset allocation

The investment policy for the Firm's postretirement employee benefit plan assets is to optimize the risk-return relationship as appropriate to the respective plan's needs and goals, using a global portfolio of various asset classes diversified by market segment, economic sector, and issuer. Specifically, the goal is to optimize the asset mix for future benefit obligations, while managing various risk factors and each plan's investment return objectives. For example, long-duration fixed income securities are included in the U.S. qualified pension plan's asset allocation, in recognition of its long-duration obligations. Plan assets are managed by a combination of internal and external investment managers and, on a quarterly basis, are rebalanced to target, to the extent economically practical.

The Firm's U.S. pension plan assets are held in various trusts and are invested in well-diversified portfolios of equities (including U.S. large and small capitalization and international equities), fixed income (including corporate and government bonds), Treasury inflation-indexed and high-yield securities, cash equivalents, and other securities. Non-U.S. pension plan assets are held in various trusts and are similarly invested in well-diversified portfolios of equity, fixed income and other securities. Assets of the Firm's COLI policies, which are used to fund partially the U.S. postretirement benefit plan, are held in separate accounts with an insurance company and are invested in equity and fixed income index funds. In addition, tax-exempt municipal debt securities, held in a trust, are used to fund the U.S. postretirement benefit plan. As of December 31, 2005, the assets used to fund the Firm's U.S. and non-U.S. defined benefit pension and postretirement benefit plans do not include JPMorgan Chase common stock, except in connection with investments in third-party stock-index funds.

The following table presents the weighted-average asset allocation at December 31 for the years indicated, and the respective target allocation by asset category, for the Firm's U.S. and non-U.S. defined benefit pension and postretirement benefit plans.

	Defined benefit pension plans								
	U.S.			Non-U.S.(a)			Postretirement benefit plans(b)		
	Target	% of plan assets		Target	% of plan assets		Target	% of plan assets	
December 31,	Allocation	**2005**	2004	Allocation	**2005**	2004	Allocation	**2005**	2004
Asset category									
Debt securities	30%	**33%**	38%	74%	**75%**	76%	50%	**54%**	54%
Equity securities	55	**57**	53	25	**24**	24	50	**46**	46
Real estate	5	**6**	5	1	**1**	—	—	**—**	—
Other	10	**4**	4	—	**—**	—	—	**—**	—
Total	100%	**100%**	100%	100%	**100%**	100%	100%	**100%**	100%

(a) Represents the U.K. defined benefit pension plan only, as plans outside the U.K. are not significant.

(b) Represents the U.S. postretirement benefit plan only, as the U.K. plan is unfunded.

Estimated future benefit payments
The following table presents benefit payments expected to be paid, which include the effect of expected future service, for the years indicated. The postretirement medical and life insurance payments are net of expected retiree contributions.

Year ended December 31, (in millions)	U.S. pension benefits	Non-U.S. pension benefits	Other postretirement benefits before Medicare Part D subsidy	Medicare Part D subsidy
2006	$ 558	$ 67	$ 124	$ 14
2007	550	70	127	15
2008	565	74	127	16
2009	584	77	128	17
2010	600	81	129	19
Years 2011–2015	3,266	396	633	111

Defined contribution plans

JPMorgan Chase offers several defined contribution plans in the U.S. and certain non-U.S. locations. The most significant of these plans is the 401(k) Savings Plan, which covers substantially all U.S. employees. The 401(k) Savings Plan allows employees to make pre-tax contributions to tax-deferred investment portfolios. The JPMorgan Chase Common Stock Fund within the 401(k) Savings Plan is a nonleveraged employee stock ownership plan. The Firm matches eligible employee contributions up to a certain percentage of benefits-eligible compensation per pay period, subject to plan and legal limits. Employees begin to receive matching contributions after completing a specified service requirement and are immediately vested in such company contributions. The Firm's defined contribution plans are administered in accordance with applicable local laws and regulations. Compensation expense related to these plans totaled $392 million in 2005, $317 million in 2004 and $240 million in 2003.

Note 7 – Employee stock-based incentives

Effective January 1, 2003, JPMorgan Chase adopted SFAS 123 using the prospective transition method. SFAS 123 requires all stock-based compensation awards, including stock options and stock-settled stock appreciation rights ("SARs"), to be accounted for at fair value. The Firm currently uses the Black-Scholes valuation model to estimate the fair value of stock options and SARs. Stock options that were outstanding as of December 31, 2002, continue to be accounted for under APB 25 using the intrinsic value method. Under this method, no expense is recognized for stock options or SARs granted at the stock price on grant date, since such options have no intrinsic value. Compensation expense for restricted stock and restricted stock units ("RSUs") is measured based upon the number of shares granted and the stock price at the grant date. Compensation expense is recognized in earnings over the required service period.

In connection with the Merger in 2004, JPMorgan Chase converted all outstanding Bank One employee stock-based awards at the merger date, and those awards became exercisable for or based upon JPMorgan Chase common stock. The number of awards converted, and the exercise prices of those awards, was adjusted to take into account the Merger exchange ratio of 1.32.

On December 16, 2004, the FASB issued SFAS 123R, which revises SFAS 123 and supersedes APB 25. In March 2005, the SEC issued SAB 107, which provides interpretive guidance on SFAS 123R. Accounting and reporting under SFAS 123R is generally similar to the SFAS 123 approach. However, SFAS 123R requires all share-based payments to employees, including grants of employee stock options and SARs, to be recognized in the income statement based upon their fair values. Pro forma disclosure is no longer an alternative. SFAS 123R permits adoption using one of two methods – modified prospective or modified retrospective. In April 2005, the U.S. Securities and Exchange Commission approved a new rule that, for public companies, delayed the effective date of SFAS 123R to no later than January 1, 2006. The Firm adopted SFAS 123R on January 1, 2006, under the modified prospective method.

Key employee stock-based awards
In 2005, JPMorgan Chase granted long-term stock-based awards under the 1996 Long-Term Incentive Plan as amended ("the 1996 Plan") until May 2005 and under the 2005 Long-Term Incentive Plan ("the 2005 Plan") thereafter to certain key employees. These two plans, plus prior Firm plans and plans assumed as the result of acquisitions, constitute the Firm's plans ("LTI Plans"). The 2005 Plan was adopted by the Board of Directors on March 15, 2005, and became effective on May 17, 2005, after approval by shareholders at the annual meeting. The 2005 Plan replaces three existing stock compensation plans – the 1996 Plan and two non-shareholder approved plans – all of which expired in May 2005. Under the terms of the 2005 Plan, 275 million shares of common stock are available for issuance during its five-year term. The 2005 Plan is the only active plan under which the Firm is currently granting stock-based incentive awards.

In 2005, 15.5 million SARs settled only in shares and 1.7 million nonqualified stock options were granted. Under the LTI Plans, stock options and SARs are granted with an exercise price equal to JPMorgan Chase's common stock price on the grant date. Generally, options and SARs cannot be exercised until at least one year after the grant date and become exercisable over various periods as determined at the time of the grant. These awards generally expire 10 years after the grant date.

In December 2005, the Firm accelerated the vesting of approximately 41 million unvested, out-of-the-money employee stock options granted in 2001 under the Growth and Performance Incentive Program ("GPIP"), which were scheduled to vest in January 2007. These options were not modified other than to accelerate vesting. The related expense was approximately $145 million, and was recognized as compensation expense in the fourth quarter of 2005. The Firm believes that at the time the options were accelerated they had limited economic value since the exercise price of the accelerated options was $51.22 and the closing price of the Firm's common stock on the effective date of the acceleration was $39.69.

The following table presents a summary of JPMorgan Chase's option and SAR activity under the LTI Plans during the last three years:

Year ended December 31,(a) (Options/SARs in thousands)	2005 Number of options/SARs	2005 Weighted-average exercise price	2004 Number of options/SARs	2004 Weighted-average exercise price	2003 Number of options	2003 Weighted-average exercise price
Outstanding, January 1	**376,330**	**$ 37.59**	294,026	$ 39.88	298,731	$ 40.84
Granted	**17,248**	**35.55**	16,667	39.79	26,751	22.15
Bank One Conversion, July 1	**NA**	**NA**	111,287	29.63	NA	NA
Exercised	**(26,731)**	**24.28**	(27,763)	25.33	(14,574)	17.47
Canceled	**(28,272)**	**44.77**	(17,887)	46.68	(16,882)	47.57
Outstanding, December 31	**338,575**	**$ 37.93**	376,330	$ 37.59	294,026	$ 39.88
Exercisable, December 31	**286,017**	**$ 38.89**	246,945	$ 36.82	176,163	$ 37.88

(a) 2004 includes six months of awards for the combined Firm and six months of awards for heritage JPMorgan Chase. 2003 reflects the awards for heritage JPMorgan Chase only.

The following table details the distribution of options and SARs outstanding under the LTI Plans at December 31, 2005:

(Options/SARs in thousands) Range of exercise prices	Options/SARs outstanding Outstanding	Weighted-average exercise price	Weighted-average remaining contractual life (in years)	Options/SARs exercisable Exercisable	Weighted-average exercise price
$7.27–$20.00	**2,504**	**$ 19.12**	**0.8**	**2,503**	**$ 19.12**
$20.01–$35.00	**125,422**	**28.02**	**5.8**	**88,418**	**27.22**
$35.01–$50.00	**135,263**	**40.04**	**4.9**	**119,710**	**40.13**
$50.01–$63.48	**75,386**	**51.27**	**4.8**	**75,386**	**51.27**
Total	**338,575**	**$ 37.93**	**5.2**	**286,017**	**$ 38.89**

The following table presents a summary of JPMorgan Chase's restricted stock and RSU activity under the LTI Plans during the last three years:

(in thousands) Year ended December 31,(a)	Number of restricted stock/RSUs 2005	2004	2003
Outstanding, January 1	**85,099**	85,527	55,886
Granted	**38,115**	32,514	44,552
Bank One conversion	**NA**	15,116	NA
Lapsed(b)	**(30,413)**	(43,349)	(12,545)
Forfeited	**(8,197)**	(4,709)	(2,366)
Outstanding, December 31	**84,604**	85,099	85,527

(a) 2004 includes six months of awards for the combined Firm and six months of awards for heritage JPMorgan Chase. 2003 reflects the awards for heritage JPMorgan Chase only.

(b) Lapsed awards represent both restricted stock for which restrictions have lapsed and RSUs that have been converted into common stock.

Restricted stock and RSUs are granted by JPMorgan Chase at no cost to the recipient. These awards are subject to forfeiture until certain restrictions have lapsed, including continued employment for a specified period. The recipient of a share of restricted stock is entitled to voting rights and dividends on the common stock. An RSU entitles the recipient to receive a share of common stock after the applicable restrictions lapse; the recipient is entitled to receive cash payments equivalent to any dividends paid on the underlying common stock during the period the RSU is outstanding. Effective January 2005, the equity portion of the Firm's annual incentive awards were granted primarily in the form of RSUs.

The vesting of certain awards issued prior to 2002 is conditioned upon certain service requirements being met and JPMorgan Chase's common stock reaching and sustaining target prices within a five-year performance period. During 2002, it was determined that it was no longer probable that the target stock prices related to forfeitable awards granted in 1999, 2000, and 2001 would be achieved within their respective performance periods, and accordingly, previously accrued expenses were reversed. The target stock prices for these awards range from $73.33 to $85.00. These awards were forfeited as follows: 1.2 million shares granted in 1999 were forfeited in January 2004; and 1.2 million shares granted in 2000 were forfeited in January 2005. Additionally, 1.2 million shares granted in 2001 were forfeited in January 2006.

Broad-based employee stock options

No broad-based employee stock option grants were made in 2005. Prior awards were granted by JPMorgan Chase under the Value Sharing Plan, a non-shareholder-approved plan. The exercise price is equal to JPMorgan Chase's common stock price on the grant date. The options become exercisable over various periods and generally expire 10 years after the grant date.

The following table presents a summary of JPMorgan Chase's broad-based employee stock option plans and SAR activity during the past three years:

Year ended December 31,	2005		2004		2003	
(Options/SARs in thousands)	Number of options/SARs	Weighted-average exercise price	Number of options/SARs	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding, January 1	**112,184**	**$ 40.42**	117,822	$ 39.11	113,155	$ 40.62
Granted	**—**	**—**	6,321	39.96	12,846	21.87
Exercised	**(2,000)**	**24.10**	(5,960)	15.26	(2,007)	13.67
Canceled	**(4,602)**	**39.27**	(5,999)	39.18	(6,172)	37.80
Outstanding, December 31	**105,582**	**$ 40.78**	112,184	$ 40.42	117,822	$ 39.11
Exercisable, December 31	**52,592**	**$ 40.29**	30,082	$ 36.33	36,396	$ 32.88

The following table details the distribution of broad-based employee stock options and SARs outstanding at December 31, 2005:

	Options/SARs outstanding			Options/SARs exercisable	
(Options/SARs in thousands) Range of exercise prices	Outstanding	Weighted-average exercise price	Weighted-average remaining contractual life (in years)	Exercisable	Weighted-average exercise price
$20.01–$35.00	**15,200**	**$ 25.01**	**4.3**	**10,490**	**$ 26.42**
$35.01–$50.00	**70,088**	**41.18**	**4.5**	**41,990**	**43.72**
$50.01–$51.22	**20,294**	**51.22**	**5.1**	**112**	**51.22**
Total	**105,582**	**$ 40.78**	**4.6**	**52,592**	**$ 40.29**

Comparison of the fair and intrinsic value measurement methods

Pre-tax employee stock-based compensation expense related to the LTI plans totaled $1.6 billion in 2005, $1.3 billion in 2004 and $919 million in 2003.

The following table presents net income (after-tax) and basic and diluted earnings per share as reported, and as if all outstanding awards were accounted for at fair value:

Year ended December 31, (a) (in millions, except per share data)	2005	2004	2003
Net income as reported	**$ 8,483**	$4,466	$6,719
Add: Employee stock-based compensation expense originally included in reported net income	**938**	778	551
Deduct: Employee stock-based compensation expense determined under the fair value method for all awards	**(1,015)**	(960)	(863)
Pro forma net income	**$ 8,406**	$4,284	$6,407
Earnings per share:			
Basic: As reported	**$ 2.43**	$ 1.59	$ 3.32
Pro forma	**2.40**	1.52	3.16
Diluted: As reported	**$ 2.38**	$ 1.55	$ 3.24
Pro forma	**2.36**	1.48	3.09

(a) 2004 results include six months of awards for the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

The following table presents JPMorgan Chase's weighted-average, grant-date fair values for the employee stock-based compensation awards granted, and the assumptions used to value stock options and SARs under the Black-Scholes valuation model:

Year ended December 31, (a)	2005	2004	2003
Weighted-average grant-date fair value			
Stock options:			
Key employee	**$10.44**	$13.04	$ 5.60
Broad-based employee	**NA**	10.71	4.98
Converted Bank One options	**NA**	14.05	NA
Restricted stock and RSUs (all payable solely in stock)	**37.35**	39.58	22.03
Weighted-average annualized stock option valuation assumptions			
Risk-free interest rate	**4.25%**	3.44%	3.19%
Expected dividend yield (b)	**3.79**	3.59	5.99
Expected common stock price volatility	**37**	41	44
Assumed weighted-average expected life of stock options (in years)			
Key employee	**6.8**	6.8	6.8
Broad-based employee	**NA**	3.8	3.8

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Based primarily upon historical data at the grant dates.

Note 8 – Noninterest expense

Merger costs
Costs associated with the Merger were reflected in the Merger costs caption of the Consolidated statements of income. A summary of such costs, by expense category, is shown in the following table for 2005 and 2004. There were no such costs in 2003.

Year ended December 31, (in millions)	2005	2004(a)
Expense category		
Compensation	**$ 238**	$ 467
Occupancy	**(77)**	448
Technology and communications and other	**561**	450
Total(b)	**$ 722**	$ 1,365

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(b) With the exception of occupancy-related write-offs, all of the costs in the table require the expenditure of cash.

The table below shows the change in the liability balance related to the costs associated with the Merger.

Year ended December 31, (in millions)	2005	2004(a)
Liability balance, beginning of period	**$ 952**	$ —
Recorded as merger costs	**722**	1,365
Recorded as goodwill	**26**	1,028
Liability utilized	**(903)**	(1,441)
Total	**$ 797**	$ 952

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.

Note 9 – Securities and private equity investments

Securities are classified as AFS, Held-to-maturity ("HTM") or Trading. Trading securities are discussed in Note 3 on page 94 of this Annual Report. Securities are classified as AFS when, in management's judgment, they may be sold in response to or in anticipation of changes in market conditions, or as part of the Firm's management of its structural interest rate risk. AFS securities are carried at fair value on the Consolidated balance sheets. Unrealized gains and losses after SFAS 133 valuation adjustments are reported as net increases or decreases to Accumulated other comprehensive income (loss). The specific identification method is used to determine realized gains and losses on AFS securities, which are included in Securities /private equity gains on the Consolidated statements of income. Securities that the Firm has the positive intent and ability to hold to maturity are classified as HTM and are carried at amortized cost on the Consolidated balance sheets.

The following table presents realized gains and losses from AFS securities and private equity gains (losses):

Year ended December 31,(a) (in millions)	2005	2004	2003
Realized gains	**$ 302**	$ 576	$2,123
Realized losses	**(1,638)**	(238)	(677)
Net realized securities gains (losses)	**(1,336)**	338	1,446
Private equity gains	**1,809**	1,536	33
Total Securities/private equity gains	**$ 473**	$1,874	$1,479

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

The amortized cost and estimated fair value of AFS and held-to-maturity securities were as follows for the dates indicated:

	2005				2004			
December 31, (in millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available-for-sale securities								
U.S. government and federal agency obligations:								
U.S. treasuries	**$ 4,245**	**$ 24**	**$ 2**	**$ 4,267**	$ 13,621	$ 7	$ 222	$ 13,406
Mortgage-backed securities	**80**	**3**	**—**	**83**	2,405	41	17	2,429
Agency obligations	**165**	**16**	**—**	**181**	12	—	—	12
Collateralized mortgage obligations	**4**	**—**	**—**	**4**	71	4	4	71
U.S. government-sponsored enterprise obligations	**22,604**	**9**	**596**	**22,017**	46,143	142	593	45,692
Obligations of state and political subdivisions	**712**	**21**	**7**	**726**	2,748	126	8	2,866
Debt securities issued by non-U.S. governments	**5,512**	**12**	**18**	**5,506**	7,901	59	38	7,922
Corporate debt securities	**5,754**	**39**	**74**	**5,719**	7,007	127	18	7,116
Equity securities	**3,179**	**110**	**7**	**3,282**	5,810	39	14	5,835
Other, primarily asset-backed securities(a)	**5,738**	**23**	**23**	**5,738**	9,103	25	75	9,053
Total available-for-sale securities	**$ 47,993**	**$ 257**	**$ 727**	**$ 47,523**	$ 94,821	$ 570	$ 989	$ 94,402
Held-to-maturity securities(b)								
Total held-to-maturity securities	**$ 77**	**$ 3**	**$ —**	**$ 80**	$ 110	$ 7	$ —	$ 117

(a) Includes collateralized mortgage obligations of private issuers, which generally have underlying collateral consisting of obligations of the U.S. government and federal agencies and corporations.
(b) Consists primarily of mortgage-backed securities.

The following table presents the fair value and unrealized losses for AFS securities by aging category at December 31:

	Securities with unrealized losses					
	Less than 12 months		12 months or more		Total	
2005 (in millions)	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Total Fair value	Total Gross unrealized losses
Available-for-sale securities						
U.S. government and federal agency obligations:						
U.S. treasuries	**$ 3,789**	**$ 1**	**$ 85**	**$ 1**	**$ 3,874**	**$ 2**
Mortgage-backed securities	**—**	**—**	**47**	**—**	**47**	**—**
Agency obligations	**7**	**—**	**13**	**—**	**20**	**—**
Collateralized mortgage obligations	**15**	**—**	**30**	**—**	**45**	**—**
U.S. government-sponsored enterprise obligations	**10,607**	**242**	**11,007**	**354**	**21,614**	**596**
Obligations of state and political subdivisions	**237**	**3**	**107**	**4**	**344**	**7**
Debt securities issued by non-U.S. governments	**2,380**	**17**	**71**	**1**	**2,451**	**18**
Corporate debt securities	**3,076**	**52**	**678**	**22**	**3,754**	**74**
Equity securities	**1,838**	**7**	**2**	**—**	**1,840**	**7**
Other, primarily asset-backed securities	**778**	**14**	**370**	**9**	**1,148**	**23**
Total securities with unrealized losses	**$ 22,727**	**$ 336**	**$ 12,410**	**$ 391**	**$ 35,137**	**$ 727**

	Securities with unrealized losses					
	Less than 12 months		12 months or more		Total	
2004 (in millions)	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Total Fair value	Total Gross unrealized losses
Available-for-sale securities						
U.S. government and federal agency obligations:						
U.S. treasuries	$ 10,186	$ 154	$ 940	$ 68	$ 11,126	$ 222
Mortgage-backed securities	344	1	1,359	16	1,703	17
Agency obligations	5	—	3	—	8	—
Collateralized mortgage obligations	278	4	2	—	280	4
U.S. government-sponsored enterprise obligations	34,760	282	10,525	311	45,285	593
Obligations of state and political subdivisions	678	6	96	2	774	8
Debt securities issued by non-U.S. governments	3,395	17	624	21	4,019	38
Corporate debt securities	1,103	13	125	5	1,228	18
Equity securities	1,804	14	23	—	1,827	14
Other, primarily asset-backed securities	1,896	41	321	34	2,217	75
Total securities with unrealized losses	$ 54,449	$ 532	$ 14,018	$ 457	$ 68,467	$ 989

Impairment is evaluated considering numerous factors, and their relative significance varies case to case. Factors considered include the length of time and extent to which the market value has been less than cost; the financial condition and near-term prospects of the issuer of the securities; and the Firm's intent and ability to retain the security in order to allow for an anticipated recovery in market value. If, based upon the analysis, it is determined that the impairment is other-than-temporary, the security is written down to fair value, and a loss is recognized through earnings.

Included in the $727 million of gross unrealized losses on AFS securities at December 31, 2005, was $391 million of unrealized losses that have existed for a period greater than 12 months. These securities are predominately rated AAA and the unrealized losses are due to overall increases in market interest rates and not due to underlying credit concerns of the issuers. Substantially all of the securities with unrealized losses aged greater than 12 months have a market value at December 31, 2005, that is within 4% of their amortized cost basis.

In calculating the effective yield for mortgage-backed securities ("MBS") and collateralized mortgage obligations ("CMO"), JPMorgan Chase includes the effect of principal prepayments. Management regularly performs simulation testing to determine the impact that market conditions would have on its MBS and CMO portfolios. MBSs and CMOs that management believes have prepayment risk are included in the AFS portfolio and are reported at fair value.

The following table presents the amortized cost, estimated fair value and average yield at December 31, 2005, of JPMorgan Chase's AFS and HTM securities by contractual maturity:

	Available-for-sale securities			Held-to-maturity securities		
Maturity schedule of securities December 31, 2005 (in millions)	Amortized cost	Fair value	Average yield(a)	Amortized cost	Fair value	Average yield(a)
Due in one year or less	**$ 6,723**	**$ 6,426**	**2.77%**	**$ —**	**$ —**	**—%**
Due after one year through five years	**7,740**	**8,009**	**3.72**	**—**	**—**	**—**
Due after five years through 10 years	**5,346**	**5,366**	**4.70**	**30**	**31**	**6.96**
Due after 10 years(b)	**28,184**	**27,722**	**4.69**	**47**	**49**	**6.73**
Total securities	**$ 47,993**	**$ 47,523**	**4.27%**	**$ 77**	**$ 80**	**6.82%**

(a) The average yield is based upon amortized cost balances at year-end. Yields are derived by dividing interest income by total amortized cost. Taxable-equivalent yields are used where applicable.

(b) Includes securities with no stated maturity. Substantially all of JPMorgan Chase's MBSs and CMOs are due in 10 years or more based upon contractual maturity. The estimated duration, which reflects anticipated future prepayments based upon a consensus of dealers in the market, is approximately four years for MBSs and CMOs.

Private equity investments are primarily held by the Private Equity business within Corporate (which includes JPMorgan Partners and ONE Equity Partners businesses). The Private Equity business invests in buyouts, growth equity and venture opportunities in the normal course of business. These investments are accounted for under investment company guidelines. Accordingly, these investments, irrespective of the percentage of equity ownership interest held by Private Equity, are carried on the Consolidated balance sheets at fair value. Realized and unrealized gains and losses arising from changes in value are reported in Securities/private equity gains in the Consolidated statements of income in the period that the gains or losses occur.

Privately-held investments are initially valued based upon cost. The carrying values of privately-held investments are adjusted from cost to reflect both positive and negative changes evidenced by financing events with third-party capital providers. In addition, these investments are subject to ongoing impairment reviews by Private Equity's senior investment professionals. A variety of factors are reviewed and monitored to assess impairment including, but not limited to, operating performance and future expectations of the particular portfolio investment, industry valuations of comparable public companies, changes in market outlook and the third-party financing environment over time. The Valuation Control Group within the Finance area is responsible for reviewing the accuracy of the carrying values of private investments held by Private Equity.

Private Equity also holds publicly-held equity investments, generally obtained through the initial public offering of privately-held equity investments. Publicly-held investments are marked to market at the quoted public value. To determine the carrying values of these investments, Private Equity incorporates the use of discounts to take into account the fact that it cannot immediately realize or risk-manage the quoted public values as a result of regulatory and/or contractual sales restrictions imposed on these holdings.

The following table presents the carrying value and cost of the Private Equity investment portfolio for the dates indicated:

	2005		2004	
December 31, (in millions)	Carrying value	Cost	Carrying value	Cost
Total private equity investments	**$ 6,374**	**$ 8,036**	$ 7,735	$ 9,103

Note 10 – Securities financing activities

JPMorgan Chase enters into resale agreements, repurchase agreements, securities borrowed transactions and securities loaned transactions primarily to finance the Firm's inventory positions, acquire securities to cover short positions and settle other securities obligations. The Firm also enters into these transactions to accommodate customers' needs.

Securities purchased under resale agreements ("resale agreements") and securities sold under repurchase agreements ("repurchase agreements") are generally treated as collateralized financing transactions and are carried on the Consolidated balance sheets at the amounts the securities will be subsequently sold or repurchased, plus accrued interest. Where appropriate, resale and repurchase agreements with the same counterparty are reported on a net basis in accordance with FIN 41. JPMorgan Chase takes possession of securities purchased under resale agreements. On a daily basis, JPMorgan Chase monitors the market value of the underlying collateral received from its counterparties, consisting primarily of U.S. and non-U.S. government and agency securities, and requests additional collateral from its counterparties when necessary.

Transactions similar to financing activities that do not meet the SFAS 140 definition of a repurchase agreement are accounted for as "buys" and "sells" rather than financing transactions. These transactions are accounted for as a purchase (sale) of the underlying securities with a forward obligation to sell (purchase) the securities. The forward purchase (sale) obligation, a derivative, is recorded on the Consolidated balance sheets at its fair value, with changes in fair value recorded in Trading revenue.

Securities borrowed and securities lent are recorded at the amount of cash collateral advanced or received. Securities borrowed consist primarily of government and equity securities. JPMorgan Chase monitors the market value of the securities borrowed and lent on a daily basis and calls for additional collateral when appropriate. Fees received or paid are recorded in Interest income or Interest expense.

December 31, (in millions)	2005	2004
Securities purchased under resale agreements	**$129,570**	$ 94,076
Securities borrowed	**74,604**	47,428
Securities sold under repurchase agreements	**$103,052**	$105,912
Securities loaned	**14,072**	6,435

JPMorgan Chase pledges certain financial instruments the Firm owns to collateralize repurchase agreements and other securities financings. Pledged securities that can be sold or repledged by the secured party are identified as financial instruments owned (pledged to various parties) on the Consolidated balance sheets.

At December 31, 2005, the Firm had received securities as collateral that can be repledged, delivered or otherwise used with a fair value of approximately $331 billion. This collateral was generally obtained under resale or securities borrowing agreements. Of these securities, approximately $320 billion were repledged, delivered or otherwise used, generally as collateral under repurchase agreements, securities lending agreements or to cover short sales.

Note 11 – Loans

Loans are reported at the principal amount outstanding, net of the Allowance for loan losses, unearned income and any net deferred loan fees. Loans held for sale are carried at the lower of cost or fair value, with valuation changes recorded in noninterest revenue. Loans are classified as “trading” where positions are bought and sold to make profits from short-term movements in price. Loans held for trading purposes are included in Trading assets and are carried at fair value, with gains and losses included in Trading revenue. Interest income is recognized using the interest method, or on a basis approximating a level rate of return over the term of the loan.

Nonaccrual loans are those on which the accrual of interest is discontinued. Loans (other than certain consumer loans discussed below) are placed on nonaccrual status immediately if, in the opinion of management, full payment of principal or interest is in doubt, or when principal or interest is 90 days or more past due and collateral, if any, is insufficient to cover principal and interest. Interest accrued but not collected at the date a loan is placed on nonaccrual status is reversed against Interest income. In addition, the amortization of net deferred loan fees is suspended. Interest income on nonaccrual loans is recognized only to the extent it is received in cash. However, where there is doubt regarding the ultimate collectibility of loan principal, all cash thereafter received is applied to reduce the carrying value of such loans. Loans are restored to accrual status only when interest and principal payments are brought current and future payments are reasonably assured.

Consumer loans are generally charged to the Allowance for loan losses upon reaching specified stages of delinquency, in accordance with the Federal Financial Institutions Examination Council (“FFIEC”) policy. For example, credit card loans are charged off by the end of the month in which the account becomes 180 days past due or within 60 days from receiving notification of the filing of bankruptcy, whichever is earlier. Residential mortgage products are generally charged off to net realizable value at 180 days past due. Other consumer products are generally charged off (to net realizable value if collateralized) at 120 days past due. Accrued interest on residential mortgage products, and automobile and education financings and certain other consumer loans are accounted for in accordance with the nonaccrual loan policy discussed in the preceding paragraph. Interest and fees related to credit card loans continue to accrue until the loan is charged off or paid. Accrued interest on all other consumer loans is generally reversed against interest income when the loan is charged off. A collateralized loan is considered an in-substance foreclosure and is reclassified to assets acquired in loan satisfactions, within Other assets, only when JPMorgan Chase has taken physical possession of the collateral, but regardless of whether formal foreclosure proceedings have taken place.

The composition of the loan portfolio at each of the dates indicated was as follows:

December 31, (in millions)	2005	2004
U.S. wholesale loans:		
Commercial and industrial	**$ 70,233**	$ 61,033
Real estate	**13,612**	13,038
Financial institutions	**11,100**	14,195
Lease financing receivables	**2,621**	3,098
Other	**14,499**	8,504
Total U.S. wholesale loans	**112,065**	99,868
Non-U.S. wholesale loans:		
Commercial and industrial	**27,452**	25,120
Real estate	**1,475**	1,747
Financial institutions	**7,975**	7,280
Lease financing receivables	**1,144**	1,052
Total non-U.S. wholesale loans	**38,046**	35,199
Total wholesale loans:(a)		
Commercial and industrial	**97,685**	86,153
Real estate(b)	**15,087**	14,785
Financial institutions	**19,075**	21,475
Lease financing receivables	**3,765**	4,150
Other	**14,499**	8,504
Total wholesale loans	**150,111**	135,067
Total consumer loans:(c)		
Consumer real estate		
Home finance – home equity & other	**76,727**	67,837
Home finance – mortgage	**56,726**	56,816
Total Home finance	**133,453**	124,653
Auto & education finance	**49,047**	62,712
Consumer & small business and other	**14,799**	15,107
Credit card receivables(d)	**71,738**	64,575
Total consumer loans	**269,037**	267,047
Total loans(e)(f)(g)	**$419,148**	$402,114

(a) Includes Investment Bank, Commercial Banking, Treasury & Securities Services and Asset & Wealth Management.
(b) Represents credits extended for real estate–related purposes to borrowers who are primarily in the real estate development or investment businesses and for which the primary repayment is from the sale, lease, management, operations or refinancing of the property.
(c) Includes Retail Financial Services and Card Services.
(d) Includes billed finance charges and fees net of an allowance for uncollectible amounts.
(e) Loans are presented net of unearned income of $3.0 billion and $4.1 billion at December 31, 2005 and 2004, respectively.
(f) Includes loans held for sale (primarily related to securitization and syndication activities) of $34.2 billion and $24.5 billion at December 31, 2005 and 2004, respectively.
(g) Amounts are presented gross of the Allowance for loan losses.

The following table reflects information about the Firm's loans held for sale, principally mortgage-related:

Year ended December 31, (in millions)(a)	2005	2004	2003
Net gains on sales of loans held for sale	$ 596	$ 368	$ 933
Lower of cost or fair value adjustments	(332)	39	26

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

Impaired loans

JPMorgan Chase accounts for and discloses nonaccrual loans as impaired loans and recognizes their interest income as discussed previously for nonaccrual loans. The Firm excludes from impaired loans its small-balance, homogeneous consumer loans; loans carried at fair value or the lower of cost or fair value; debt securities; and leases.

The table below sets forth information about JPMorgan Chase's impaired loans. The Firm primarily uses the discounted cash flow method for valuing impaired loans:

December 31, (in millions)(a)	2005	2004
Impaired loans with an allowance	$1,095	$1,496
Impaired loans without an allowance(b)	80	284
Total impaired loans	$1,175	$1,780
Allowance for impaired loans under SFAS 114(c)	$ 257	$ 521
Average balance of impaired loans during the year	1,478	1,883
Interest income recognized on impaired loans during the year	5	8

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(b) When the discounted cash flows, collateral value or market price equals or exceeds the carrying value of the loan, then the loan does not require an allowance under SFAS 114.
(c) The allowance for impaired loans under SFAS 114 is included in JPMorgan Chase's Allowance for loan losses.

Note 12 – Allowance for credit losses

JPMorgan Chase's Allowance for loan losses covers the wholesale (risk-rated) and consumer (scored) loan portfolios and represents management's estimate of probable credit losses inherent in the Firm's loan portfolio. Management also computes an Allowance for wholesale lending-related commitments using a methodology similar to that used for the wholesale loans.

The Allowance for loan losses includes an asset-specific component and a formula-based component. Within the formula-based component is a statistical calculation and an adjustment to the statistical calculation.

The asset-specific component relates to provisions for losses on loans considered impaired and measured pursuant to SFAS 114. An allowance is established when the discounted cash flows (or collateral value or observable market price) of the loan is lower than the carrying value of that loan. To compute the asset-specific component of the allowance, larger impaired loans are evaluated individually, and smaller impaired loans are evaluated as a pool using historical loss experience for the respective class of assets.

The formula-based component covers performing wholesale and consumer loans and is the product of a statistical calculation, as well as adjustments to such calculation. These adjustments take into consideration model imprecision, external factors and economic events that have occurred but are not yet reflected in the factors used to derive the statistical calculation.

The statistical calculation is the product of probability of default and loss given default. For risk-rated loans (generally loans originated by the wholesale lines of business), these factors are differentiated by risk rating and maturity. For scored loans (generally loans originated by the consumer lines of business), loss is primarily determined by applying statistical loss factors and other risk indicators to pools of loans by asset type. Adjustments to the statistical calculation for the risk-rated portfolios are determined by creating estimated ranges using historical experience of both loss given default and probability of default. Factors related to concentrated and deteriorating industries are also incorporated into the calculation where relevant. Adjustments to the statistical calculation for the scored loan portfolios are accomplished in part by analyzing the historical loss experience for each major product segment. The estimated ranges and the determination of the appropriate point within the range are based upon management's view of uncertainties that relate to current macroeconomic and political conditions, quality of underwriting standards, and other relevant internal and external factors affecting the credit quality of the portfolio.

The Allowance for lending-related commitments represents management's estimate of probable credit losses inherent in the Firm's process of extending credit. Management establishes an asset-specific allowance for lending-related commitments that are considered impaired and computes a formula-based allowance for performing wholesale lending-related commitments. These are computed using a methodology similar to that used for the wholesale loan portfolio, modified for expected maturities and probabilities of drawdown.

The allowance for credit losses is reviewed at least quarterly by the Chief Risk Officer of the Firm, the Risk Policy Committee, a risk subgroup of the Operating Committee, and the Audit Committee of the Board of Directors of the Firm relative to the risk profile of the Firm's credit portfolio and current economic conditions. As of December 31, 2005, JPMorgan Chase deemed the allowance for credit losses to be appropriate (i.e., sufficient to absorb losses that are inherent in the portfolio, including those not yet identifiable).

As a result of the Merger, management modified its methodology for determining the Provision for credit losses for the combined Firm. The effect of conforming methodologies in 2004 was a decrease in the consumer allowance of $254 million and a decrease in the wholesale allowance (including both funded loans and lending-related commitments) of $330 million. In addition, the Bank One seller's interest in credit card securitizations was decertificated; this resulted in an increase to the provision for loan losses of approximately $1.4 billion (pre-tax) in 2004.

JPMorgan Chase maintains an allowance for credit losses as follows:

	Reported in:	
Allowance for credit losses on:	Balance sheet	Income statement
Loans	Allowance for loan losses	Provision for credit losses
Lending-related commitments	Other liabilities	Provision for credit losses

The table below summarizes the changes in the Allowance for loan losses:

December 31, (in millions)	2005	2004(c)
Allowance for loan losses at January 1	**$ 7,320**	$ 4,523
Addition resulting from the Merger, July 1, 2004	**—**	3,123
Gross charge-offs	**(4,869)**	(3,805)(d)
Gross recoveries	**1,050**	706
Net charge-offs	**(3,819)**	(3,099)
Provision for loan losses:		
Provision excluding accounting policy conformity	**3,575**	1,798
Accounting policy conformity(a)	**—**	1,085
Total Provision for loan losses	**3,575**	2,883
Other	**14**	(110)(e)
Allowance for loan losses at December 31	**$ 7,090**(b)	$ 7,320(f)

(a) Represents an increase of approximately $1.4 billion as a result of the decertification of heritage Bank One seller's interest in credit card securitizations, partially offset by a reduction of $357 million to conform provision methodologies.
(b) 2005 includes $203 million of asset-specific and $6.9 billion of formula-based allowance. Included within the formula-based allowance was $5.1 billion related to a statistical calculation (including $400 million related to Hurricane Katrina), and an adjustment to the statistical calculation of $1.8 billion.
(c) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(d) Includes $406 million related to the Manufactured Home Loan portfolio in the fourth quarter of 2004.
(e) Primarily represents the transfer of the allowance for accrued interest and fees on reported and securitized credit card loans.
(f) 2004 includes $469 million of asset-specific loss and $6.8 billion of formula-based loss. Included within the formula-based loss is $4.8 billion related to statistical calculation and an adjustment to the statistical calculation of $2.0 billion.

The table below summarizes the changes in the Allowance for lending-related commitments:

December 31, (in millions)	2005	2004(c)
Allowance for lending-related commitments at January 1	**$ 492**	$ 324
Addition resulting from the Merger, July 1, 2004	**—**	508
Provision for lending-related commitments:		
Provision excluding accounting policy conformity	**(92)**	(112)
Accounting policy conformity(a)	**—**	(227)
Total Provision for lending-related commitments	**(92)**	(339)
Other	**—**	(1)
Allowance for lending-related commitments at December 31(b)	**$ 400**	$ 492

(a) Represents a reduction of $227 million to conform provision methodologies in the wholesale portfolio.
(b) 2005 includes $60 million of asset-specific and $340 million of formula-based allowance. 2004 includes $130 million of asset-specific and $362 million of formula-based allowance. The formula-based allowance for lending-related commitments is based upon a statistical calculation. There is no adjustment to the statistical calculation for lending-related commitments.
(c) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.

Note 13 – Loan securitizations

JPMorgan Chase securitizes, sells and services various consumer loans, such as consumer real estate, credit card and automobile loans, as well as certain wholesale loans (primarily real estate) originated by the Investment Bank. In addition, the Investment Bank purchases, packages and securitizes commercial and consumer loans. All IB activity is collectively referred to below as Wholesale activities. Interests in the sold and securitized loans may be retained.

The Firm records a loan securitization as a sale when the transferred loans are legally isolated from the Firm's creditors and the accounting criteria for a sale are met. Those criteria are (1) the assets are legally isolated from the Firm's creditors; (2) the entity can pledge or exchange the financial assets or, if the entity is a QSPE, its investors can pledge or exchange their interests; and (3) the Firm does not maintain effective control via an agreement to repurchase the assets before their maturity or have the ability to unilaterally cause the holder to return the assets.

Gains or losses recorded on loan securitizations depend, in part, on the carrying amount of the loans sold and are allocated between the loans sold and the retained interests, based upon their relative fair values at the date of sale. Gains on securitizations are reported in noninterest revenue. Since quoted market prices are generally not available, the Firm usually estimates the fair value of these retained interests by determining the present value of future expected cash flows using modeling techniques. Such models incorporate management's best estimates of key variables, such as expected credit losses, prepayment speeds and the discount rates appropriate for the risks involved.

Retained interests that are subject to prepayment risk, such that JPMorgan Chase may not recover substantially all of its investment, are recorded at fair value; subsequent adjustments are reflected in Other comprehensive income or in earnings, if the fair value of the retained interest has declined below its carrying amount and such decline has been determined to be other-than-temporary.

Interests in the securitized loans are generally retained by the Firm in the form of senior or subordinated interest-only strips, subordinated tranches, escrow accounts and servicing rights, and they are generally recorded in Other assets. In addition, credit card securitization trusts require the Firm to maintain a minimum undivided interest in the trusts, representing the Firm's interests in the receivables transferred to the trust that have not been securitized. These interests are not represented by security certificates. The Firm's undivided interests are carried at historical cost and are classified in Loans. Retained interests from wholesale activities are reflected as trading assets.

JPMorgan Chase retains servicing responsibilities for all residential mortgage, credit card and automobile loan securitizations and for certain wholesale activity securitizations it sponsors, and receives servicing fees based on the securitized loan balance plus certain ancillary fees. The Firm also retains the right to service the residential mortgage loans it sells in connection with mortgage-backed securities transactions with the Government National Mortgage Association ("GNMA"), Federal National Mortgage Association ("FNMA") and Federal Home Loan Mortgage Corporation ("Freddie Mac"). For a discussion of mortgage servicing rights, see Note 15 on pages 114–116 of this Annual report.

JPMorgan Chase-sponsored securitizations utilize SPEs as part of the securitization process. These SPEs are structured to meet the definition of a QSPE (as discussed in Note 1 on page 91 of this Annual Report); accordingly, the assets and liabilities of securitization-related QSPEs are not reflected in the Firm's Consolidated balance sheets (except for retained interests, as described below) but are included on the balance sheet of the QSPE purchasing the

assets. Assets held by securitization-related SPEs as of December 31, 2005 and 2004, were as follows:

December 31, (in billions)	2005	2004
Credit card receivables	**$ 96.0**	$106.3
Residential mortgage receivables	**29.8**	19.1
Wholesale activities(a)	**72.9**	44.8
Automobile loans	**5.5**	4.9
Total	**$204.2**	$175.1

(a) Co-sponsored securitizations include non-JPMorgan Chase originated assets.

The following table summarizes new securitization transactions that were completed during 2005 and 2004, the resulting gains arising from such securitizations, certain cash flows received from such securitizations, and the key economic assumptions used in measuring the retained interests, as of the dates of such sales:

Year ended December 31,	2005				2004(a)			
(in millions)	Residential mortgage	Credit card	Automobile	Wholesale activities(e)	Residential mortgage	Credit card	Automobile	Wholesale activities(e)
Principal securitized	**$ 18,125**	**$ 15,145**	**$ 3,762**	**$ 22,691**	$ 6,529	$ 8,850	$ 1,600	$ 8,756
Pre-tax gains (losses)	**21**	**101**	**9**(c)	**131**	47	52	(3)	135
Cash flow information:								
Proceeds from securitizations	**$ 18,093**	**$ 14,844**	**$ 2,622**	**$ 22,892**	$ 6,608	$ 8,850	$ 1,597	$ 8,430
Servicing fees collected	**17**	**94**	**4**	**—**	12	69	1	3
Other cash flows received	**—**	**298**	**—**	**3**	25	225	—	16
Proceeds from collections reinvested in revolving securitizations	**—**	**129,696**	**—**	**—**	—	110,697	—	—
Key assumptions (rates per annum):								
Prepayment rate(b)	**9.1–12.1% CPR**	**16.7–20.0% PPR**	**1.5% ABS**	**0–50%**	23.8–37.6% CPR	15.5–16.7% PPR	1.5% ABS	17.0–50.0%
Weighted-average life (in years)	**5.6–6.7**	**0.4–0.5**	**1.4–1.5**	**1.0–4.4**	1.9–3.0	0.5–0.6	1.8	2.0–4.0
Expected credit losses	**—**(d)	**4.7–5.7%**	**0.6–0.7%**	**0–2.0%**(d)	1.0–2.3%	5.5–5.8%	0.6%	0.0–3.0%(d)
Discount rate	**13.0–13.3%**	**12.0%**	**6.3–7.3%**	**0.6–18.5%**	15.0–30.0%	12.0%	4.1%	0.6–5.0%

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(b) CPR: constant prepayment rate; ABS: absolute prepayment speed; PPR: principal payment rate.
(c) The auto securitization gain of $9 million does not include the write-down of loans transferred to held-for-sale in 2005 and risk management activities intended to protect the economic value of the loans while held-for-sale.
(d) Expected credit losses for prime residential mortgage and certain wholesale securitizations are minimal and are incorporated into other assumptions.
(e) Wholesale activities consist of wholesale loans (primarily commercial real estate) originated by the Investment Bank as well as $11.4 billion and $1.8 billion of consumer loans purchased from the market in 2005 and 2004, respectively, and then packaged and securitized by the Investment Bank.

In addition to securitization transactions, the Firm sold residential mortgage loans totaling $52.5 billion, $65.7 billion and $123.2 billion during 2005, 2004 and 2003, respectively, primarily as GNMA, FNMA and Freddie Mac mortgage-backed securities; these sales resulted in pre-tax gains of $293 million, $58.1 million and $564.3 million, respectively.

At both December 31, 2005 and 2004, the Firm had, with respect to its credit card master trusts, $24.8 billion and $35.2 billion, respectively, related to undivided interests, and $2.2 billion and $2.1 billion, respectively, related to subordinated interests in accrued interest and fees on the securitized receivables, net of an allowance for uncollectible amounts. Credit card securitization trusts require the Firm to maintain a minimum undivided interest of 4% to 12% of the principal receivables in the trusts. The Firm maintained an average undivided interest in principal receivables in the trusts of approximately 23% for both 2005 and 2004, respectively.

The Firm also maintains escrow accounts up to predetermined limits for some credit card and automobile securitizations, in the unlikely event of deficiencies in cash flows owed to investors. The amounts available in such escrow accounts are recorded in Other assets and, as of December 31, 2005, amounted to $754 million and $76 million for credit card and automobile securitizations, respectively; as of December 31, 2004, these amounts were $395 million and $132 million for credit card and automobile securitizations, respectively.

The table below summarizes other retained securitization interests, which are primarily subordinated or residual interests and are carried at fair value on the Firm's Consolidated balance sheets:

December 31, (in millions)	2005	2004
Residential mortgage(a)	**$ 182**	$ 433
Credit card(a)	**808**	494
Automobile(a)(b)	**150**	85
Wholesale activities(c)	**265**	23
Total	**$1,405**	$1,035

(a) Pre-tax unrealized gains (losses) recorded in Stockholders' equity that relate to retained securitization interests totaled $60 million and $118 million for Residential mortgage; $6 million and $(3) million for Credit card; and $5 million and $11 million for Automobile at December 31, 2005 and 2004, respectively.
(b) In addition to the automobile retained interest amounts noted above, the Firm also retained senior securities totaling $490 million at December 31, 2005, from 2005 auto securitizations that are classified as AFS securities. These securities are valued using quoted market prices and are therefore not included in the key economic assumption and sensitivities table that follows.
(c) In addition to the wholesale retained interest amounts noted above, the Firm also retained subordinated securities totaling $51 million at December 31, 2005, from re-securitization activities. These securities are valued using quoted market prices and are therefore not included in the key assumptions and sensitivities table that follows.

The table below outlines the key economic assumptions used to determine the fair value of the other retained interests at December 31, 2005 and 2004, respectively; and it outlines the sensitivities of those fair values to immediate 10% and 20% adverse changes in those assumptions:

December 31, 2005 (in millions)	Residential mortgage	Credit card	Automobile	Wholesale activities
Weighted-average life (in years)	**0.5–3.5**	**0.4–0.7**	**1.2**	**0.2–4.1**
Prepayment rate	**20.1–43.7% CPR**	**11.9–20.8% PPR**	**1.5% ABS**	**0.0–50.0%**(a)
Impact of 10% adverse change	**$ (3)**	**$ (44)**	**$ —**	**$ (5)**
Impact of 20% adverse change	**(5)**	**(88)**	**(2)**	**(6)**
Loss assumption	**0.0–5.2%**(b)	**3.2–8.1%**	**0.7%**	**0.0–2.0%**(b)
Impact of 10% adverse change	**$ (10)**	**$ (77)**	**$ (4)**	**$ (6)**
Impact of 20% adverse change	**(19)**	**(153)**	**(9)**	**(11)**
Discount rate	**12.7–30.0%**(c)	**6.9–12.0%**	**7.2%**	**0.2–18.5%**
Impact of 10% adverse change	**$ (4)**	**$ (2)**	**$ (1)**	**$ (6)**
Impact of 20% adverse change	**(8)**	**(4)**	**(3)**	**(12)**

December 31, 2004 (in millions)	Residential mortgage	Credit card	Automobile	Wholesale activities
Weighted-average life (in years)	0.8–3.4	0.5–1.0	1.3	0.2–4.0
Prepayment rate	15.1–37.1% CPR	8.3–16.7% PPR	1.4% ABS	0.0–50.0% (a)
Impact of 10% adverse change	$ (5)	$ (34)	$ (6)	$ (1)
Impact of 20% adverse change	(8)	(69)	(13)	(1)
Loss assumption	0.0–5.0% (b)	5.7–8.4%	0.7%	0.0–3.0% (b)
Impact of 10% adverse change	$ (17)	$ (144)	$ (4)	$ —
Impact of 20% adverse change	(34)	(280)	(8)	—
Discount rate	13.0–30.0% (c)	4.9–12.0%	5.5%	1.0–22.9%
Impact of 10% adverse change	$ (9)	$ (2)	$ (1)	$ —
Impact of 20% adverse change	(18)	(4)	(2)	—

(a) Prepayment risk on certain wholesale retained interests are minimal and are incorporated into other assumptions.
(b) Expected credit losses for prime residential mortgage and certain wholesale securitizations are minimal and are incorporated into other assumptions.
(c) The Firm sold certain residual interests from sub-prime mortgage securitizations via Net Interest Margin ("NIM") securitizations and retains residual interests in these NIM transactions, which are valued using a 30% discount rate.

The sensitivity analysis in the preceding table is hypothetical. Changes in fair value based upon a 10% or 20% variation in assumptions generally cannot be extrapolated easily, because the relationship of the change in the assumptions to the change in fair value may not be linear. Also, in this table, the effect that a change in a particular assumption may have on the fair value is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another assumption, which might counteract or magnify the sensitivities.

Expected static-pool net credit losses include actual incurred losses plus projected net credit losses, divided by the original balance of the outstandings comprising the securitization pool.

The table below displays the expected static-pool net credit losses for 2005, 2004 and 2003, based upon securitizations occurring in that year:

	Loans securitized in:(a)					
	2005		2004(b)		2003(b)	
	Residential mortgage(c)	Automobile	Residential mortgage	Automobile	Residential mortgage	Automobile
December 31, 2005	**0.0%**	**0.9%**	0.0–2.4%	0.8%	0.0–2.0%	0.5%
December 31, 2004	**NA**	**NA**	0.0–3.3	1.1	0.0–2.1	0.9
December 31, 2003	**NA**	**NA**	NA	NA	0.0–3.6	0.9

(a) Static-pool losses are not applicable to credit card securitizations due to their revolving structure.
(b) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(c) 2005 securitizations consist of prime-mortgage securitizations only. Expected losses are minimal and incorporated in other assumptions.

The table below presents information about delinquencies, net credit losses and components of reported and securitized financial assets at December 31, 2005 and 2004:

	Total Loans		Nonaccrual and 90 days or more past due		Net loan charge-offs[a] Year ended	
December 31, (in millions)	**2005**	2004	**2005**	2004	**2005**	2004
Home finance	**$ 133,453**	$ 124,653	**$ 863**	$ 673	**$ 154**	$ 573
Auto & education finance	**49,047**	62,712	**195**	193	**277**	263
Consumer & small business and other	**14,799**	15,107	**280**	295	**141**	154
Credit card receivables	**71,738**	64,575	**1,091**	1,006	**3,324**	1,923
Total consumer loans	**269,037**	267,047	**2,429**	2,167	**3,896**	2,913
Total wholesale loans	**150,111**	135,067	**1,042**	1,582	**(77)**	186
Total loans reported	**419,148**	402,114	**3,471**	3,749	**3,819**	3,099
Securitized loans:						
Residential mortgage[b]	**8,061**	11,533	**370**	460	**105**	150
Automobile	**5,439**	4,763	**11**	12	**15**	24
Credit card	**70,527**	70,795	**730**	1,337	**3,776**	2,898
Total consumer loans securitized	**84,027**	87,091	**1,111**	1,809	**3,896**	3,072
Securitized wholesale activities	**9,049**	1,401	**4**	—	**—**	—
Total loans securitized[c]	**93,076**	88,492	**1,115**	1,809	**3,896**	3,072
Total loans reported and securitized[d]	**$ 512,224**	$ 490,606	**$ 4,586**	$ 5,558	**$ 7,715**	$ 6,171

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(b) Includes $5.9 billion and $10.3 billion of outstanding principal balances on securitized sub-prime 1–4 family residential mortgage loans as of December 31, 2005 and 2004, respectively.
(c) Total assets held in securitization-related SPEs were $204.2 billion and $175.1 billion at December 31, 2005 and 2004, respectively. The $93.1 billion and $88.5 billion of loans securitized at December 31, 2005 and 2004, respectively, excludes: $85.6 billion and $50.8 billion of securitized loans, in which the Firm's only continuing involvement is the servicing of the assets; $24.8 billion and $35.2 billion of seller's interests in credit card master trusts; and $0.7 billion and $0.6 billion of escrow accounts and other assets, respectively.
(d) Represents both loans on the Consolidated balance sheets and loans that have been securitized, but excludes loans for which the Firm's only continuing involvement is servicing of the assets.

Note 14 – Variable interest entities

Refer to Note 1 on page 91 of this Annual Report for a further description of JPMorgan Chase's policies regarding consolidation of variable interest entities.

JPMorgan Chase's principal involvement with VIEs occurs in the following business segments:

- Investment Bank: Utilizes VIEs to assist clients in accessing the financial markets in a cost-efficient manner by providing the structural flexibility to meet their needs pertaining to price, yield and desired risk. There are two broad categories of transactions involving VIEs in the IB: (1) multi-seller conduits and (2) client intermediation; both are discussed below. The IB also securitizes loans through QSPEs which are not considered VIEs, to create asset-backed securities, as further discussed in Note 13 on pages 108–111 of this Annual Report.
- Asset & Wealth Management: Provides investment management services to a limited number of the Firm's mutual funds deemed VIEs. AWM earns a fixed fee based upon assets managed; the fee varies with each fund's investment objective and is competitively priced. For the limited number of funds that qualify as VIEs, AWM's relationships with such funds are not considered significant interests under FIN 46R.
- Treasury & Securities Services: Provides trustee and custodial services to a number of VIEs. These services are similar to those provided to non-VIEs. TSS earns market-based fees for services provided. Such relationships are not considered significant interests under FIN 46R.
- Commercial Banking: Utilizes VIEs to assist clients in accessing the financial markets in a cost-efficient manner. This is often accomplished through the use of products similar to those offered in the Investment Bank. Commercial Banking may assist in the structuring and/or on-going administration of these VIEs and may provide liquidity, letters of credit and/or derivative instruments in support of the VIE.
- The Firm's Private Equity business, included in Corporate, is involved with entities that may be deemed VIEs. Private equity activities are accounted for in accordance with the Investment Company Audit Guide ("Audit Guide"). The FASB deferred adoption of FIN 46R for non-registered investment companies that apply the Audit Guide until the proposed Statement of Position on the clarification of the scope of the Audit Guide is finalized. The Firm continues to apply this deferral provision; had FIN 46R been applied to VIEs subject to this deferral, the impact would have had an insignificant impact on the Firm's Consolidated financial statements as of December 31, 2005.

As noted above, there are two broad categories of transactions involving VIEs with which the IB is involved: multi-seller conduits and client intermediation. These categories are discussed more fully below.

Multi-seller conduits
The Firm is an active participant in the asset-backed securities business, helping meet customers' financing needs by providing access to the commercial paper markets through VIEs known as multi-seller conduits. These entities are separate bankruptcy-remote corporations in the business of purchasing interests in, and making loans secured by, receivable pools and other financial assets pursuant to agreements with customers. The entities fund their purchases and loans through the issuance of highly-rated commercial paper. The primary source of repayment of the commercial paper is the cash flow from the pools of assets.

JPMorgan Chase serves as the administrator and provides contingent liquidity support and limited credit enhancement for several multi-seller conduits. The commercial paper issued by the conduits is backed by collateral, credit enhancements and commitments to provide liquidity sufficient to support receiving at least a liquidity rating of A-1, P-1 and, in certain cases, F1.

As a means of ensuring timely repayment of the commercial paper, each asset pool financed by the conduits has a minimum 100% deal-specific liquidity facility associated with it. In the unlikely event an asset pool is removed from the conduit, the administrator can draw on the liquidity facility to repay the maturing commercial paper. The liquidity facilities are typically in the form of asset purchase agreements and are generally structured such that the bank liquidity is provided by purchasing, or lending against, a pool of non-defaulted, performing assets. Deal-specific liquidity is the primary source of liquidity support for the conduits.

Program-wide liquidity in the form of revolving and short-term lending commitments also is provided by the Firm to these vehicles in the event of short-term disruptions in the commercial paper market.

Deal-specific credit enhancement that supports the commercial paper issued by the conduits is generally structured to cover a multiple of historical losses expected on the pool of assets and is provided primarily by customers (i.e., sellers) or other third parties. The deal-specific credit enhancement is typically in the form of over-collateralization provided by the seller but also may include any combination of the following: recourse to the seller or originator, cash collateral accounts, letters of credit, excess spread, retention of subordinated interests or third-party guarantees. In certain instances, the Firm provides limited credit enhancement in the form of standby letters of credit.

The following table summarizes the Firm's involvement with Firm-administered multi-seller conduits:

	Consolidated		Nonconsolidated		Total	
December 31, (in billions)	**2005**	2004	**2005**	2004(b)	**2005**	2004(b)
Total commercial paper issued by conduits	**$ 35.2**	$ 35.8	**$ 8.9**	$ 9.3	**$ 44.1**	$ 45.1
Commitments						
Asset-purchase agreements	**$ 47.9**	$ 47.2	**$ 14.3**	$ 16.3	**$ 62.2**	$ 63.5
Program-wide liquidity commitments	**5.0**	4.0	**1.0**	2.0	**6.0**	6.0
Program-wide limited credit enhancements	**1.3**	1.4	**1.0**	1.2	**2.3**	2.6
Maximum exposure to loss(a)	**48.4**	48.2	**14.8**	16.9	**63.2**	65.1

(a) The Firm's maximum exposure to loss is limited to the amount of drawn commitments (i.e., sellers' assets held by the multi-seller conduits for which the Firm provides liquidity support) of $41.6 billion and $42.2 billion at December 31, 2005 and 2004, respectively, plus contractual but undrawn commitments of $21.6 billion and $22.9 billion at December 31, 2005 and 2004, respectively. Since the Firm provides credit enhancement and liquidity to these multi-seller conduits, the maximum exposure is not adjusted to exclude exposure absorbed by third-party liquidity providers.

(b) In December 2003 and February 2004, two multi-seller conduits were restructured, with each conduit issuing preferred securities acquired by an independent third-party investor; the investor absorbs the majority of the expected losses of the conduit. In determining the primary beneficiary of the restructured conduits, the Firm leveraged an existing rating agency model – an independent market standard – to estimate the size of the expected losses, and the Firm considered the relative rights and obligations of each of the variable interest holders.

The Firm views its credit exposure to multi-seller conduit transactions as limited. This is because, for the most part, the Firm is not required to fund under the liquidity facilities if the assets in the VIE are in default. Additionally, the Firm's obligations under the letters of credit are secondary to the risk of first loss provided by the customer or other third parties – for example, by the overcollateralization of the VIE with the assets sold to it or notes subordinated to the Firm's liquidity facilities.

Client intermediation

As a financial intermediary, the Firm is involved in structuring VIE transactions to meet investor and client needs. The Firm intermediates various types of risks (including fixed income, equity and credit), typically using derivative instruments as further discussed below. In certain circumstances, the Firm also provides liquidity and other support to the VIEs to facilitate the transaction. The Firm's current exposure to nonconsolidated VIEs is reflected in its Consolidated balance sheets or in the Notes to consolidated financial statements. The risks inherent in derivative instruments or liquidity commitments are managed similarly to other credit, market and liquidity risks to which the Firm is exposed. The Firm intermediates principally with the following types of VIEs: credit-linked note vehicles and municipal bond vehicles.

The Firm structures credit-linked notes in which the VIE purchases highly-rated assets (such as asset-backed securities) and enters into a credit derivative contract with the Firm to obtain exposure to a referenced credit not held by the VIE. Credit-linked notes are issued by the VIE to transfer the risk of the referenced credit to the investors in the VIE. Clients and investors often prefer a VIE structure, since the credit-linked notes generally carry a higher credit rating than they would if issued directly by JPMorgan Chase.

The Firm is involved with municipal bond vehicles for the purpose of creating a series of secondary market trusts that allow tax-exempt investors to finance their investments at short-term tax-exempt rates. The VIE purchases fixed-rate, longer-term highly-rated municipal bonds by issuing puttable floating-rate certificates and inverse floating-rate certificates; the investors in the inverse floating-rate certificates are exposed to the residual losses of the VIE (the "residual interests"). For vehicles in which the Firm owns the residual interests, the Firm consolidates the VIE. In vehicles where third-party investors own the residual interests, the Firm's exposure is limited because of the high credit quality of the underlying municipal bonds, the unwind triggers based upon the market value of the underlying collateral and the residual interests held by third parties. The Firm often serves as remarketing agent for the VIE and provides liquidity to support the remarketing.

Assets held by credit-linked and municipal bond vehicles at December 31, 2005 and 2004, were as follows:

December 31, (in billions)	**2005**	2004
Credit-linked note vehicles(a)	**$ 13.5**	$ 17.8
Municipal bond vehicles(b)	**13.7**	7.5

(a) Assets of $1.8 billion and $2.3 billion reported in the table above were recorded on the Firm's Consolidated balance sheets at December 31, 2005 and 2004, respectively, due to contractual relationships held by the Firm that relate to collateral held by the VIE.

(b) Total amounts consolidated due to the Firm owning residual interests were $4.9 billion and $2.6 billion at December 31, 2005 and 2004, respectively, and are reported in the table. Total liquidity commitments were $5.8 billion and $3.1 billion at December 31, 2005 and 2004, respectively. The Firm's maximum credit exposure to all municipal bond vehicles was $10.7 billion and $5.7 billion at December 31, 2005 and 2004, respectively.

Finally, the Firm may enter into transactions with VIEs structured by other parties. These transactions can include, for example, acting as a derivative counterparty, liquidity provider, investor, underwriter, placement agent, trustee or custodian. These transactions are conducted at arm's length, and individual credit decisions are based upon the analysis of the specific VIE, taking into consideration the quality of the underlying assets. JPMorgan Chase records and reports these positions similarly to any other third-party transaction. These activities do not cause JPMorgan Chase to absorb a majority of the expected losses of the VIEs or to receive a majority of the residual returns of the VIE, and they are not considered significant for disclosure purposes.

Consolidated VIE assets

The following table summarizes the Firm's total consolidated VIE assets, by classification on the Consolidated balance sheets, as of December 31, 2005 and 2004:

December 31, (in billions)	**2005**	2004
Consolidated VIE assets(a)		
Investment securities(b)	**$ 1.9**	$ 10.6
Trading assets(c)	**9.3**	4.7
Loans	**8.1**	3.4
Interests in purchased receivables	**29.6**	31.6
Other assets	**3.0**	0.4
Total consolidated assets	**$ 51.9**	$ 50.7

(a) The Firm also holds $3.9 billion and $3.4 billion of assets, at December 31, 2005 and December 31, 2004, respectively, primarily as a seller's interest, in certain consumer securi-tizations in a segregated entity, as part of a two-step securitization transaction. This interest is included in the securitization activities disclosed in Note 13 on pages 108–111 of this Annual Report.

(b) The decline in balance is primarily attributable to the sale of the Firm's interest in a structured investment vehicle's capital notes and resulting deconsolidation of this vehicle in 2005.

(c) Includes the fair value of securities and derivatives.

Interests in purchased receivables include interests in receivables purchased by Firm-administered conduits, which have been consolidated in accordance with FIN 46R. Interests in purchased receivables are carried at cost and are reviewed to determine whether an other-than-temporary impairment exists. Based upon the current level of credit protection specified in each transaction, primarily through overcollateralization, the Firm determined that no other-than-temporary impairment existed at December 31, 2005.

The interest-bearing beneficial interest liabilities issued by consolidated VIEs are classified in the line item titled, "Beneficial interests issued by consolidated variable interest entities" on the Consolidated balance sheets. The holders of these beneficial interests do not have recourse to the general credit of JPMorgan Chase. See Note 17 on page 117 of this Annual Report for the maturity profile of FIN 46 long-term beneficial interests.

FIN 46R transition

In December 2003, the FASB issued a revision to FIN 46 ("FIN 46R") to address various technical corrections and implementation issues that had arisen since the issuance of FIN 46. Effective March 31, 2004, JPMorgan Chase implemented FIN 46R for all VIEs, excluding certain investments made by its private equity business, as previously discussed. Implementation of FIN 46R did not have a significant effect on the Firm's Consolidated financial statements.

Note 15 – Goodwill and other intangible assets

Goodwill is not amortized but instead tested for impairment in accordance with SFAS 142 at the reporting-unit segment, which is generally one level below the six major reportable business segments (as described in Note 31 on pages 130–131 of this Annual Report); plus Private Equity (which is included in Corporate). Goodwill is tested annually (during the fourth quarter) or more often if events or circumstances, such as adverse changes in the business climate, indicate there may be impairment. Intangible assets determined to have indefinite lives are not amortized but instead are tested for impairment at least annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test compares the fair value of the indefinite-lived intangible asset to its carrying amount. Other acquired intangible assets determined to have finite lives, such as core deposits and credit card relationships, are amortized over their estimated useful lives in a manner that best reflects the economic benefits of the intangible asset. In addition, impairment testing is performed periodically on these amortizing intangible assets.

Goodwill and other intangible assets consist of the following:

December 31, (in millions)	**2005**	2004
Goodwill	**$43,621**	$ 43,203
Mortgage servicing rights	**6,452**	5,080
Purchased credit card relationships	**3,275**	3,878

December 31, (in millions)	**2005**	2004
All other intangibles:		
Other credit card-related intangibles	**$ 124**	$ 272
Core deposit intangibles	**2,705**	3,328
All other intangibles	**2,003**	2,126
Total All other intangible assets	**$ 4,832**	$ 5,726

Goodwill
As of December 31, 2005, goodwill increased by $418 million compared with December 31, 2004, principally in connection with the establishment of the business partnership with Cazenove, as well as the acquisitions of Vastera, Neovest and the Sears Canada credit card business. These increases to Goodwill were partially offset by the deconsolidation of Paymentech. Goodwill was not impaired at December 31, 2005 or 2004, nor was any goodwill written off due to impairment during the years ended December 31, 2005, 2004 or 2003.

Goodwill attributed to the business segments was as follows:

(in millions)	**Dec. 31, 2005**	Dec. 31, 2004	Goodwill resulting from the Merger
Investment Bank	**$ 3,531**	$ 3,309	$ 1,179
Retail Financial Services	**14,991**	15,022	14,576
Card Services	**12,984**	12,781	12,802
Commercial Banking	**2,651**	2,650	2,599
Treasury & Securities Services	**2,062**	2,044	465
Asset & Wealth Management	**7,025**	7,020	2,539
Corporate (Private Equity)	**377**	377	—
Total goodwill	**$ 43,621**	$ 43,203	$ 34,160

Mortgage servicing rights
JPMorgan Chase recognizes as intangible assets mortgage servicing rights, which represent the right to perform specified residential mortgage servicing activities for others. MSRs are either purchased from third parties or retained upon sale or securitization of mortgage loans. Servicing activities include collecting principal, interest, and escrow payments from borrowers; making tax and insurance payments on behalf of the borrowers; monitoring delinquencies and executing foreclosure proceedings; and accounting for and remitting principal and interest payments to the investors of the mortgage-backed securities.

The amount capitalized as MSRs represents the amount paid to third parties to acquire MSRs or is based on fair value, if retained upon the sale or securitization of mortgage loans. The Firm estimates the fair value of MSRs using a discounted future cash flow model. The model considers portfolio characteristics, contractually specified servicing fees, prepayment assumptions, delinquency rates, late charges, other ancillary revenues and costs to service, as well as other economic factors.

During the fourth quarter of 2005, the Firm enhanced its valuation of MSRs by utilizing an option-adjusted spread ("OAS") valuation approach. An OAS approach projects MSR cash flows over multiple interest rate scenarios in conjunction with the Firm's proprietary prepayment model, and then discounts these cash flows at risk-adjusted rates. Prior to the fourth quarter of 2005, MSRs were valued using cash flows and discount rates determined by a "static" or single interest rate path valuation model. The initial valuation of MSRs under OAS did not have a material impact on the Firm's financial statements.

The Firm compares fair value estimates and assumptions to observable market data where available and to recent market activity and actual portfolio experience. Management believes that the assumptions used to estimate fair values are supportable and reasonable.

The Firm accounts for its MSRs at the lower of cost or fair value, in accordance with SFAS 140. MSRs are amortized as a reduction of the actual servicing income received in proportion to, and over the period of, the estimated future net servicing income stream of the underlying mortgage loans. For purposes of evaluating and measuring impairment of MSRs, the Firm stratifies the portfolio on the basis of the predominant risk characteristics, which are loan type and interest rate. Any indicated impairment is recognized as a reduction in revenue through a valuation allowance, which represents the extent that the carrying value of an individual stratum exceeds its estimated fair value.

The Firm evaluates other-than-temporary impairment by reviewing changes in mortgage and other market interest rates over historical periods and then determines an interest rate scenario to estimate the amounts of the MSRs' gross carrying value and the related valuation allowance that could be expected to be recovered in the foreseeable future. Any gross carrying value and related valuation allowance amounts that are not expected to be recovered in the foreseeable future, based upon the interest rate scenario, are considered to be other-than-temporary.

The carrying value of MSRs is sensitive to changes in interest rates, including their effect on prepayment speeds. JPMorgan Chase uses a combination of derivatives, AFS securities and trading instruments to manage changes in the fair value of MSRs. The intent is to offset any changes in the fair value of MSRs with changes in the fair value of the related risk management instrument. MSRs decrease in value when interest rates decline. Conversely, securities (such as mortgage-backed securities), principal-only certificates and derivatives (when the Firm receives fixed-rate interest payments) decrease in value when interest rates increase. The Firm offsets the interest rate risk of its MSRs by designating certain derivatives (e.g., a combination of swaps, swaptions and floors that produces an interest rate profile opposite to the designated risk of the hedged MSRs) as fair value hedges of specified MSRs under SFAS 133. SFAS 133 hedge accounting allows the carrying value of the hedged MSRs to be adjusted through earnings in the same period that the change in value of the hedging derivatives is recognized through earnings. Both of these valuation adjustments are recorded in Mortgage fees and related income.

When applying SFAS 133, the loans underlying the MSRs being hedged are stratified into specific SFAS 133 asset groupings that possess similar interest rate and prepayment risk exposures. The documented hedge period for the Firm is daily. Daily adjustments are performed to incorporate new or terminated derivative contracts and to modify the amount of the corresponding similar asset grouping that is being hedged. The Firm has designated changes in the benchmark interest rate (LIBOR) as the hedged risk. In designating the benchmark interest rate, the Firm considers the impact that the change in the benchmark rate has on the prepayment speed estimates in determining the fair value of the MSRs. The Firm performs both prospective and retrospective hedge-effectiveness evaluations, using a regression analysis, to determine whether the hedge relationship is expected to be highly effective. Hedge effectiveness is assessed by comparing the change in value of the MSRs as a result of changes in benchmark interest rates to the change in the value of the designated derivatives. For a further discussion on derivative instruments and hedging activities, see Note 26 on page 123 of this Annual Report.

Securities (both AFS and Trading) also are used to manage the risk exposure of MSRs. Because these securities do not qualify as hedges under SFAS 133, they are accounted for under SFAS 115. Realized and unrealized gains and losses on trading securities are recognized in earnings in Mortgage fees and related income; interest income on the AFS securities is recognized in earnings in Net interest income; and unrealized gains and losses on AFS securities are reported in Other comprehensive income. Finally, certain nonhedge derivatives, which have not been designated by management in SFAS 133 hedge relationships, are used to manage the economic risk exposure of MSRs and are recorded in Mortgage fees and related income.

Certain AFS securities purchased by the Firm to manage structural interest rate risk were designated in 2005 as risk management instruments of MSRs. At December 31, 2005 and 2004, the unrealized loss on AFS securities used to manage the risk exposure of MSRs was $174 million and $3 million, respectively.

The following table summarizes MSR activity and related amortization for the dates indicated. It also includes the key assumptions and the sensitivity of the fair value of MSRs at December 31, 2005, to immediate 10% and 20% adverse changes in each of those assumptions.

Year ended December 31, (in millions)(a)	**2005**	2004	2003
Balance at January 1	**$ 6,111**	$ 6,159	$ 4,864
Additions	**1,897**	1,757	3,201
Bank One merger	**NA**	90	NA
Sales	**—**	(3)	—
Other-than-temporary impairment	**(1)**	(149)	(283)
Amortization	**(1,295)**	(1,297)	(1,397)
SFAS 133 hedge valuation adjustments	**90**	(446)	(226)
Balance at December 31	**6,802**	6,111	6,159
Less: valuation allowance	**350**	1,031	1,378
Balance at December 31, after valuation allowance	**$ 6,452**	$ 5,080	$ 4,781
Estimated fair value at December 31	**$ 6,668**	$ 5,124	$ 4,781
Weighted-average prepayment speed assumption (CPR)	**17.56%**	17.29%	17.67%
Weighted-average discount rate	**9.68%**	7.93%	7.31%

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

CPR: Constant prepayment rate

	2005
Weighted-average prepayment speed assumption (CPR)	**17.56%**
Impact on fair value with 10% adverse change	**$ (340)**
Impact on fair value with 20% adverse change	**(654)**
Weighted-average discount rate	**9.68%**
Impact on fair value with 10% adverse change	**$ (231)**
Impact on fair value with 20% adverse change	**(446)**

CPR: Constant prepayment rate.

The sensitivity analysis in the preceding table is hypothetical and should be used with caution. As the figures indicate, changes in fair value based upon a 10% and 20% variation in assumptions generally cannot be easily extrapolated because the relationship of the change in the assumptions to the change in fair value may not be linear. Also, in this table, the effect that a change in a particular assumption may have on the fair value is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another, which might magnify or counteract the sensitivities.

The valuation allowance represents the extent to which the carrying value of MSRs exceeds its estimated fair value for its applicable SFAS 140 strata. Changes in the valuation allowance are the result of the recognition of impairment or the recovery of previously recognized impairment charges due to changes in market conditions during the period. The changes in the valuation allowance for MSRs were as follows:

Year ended December 31, (in millions)(a)	**2005**	2004	2003
Balance at January 1	**$1,031**	$1,378	$1,634
Other-than-temporary impairment	**(1)**	(149)	(283)
SFAS 140 impairment (recovery) adjustment	**(680)**	(198)	27
Balance at December 31	**$ 350**	$1,031	$1,378

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results, while 2003 results include heritage JPMorgan Chase only.

The Firm recorded an other-than-temporary impairment of its MSRs of $1 million, $149 million and $283 million, in 2005, 2004 and 2003, respectively, which permanently reduced the gross carrying value of the MSRs and the related valuation allowance. The permanent reduction precludes subsequent reversals. This write-down had no impact on the results of operations or financial condition of the Firm.

Purchased credit card relationships and All other intangible assets
During 2005, purchased credit card relationship intangibles decreased by $603 million as a result of $703 million in amortization expense, partially offset by the purchase of the Sears Canada credit card business. All other intangible assets decreased by $894 million in 2005 primarily as a result of $836 million in amortization expense and the impact of the deconsolidation of Paymentech. Except for $513 million of indefinite-lived intangibles related to asset management advisory contracts which are not amortized but instead are tested for impairment at least annually, the remainder of the Firm's other acquired intangible assets are subject to amortization.

The components of credit card relationships, core deposits and other intangible assets were as follows:

	2005			2004		
December 31, (in millions)	Gross amount	Accumulated amortization	Net carrying value	Gross amount	Accumulated amortization	Net carrying value
Purchased credit card relationships	**$ 5,325**	**$ 2,050**	**$ 3,275**	$ 5,225	$ 1,347	$ 3,878
All other intangibles:						
Other credit card–related intangibles	**183**	**59**	**124**	295	23	272
Core deposit intangibles	**3,797**	**1,092**	**2,705**	3,797	469	3,328
Other intangibles	**2,582**	**579**(a)	**2,003**	2,528	402(a)	2,126

Amortization expense (in millions)(b)	2005	2004	2003
Purchased credit card relationships	**$ 703**	$ 476	$ 256
Other credit card–related intangibles	**36**	23	—
Core deposit intangibles	**623**	330	6
All other intangibles	**163**	117	32
Total amortization expense	**$ 1,525**	$ 946	$ 294

(a) Includes $14 million and $16 million for 2005 and 2004, respectively, of amortization expense related to servicing assets on securitized automobile loans, which is recorded in Asset management, administration and commissions.
(b) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

Future amortization expense
The following table presents estimated amortization expenses related to credit card relationships, core deposits and All other intangible assets at December 31, 2005:

(in millions) Year ended December 31,	Purchased credit card relationships	Other credit card-related intangibles	Core deposit intangibles	All other intangible assets	Total
2006	$ 688	$ 16	$ 547	$ 163	$ 1,414
2007	620	15	469	145	1,249
2008	515	15	402	132	1,064
2009	372	15	329	123	839
2010	312	13	276	110	711

Note 16 – Premises and equipment

Premises and equipment, including leasehold improvements, are carried at cost less accumulated depreciation and amortization. JPMorgan Chase computes depreciation using the straight-line method over the estimated useful life of an asset. For leasehold improvements, the Firm uses the straight-line method computed over the lesser of the remaining term of the leased facility or 10 years. JPMorgan Chase has recorded immaterial asset retirement obligations related to asbestos remediation under SFAS 143 and FIN 47 in those cases where it has sufficient information to estimate the obligations' fair value.

JPMorgan Chase capitalizes certain costs associated with the acquisition or development of internal-use software under SOP 98-1. Once the software is ready for its intended use, these costs are amortized on a straight-line basis over the software's expected useful life, and reviewed for impairment on an ongoing basis.

Note 17 – Long-term debt

JPMorgan Chase issues long-term debt denominated in various currencies, although predominantly U.S. dollars, with both fixed and variable interest rates. The following table is a summary of long-term debt (including unamortized original issue debt discount and SFAS 133 valuation adjustments):

By remaining contractual maturity at December 31, 2005 (in millions)		Under 1 year	1–5 years	After 5 years	**2005 total**	2004 total
Parent company						
Senior debt:(a)	Fixed rate	$ 5,991	$ 14,705	$ 4,224	**$ 24,920**	$ 25,563
	Variable rate	3,574	11,049	2,291	**16,914**	15,128
	Interest rates(b)	2.80–6.88%	0.22–6.63%	1.12–8.85%	**0.22–8.85%**	0.20–7.63%
Subordinated debt:	Fixed rate	$ 758	$ 8,241	$ 15,818	**$ 24,817**	$ 22,055
	Variable rate	—	26	1,797	**1,823**	2,686
	Interest rates(b)	6.13–7.88%	4.80–10.00%	1.92–9.88%	**1.92–10.00%**	1.92–10.00%
	Subtotal	$ 10,323	$ 34,021	$ 24,130	**$ 68,474**	$ 65,432
Subsidiaries						
Senior debt:(a)	Fixed rate	$ 636	$ 3,746	$ 2,362	**$ 6,744**	$ 6,249
	Variable rate	5,364	21,632	5,013	**32,009**	22,097
	Interest rates(b)	3.00–10.95%	1.71–17.00%	1.76–13.00%	**1.71–17.00%**	1.71–13.00%
Subordinated debt:	Fixed rate	$ —	$ 845	$ 285	**$ 1,130**	$ 1,644
	Variable rate	—	—	—	**—**	—
	Interest rates(b)	—	6.13–6.70%	8.25%	**6.13–8.25%**	6.00–8.25%
	Subtotal	$ 6,000	$ 26,223	$ 7,660	**$ 39,883**	$ 29,990
Total long-term debt		$ 16,323	$ 60,244	$ 31,790	**$ 108,357**(d)(e)(f)	$ 95,422
FIN 46R long-term beneficial interests:(c)						
	Fixed rate	$ 80	$ 9	$ 376	**$ 465**	$ 775
	Variable rate	26	95	1,768	**1,889**	5,618
	Interest rates(b)	3.39–7.35%	0.51–7.00%	2.42–12.79%	**0.51–12.79%**	0.54–12.79%
Total FIN 46R long-term beneficial interests		$ 106	$ 104	$ 2,144	**$ 2,354**	$ 6,393

(a) Included are various equity-linked or other indexed instruments. Embedded derivatives separated from hybrid securities in accordance with SFAS 133 are reported at fair value and shown net with the host contract on the balance sheet. Changes in fair value of separated derivatives are recorded in Trading revenue.

(b) The interest rates shown are the range of contractual rates in effect at year-end, including non-U.S. dollar fixed and variable-rate issuances, which excludes the effects of related derivative instruments. The use of these derivative instruments modifies the Firm's exposure to the contractual interest rates disclosed in the table above. Including the effects of derivatives, the range of modified rates in effect at December 31, 2005, for total long-term debt was 0.49% to 17.00%, versus the contractual range of 0.22% to 17.00% presented in the table above.

(c) Included on the Consolidated balance sheets in Beneficial interests issued by consolidated variable interest entities.

(d) At December 31, 2005, long-term debt aggregating $27.7 billion was redeemable at the option of JPMorgan Chase, in whole or in part, prior to maturity, based upon the terms specified in the respective notes.

(e) The aggregate principal amount of debt that matures in each of the five years subsequent to 2005 is $16.3 billion in 2006, $17.8 billion in 2007, $23.4 billion in 2008, $11.1 billion in 2009, and $8.0 billion in 2010.

(f) Includes $2.3 billion of outstanding zero-coupon notes at December 31, 2005. The aggregate principal amount of these notes at their respective maturities is $5.9 billion.

The weighted-average contractual interest rate for total long-term debt was 4.62% and 4.50% as of December 31, 2005 and 2004, respectively. In order to modify exposure to interest rate and currency exchange rate movements, JPMorgan Chase utilizes derivative instruments, primarily interest rate and cross-currency interest rate swaps, in conjunction with some of its debt issues. The use of these instruments modifies the Firm's interest expense on the associated debt. The modified weighted-average interest rate for total long-term debt, including the effects of related derivative instruments, was 4.65% and 3.97% as of December 31, 2005 and 2004, respectively.

JPMorgan Chase & Co. (Parent Company) has guaranteed certain debt of its subsidiaries, including both long-term debt and structured notes sold as part of the Firm's trading activities. These guarantees rank on a parity with all of the Firm's other unsecured and unsubordinated indebtedness. Guaranteed liabilities totaled $170 million and $320 million at December 31, 2005 and 2004, respectively.

Junior subordinated deferrable interest debentures held by trusts that issued guaranteed capital debt securities

At December 31, 2005, the Firm had 22 wholly-owned Delaware statutory business trusts ("issuer trusts") that issued guaranteed preferred beneficial interests in the Firm's junior subordinated deferrable interest debentures.

The junior subordinated deferrable interest debentures issued by the Firm to the issuer trusts, totaling $11.5 billion and $10.3 billion at December 31, 2005 and 2004, respectively, were reflected in the Firm's Consolidated balance sheets in the Liabilities section under the caption "Junior subordinated deferrable interest debentures held by trusts that issued guaranteed capital debt securities." The Firm also records the common capital securities issued by the issuer trusts in Other assets in its Consolidated balance sheets at December 31, 2005 and 2004.

The debentures issued to the issuer trusts by the Firm, less the capital securities of the issuer trusts, qualify as Tier 1 capital. The following is a summary of the outstanding capital securities, net of discount, issued by each trust and the junior subordinated deferrable interest debenture issued by JPMorgan Chase to each trust as of December 31, 2005:

December 31, 2005 (in millions)	Amount of capital securities issued by trust[a]	Principal amount of debenture held by trust[b]	Issue date	Stated maturity of capital securities and debentures	Earliest redemption date	Interest rate of capital securities and debentures	Interest payment/ distribution dates
Bank One Capital III	$ 474	$ 616	2000	2030	Any time	8.75%	Semiannually
Bank One Capital V	300	335	2001	2031	2006	8.00%	Quarterly
Bank One Capital VI	525	556	2001	2031	2006	7.20%	Quarterly
Chase Capital I	600	619	1996	2026	2006	7.67%	Semiannually
Chase Capital II	495	511	1997	2027	2007	LIBOR + 0.50%	Quarterly
Chase Capital III	296	306	1997	2027	2007	LIBOR + 0.55%	Quarterly
Chase Capital VI	249	256	1998	2028	Any time	LIBOR + 0.625%	Quarterly
First Chicago NBD Capital I	248	256	1997	2027	2007	LIBOR + 0.55%	Quarterly
First Chicago NBD Institutional Capital A	499	551	1996	2026	2006	7.95%	Semiannually
First Chicago NBD Institutional Capital B	250	273	1996	2026	2006	7.75%	Semiannually
First USA Capital Trust I	3	3	1996	2027	2007	9.33%	Semiannually
JPM Capital Trust I	750	773	1996	2027	2007	7.54%	Semiannually
JPM Capital Trust II	400	412	1997	2027	2007	7.95%	Semiannually
J.P. Morgan Chase Capital IX	500	509	2001	2031	2006	7.50%	Quarterly
J.P. Morgan Chase Capital X	1,000	1,022	2002	2032	2007	7.00%	Quarterly
J.P. Morgan Chase Capital XI	1,075	1,009	2003	2033	2008	5.88%	Quarterly
J.P. Morgan Chase Capital XII	400	393	2003	2033	2008	6.25%	Quarterly
JPMorgan Chase Capital XIII	472	487	2004	2034	2014	LIBOR + 0.95%	Quarterly
JPMorgan Chase Capital XIV	600	593	2004	2034	2009	6.20%	Quarterly
JPMorgan Chase Capital XV	994	1,049	2005	2035	Any time	5.88%	Semiannually
JPMorgan Chase Capital XVI	500	501	2005	2035	2010	6.35%	Quarterly
JPMorgan Chase Capital XVII	496	499	2005	2035	Any time	5.85%	Semiannually
Total	$ 11,126	$ 11,529					

(a) Represents the amount of capital securities issued to the public by each trust, net of unamortized discount.
(b) Represents the principal amount of JPMorgan Chase debentures held as assets by each trust, net of unamortized discount amounts. The principal amount of debentures held by the trusts includes the impact of hedging and purchase accounting fair value adjustments that are recorded on the Firm's financial statements.

Note 18 – Preferred stock

JPMorgan Chase is authorized to issue 200 million shares of preferred stock, in one or more series, with a par value of $1 per share. Outstanding preferred stock at December 31, 2005 and 2004, was 280,433 and 4.28 million shares, respectively. On May 6, 2005, JPMorgan Chase redeemed a total of 4.0 million shares of its Fixed/adjustable rate, noncumulative preferred stock.

Dividends on shares of the outstanding series of preferred stock are payable quarterly. The preferred stock outstanding takes precedence over JPMorgan Chase's common stock for the payment of dividends and the distribution of assets in the event of a liquidation or dissolution of the Firm.

The following is a summary of JPMorgan Chase's preferred stock outstanding as of December 31:

(in millions, except per share amounts and rates)	Stated value and redemption price per share[b]	Shares		Outstanding at December 31,		Earliest redemption date	Rate in effect at December 31, 2005
		2005	2004	**2005**	2004		
6.63% Series H cumulative[a]	$ 500.00	**0.28**	0.28	**$ 139**	$ 139	3/31/2006	**6.63%**
Fixed/adjustable rate, noncumulative	50.00	**—**	4.00	**—**	200	—	**—**
Total preferred stock		**0.28**	4.28	**$ 139**	$ 339		

(a) Represented by depositary shares.
(b) Redemption price includes amount shown in the table plus any accrued but unpaid dividends.

Note 19 – Common stock

At December 31, 2005, JPMorgan Chase was authorized to issue 9.0 billion shares of common stock with a $1 par value per share. In connection with the Merger, the shareholders approved an increase in the amount of authorized shares of 4.5 billion from the 4.5 billion that had been authorized as of December 31, 2003. Common shares issued (newly issued or distributed from treasury) by JPMorgan Chase during 2005, 2004 and 2003 were as follows:

December 31,[a] (in millions)	**2005**	2004	2003
Issued – balance at January 1	**3,584.8**	2,044.4	2,023.6
Newly issued:			
Employee benefits and compensation plans	**34.0**	69.0	20.9
Employee stock purchase plans	**1.4**	3.1	0.7
Purchase accounting acquisitions and other	**—**	1,469.4	—
Total newly issued	**35.4**	1,541.5	21.6
Cancelled shares	**(2.0)**	(1.1)	(0.8)
Total issued – balance at December 31	**3,618.2**	3,584.8	2,044.4
Treasury – balance at January 1	**(28.6)**	(1.8)	(24.9)
Purchase of treasury stock	**(93.5)**	(19.3)	—
Share repurchases related to employee stock-based awards[b]	**(9.4)**	(7.5)	(3.0)
Issued from treasury:			
Employee benefits and compensation plans	**—**	—	25.8
Employee stock purchase plans	**—**	—	0.3
Total issued from treasury	**—**	—	26.1
Total treasury – balance at December 31	**(131.5)**	(28.6)	(1.8)
Outstanding	**3,486.7**	3,556.2	2,042.6

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

(b) Participants in the Firm's stock-based incentive plans may have shares withheld to cover income taxes. The shares withheld amounted to 8.2 million, 5.7 million and 2.3 million for 2005, 2004 and 2003, respectively.

During 2005 and 2004, the Firm repurchased 93.5 million shares and 19.3 million shares, respectively, of common stock under a stock repurchase program that was approved by the Board of Directors on July 20, 2004. The Firm did not repurchase shares of its common stock during 2003 under a prior stock repurchase program.

As of December 31, 2005, approximately 507 million unissued shares of common stock were reserved for issuance under various employee or director incentive, compensation, option and stock purchase plans.

Note 20 – Earnings per share

SFAS 128 requires the presentation of basic and diluted earnings per share ("EPS") in the income statement. Basic EPS is computed by dividing net income applicable to common stock by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed using the same method as basic EPS but, in the denominator, the number of common shares reflect, in addition to outstanding shares, the potential dilution that could occur if convertible securities or other contracts to issue common stock were converted or exercised into common stock. Net income available for common stock is the same for basic EPS and diluted EPS, as JPMorgan Chase had no convertible securities, and therefore, no adjustments to net income available for common stock were necessary. The following table presents the calculation of basic and diluted EPS for 2005, 2004 and 2003:

Year ended December 31, (in millions, except per share amounts)[a]	**2005**	2004	2003
Basic earnings per share			
Net income	**$ 8,483**	$ 4,466	$ 6,719
Less: preferred stock dividends	**13**	52	51
Net income applicable to common stock	**$ 8,470**	$ 4,414	$ 6,668
Weighted-average basic shares outstanding	**3,491.7**	2,779.9	2,008.6
Net income per share	**$ 2.43**	$ 1.59	$ 3.32
Diluted earnings per share			
Net income applicable to common stock	**$ 8,470**	$ 4,414	$ 6,668
Weighted-average basic shares outstanding	**3,491.7**	2,779.9	2,008.6
Add: Broad-based options	**3.6**	5.4	4.1
Restricted stock, restricted stock units and key employee options	**62.0**	65.3	42.4
Weighted-average diluted shares outstanding	**3,557.3**	2,850.6	2,055.1
Net income per share[b]	**$ 2.38**	$ 1.55	$ 3.24

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

(b) Options issued under employee benefit plans to purchase 280 million, 300 million and 335 million shares of common stock were outstanding for the years ended 2005, 2004 and 2003, respectively, but were not included in the computation of diluted EPS because the options' exercise prices were greater than the average market price of the common shares.

Note 21 – Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) includes the after-tax change in unrealized gains and losses on AFS securities, cash flow hedging activities and foreign currency translation adjustments (including the impact of related derivatives).

Year ended December 31,[a] (in millions)	Unrealized gains (losses) on AFS securities[b]	Translation adjustments	Cash flow hedges	Accumulated other comprehensive income (loss)
Balance at December 31, 2002	$ 731	$ (6)	$ 502	$ 1,227
Net change	(712)	—	(545)	(1,257)
Balance at December 31, 2003	19	(6)	(43)	(30)
Net change	(80)[c]	(2)[d]	(96)	(178)
Balance at December 31, 2004	(61)	(8)	(139)	(208)
Net change	**(163)**[e]	**—**[f]	**(255)**	**(418)**
Balance at December 31, 2005	**$ (224)**	**$ (8)**	**$ (394)**	**$ (626)**

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

(b) Represents the after-tax difference between the fair value and amortized cost of the AFS securities portfolio and retained interests in securitizations recorded in Other assets.

(c) The net change during 2004 was due primarily to rising interest rates and recognition of unrealized gains through securities sales.

(d) Includes $280 million of after-tax gains (losses) on foreign currency translation from operations for which the functional currency is other than the U.S. dollar offset by $(282) million of after-tax gains (losses) on hedges.

(e) The net change during 2005 was due primarily to higher interest rates, partially offset by the reversal of unrealized losses through securities sales.

(f) Includes $(351) million of after-tax gains (losses) on foreign currency translation from operations for which the functional currency is other than the U.S. dollar offset by $351 million of after-tax gains (losses) on hedges.

The following table presents the after-tax changes in net unrealized holdings gains (losses) and the reclassification adjustments in unrealized gains and losses on AFS securities and cash flow hedges. Reclassification adjustments include amounts recognized in net income during the current year that had been previously recorded in Other comprehensive income.

Year ended December 31, (in millions)[a]	2005	2004	2003
Unrealized gains (losses) on AFS securities:			
Net unrealized holdings gains (losses) arising during the period, net of taxes[b]	**$(1,058)**	$ 41	$ 149
Reclassification adjustment for (gains) losses included in income, net of taxes[c]	**895**	(121)	(861)
Net change	**$ (163)**	$ (80)	$(712)
Cash flow hedges:			
Net unrealized holdings gains (losses) arising during the period, net of taxes[d]	**$ (283)**	$ 34	$ 86
Reclassification adjustment for (gains) losses included in income, net of taxes[e]	**28**	(130)	(631)
Net change	**$ (255)**	$ (96)	$(545)

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Net of income tax expense (benefit) of $(648) million for 2005, $27 million for 2004 and $92 million for 2003.
(c) Net of income tax expense (benefit) of $(548) million for 2005, $79 million for 2004 and $528 million for 2003.
(d) Net of income tax expense (benefit) of $(187) million for 2005, $23 million for 2004 and $60 million for 2003.
(e) Net of income tax expense (benefit) of $(18) million for 2005 and $86 million for 2004 and $438 million for 2003.

Note 22 – Income taxes

JPMorgan Chase and eligible subsidiaries file a consolidated U.S. federal income tax return. JPMorgan Chase uses the asset-and-liability method required by SFAS 109 to provide income taxes on all transactions recorded in the Consolidated financial statements. This method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets or liabilities for book and tax purposes. Accordingly, a deferred tax liability or asset for each temporary difference is determined based upon the tax rates that the Firm expects to be in effect when the underlying items of income and expense are realized. JPMorgan Chase's expense for income taxes includes the current and deferred portions of that expense. A valuation allowance is established to reduce deferred tax assets to the amount the Firm expects to realize.

Due to the inherent complexities arising from the nature of the Firm's businesses, and from conducting business and being taxed in a substantial number of jurisdictions, significant judgments and estimates are required to be made. Agreement of tax liabilities between JPMorgan Chase and the many tax jurisdictions in which the Firm files tax returns may not be finalized for several years. Thus, the Firm's final tax-related assets and liabilities may ultimately be different.

Deferred income tax expense (benefit) results from differences between assets and liabilities measured for financial reporting and for income-tax return purposes. The significant components of deferred tax assets and liabilities are reflected in the following table:

December 31, (in millions)	2005	2004
Deferred tax assets		
Allowance for other than loan losses	**$ 3,554**	$ 3,711
Employee benefits	**3,381**	2,677
Allowance for loan losses	**2,745**	2,739
Non-U.S. operations	**807**	743
Fair value adjustments	**531**	—
Gross deferred tax assets	**$11,018**	$ 9,870
Deferred tax liabilities		
Depreciation and amortization	**$ 3,683**	$ 3,558
Leasing transactions	**3,158**	4,266
Fee income	**1,396**	1,162
Non-U.S. operations	**1,297**	1,144
Fair value adjustments	**—**	186
Other, net	**149**	348
Gross deferred tax liabilities	**$ 9,683**	$10,664
Valuation allowance	**$ 110**	$ 150
Net deferred tax asset (liability)	**$ 1,225**	$ (944)

A valuation allowance has been recorded in accordance with SFAS 109, primarily relating to deferred tax assets associated with certain portfolio investments.

The components of income tax expense included in the Consolidated statements of income were as follows:

Year ended December 31, (in millions)[a]	2005	2004	2003
Current income tax expense			
U.S. federal	**$ 4,269**	$1,695	$ 965
Non-U.S.	**917**	679	741
U.S. state and local	**337**	181	175
Total current expense	**5,523**	2,555	1,881
Deferred income tax (benefit) expense			
U.S. federal	**(2,063)**	(382)	1,341
Non-U.S.	**316**	(322)	14
U.S. state and local	**(44)**	(123)	73
Total deferred (benefit) expense	**(1,791)**	(827)	1,428
Total income tax expense	**$ 3,732**	$1,728	$3,309

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

The preceding table does not reflect the tax effects of unrealized gains and losses on AFS securities, SFAS 133 hedge transactions and certain tax benefits associated with the Firm's employee stock plans. The tax effect of these items is recorded directly in Stockholders' equity. Stockholders' equity increased by $425 million, $431 million and $898 million in 2005, 2004 and 2003, respectively, as a result of these tax effects.

U.S. federal income taxes have not been provided on the undistributed earnings of certain non-U.S. subsidiaries, to the extent that such earnings have been reinvested abroad for an indefinite period of time. For 2005, such earnings approximated $333 million on a pre-tax basis. At December 31, 2005, the cumulative amount of undistributed pre-tax earnings in these subsidiaries approximated $1.5 billion. It is not practicable at this time to determine the income tax liability that would result upon repatriation of these earnings.

On October 22, 2004, the American Jobs Creation Act of 2004 (the "Act") was signed into law. The Act creates a temporary incentive for U.S. companies to repatriate accumulated foreign earnings at a substantially reduced U.S. effective tax rate by providing a dividends received deduction on the repatriation of certain foreign earnings to the U.S. taxpayer (the "repatriation provision"). The new deduction is subject to a number of limitations and requirements.

In the fourth quarter of 2005, the Firm applied the repatriation provision to $1.9 billion of cash from foreign earnings, resulting in a net tax benefit of $55 million. The $1.9 billion of cash will be used in accordance with the Firm's domestic reinvestment plan pursuant to the guidelines set forth in the Act.

The tax expense (benefit) applicable to securities gains and losses for the years 2005, 2004 and 2003 was $(536) million, $126 million and $477 million, respectively.

A reconciliation of the applicable statutory U.S. income tax rate to the effective tax rate for the past three years is shown in the following table:

Year ended December 31,(a)	**2005**	2004	2003
Statutory U.S. federal tax rate	**35.0%**	35.0%	35.0%
Increase (decrease) in tax rate resulting from:			
U.S. state and local income taxes, net of federal income tax benefit	**1.6**	0.6(b)	2.1
Tax-exempt income	**(3.0)**	(4.1)	(2.4)
Non-U.S. subsidiary earnings	**(1.4)**	(1.3)	(0.7)
Business tax credits	**(3.6)**	(4.1)	(0.9)
Other, net	**2.0**	1.8	(0.1)
Effective tax rate	**30.6%**	27.9%	33.0%

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) The lower rate in 2004 was attributable to changes in the proportion of income subject to different state and local taxes.

The following table presents the U.S. and non-U.S. components of income before income tax expense:

Year ended December 31, (in millions)(a)	**2005**	2004	2003
U.S.	**$ 8,959**	$3,817	$ 7,333
Non-U.S.(b)	**3,256**	2,377	2,695
Income before income tax expense	**$12,215**	$6,194	$10,028

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) For purposes of this table, non-U.S. income is defined as income generated from operations located outside the United States of America.

Note 23 – Restrictions on cash and intercompany funds transfers

JPMorgan Chase Bank's business is subject to examination and regulation by the Office of the Comptroller of the Currency ("OCC"). The Bank is a member of the Federal Reserve System and its deposits are insured by the Federal Deposit Insurance Corporation ("FDIC").

The Federal Reserve Board requires depository institutions to maintain cash reserves with a Federal Reserve Bank. The average amount of reserve balances deposited by the Firm's bank subsidiaries with various Federal Reserve Banks was approximately $2.7 billion in 2005 and $3.8 billion in 2004.

Restrictions imposed by federal law prohibit JPMorgan Chase and certain other affiliates from borrowing from banking subsidiaries unless the loans are secured in specified amounts. Such secured loans to the Firm or to other affiliates are generally limited to 10% of the banking subsidiary's total capital, as determined by the risk-based capital guidelines; the aggregate amount of all such loans is limited to 20% of the banking subsidiary's total capital.

The principal sources of JPMorgan Chase's income (on a parent company-only basis) are dividends and interest from JPMorgan Chase Bank and the other banking and nonbanking subsidiaries of JPMorgan Chase. In addition to dividend restrictions set forth in statutes and regulations, the FRB, the OCC and the FDIC have authority under the Financial Institutions Supervisory Act to prohibit or to limit the payment of dividends by the banking organizations they supervise, including JPMorgan Chase and its subsidiaries that are banks or bank holding companies, if, in the banking regulator's opinion, payment of a dividend would constitute an unsafe or unsound practice in light of the financial condition of the banking organization.

At January 1, 2006 and 2005, JPMorgan Chase's bank subsidiaries could pay, in the aggregate, $7.4 billion and $6.2 billion, respectively, in dividends to their respective bank holding companies without prior approval of their relevant banking regulators. Dividend capacity in 2006 will be supplemented by the banks' earnings during the year.

In compliance with rules and regulations established by U.S. and non-U.S. regulators, as of December 31, 2005 and 2004, cash in the amount of $6.4 billion and $4.3 billion, respectively, and securities with a fair value of $2.1 billion and $2.7 billion, respectively, were segregated in special bank accounts for the benefit of securities and futures brokerage customers.

Note 24 – Capital

There are two categories of risk-based capital: Tier 1 capital and Tier 2 capital. Tier 1 capital includes common stockholders' equity, qualifying preferred stock and minority interest less goodwill and other adjustments. Tier 2 capital consists of preferred stock not qualifying as Tier 1, subordinated long-term debt and other instruments qualifying as Tier 2, and the aggregate allowance for credit losses up to a certain percentage of risk-weighted assets. Total regulatory capital is subject to deductions for investments in certain subsidiaries. Under the risk-based capital guidelines of the FRB, JPMorgan Chase is required to maintain minimum ratios of Tier 1 and Total (Tier 1 plus Tier 2) capital to risk-weighted assets, as well as minimum leverage ratios (which are defined as Tier 1 capital to average adjusted on–balance sheet assets). Failure to meet these minimum requirements could cause the FRB to take action. Bank subsidiaries also are subject to these capital requirements by their respective primary regulators. As of December 31, 2005 and 2004, JPMorgan Chase and all of its banking subsidiaries were well-capitalized and met all capital requirements to which each was subject.

The following table presents the risk-based capital ratios for JPMorgan Chase and the Firm's significant banking subsidiaries at December 31, 2005 and 2004:

(in millions, except ratios)	Tier 1 capital	Total capital	Risk-weighted assets(c)	Adjusted average assets(d)	Tier 1 capital ratio	Total capital ratio	Tier 1 leverage ratio
December 31, 2005							
JPMorgan Chase & Co.(a)	**$ 72,474**	**$ 102,437**	**$ 850,643**	**$ 1,152,546**	**8.5%**	**12.0%**	**6.3%**
JPMorgan Chase Bank, N.A.	**61,050**	**84,227**	**750,397**	**995,095**	**8.1**	**11.2**	**6.1**
Chase Bank USA, N.A.	**8,608**	**10,941**	**72,229**	**59,882**	**11.9**	**15.2**	**14.4**
December 31, 2004							
JPMorgan Chase & Co.(a)	$ 68,621	$ 96,807	$ 791,373	$ 1,102,456	8.7%	12.2%	6.2%
JPMorgan Chase Bank, N.A.	55,489	78,478	670,295	922,877	8.3	11.7	6.0
Chase Bank USA, N.A.	8,726	11,186	86,955	71,797	10.0	12.9	12.2
Well-capitalized ratios(b)					6.0%	10.0%	5.0%(e)
Minimum capital ratios(b)					4.0	8.0	3.0(f)

(a) Asset and capital amounts for JPMorgan Chase's banking subsidiaries reflect intercompany transactions, whereas the respective amounts for JPMorgan Chase reflect the elimination of intercompany transactions.
(b) As defined by the regulations issued by the FRB, FDIC and OCC.
(c) Includes off-balance sheet risk-weighted assets in the amounts of $279.2 billion, $260.0 billion and $15.5 billion, respectively, at December 31, 2005, and $250.3 billion, $229.6 billion and $15.5 billion, respectively, at December 31, 2004.
(d) Average adjusted assets for purposes of calculating the leverage ratio include total average assets adjusted for unrealized gains/losses on securities, less deductions for disallowed goodwill and other intangible assets, investments in subsidiaries and the total adjusted carrying value of nonfinancial equity investments that are subject to deductions from Tier 1 capital.
(e) Represents requirements for bank subsidiaries pursuant to regulations issued under the Federal Deposit Insurance Corporation Improvement Act. There is no Tier 1 leverage component in the definition of a well-capitalized bank holding company.
(f) The minimum Tier 1 leverage ratio for bank holding companies and banks is 3% or 4% depending on factors specified in regulations issued by the FRB and OCC.

The following table shows the components of the Firm's Tier 1 and Total capital:

December 31, (in millions)	**2005**	2004
Tier 1 capital		
Total stockholders' equity	**$107,211**	$105,653
Effect of net unrealized losses on AFS securities and cash flow hedging activities	**618**	200
Adjusted stockholders' equity	**107,829**	105,853
Minority interest(a)	**12,660**	11,050
Less: Goodwill	**43,621**	43,203
Investments in certain subsidiaries	**401**	370
Nonqualifying intangible assets	**3,993**	4,709
Tier 1 capital	**$ 72,474**	$ 68,621
Tier 2 capital		
Long-term debt and other instruments qualifying as Tier 2	**$ 22,733**	$ 20,690
Qualifying allowance for credit losses	**7,490**	7,798
Less: Investments in certain subsidiaries and other	**260**	302
Tier 2 capital	**$ 29,963**	$ 28,186
Total qualifying capital	**$102,437**	$ 96,807

(a) Primarily includes trust preferred securities of certain business trusts.

Note 25 – Commitments and contingencies

At December 31, 2005, JPMorgan Chase and its subsidiaries were obligated under a number of noncancelable operating leases for premises and equipment used primarily for banking purposes. Certain leases contain renewal options or escalation clauses providing for increased rental payments based upon maintenance, utility and tax increases or require the Firm to perform restoration work on leased premises. No lease agreement imposes restrictions on the Firm's ability to pay dividends, engage in debt or equity financing transactions, or enter into further lease agreements.

The following table shows required future minimum rental payments under operating leases with noncancelable lease terms that expire after December 31, 2005:

Year ended December 31, (in millions)	
2006	$ 993
2007	948
2008	901
2009	834
2010	724
After	5,334
Total minimum payments required(a)	9,734
Less: Sublease rentals under noncancelable subleases	(1,323)
Net minimum payment required	$ 8,411

(a) Lease restoration obligations are accrued in accordance with SFAS 13, and are not reported as a required minimum lease payment.

Total rental expense was as follows:

Year ended December 31, (in millions)(a)	**2005**	2004	2003
Gross rental expense	**$1,269**	$1,187	$1,061
Sublease rental income	**(192)**	(158)	(106)
Net rental expense	**$1,077**	$1,029	$ 955

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

At December 31, 2005, assets were pledged to secure public deposits and for other purposes. The significant components of the assets pledged were as follows:

December 31, (in billions)	**2005**	2004
Reverse repurchase/securities borrowing agreements	**$ 320**	$ 238
Securities	**24**	49
Loans	**74**	75
Other(a)	**99**	90
Total assets pledged	**$ 517**	$ 452

(a) Primarily composed of trading assets.

Litigation reserve
The Firm maintains litigation reserves for certain of its litigations, including its material legal proceedings. While the outcome of litigation is inherently uncertain, management believes, in light of all information known to it at December 31, 2005, that the Firm's litigation reserves were adequate at such date. Management reviews litigation reserves periodically, and the reserves may be increased or decreased in the future to reflect further litigation developments. The Firm believes it has meritorious defenses to claims asserted against it in its currently outstanding litigation and, with respect to such litigation, intends to continue to defend itself vigorously, litigating or settling cases according to management's judgment as to what is in the best interest of stockholders.

Note 26 – Accounting for derivative instruments and hedging activities

Derivative instruments enable end users to increase, reduce or alter exposure to credit or market risks. The value of a derivative is derived from its reference to an underlying variable or combination of variables such as equity, foreign exchange, credit, commodity or interest rate prices or indices. JPMorgan Chase makes markets in derivatives for customers and also is an end-user of derivatives in order to manage the Firm's exposure to credit and market risks.

SFAS 133, as amended by SFAS 138 and SFAS 149, establishes accounting and reporting standards for derivative instruments, including those used for trading and hedging activities, and derivative instruments embedded in other contracts. All free-standing derivatives, whether designated for hedging relationships or not, are required to be recorded on the balance sheet at fair value. The accounting for changes in value of a derivative depends on whether the contract is for trading purposes or has been designated and qualifies for hedge accounting. The majority of the Firm's derivatives are entered into for trading purposes. The Firm also uses derivatives as an end user to hedge market exposures, modify the interest rate characteristics of related balance sheet instruments or meet longer-term investment objectives. Both trading and end-user derivatives are recorded at fair value in Trading assets and Trading liabilities as set forth in Note 3 on page 94 of this Annual Report.

In order to qualify for hedge accounting, a derivative must be considered highly effective at reducing the risk associated with the exposure being hedged. Each derivative must be designated as a hedge, with documentation of the risk management objective and strategy, including identification of the hedging instrument, the hedged item and the risk exposure, and how effectiveness is to be assessed prospectively and retrospectively. The extent to which a hedging instrument is effective at achieving offsetting changes in fair value or cash flows must be assessed at least quarterly. Any ineffectiveness must be reported in current-period earnings.

For qualifying fair value hedges, all changes in the fair value of the derivative and in the fair value of the item for the risk being hedged are recognized in earnings. If the hedge relationship is terminated, then the fair value adjustment to the hedged item continues to be reported as part of the basis of the item and is amortized to earnings as a yield adjustment. For qualifying cash flow hedges, the effective portion of the change in the fair value of the derivative is recorded in Other comprehensive income and recognized in the income statement when the hedged cash flows affect earnings. The ineffective portions of cash flow hedges are immediately recognized in earnings. If the hedge relationship is terminated, then the change in fair value of the derivative recorded in Other comprehensive income is recognized when the cash flows that were hedged occur, consistent with the original hedge strategy. For hedge relationships discontinued because the forecasted transaction is not expected to occur according to the original strategy, any related derivative amounts recorded in Other comprehensive income are immediately recognized in earnings. For qualifying net investment hedges, changes in the fair value of the derivative or the revaluation of the foreign currency-denominated debt instrument are recorded in the translation adjustments account within Other comprehensive income. Any ineffective portions of net investment hedges are immediately recognized in earnings.

JPMorgan Chase's fair value hedges primarily include hedges of fixed-rate long-term debt, loans, AFS securities and MSRs. Interest rate swaps are the most common type of derivative contract used to modify exposure to interest rate risk, converting fixed-rate assets and liabilities to a floating rate. Interest rate options, swaptions and forwards are also used in combination with interest rate swaps to hedge the fair value of the Firm's MSRs. For a further discussion of MSR risk management activities, see Note 15 on pages 114–116 of this Annual Report. All amounts have been included in earnings consistent with the classification of the hedged item, primarily Net interest income, Mortgage fees and related income, and Other income. The Firm did not recognize any gains or losses during 2005 on firm commitments that no longer qualify as fair value hedges.

JPMorgan Chase also enters into derivative contracts to hedge exposure to variability in cash flows from floating-rate financial instruments and forecasted transactions, primarily the rollover of short-term assets and liabilities, and foreign currency-denominated revenues and expenses. Interest rate swaps, futures and forward contracts are the most common instruments used to reduce the impact of interest rate and foreign exchange rate changes on future earnings. All amounts affecting earnings have been recognized consistent with the classification of the hedged item, primarily Net interest income.

The Firm uses forward foreign exchange contracts and foreign currency-denominated debt instruments to protect the value of net investments in foreign currencies in non-U.S. subsidiaries. The portion of the hedging instruments excluded from the assessment of hedge effectiveness (forward points) is recorded in Net interest income.

The following table presents derivative instrument hedging-related activities for the periods indicated:

Year ended December 31, (in millions)(a)	**2005**	2004
Fair value hedge ineffective net gains/(losses)(b)	**$ (58)**	$ 199
Cash flow hedge ineffective net gains/(losses)(b)	**(2)**	—
Cash flow hedging gains on forecasted transactions that failed to occur	**—**	1

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results.
(b) Includes ineffectiveness and the components of hedging instruments that have been excluded from the assessment of hedge effectiveness.

Over the next 12 months, it is expected that $44 million (after-tax) of net gains recorded in Other comprehensive income at December 31, 2005, will be recognized in earnings. The maximum length of time over which forecasted transactions are hedged is 10 years, and such transactions primarily relate to core lending and borrowing activities.

JPMorgan Chase does not seek to apply hedge accounting to all of the Firm's economic hedges. For example, the Firm does not apply hedge accounting to standard credit derivatives used to manage the credit risk of loans and commitments because of the difficulties in qualifying such contracts as hedges under SFAS 133. Similarly, the Firm does not apply hedge accounting to certain interest rate derivatives used as economic hedges.

Note 27 – Off-balance sheet lending-related financial instruments and guarantees

JPMorgan Chase utilizes lending-related financial instruments (e.g., commitments and guarantees) to meet the financing needs of its customers. The contractual amount of these financial instruments represents the maximum possible credit risk should the counterparty draw down the commitment or the Firm fulfills its obligation under the guarantee, and the counterparty subsequently fails to perform according to the terms of the contract. Most of these commitments and guarantees expire without a default occurring or without being drawn. As a result, the total contractual amount of these instruments is not, in the Firm's view, representative of its actual future credit exposure or funding requirements. Further, certain commitments, primarily related to consumer financings, are cancelable, upon notice, at the option of the Firm.

To provide for the risk of loss inherent in wholesale-related contracts, an allowance for credit losses on lending-related commitments is maintained. See Note 12 on pages 107–108 of this Annual Report for a further discussion on the allowance for credit losses on lending-related commitments.

The following table summarizes the contractual amounts of off-balance sheet lending-related financial instruments and guarantees and the related allowance for credit losses on lending-related commitments at December 31, 2005 and 2004:

Off-balance sheet lending-related financial instruments and guarantees

	Contractual amount		Allowance for lending-related commitments	
December 31, (in millions)	**2005**	2004	**2005**	2004
Lending-related				
Consumer	**$655,596**	$601,196	**$ 15**	$ 12
Wholesale:				
Other unfunded commitments to extend credit(a)(b)(c)	**208,469**	185,822	**208**	183
Asset purchase agreements(d)	**31,095**	39,330	**3**	2
Standby letters of credit and guarantees(a)(e)	**77,199**	78,084	**173**	292
Other letters of credit(a)	**7,001**	6,163	**1**	3
Total wholesale	**323,764**	309,399	**385**	480
Total lending-related	**$979,360**	$910,595	**$ 400**	$ 492
Other guarantees				
Securities lending guarantees(f)	**$244,316**	$220,783	**NA**	NA
Derivatives qualifying as guarantees	**61,759**	53,312	**NA**	NA

(a) Represents contractual amount net of risk participations totaling $29.3 billion and $26.4 billion at December 31, 2005 and 2004, respectively.
(b) Includes unused advised lines of credit totaling $28.3 billion and $22.8 billion at December 31, 2005 and 2004, respectively, which are not legally binding. In regulatory filings with the FRB, unused advised lines are not reportable.
(c) Excludes unfunded commitments to private third-party equity funds of $242 million and $563 million at December 31, 2005 and 2004, respectively.
(d) Represents asset purchase agreements to the Firm's administered multi-seller asset-backed commercial paper conduits, which excludes $32.4 billion and $31.7 billion at December 31, 2005 and 2004, respectively, related to conduits that were consolidated in accordance with FIN 46R, as the underlying assets of the conduits are reported in the Firm's Consolidated balance sheets. It also includes $1.3 billion of asset purchase agreements to other third-party entities at December 31, 2005 and $7.5 billion of asset purchase agreements to structured wholesale loan vehicles and other third-party entities at December 31, 2004.
(e) Includes unused commitments to issue standby letters of credit of $37.5 billion and $38.4 billion at December 31, 2005 and 2004, respectively.
(f) Collateral held by the Firm in support of securities lending indemnification agreements was $245.0 billion and $221.6 billion at December 31, 2005 and 2004, respectively.

FIN 45 establishes accounting and disclosure requirements for guarantees, requiring that a guarantor recognize, at the inception of a guarantee, a liability in an amount equal to the fair value of the obligation undertaken in issuing the guarantee. FIN 45 defines a guarantee as a contract that contingently requires the Firm to pay a guaranteed party, based upon: (a) changes in an underlying asset, liability or equity security of the guaranteed party; or (b) a third party's failure to perform under a specified agreement. The Firm considers the following off-balance sheet lending arrangements to be guarantees under FIN 45: certain asset purchase agreements, standby letters of credit and financial guarantees, securities lending indemnifications, certain indemnification agreements included within third-party contractual arrangements and certain derivative contracts. These guarantees are described in further detail below.

The fair value at inception of the obligation undertaken when issuing the guarantees and commitments that qualify under FIN 45 is typically equal to the net present value of the future amount of premium receivable under the contract. The Firm has recorded this amount in Other Liabilities with an offsetting entry recorded in Other Assets. As cash is received under the contract, it is applied to the premium receivable recorded in Other Assets, and the fair value of the liability recorded at inception is amortized into income as Lending & deposit related fees over the life of the guarantee contract. The amount of the liability related to FIN 45 guarantees recorded at December 31, 2005 and 2004, excluding the allowance for credit losses on lending-related commitments and derivative contracts discussed below, was approximately $313 million and $341 million, respectively.

Unfunded commitments to extend credit are agreements to lend only when a customer has complied with predetermined conditions, and they generally expire on fixed dates.

The majority of the Firm's unfunded commitments are not guarantees as defined in FIN 45, except for certain asset purchase agreements that are principally used as a mechanism to provide liquidity to SPEs, primarily multi-seller conduits, as described in Note 14 on pages 111–113 of this Annual Report. Some of these asset purchase agreements can be exercised at any time by the SPE's administrator, while others require a triggering event to occur. Triggering events include, but are not limited to, a need for liquidity, a market value decline of the assets or a downgrade in the rating of JPMorgan Chase Bank. These agreements may cause the Firm to purchase an asset from the SPE at an amount above the asset's fair value, in effect providing a guarantee of the initial value of the reference asset as of the date of the agreement. In most instances, third-party credit enhancements of the SPE mitigate the Firm's potential losses on these agreements.

Standby letters of credit and financial guarantees are conditional lending commitments issued by JPMorgan Chase to guarantee the performance of a customer to a third party under certain arrangements, such as commercial paper facilities, bond financings, acquisition financings, trade and similar transactions. Approximately 58% of these arrangements mature within three years. The Firm typically has recourse to recover from the customer any amounts paid under these guarantees; in addition, the Firm may hold cash or other highly liquid collateral to support these guarantees. At December 31, 2005 and 2004, the Firm held collateral relating to $9.0 billion and $7.4 billion, respectively, of these arrangements.

The Firm holds customers' securities under custodial arrangements. At times, these securities are loaned to third parties, and the Firm issues securities lending indemnification agreements to the customer that protect the customer against the risk of loss if the third party fails to return the securities. To support these indemnification agreements, the Firm obtains from the third party cash or other highly liquid collateral with a market value exceeding 100% of the value of the loaned securities. If the third-party borrower fails to return the securities, the Firm would use the collateral to purchase the securities in the market and would be exposed if the value of the collateral fell below 100%. The Firm invests third-party cash collateral received in support of the indemnification agreements. In a few cases where the cash collateral is invested in resale agreements, the Firm indemnifies the third party against reinvestment risk. At December 31, 2005 and 2004, the Firm held $245.0 billion and $221.6 billion, respectively, in collateral in support of securities lending indemnification arrangements. Based upon historical experience, management expects the risk of loss to be remote.

In connection with issuing securities to investors, the Firm may enter into contractual arrangements with third parties that may require the Firm to make a payment to them in the event of a change in tax law or an adverse interpretation of tax law. In certain cases, the contract may also include a termination clause, which would allow the Firm to settle the contract at its fair value; thus, such a clause would not require the Firm to make a payment under the indemnification agreement. Even without the termination clause, management does not expect such indemnification agreements to have a material adverse effect on the consolidated financial condition of JPMorgan Chase. The Firm may also enter into indemnification clauses when it sells a business or assets to a third party, pursuant to which it indemnifies that third party for losses it may incur due to actions taken by the Firm prior to the sale. See below for more information regarding the Firm's loan securitization activities. It is difficult to estimate the Firm's maximum exposure under these indemnification arrangements, since this would require an assessment of future changes in tax law and future claims that may be made against the Firm that have not yet occurred. However, based upon historical experience, management expects the risk of loss to be remote.

As part of the Firm's loan securitization activities, as described in Note 13 on pages 108–111 of this Annual Report, the Firm provides representations and warranties that certain securitized loans meet specific requirements. The Firm may be required to repurchase the loans and/or indemnify the purchaser of the loans against losses due to any breaches of such representations or warranties. Generally, the maximum amount of future payments the Firm would be required to make under such repurchase and/or indemnification provisions would be equal to the current amount of assets held by such securitization-related SPEs as of December 31, 2005, plus, in certain circumstances, accrued and unpaid interest on such loans and certain expenses. The potential loss due to such repurchase and/or indemnity is mitigated by the due diligence the Firm performs before the sale to ensure that the assets comply with the requirements set forth in the representations and warranties. Historically, losses incurred on such repurchases and/or indemnifications have been insignificant, and therefore management expects the risk of material loss to be remote.

The Firm is a partner with one of the leading companies in electronic payment services in a joint venture operating under the name of Chase Paymentech Solutions, LLC (the "joint venture"). The joint venture was formed in October 2005 as a result of an agreement to integrate the Firm's jointly-owned Chase Merchant Services ("CMS") and Paymentech merchant businesses, the latter of which was acquired as a result of the Merger. The joint venture provides merchant processing services in the United States and Canada. The joint venture is liable contingently for processed credit card sales transactions in the event of a dispute between the cardmember and a merchant. If a dispute is resolved in the cardmember's favor, the joint venture will credit or refund the amount to the cardmember and charge back the transaction to the merchant. If the joint venture is unable to collect the amount from the merchant, the joint venture will bear the loss for the amount credited or refunded to the cardmember. The joint venture mitigates this risk by withholding settlement, or by obtaining escrow deposits or letters of credit from certain merchants. However, in the unlikely event that: 1) a merchant ceases operations and is unable to deliver products, services or a refund; 2) the joint venture does not have sufficient collateral from the merchants to provide customer refunds; and 3) the joint venture does not have sufficient financial resources to provide customer refunds, the Firm would be liable to refund the cardholder in proportion to its approximate equity interest in the joint venture. For the year ended December 31, 2005, the joint venture, along with the integrated businesses of CMS and Paymentech, incurred aggregate credit losses of $11 million on $563 billion of aggregate volume processed, of which the Firm shared liability only on $200 billion of aggregate volume processed. At December 31, 2005, the joint venture held $909 million of collateral. In 2004, the CMS and Paymentech ventures incurred aggregate credit losses of $7.1 million on $396 billion of aggregate volume processed, of which the Firm shared liability only on $205 billion of aggregate volume processed. At December 31, 2004, the CMS and Paymentech ventures held $620 million of collateral. The Firm believes that, based upon historical experience and the collateral held by the joint venture, the fair value of the guarantee would not be different materially from the credit loss allowance recorded by the joint venture; therefore, the Firm has not recorded any allowance for losses in excess of the allowance recorded by the joint venture.

The Firm is a member of several securities and futures exchanges and clearing-houses both in the United States and overseas. Membership in some of these organizations requires the Firm to pay a pro rata share of the losses incurred by the organization as a result of the default of another member. Such obligation varies with different organizations. It may be limited to members who dealt with the defaulting member or to the amount (or a multiple of the amount) of the Firm's contribution to a members' guaranty fund, or, in a few cases, it may be unlimited. It is difficult to estimate the Firm's maximum exposure under these membership agreements, since this would require an assessment of future claims that may be made against the Firm that have not yet occurred. However, based upon historical experience, management expects the risk of loss to be remote.

In addition to the contracts described above, there are certain derivative contracts to which the Firm is a counterparty that meet the characteristics of a guarantee under FIN 45. These derivatives are recorded on the Consolidated balance sheets at fair value. These contracts include written put options that require the Firm to purchase assets from the option holder at a specified price by a specified date in the future, as well as derivatives that effectively guarantee the return on a counterparty's reference portfolio of assets. The total notional value of the derivatives that the Firm deems to be guarantees was $62 billion and $53 billion at December 31, 2005 and 2004, respectively. The Firm reduces exposures to these contracts by entering into offsetting transactions or by entering into contracts that hedge the market risk related to these contracts. The fair value related to these contracts was a derivative receivable of $198 million and $180 million, and a derivative payable of $767 million and $622 million at December 31, 2005 and 2004, respectively. Finally, certain written put options and credit derivatives permit cash settlement and do not require the option holder or the buyer of credit protection to own the reference asset. The Firm does not consider these contracts to be guarantees as described in FIN 45.

Note 28 – Credit risk concentrations

Concentrations of credit risk arise when a number of customers are engaged in similar business activities or activities in the same geographic region, or when they have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions.

JPMorgan Chase regularly monitors various segments of the credit risk portfolio to assess potential concentration risks and to obtain collateral when deemed necessary. In the Firm's wholesale portfolio, risk concentrations are evaluated primarily by industry and by geographic region. In the consumer portfolio, concentrations are evaluated primarily by product and by U.S. geographic region.

The Firm does not believe exposure to any one loan product with varying terms (e.g., interest-only payments for an introductory period) or exposure to loans with high loan-to-value ratios would result in a significant concentration of credit risk. Terms of loan products and collateral coverage are included in the Firm's assessment when extending credit and establishing its allowance for loan losses.

For further information regarding on-balance sheet credit concentrations by major product and geography, see Note 11 on page 106 of this Annual Report. For information regarding concentrations of off-balance sheet lending-related financial instruments by major product, see Note 27 on page 124 of this Annual Report. More information about concentrations can be found in the following tables or discussion in the MD&A:

The table below presents both on-balance sheet and off-balance sheet wholesale- and consumer-related credit exposure as of December 31, 2005 and 2004:

	2005			2004		
December 31, (in billions)	Credit exposure[b]	On-balance sheet[b][c]	Off-balance sheet[d]	Credit exposure[b]	On-balance sheet[b][c]	Off-balance sheet[d]
Wholesale-related:						
Banks and finance companies	**$ 53.7**	**$ 20.3**	**$ 33.4**	$ 56.2	$ 25.7	$ 30.5
Real estate	**32.5**	**19.0**	**13.5**	28.2	16.7	11.5
Consumer products	**26.7**	**10.0**	**16.7**	21.4	7.1	14.3
Healthcare	**25.5**	**4.7**	**20.8**	22.0	4.5	17.5
State and municipal governments	**25.3**	**6.1**	**19.2**	19.8	4.1	15.7
All other wholesale	**389.7**	**169.5**	**220.2**	394.6	174.7	219.9
Total wholesale-related	**553.4**	**229.6**	**323.8**	542.2	232.8	309.4
Consumer-related:						
Home finance	**198.6**	**133.5**	**65.1**	177.9	124.7	53.2
Auto & education finance	**54.7**	**49.0**	**5.7**	67.9	62.7	5.2
Consumer & small business and other	**20.3**	**14.8**	**5.5**	25.4	15.1	10.3
Credit card receivables[a]	**651.0**	**71.7**	**579.3**	597.0	64.5	532.5
Total consumer-related	**924.6**	**269.0**	**655.6**	868.2	267.0	601.2
Total exposure	**$ 1,478.0**	**$ 498.6**	**$ 979.4**	$ 1,410.4	$ 499.8	$ 910.6

(a) Excludes $70.5 billion and $70.8 billion of securitized credit card receivables at December 31, 2005 and 2004, respectively.
(b) Includes HFS loans.
(c) Represents loans, derivative receivables and interests in purchased receivables.
(d) Represents lending-related financial instruments.

Note 29 – Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The accounting for an asset or liability may differ based upon the type of instrument and/or its use in a trading or investing strategy. Generally, the measurement framework in the consolidated financial statements is one of the following:

- at fair value on the Consolidated balance sheets, with changes in fair value recorded each period in the Consolidated statements of income;
- at fair value on the Consolidated balance sheets, with changes in fair value recorded each period in a separate component of Stockholders' equity and as part of Other comprehensive income;
- at cost (less other-than-temporary impairments), with changes in fair value not recorded in the consolidated financial statements but disclosed in the notes thereto; or
- at the lower of cost or fair value.

The Firm has an established and well-documented process for determining fair values. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally-developed models that primarily use market-based or independent information as inputs to the valuation model. Valuation adjustments may be necessary to ensure that financial instruments are recorded at fair value. These adjustments include amounts to reflect counterparty credit quality, liquidity and concentration concerns and are based upon defined methodologies that are applied consistently over time.

- Credit valuation adjustments are necessary when the market price (or parameter) is not indicative of the credit quality of the counterparty. As few derivative contracts are listed on an exchange, the majority of derivative positions are valued using internally developed models that use as their basis observable market parameters. Market practice is to quote parameters equivalent to a AA credit rating; thus, all counterparties are assumed to have the same credit quality. An adjustment is therefore necessary to reflect the credit quality of each derivative counterparty and to arrive at fair value. Without this adjustment, derivative positions would not be appropriately valued.

- Liquidity adjustments are necessary when the Firm may not be able to observe a recent market price for a financial instrument that trades in inactive (or less active) markets. Thus, valuation adjustments for risk of loss due to a lack of liquidity are applied to those positions to arrive at fair value. The Firm tries to ascertain the amount of uncertainty in the initial valuation based upon the liquidity or illiquidity, as the case may be, of the market in which the instrument trades and makes liquidity adjustments to the financial instruments. The Firm measures the liquidity adjustment based upon the following factors: (1) the amount of time since the last relevant pricing point; (2) whether there was an actual trade or relevant external quote; and (3) the volatility of the principal component of the financial instrument.
- Concentration valuation adjustments are necessary to reflect the cost of unwinding larger-than-normal market-size risk positions. The cost is determined based upon the size of the adverse market move that is likely to occur during the extended period required to bring a position down to a nonconcentrated level. An estimate of the period needed to reduce, without market disruption, a position to a nonconcentrated level is generally based upon the relationship of the position to the average daily trading volume of that position. Without these adjustments, larger positions would be valued at a price greater than the price at which the Firm could exit the positions.

Valuation adjustments are determined based upon established policies and are controlled by a price verification group independent of the risk-taking function. Economic substantiation of models, prices, market inputs and revenue through price/input testing, as well as backtesting, is done to validate the appropriateness of the valuation methodology. Any changes to the valuation methodology are reviewed by management to ensure the changes are justified.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, the use of different methodologies to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Certain financial instruments and all nonfinancial instruments are excluded from the scope of SFAS 107. Accordingly, the fair value disclosures required by SFAS 107 provide only a partial estimate of the fair value of JPMorgan Chase. For example, the Firm has developed long-term relationships with its customers through its deposit base and credit card accounts, commonly referred to as core deposit intangibles and credit card relationships. In the opinion of management, these items, in the aggregate, add significant value to JPMorgan Chase, but their fair value is not disclosed in this Note.

The following items describe the methodologies and assumptions used, by financial instrument, to determine fair value.

Financial assets

Assets for which fair value approximates carrying value
The Firm considers fair values of certain financial assets carried at cost – including cash and due from banks, deposits with banks, securities borrowed, short-term receivables and accrued interest receivable – to approximate their respective carrying values, due to their short-term nature and generally negligible credit risk.

Assets where fair value differs from cost
The Firm's debt, equity and derivative trading instruments are carried at their estimated fair value. Quoted market prices, when available, are used to determine the fair value of trading instruments. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of instruments with similar characteristics, or discounted cash flows.

Federal funds sold and securities purchased under resale agreements
Federal funds sold and securities purchased under resale agreements are typically short-term in nature and, as such, for a significant majority of the Firm's transactions, cost approximates carrying value. This balance sheet item also includes structured resale agreements and similar products with long-dated maturities. To estimate the fair value of these instruments, cash flows are discounted using the appropriate market rates for the applicable maturity.

Securities
Fair values of actively traded securities are determined by the secondary market, while the fair values for nonactively traded securities are based upon independent broker quotations.

Derivatives
Fair value for derivatives is determined based upon the following:

- position valuation, principally based upon liquid market pricing as evidenced by exchange-traded prices, broker-dealer quotations or related input parameters, which assume all counterparties have the same credit rating;
- credit valuation adjustments to the resulting portfolio valuation, to reflect the credit quality of individual counterparties; and
- other fair value adjustments to take into consideration liquidity, concentration and other factors.

For those derivatives valued based upon models with significant unobservable market parameters, the Firm defers the initial trading profit for these financial instruments. The deferred profit is recognized in Trading revenue on a systematic basis (typically straight-line amortization over the life of the instruments) and when observable market data becomes available.

The fair value of derivative payables does not incorporate a valuation adjustment to reflect JPMorgan Chase's credit quality.

Interests in purchased receivables
The fair value of variable-rate interests in purchased receivables approximate their respective carrying amounts due to their variable interest terms and negligible credit risk. The estimated fair values for fixed-rate interests in purchased receivables are determined using a discounted cash flow analysis using appropriate market rates for similar instruments.

Loans
Fair value for loans is determined using methodologies suitable for each type of loan:

- Fair value for the wholesale loan portfolio is estimated primarily, using the cost of credit derivatives, which is adjusted to account for the differences in recovery rates between bonds, upon which the cost of credit derivatives is based, and loans.
- Fair values for consumer installment loans (including automobile financings) and consumer real estate, for which market rates for comparable loans are readily available, are based upon discounted cash flows adjusted for prepayments. The discount rates used for consumer installment loans are current rates offered by commercial banks. For consumer real estate, secondary market yields for comparable mortgage-backed securities, adjusted for risk, are used.
- Fair value for credit card receivables is based upon discounted expected cash flows. The discount rates used for credit card receivables incorporate only the effects of interest rate changes, since the expected cash flows already reflect an adjustment for credit risk.

- The fair value of loans in the held-for-sale and trading portfolios is generally based upon observable market prices and upon prices of similar instruments, including bonds, credit derivatives and loans with similar characteristics. If market prices are not available, the fair value is based upon the estimated cash flows adjusted for credit risk; that risk is discounted, using a rate appropriate for each maturity that incorporates the effects of interest rate changes.

Other assets
Commodities inventory is carried at the lower of cost or fair value. For the majority of commodities inventory, fair value is determined by reference to prices in highly active and liquid markets. The fair value for other commodities inventory is determined primarily using pricing and other data derived from less liquid and developing markets where the underlying commodities are traded. This caption also includes private equity investments and MSRs. For a discussion of the fair value methodology for private equity investments, see Note 9 on page 105 of this Annual Report.

For a discussion of the fair value methodology for MSRs, see Note 15 on pages 114–116 of this Annual Report.

Financial liabilities

Liabilities for which fair value approximates carrying value
SFAS 107 requires that the fair value for deposit liabilities with no stated maturity (i.e., demand, savings and certain money market deposits) be equal to their carrying value. SFAS 107 does not allow for the recognition of the inherent funding value of these instruments.

Fair value of commercial paper, other borrowed funds, accounts payable and accrued liabilities is considered to approximate their respective carrying values due to their short-term nature.

Interest-bearing deposits
Fair values of interest-bearing deposits are estimated by discounting cash flows based upon the remaining contractual maturities of funds having similar interest rates and similar maturities.

Federal funds purchased and securities sold under repurchase agreements
Federal funds purchased and securities sold under repurchase agreements are typically short-term in nature; as such, for a significant majority of these transactions, cost approximates carrying value. This balance sheet item also includes structured repurchase agreements and similar products with long-dated maturities. To estimate the fair value of these instruments, the cash flows are discounted using the appropriate market rates for the applicable maturity.

Beneficial interests issued by consolidated VIEs
Beneficial interests issued by consolidated VIEs ("beneficial interests") are generally short-term in nature and, as such, for a significant majority of the Firm's transactions, cost approximates carrying value. The Consolidated balance sheets also include beneficial interests with long-dated maturities. The fair value of these instruments is based upon current market rates.

Long-term debt-related instruments
Fair value for long-term debt, including the junior subordinated deferrable interest debentures held by trusts that issued guaranteed capital debt securities, is based upon current market rates and is adjusted for JPMorgan Chase's credit quality.

Lending-related commitments
Although there is no liquid secondary market for wholesale commitments, the Firm estimates the fair value of its wholesale lending-related commitments primarily using the cost of credit derivatives (which is adjusted to account for the difference in recovery rates between bonds, upon which the cost of credit derivatives is based, and loans) and loan equivalents (which represent the portion of an unused commitment expected, based upon the Firm's average portfolio historical experience, to become outstanding in the event an obligor defaults). The Firm estimates the fair value of its consumer commitments to extend credit based upon the primary market prices to originate new commitments. It is the change in current primary market prices that provides the estimate of the fair value of these commitments. On this basis, at December 31, 2005, the estimated fair value of the Firm's lending-related commitments was a liability of $0.5 billion, compared with $0.1 billion at December 31, 2004.

The following table presents the carrying value and estimated fair value of financial assets and liabilities valued under SFAS 107; accordingly, certain assets and liabilities that are not considered financial instruments are excluded from the table.

	2005			2004		
December 31, (in billions)	**Carrying value**	**Estimated fair value**	**Appreciation/ (depreciation)**	Carrying value	Estimated fair value	Appreciation/ (depreciation)
Financial assets						
Assets for which fair value approximates carrying value	**$ 155.4**	**$ 155.4**	**$ —**	$ 125.7	$ 125.7	$ —
Federal funds sold and securities purchased under resale agreements	**134.0**	**134.3**	**0.3**	101.4	101.3	(0.1)
Trading assets	**298.4**	**298.4**	**—**	288.8	288.8	—
Securities	**47.6**	**47.6**	**—**	94.5	94.5	—
Loans: Wholesale, net of allowance for loan losses	**147.7**	**150.2**	**2.5**	132.0	134.6	2.6
Consumer, net of allowance for loan losses	**264.4**	**262.7**	**(1.7)**	262.8	262.5	(0.3)
Interests in purchased receivables	**29.7**	**29.7**	**—**	31.7	31.8	0.1
Other assets	**53.4**	**54.7**	**1.3**	50.4	51.1	0.7
Total financial assets	**$ 1,130.6**	**$ 1,133.0**	**$ 2.4**	$ 1,087.3	$ 1,090.3	$ 3.0
Financial liabilities						
Liabilities for which fair value approximates carrying value	**$ 241.0**	**$ 241.0**	**$ —**	$ 228.8	$ 228.8	$ —
Interest-bearing deposits	**411.9**	**411.7**	**0.2**	385.3	385.5	(0.2)
Federal funds purchased and securities sold under repurchase agreements	**125.9**	**125.9**	**—**	127.8	127.8	—
Trading liabilities	**145.9**	**145.9**	**—**	151.2	151.2	—
Beneficial interests issued by consolidated VIEs	**42.2**	**42.1**	**0.1**	48.1	48.0	0.1
Long-term debt-related instruments	**119.9**	**120.6**	**(0.7)**	105.7	107.7	(2.0)
Total financial liabilities	**$ 1,086.8**	**$ 1,087.2**	**$ (0.4)**	$ 1,046.9	$ 1,049.0	$ (2.1)
Net appreciation			**$ 2.0**			$ 0.9

Note 30 – International operations

The following table presents income statement information of JPMorgan Chase by major geographic area. The Firm defines international activities as business transactions that involve customers residing outside of the United States, and the information presented below is based primarily upon the domicile of the customer. However, many of the Firm's U.S. operations serve international businesses.

As the Firm's operations are highly integrated, estimates and subjective assumptions have been made to apportion revenue and expense between U.S. and international operations. These estimates and assumptions are consistent with the allocations used for the Firm's segment reporting as set forth in Note 31 on pages 130-131 of this Annual Report.

The Firm's long-lived assets for the periods presented are not considered by management to be significant in relation to total assets. The majority of the Firm's long-lived assets are located in the United States.

For the year ended December 31, (in millions)(a)	Revenue(b)	Expense(c)	Income before income taxes	Net income
2005				
Europe/Middle East and Africa	**$ 7,708**	**$ 5,454**	**$ 2,254**	**$ 1,547**
Asia and Pacific	**2,840**	**2,048**	**792**	**509**
Latin America and the Caribbean	**969**	**497**	**472**	**285**
Other	**165**	**89**	**76**	**44**
Total international	**11,682**	**8,088**	**3,594**	**2,385**
Total U.S.	**42,851**	**34,230**	**8,621**	**6,098**
Total	**$ 54,533**	**$ 42,318**	**$ 12,215**	**$ 8,483**
2004				
Europe/Middle East and Africa	$ 6,566	$ 4,635	$ 1,931	$ 1,305
Asia and Pacific	2,631	1,766	865	547
Latin America and the Caribbean	816	411	405	255
Other	112	77	35	25
Total international	10,125	6,889	3,236	2,132
Total U.S.	32,972	30,014	2,958	2,334
Total	$ 43,097	$ 36,903	$ 6,194	$ 4,466
2003				
Europe/Middle East and Africa	$ 6,344	$ 4,076	$ 2,268	$ 1,467
Asia and Pacific	1,902	1,772	130	91
Latin America and the Caribbean	1,000	531	469	287
Other	50	17	33	34
Total international	9,296	6,396	2,900	1,879
Total U.S.	24,088	16,960	7,128	4,840
Total	$ 33,384	$ 23,356	$ 10,028	$ 6,719

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Revenue is composed of Net interest income and noninterest revenue.
(c) Expense is composed of Noninterest expense and Provision for credit losses.

Note 31 – Business segments

JPMorgan Chase is organized into six major reportable business segments (the Investment Bank, Retail Financial Services, Card Services, Commercial Banking, Treasury & Securities Services and Asset & Wealth Management), as well as a Corporate segment. The segments are based upon the products and services provided or the type of customer served, and they reflect the manner in which financial information is currently evaluated by management. Results of these lines of business are presented on an operating basis. For a definition of operating basis, see the footnotes to the table below. For a further discussion concerning JPMorgan Chase's business segments, see Business segment results on pages 34-35 of this Annual Report.

In the third quarter of 2004, in connection with the Merger, business segment reporting was realigned to reflect the new business structure of the combined Firm. Treasury was transferred from the Investment Bank into Corporate. The segment formerly known as Chase Financial Services had been comprised of Chase Home Finance, Chase Cardmember Services, Chase Auto Finance, Chase Regional Banking and Chase Middle Market; as a result of the Merger, this segment is now called Retail Financial Services and is comprised of Home Finance, Auto & Education Finance, Consumer & Small Business Banking and Insurance. Chase Cardmember Services is now its own segment called Card Services, and Chase Middle Market moved into Commercial Banking. Investment Management & Private Banking was renamed Asset & Wealth Management. JPMorgan Partners, which formerly was a stand-alone business segment, was moved into Corporate. Corporate currently comprises Private Equity (JPMorgan Partners and ONE Equity Partners) and Treasury, and the

Segment results and reconciliation[a] (table continued on next page)

Year ended December 31,[b]	Investment Bank[d]			Retail Financial Services			Card Services[e]			Commercial Banking		
(in millions, except ratios)	**2005**	2004	2003	**2005**	2004	2003	**2005**	2004	2003	**2005**	2004	2003
Noninterest revenue	**$ 13,168**	$ 11,280	$ 11,017	**$ 4,625**	$ 3,077	$ 2,208	**$ 3,563**	$ 2,371	$ 1,092	**$ 986**	$ 682	$ 393
Net interest income	**1,410**	1,325	1,667	**10,205**	7,714	5,220	**11,803**	8,374	5,052	**2,610**	1,692	959
Total net revenue	**14,578**	12,605	12,684	**14,830**	10,791	7,428	**15,366**	10,745	6,144	**3,596**	2,374	1,352
Provision for credit losses	**(838)**	(640)	(181)	**724**	449	521	**7,346**	4,851	2,904	**73**	41	6
Credit reimbursement (to)/from TSS[c]	**154**	90	(36)	**—**	—	—	**—**	—	—	**—**	—	—
Merger costs	**—**	—	—	**—**	—	—	**—**	—	—	**—**	—	—
Litigation reserve charge	**—**	—	100	**—**	—	—	**—**	—	—	**—**	—	—
Other noninterest expense	**9,739**	8,696	8,202	**8,585**	6,825	4,471	**4,999**	3,883	2,178	**1,872**	1,343	822
Total noninterest expense	**9,739**	8,696	8,302	**8,585**	6,825	4,471	**4,999**	3,883	2,178	**1,872**	1,343	822
Income (loss) before income tax expense	**5,831**	4,639	4,527	**5,521**	3,517	2,436	**3,021**	2,011	1,062	**1,651**	990	524
Income tax expense (benefit)	**2,173**	1,691	1,722	**2,094**	1,318	889	**1,114**	737	379	**644**	382	217
Net income (loss)	**$ 3,658**	$ 2,948	$ 2,805	**$ 3,427**	$ 2,199	$ 1,547	**$ 1,907**	$ 1,274	$ 683	**$ 1,007**	$ 608	$ 307
Average equity	**$ 20,000**	$ 17,290	$ 18,350	**$ 13,383**	$ 9,092	$ 4,220	**$ 11,800**	$ 7,608	$ 3,440	**$ 3,400**	$ 2,093	$ 1,059
Average assets	**598,118**	473,121	436,488	**226,368**	185,928	147,435	**141,933**	94,741	51,406	**56,561**	36,435	16,460
Return on average equity	**18%**	17%	15%	**26%**	24%	37%	**16%**	17%	20%	**30%**	29%	29%
Overhead ratio	**67**	69	65	**58**	63	60	**33**	36	35	**52**	57	61

(a) In addition to analyzing the Firm's results on a reported basis, management reviews the line of business results on an "operating basis," which is a non-GAAP financial measure. The definition of operating basis starts with the reported U.S. GAAP results. In the case of the Investment Bank, operating basis noninterest revenue includes, in Trading revenue, Net interest income ("NII") related to trading activities. In the case of Card Services, refer to footnote (e). These adjustments do not change JPMorgan Chase's reported net income. Operating basis also excludes Merger costs, nonoperating Litigation reserve charges and accounting policy conformity adjustments, as management believes these items are not part of the Firm's normal daily business operations (and, therefore, not indicative of trends) and do not provide meaningful comparisons with other periods. Finally, operating results reflect revenues (Noninterest revenue and NII) on a tax-equivalent basis. Refer to footnote (f) for the impact of these adjustments.

(b) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

(c) TSS reimburses the IB for credit portfolio exposures the IB manages on behalf of clients the segments share. At the time of the Merger, the reimbursement methodology was revised to be based upon pre-tax earnings, net of the cost of capital related to those exposures. Prior to the Merger, the credit reimbursement was based upon pre-tax earnings, plus the allocated capital associated with the shared clients.

(d) Segment operating results include the reclassification of NII related to trading activities to Trading revenue within Noninterest revenue, which impacts primarily the Investment Bank. Trading-related NII reclassified to Trading revenue was $159 million, $2.0 billion and $2.1 billion in 2005, 2004 and 2003, respectively. These amounts are eliminated in Corporate/reconciling items to arrive at NII and Noninterest revenue on a reported GAAP basis for JPMorgan Chase.

(e) Operating results for Card Services exclude the impact of credit card securitizations on revenue, provision for credit losses and average assets, as JPMorgan Chase treats the sold receivables as if they were still on the balance sheet in evaluating the overall performance of the credit card portfolio. These adjustments are eliminated in Corporate/reconciling items to arrive at the Firm's reported GAAP results. The related securitization adjustments were as follows:

Year ended December 31, (in millions)[b]	**2005**	2004	2003
Net interest income	**$ 6,494**	$ 5,251	$ 3,320
Noninterest revenue	**(2,718)**	(2,353)	(1,450)
Provision for credit losses	**3,776**	2,898	1,870
Average assets	**67,180**	51,084	32,365

corporate support areas, which include Central Technology and Operations, Audit, Executive Office, Finance, Human Resources, Marketing & Communications, Office of the General Counsel, Corporate Real Estate and General Services, Risk Management, and Strategy and Development. Beginning January 1, 2006, TSS will report results for two divisions: TS and WSS. WSS was formed by consolidating IS and ITS.

The following table provides a summary of the Firm's segment results for 2005, 2004 and 2003 on an operating basis. The impact of credit card securitizations, Merger costs, nonoperating Litigation reserve charges and accounting policy conformity adjustments have been included in Corporate/reconciling items so that the total Firm results are on a reported basis. Finally, commencing with the first quarter of 2005, operating revenue (noninterest revenue and net interest income) for each of the segments and the Firm is presented on a tax-equivalent basis. Accordingly, revenue from tax exempt securities and investments that receive tax credits are presented in the operating results on a basis comparable to taxable securities and investments. This approach allows management to assess the comparability of revenues arising from both taxable and tax-exempt sources. The corresponding income tax impact related to these items is recorded within income tax expense. The Corporate sector's and the Firm's operating revenue and income tax expense for the periods prior to the first quarter of 2005 have been restated to be presented similarly on a tax-equivalent basis. This restatement had no impact on the Corporate sector's or the Firm's operating earnings. Segment results for periods prior to July 1, 2004, reflect heritage JPMorgan Chase-only results and have been restated to reflect the current business segment organization and reporting classifications.

(table continued from previous page)

Treasury & Securities Services			Asset & Wealth Management			Corporate/ reconciling items(d)(e)(f)			Total		
2005	2004	2003	**2005**	2004	2003	**2005**	2004	2003	**2005**	2004	2003
$ 4,179	$ 3,474	$ 2,661	**$ 4,583**	$ 3,383	$ 2,482	$ **3,598**	$ 2,069	$ 566	**$ 34,702**	$ 26,336	$ 20,419
2,062	1,383	947	**1,081**	796	488	**(9,340)**	(4,523)	(1,368)	**19,831**	16,761	12,965
6,241	4,857	3,608	**5,664**	4,179	2,970	**(5,742)**	(2,454)	(802)	**54,533**	43,097	33,384
—	7	1	**(56)**	(14)	35	**(3,766)**	(2,150)(g)	(1,746)	**3,483**	2,544	1,540
(154)	(90)	36	**—**	—	—	**—**	—	—	**—**	—	—
—	—	—	**—**	—	—	**722**(h)	1,365(h)	—	**722**	1,365	—
—	—	—	**—**	—	—	**2,564**	3,700	—	**2,564**	3,700	100
4,470	4,113	3,028	**3,860**	3,133	2,486	**2,024**	1,301	529	**35,549**	29,294	21,716
4,470	4,113	3,028	**3,860**	3,133	2,486	**5,310**	6,366	529	**38,835**	34,359	21,816
1,617	647	615	**1,860**	1,060	449	**(7,286)**	(6,670)	415	**12,215**	6,194	10,028
580	207	193	**644**	379	162	**(3,517)**	(2,986)	(253)	**3,732**	1,728	3,309
$ 1,037	$ 440	$ 422	**$ 1,216**	$ 681	$ 287	$ **(3,769)**	$ (3,684)	$ 668	**$ 8,483**	$ 4,466	$ 6,719
$ 1,900	$ 2,544	$ 2,738	**$ 2,400**	$ 3,902	$5,507	**$52,624**	$ 33,112	$ 7,674	**$105,507**	$75,641	$42,988
26,947	23,430	18,379	**41,599**	37,751	33,780	**93,540**	111,150	72,030	**1,185,066**	962,556	775,978
55%	17%	15%	**51%**	17%	5%	**NM**	NM	NM	**8%**	6%	16%
72	85	84	**68**	75	84	**NM**	NM	NM	**71**	80	65

(f) Segment operating results reflect revenues on a tax-equivalent basis with the corresponding income tax impact recorded within income tax expense. Tax-equivalent adjustments were as follows:

Year ended December 31, (in millions)(b)	2005	2004	2003
Net interest income	**$ 269**	$ 6	$ 44
Noninterest revenue	**571**	317	89
Income tax expense	**840**	323	133

These adjustments are eliminated in Corporate/reconciling items to arrive at the Firm's reported GAAP results.

(g) Includes $858 million of accounting policy conformity adjustments consisting of approximately $1.4 billion related to the decertification of the seller's retained interest in credit card securitizations, partially offset by a benefit of $584 million related to conforming wholesale and consumer provision methodologies for the combined Firm.

(h) Merger costs attributed to the lines of business for 2005 and 2004 were as follows (there were no merger costs in 2003):

Year ended December 31, (in millions)(b)	2005	2004
Investment Bank	**$ 32**	$ 74
Retail Financial Services	**133**	201
Card Services	**222**	79
Commercial Banking	**3**	23
Treasury & Securities Services	**95**	68
Asset & Wealth Management Services	**60**	31
Corporate	**177**	889

Note 32 - Parent company

Parent company – statements of income

Year ended December 31, (in millions)[a]	2005	2004	2003
Income			
Dividends from bank and bank holding company subsidiaries	**$2,361**	$1,208	$2,436
Dividends from nonbank subsidiaries[b]	**791**	773	2,688
Interest income from subsidiaries	**2,369**	1,370	945
Other interest income	**209**	137	130
Other income from subsidiaries, primarily fees:			
Bank and bank holding company	**246**	833	632
Nonbank	**462**	499	385
Other income	**13**	204	(25)
Total income	**6,451**	5,024	7,191
Expense			
Interest expense to subsidiaries[b]	**846**	603	422
Other interest expense	**3,076**	1,834	1,329
Compensation expense	**369**	353	348
Other noninterest expense	**496**	1,105	747
Total expense	**4,787**	3,895	2,846
Income before income tax benefit and undistributed net income of subsidiaries	**1,664**	1,129	4,345
Income tax benefit	**852**	556	474
Equity in undistributed net income (loss) of subsidiaries	**5,967**	2,781	1,900
Net income	**$8,483**	$4,466	$6,719

Parent company – balance sheets

December 31, (in millions)	2005	2004
Assets		
Cash with banks, primarily with bank subsidiaries	**$ 461**	$ 513
Deposits with banking subsidiaries	**9,452**	10,703
Securities purchased under resale agreements, primarily with nonbank subsidiaries	**24**	—
Trading assets	**7,548**	3,606
Available-for-sale securities	**285**	2,376
Loans	**338**	162
Advances to, and receivables from, subsidiaries:		
Bank and bank holding company	**22,673**	19,076
Nonbank	**31,342**	34,456
Investment (at equity) in subsidiaries:		
Bank and bank holding company	**110,745**	105,599
Nonbank[b]	**21,367**	17,701
Goodwill and other intangibles	**804**	890
Other assets	**10,553**	11,557
Total assets	**$215,592**	$206,639
Liabilities and stockholders' equity		
Borrowings from, and payables to, subsidiaries[b]	**$ 16,511**	$ 14,195
Other borrowed funds, primarily commercial paper	**15,675**	15,050
Other liabilities	**7,721**	6,309
Long-term debt[c]	**68,474**	65,432
Total liabilities	**108,381**	100,986
Stockholders' equity	**107,211**	105,653
Total liabilities and stockholders' equity	**$215,592**	$206,639

Parent company - statements of cash flows

Year ended December 31, (in millions)[a]	2005	2004	2003
Operating activities			
Net income	**$ 8,483**	$ 4,466	$ 6,719
Less: Net income of subsidiaries	**9,119**	4,762	7,017
Parent company net loss	**(636)**	(296)	(298)
Add: Cash dividends from subsidiaries[b]	**2,891**	1,964	5,098
Other, net	**(130)**	(81)	(272)
Net cash provided by operating activities	**2,125**	1,587	4,528
Investing activities			
Net cash change in:			
Deposits with banking subsidiaries	**1,251**	1,851	(2,560)
Securities purchased under resale agreements, primarily with nonbank subsidiaries	**(24)**	355	99
Loans	**(176)**	407	(490)
Advances to subsidiaries	**(483)**	(5,772)	(3,165)
Investment (at equity) in subsidiaries	**(2,949)**	(4,015)	(2,052)
Other, net	**34**	11	12
Available-for-sale securities:			
Purchases	**(215)**	(392)	(607)
Proceeds from sales and maturities	**124**	114	654
Cash received in business acquisitions	**—**	4,608	—
Net cash (used in) provided by investing activities	**(2,438)**	(2,833)	(8,109)
Financing activities			
Net cash change in borrowings from subsidiaries[b]	**2,316**	941	2,005
Net cash change in other borrowed funds	**625**	(1,510)	(2,104)
Proceeds from the issuance of long-term debt	**15,992**	12,816	12,105
Repayments of long-term debt	**(10,864)**	(6,149)	(6,733)
Proceeds from the issuance of stock and stock-related awards	**682**	848	1,213
Redemption of preferred stock	**(200)**	(670)	—
Treasury stock purchased	**(3,412)**	(738)	—
Cash dividends paid	**(4,878)**	(3,927)	(2,865)
Net cash provided by (used in) financing activities	**261**	1,611	3,621
Net increase (decrease) in cash with banks	**(52)**	365	40
Cash with banks at the beginning of the year	**513**	148	108
Cash with banks at the end of the year, primarily with bank subsidiaries	**$ 461**	$ 513	$ 148
Cash interest paid	**$ 3,838**	$ 2,383	$ 1,918
Cash income taxes paid	**$ 3,426**	$ 701	$ 754

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only. For a further discussion of the Merger, see Note 2 on pages 92–93 of this Annual Report.

(b) Subsidiaries include trusts that issued guaranteed capital debt securities ("issuer trusts"). As a result of FIN 46, the Parent deconsolidated these trusts in 2003. The Parent received dividends of $21 million and $15 million from the issuer trusts in 2005 and 2004, respectively. For a further discussion on these issuer trusts, see Note 17 on pages 117–118 of this Annual Report.

(c) At December 31, 2005, debt that contractually matures in 2006 through 2010 totaled $10.3 billion, $9.5 billion, $11.9 billion, $8.8 billion and $3.8 billion, respectively.

Supplementary information

Selected quarterly financial data (unaudited)

(in millions, except per share, ratio and headcount data)	2005(f)				2004			
As of or for the period ended	4th	3rd	2nd	1st	4th(f)	3rd(f)	2nd(h)	1st(h)
Selected income statement data								
Noninterest revenue	**$ 8,925**	**$ 9,613**	**$ 7,742**	**$ 8,422**	$ 7,621	$ 7,053	$ 5,637	$ 6,025
Net interest income	**4,753**	**4,852**	**5,001**	**5,225**	5,329	5,452	2,994	2,986
Total net revenue	**13,678**	**14,465**	**12,743**	**13,647**	12,950	12,505	8,631	9,011
Provision for credit losses	**1,224**	**1,245**(g)	**587**	**427**	1,157	1,169	203	15
Noninterest expense before Merger costs and Litigation reserve charge	**8,666**	**9,243**	**8,748**	**8,892**	8,863	8,625	5,713	6,093
Merger costs	**77**	**221**	**279**	**145**	523	752	90	—
Litigation reserve charge	**(208)**	**—**	**1,872**	**900**	—	—	3,700	—
Total noninterest expense	**8,535**	**9,464**	**10,899**	**9,937**	9,386	9,377	9,503	6,093
Income (loss) before income tax expense (benefit)	**3,919**	**3,756**	**1,257**	**3,283**	2,407	1,959	(1,075)	2,903
Income tax expense (benefit)	**1,221**	**1,229**	**263**	**1,019**	741	541	(527)	973
Net income (loss)	**$ 2,698**	**$ 2,527**	**$ 994**	**$ 2,264**	$ 1,666	$ 1,418	$ (548)	$ 1,930
Per common share								
Net income (loss) per share: Basic	**$ 0.78**	**$ 0.72**	**$ 0.28**	**$ 0.64**	$ 0.47	$ 0.40	$ (0.27)	$ 0.94
Diluted	**0.76**	**0.71**	**0.28**	**0.63**	0.46	0.39	(0.27)	0.92
Cash dividends declared per share	**0.34**	**0.34**	**0.34**	**0.34**	0.34	0.34	0.34	0.34
Book value per share	**30.71**	**30.26**	**29.95**	**29.78**	29.61	29.42	21.52	22.62
Common shares outstanding								
Average: Basic	**3,472**	**3,485**	**3,493**	**3,518**	3,515	3,514	2,043	2,032
Diluted	**3,564**	**3,548**	**3,548**	**3,570**	3,602	3,592	2,043	2,093
Common shares at period end	**3,487**	**3,503**	**3,514**	**3,525**	3,556	3,564	2,088	2,082
Selected ratios								
Return on common equity ("ROE")(a)	**10%**	**9%**	**4%**	**9%**	6%	5%	NM	17%
Return on assets ("ROA")(a)(b)	**0.89**	**0.84**	**0.34**	**0.79**	0.57	0.50	NM	1.01
Tier 1 capital ratio	**8.5**	**8.2**	**8.2**	**8.6**	8.7	8.6	8.2%	8.4
Total capital ratio	**12.0**	**11.3**	**11.3**	**11.9**	12.2	12.0	11.2	11.4
Tier 1 leverage ratio	**6.3**	**6.2**	**6.2**	**6.3**	6.2	6.5	5.5	5.9
Selected balance sheet data (period-end)								
Total assets	**$ 1,198,942**	**$ 1,203,033**	**$ 1,171,283**	**$ 1,178,305**	$ 1,157,248	$ 1,138,469	$ 817,763	$ 801,078
Securities	**47,600**	**68,697**	**58,573**	**75,251**	94,512	92,816	64,915	70,747
Total loans	**419,148**	**420,504**	**416,025**	**402,669**	402,114	393,701	225,938	217,630
Deposits	**554,991**	**535,123**	**534,640**	**531,379**	521,456	496,454	346,539	336,886
Long-term debt	**108,357**	**101,853**	**101,182**	**99,329**	95,422	91,754	52,981	50,062
Common stockholders' equity	**107,072**	**105,996**	**105,246**	**105,001**	105,314	104,844	44,932	47,092
Total stockholders' equity	**107,211**	**106,135**	**105,385**	**105,340**	105,653	105,853	45,941	48,101
Credit quality metrics								
Allowance for credit losses	**$ 7,490**	**$ 7,615**	**$ 7,233**	**$ 7,423**	$ 7,812	$ 8,034	$ 4,227	$ 4,417
Nonperforming assets(c)	**2,590**	**2,839**	**2,832**	**2,949**	3,231	3,637	2,482	2,882
Allowance for loan losses to total loans(d)	**1.84%**	**1.86%**	**1.76%**	**1.82%**	1.94%	2.01%	1.92%	2.08%
Net charge-offs	**$ 1,360**	**$ 870**	**$ 773**	**$ 816**	$ 1,398	$ 865	$ 392	$ 444
Net charge-off rate(a)(d)	**1.39%**	**0.89%**	**0.82%**	**0.88%**	1.46%	0.93%	0.78%	0.92%
Wholesale net charge-off (recovery) rate(a)(d)	**0.07**	**(0.12)**	**(0.16)**	**(0.03)**	0.21	(0.07)	0.29	0.50
Managed Card net charge-off rate(a)	**6.39**	**4.70**	**4.87**	**4.83**	5.24	4.88	5.85	5.81
Headcount	**168,847**	**168,955**	**168,708**	**164,381**	160,968	162,275	94,615	96,010
Share price(e)								
High	**$ 40.56**	**$ 35.95**	**$ 36.50**	**$ 39.69**	$ 40.45	$ 40.25	$ 42.57	$ 43.84
Low	**32.92**	**33.31**	**33.35**	**34.32**	36.32	35.50	34.62	36.30
Close	**39.69**	**33.93**	**35.32**	**34.60**	39.01	39.73	38.77	41.95

(a) Based upon annualized amounts.
(b) Represents Net income divided by Total average assets.
(c) Excludes wholesale purchased held-for-sale ("HFS") loans purchased as part of the Investment Bank's proprietary activities.
(d) Excluded from the allowance coverage ratios were end-of-period loans held-for-sale; and excluded from the net charge-off rates were average loans held-for-sale.
(e) JPMorgan Chase's common stock is listed and traded on the New York Stock Exchange, the London Stock Exchange Limited and the Tokyo Stock Exchange. The high, low and closing prices of JPMorgan Chase's common stock are from The New York Stock Exchange Composite Transaction Tape.
(f) Quarterly results include three months of the combined Firm's results.
(g) Includes a $400 million special provision related to Hurricane Katrina allocated as follows: Retail Financial Services $250 million, Card Services $100 million, Commercial Banking $35 million, Asset & Wealth Management $3 million and Corporate $12 million.
(h) Heritage JPMorgan Chase results only.
NM - Not meaningful due to net loss.

Glossary of terms

JPMorgan Chase & Co.

ACH: Automated Clearing House.

APB: Accounting Principles Board Opinion.

APB 25: "Accounting for Stock Issued to Employees."

Assets under management: Represent assets actively managed by Asset & Wealth Management on behalf of institutional, private banking, private client services and retail clients. Excludes assets managed by American Century Companies, Inc., in which the Firm has a 43% ownership interest.

Assets under supervision: Represent assets under management as well as custody, brokerage, administration and deposit accounts.

Average managed assets: Refers to total assets on the Firm's balance sheet plus credit card receivables that have been securitized.

Contractual credit card charge-off: In accordance with the Federal Financial Institutions Examination Council policy, credit card loans are charged off by the end of the month in which the account becomes 180 days past due or within 60 days from receiving notification of the filing of bankruptcy, whichever is earlier.

Core deposits: U.S. deposits insured by the Federal Deposit Insurance Corporation, up to the legal limit of $100,000 per depositor.

Credit derivatives are contractual agreements that provide protection against a credit event of one or more referenced credits. The nature of a credit event is established by the protection buyer and protection seller at the inception of a transaction, and such events include bankruptcy, insolvency and failure to meet payment obligations when due. The buyer of the credit derivative pays a periodic fee in return for a payment by the protection seller upon the occurrence, if any, of a credit event.

Credit cycle: a period of time over which credit quality improves, deteriorates and then improves again. While portfolios may differ in terms of risk, the credit cycle is typically driven by many factors, including market events and the economy. The duration of a credit cycle can vary from a couple of years to several years.

FASB: Financial Accounting Standards Board.

FIN 39: FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts."

FIN 41: FASB Interpretation No. 41, "Offsetting of Amounts Related to Certain Repurchase and Reverse Repurchase Agreements."

FIN 45: FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirement for Guarantees, including Indirect Guarantees of Indebtedness of Others."

FIN 46R: FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51."

FIN 47: FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations - an interpretation of FASB Statement No. 143."

FSP SFAS 106-2: "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003."

Interests in Purchased Receivables: Represent an ownership interest in a percentage of cash flows of an underlying pool of receivables transferred by a third-party seller into a bankruptcy remote entity, generally a trust, and then financed through a commercial paper conduit.

Investment-grade: An indication of credit quality based upon JPMorgan Chase's internal risk assessment system. "Investment-grade" generally represents a risk profile similar to a rating of a BBB-/Baa3 or better, as defined by independent rating agencies.

Mark-to-market exposure: A measure, at a point in time, of the value of a derivative or foreign exchange contract in the open market. When the mark-to-market value is positive, it indicates the counterparty owes JPMorgan Chase and, therefore, creates a repayment risk for the Firm. When the mark-to-market value is negative, JPMorgan Chase owes the counterparty. In this situation, the Firm does not have repayment risk.

Master netting agreement: An agreement between two counterparties that have multiple derivative contracts with each other that provides for the net settlement of all contracts through a single payment, in a single currency, in the event of default on or termination of any one contract. See FIN 39.

NA: Data is not applicable or available for the period presented.

Net yield on interest-earning assets: The average rate for interest-earning assets less the average rate paid for all sources of funds.

NM: Not meaningful.

Nonoperating litigation reserve charges and recoveries are the $208 million insurance recovery in the fourth quarter of 2005; the $1.9 billion charge taken in the second quarter of 2005; the $900 million charge taken in the first quarter of 2005; and the $3.7 billion charge taken in the second quarter of 2004; all of which relate to the legal cases named in the JPMorgan Chase Quarterly Report on Form 10-Q for the quarter ended September 30, 2004.

Overhead ratio: Noninterest expense as a percentage of total net revenue.

Return on common equity-goodwill: Represents net income applicable to common stock divided by total average common equity (net of goodwill). The Firm uses return on equity less goodwill, a non-GAAP financial measure, to evaluate the operating performance of the Firm. The Firm also utilizes this measure to facilitate operating comparisons to other competitors.

SFAS: Statement of Financial Accounting Standards.

SFAS 13: "Accounting for Leases."

SFAS 87: "Employers' Accounting for Pensions."

SFAS 88: "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits."

SFAS 106: "Employers' Accounting for Postretirement Benefits Other Than Pensions."

SFAS 107: "Disclosures about Fair Value of Financial Instruments."

SFAS 109: "Accounting for Income Taxes."

SFAS 114: "Accounting by Creditors for Impairment of a Loan."

SFAS 115: "Accounting for Certain Investments in Debt and Equity Securities."

SFAS 123: "Accounting for Stock-Based Compensation."

SFAS 123R: "Share-Based Payment."

SFAS 128: "Earnings per Share."

SFAS 133: "Accounting for Derivative Instruments and Hedging Activities."

SFAS 138: "Accounting for Certain Derivative Instruments and Certain Hedging Activities - an amendment of FASB Statement No. 133."

Glossary of terms

JPMorgan Chase & Co.

SFAS 140: "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a replacement of FASB Statement No. 125."

SFAS 142: "Goodwill and Other Intangible Assets."

SFAS 143: "Accounting for Asset Retirement Obligations."

SFAS 149: "Amendment of Statement No. 133 on Derivative Instruments and Hedging Activities."

SFAS 155: "Accounting for Certain Hybrid Financial Instruments - an amendment of FASB Statements No. 133 and 140."

Staff Accounting Bulletin ("SAB") 107: "Application of Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment."

Statement of Position ("SOP") 98-1: "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use."

Stress testing: A scenario that measures market risk under unlikely but plausible events in abnormal markets.

U.S. GAAP: Accounting principles generally accepted in the United States of America.

U.S. government and federal agency obligations: Obligations of the U.S. government or an instrumentality of the U.S. government whose obligations are fully and explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. government.

U.S. government-sponsored enterprise obligations: Obligations of agencies originally established or chartered by the U.S. government to serve public purposes as specified by the U.S. Congress; these obligations are not explicitly guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. government.

Value-at-Risk ("VAR"): A measure of the dollar amount of potential loss from adverse market moves in an ordinary market environment.

Forward-looking statements

From time to time, the Firm has made and will make forward-looking statements. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as "anticipate," "target," "expect," "estimate," "intend," "plan," "goal," "believe," "anticipate" or other words of similar meaning. Forward-looking statements provide JPMorgan Chase's current expectations or forecasts of future events, circumstances, results or aspirations. JPMorgan Chase's disclosures in this report contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The Firm also may make forward-looking statements in its other documents filed or furnished with the Securities and Exchange Commission ("SEC"). In addition, the Firm's senior management may make forward-looking statements orally to analysts, investors, representatives of the media and others.

All forward-looking statements, by their nature, are subject to risks and uncertainties. JPMorgan Chase's actual future results may differ materially from those set forth in its forward-looking statements. Factors that could cause this difference—many of which are beyond the Firm's control—include the following: local, regional and international business, political or economic conditions; changes in trade, monetary and fiscal policies and laws; technological changes instituted by the Firm and by other entities which may affect the Firm's business; mergers and acquisitions, including the Firm's ability to integrate acquisitions; ability of the Firm to develop new products and services; acceptance of new products and services and the ability of the Firm to increase market share; ability of the Firm to control expenses; competitive pressures; changes in laws and regulatory requirements; changes in applicable accounting policies; costs, outcomes and effects of litigation and regulatory investigations; changes in the credit quality of the Firm's customers; and adequacy of the Firm's risk management framework.

Additional factors that may cause future results to differ materially from forward-looking statements are discussed in Part I, Item 1A: Risk Factors in the Firm's Annual Report on Form 10-K for the year ended December 31, 2005, to which reference is hereby made. There is no assurance that any list of risks and uncertainties or risk factors is complete.

Any forward-looking statements made by or on behalf of the Firm speak only as of the date they are made and JPMorgan Chase does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made. The reader should, however, consult any further disclosures of a forward-looking nature the Firm may make in any subsequent Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q and its Current Reports on Form 8-K.

Distribution of assets, liabilities and stockholders' equity; interest rates and interest differentials

Consolidated average balance sheet, interest and rates
Provided below is a summary of JPMorgan Chase's consolidated average balances, interest rates and interest differentials on a taxable-equivalent basis for the years 2003 through 2005. Income computed on a taxable-equivalent basis is the income reported in the Consolidated statements of income, adjusted to make income and earnings yields on assets exempt from income taxes (primarily federal taxes) comparable with other taxable income. The incremental tax rate used for calculating the taxable-equivalent adjustment was approximately 40% in 2005, 40% in 2004 and 41% in 2003. A substantial portion of JPMorgan Chase's securities are taxable.

(Table continued on next page)

Year ended December 31,(a) (Taxable-equivalent interest and rates; in millions, except rates)	2005 Average balance	2005 Interest	2005 Average rate
Assets			
Deposits with banks	**$ 15,203**	**$ 680**	**4.48%**
Federal funds sold and securities purchased under resale agreements	**139,957**	**4,125**	**2.95**
Securities borrowed	**63,023**	**1,154**	**1.83**
Trading assets - debt instruments	**187,912**	**9,312**	**4.96**
Securities:			
Available-for-sale	**71,549**	**3,276**	**4.58**(b)
Held-to-maturity	**95**	**10**	**10.42**
Interests in purchased receivables	**28,397**	**933**	**3.29**
Loans	**410,114**	**25,979**(c)	**6.33**
Total interest-earning assets	**916,250**	**45,469**	**4.96**
Allowance for loan losses	**(7,074)**		
Cash and due from banks	**30,880**		
Trading assets - equity instruments	**49,458**		
Trading assets - derivative receivables	**57,365**		
All other assets	**138,187**		
Total assets	**$ 1,185,066**		
Liabilities			
Interest-bearing deposits	**$ 395,643**	**$ 10,295**	**2.60%**
Federal funds purchased and securities sold under repurchase agreements	**155,010**	**4,268**	**2.75**
Commercial paper	**14,450**	**407**	**2.81**
Other borrowings(d)	**106,186**	**4,867**	**4.58**
Beneficial interests issued by consolidated VIEs	**44,675**	**1,372**	**3.07**
Long-term debt	**112,370**	**4,160**	**3.70**
Total interest-bearing liabilities	**828,334**	**25,369**	**3.06**
Noninterest-bearing deposits	**129,343**		
Trading liabilities - derivative payables	**55,723**		
All other liabilities, including the allowance for lending-related commitments	**65,952**		
Total liabilities	**1,079,352**		
Stockholders' equity			
Preferred stock	**207**		
Common stockholders' equity	**105,507**		
Total stockholders' equity	**105,714**(e)		
Total liabilities, preferred stock of subsidiary and stockholders' equity	**$ 1,185,066**		
Interest rate spread			**1.90%**
Net interest income and net yield on interest-earning assets		**$ 20,100**	**2.19**

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) The annualized rate for available-for-sale securities based on amortized cost was 4.56% in 2005, 4.38% in 2004 and 4.61% in 2003, and does not give effect to changes in fair value that are reflected in Accumulated other comprehensive income.
(c) Fees and commissions on loans included in loan interest amounted to $1,151 million in 2005, $1,374 million for 2004 and $876 million in 2003.
(d) Includes securities sold but not yet purchased.
(e) The ratio of average stockholders' equity to average assets was 8.9% for 2005, 8.0% for 2004 and 5.7% for 2003. The return on average stockholders' equity was 8.0% for 2005, 5.8% for 2004 and 15.3% for 2003.

Within the Consolidated average balance sheets, interest and rates summary, the principal amounts of nonaccrual loans have been included in the average loan balances used to determine the average interest rate earned on loans. For additional information on nonaccrual loans, including interest accrued, see Note 11 on pages 106 and 107.

(Continuation of table)

2004			2003		
Average balance	Interest	Average rate	Average balance	Interest	Average rate
$ 28,625	$ 539	1.88%	$ 9,742	$ 214	2.20%
93,979	1,627	1.73	87,273	1,497	1.72
49,387	463	0.94	40,305	323	0.80
169,203	7,535	4.45	148,970	6,608	4.44
78,697	3,471	4.41(b)	77,156	3,537	4.58(b)
172	11	6.50	286	21	7.19
15,564	291	1.87	5,414	64	1.18
308,450	16,664(c)	5.40	220,692	11,824(c)	5.36
744,077	30,601	4.11	589,838	24,088	4.09
(5,951)			(5,161)		
25,390			17,951		
31,264			5,627		
59,521			85,628		
108,255			82,095		
$ 962,556			$ 775,978		
$ 309,020	$ 4,630	1.50%	$ 227,645	$ 3,604	1.58%
155,665	2,312	1.49	161,020	2,199	1.37
12,699	131	1.03	13,387	151	1.13
83,721	3,817	4.56	69,703	3,521	5.05
26,817	478	1.78	9,421	106	1.13
79,193	2,466	3.11	49,095	1,498	3.05
667,115	13,834	2.07	530,271	11,079	2.09
101,994			77,640		
52,761			67,783		
64,038			56,287		
885,908			731,981		
1,007			1,009		
75,641			42,988		
76,648(e)			43,997(e)		
$ 962,556			$ 775,978		
		2.04%			2.00%
	$ 16,767	2.25		$ 13,009	2.21

Interest rates and interest differential analysis of net interest income – U.S. and non-U.S.

Presented below is a summary of interest rates and interest differentials segregated between U.S. and non-U.S. operations for the years 2003 through 2005. The segregation of U.S. and non-U.S. components is based on the location of the office recording the transaction. Intracompany funding generally comprises dollar-denominated deposits originated in various locations that are centrally managed by JPMorgan Chase's Treasury unit. U.S. net interest income was $18.4 billion in 2005, an increase of $3.2 billion from the prior year. The increase primarily was attributable to the Merger. Net interest

(Table continued on next page)

Year ended December 31,(a) (Taxable-equivalent interest and rates; in millions, except rates)	2005 Average balance	2005 Interest	2005 Average rate
Interest-earning assets:			
Deposits with banks, primarily non-U.S.	**$ 15,203**	**$ 680**	**4.48%**
Federal funds sold and securities purchased under resale agreements:			
U.S.	**94,419**	**3,375**	**3.57**
Non-U.S.	**45,538**	**750**	**1.65**
Securities borrowed, primarily U.S.	**63,023**	**1,154**	**1.83**
Trading assets - debt instruments:			
U.S.	**97,943**	**4,861**	**4.96**
Non-U.S.	**89,969**	**4,451**	**4.95**
Securities:			
U.S.	**54,441**	**2,705**	**4.97**
Non-U.S.	**17,203**	**581**	**3.38**
Interests in purchased receivables, primarily U.S.	**28,397**	**933**	**3.29**
Loans:			
U.S.	**373,038**	**24,934**	**6.68**
Non-U.S.	**37,076**	**1,045**	**2.82**
Total interest-earning assets	**916,250**	**45,469**	**4.96**
Interest-bearing liabilities:			
Interest-bearing deposits:			
U.S.	**272,064**	**6,682**	**2.46**
Non-U.S.	**123,579**	**3,613**	**2.92**
Federal funds purchased and securities sold under repurchase agreements:			
U.S.	**113,540**	**3,685**	**3.25**
Non-U.S.	**41,470**	**583**	**1.41**
Other borrowed funds:			
U.S.	**64,765**	**2,837**	**4.38**
Non-U.S.	**55,871**	**2,437**	**4.36**
Beneficial interests issued by consolidated VIEs, primarily U.S.	**44,675**	**1,372**	**3.07**
Long-term debt, primarily U.S.	**112,370**	**4,160**	**3.70**
Intracompany funding:			
U.S.	**28,800**	**789**	**—**
Non-U.S.	**(28,800)**	**(789)**	**—**
Total interest-bearing liabilities	**828,334**	**25,369**	**3.06**
Noninterest-bearing liabilities(b)	**87,916**		
Total investable funds	**$ 916,250**	**$ 25,369**	**2.77%**
Net interest income and net yield:		**$ 20,100**	**2.19%**
U.S.		**18,366**	**2.70**
Non-U.S.		**1,734**	**0.73**
Percentage of total assets and liabilities attributable to non-U.S. operations:			
Assets			**29.4**
Liabilities			**29.3**

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Represents the amount of noninterest-bearing liabilities funding interest-earning assets.

income from non-U.S. operations was $1.7 billion for 2005, relatively stable when compared with $1.6 billion in 2004.

For further information, see the “Net interest income” discussion in Consolidated results of operations on page 28.

(Continuation of table)

2004			2003		
Average balance	Interest	Average rate	Average balance	Interest	Average rate
$ 28,625	$ 539	1.88%	$ 9,742	$ 214	2.20%
64,673	1,182	1.83	61,925	988	1.59
29,306	445	1.52	25,348	509	2.01
49,387	463	0.94	40,305	323	0.80
100,658	4,361	4.33	86,234	4,013	4.65
68,545	3,174	4.63	62,736	2,595	4.14
65,853	3,053	4.63	67,024	3,168	4.71
13,016	429	3.29	10,418	390	3.75
15,564	291	1.87	5,414	64	1.18
275,914	15,675	5.68	188,637	10,973	5.82
32,536	989	3.04	32,055	851	2.66
744,077	30,601	4.11	589,838	24,088	4.09
198,075	2,701	1.36	117,035	1,688	1.44
110,945	1,929	1.74	110,610	1,916	1.73
122,760	1,830	1.49	129,715	1,599	1.23
32,905	482	1.47	31,305	600	1.92
61,687	2,138	3.47	59,249	2,323	3.92
34,733	1,810	5.21	23,841	1,349	5.66
26,817	478	1.78	9,421	106	1.13
79,193	2,466	3.11	49,095	1,498	3.05
26,687	207	—	44,856	946	—
(26,687)	(207)	—	(44,856)	(946)	—
667,115	13,834	2.07	530,271	11,079	2.09
76,962			59,567		
$ 744,077	$ 13,834	1.86%	$ 589,838	$ 11,079	1.88%
	$ 16,767	2.25%		$ 13,009	2.21%
	15,125	2.74		11,124	2.54
	1,642	0.86		1,885	1.24
		29.7			30.7
		30.6			35.5

Changes in net interest income, volume and rate analysis

The table below presents an analysis of the effect on net interest income of volume and rate changes for the periods 2005 versus 2004 and 2004 versus 2003. In this analysis, the change due to the volume/rate variance has been allocated to volume.

(On a taxable-equivalent basis; in millions)	**2005 versus 2004**(a) Increase (decrease) due to change in: Volume	Rate	Net change	2004 versus 2003(a) Increase (decrease) due to change in: Volume	Rate	Net change
Interest-earning assets						
Deposits with banks, primarily non-U.S.	**$ (603)**	**$ 744**	**$ 141**	$ 356	$ (31)	$ 325
Federal funds sold and securities purchased under resale agreements:						
U.S.	**1,068**	**1,125**	**2,193**	45	149	194
Non-U.S.	**267**	**38**	**305**	60	(124)	(64)
Securities borrowed, primarily U.S.	**251**	**440**	**691**	84	56	140
Trading assets – debt instruments:						
U.S.	**(134)**	**634**	**500**	624	(276)	348
Non-U.S.	**1,058**	**219**	**1,277**	272	307	579
Securities:						
U.S.	**(572)**	**224**	**(348)**	(61)	(54)	(115)
Non-U.S.	**140**	**12**	**152**	87	(48)	39
Interests in purchased receivables, primarily U.S.	**421**	**221**	**642**	190	37	227
Loans:						
U.S.	**6,500**	**2,759**	**9,259**	4,966	(264)	4,702
Non-U.S.	**128**	**(72)**	**56**	16	122	138
Change in interest income	**8,524**	**6,344**	**14,868**	6,639	(126)	6,513
Interest-bearing liabilities						
Interest-bearing deposits:						
U.S.	**1,802**	**2,179**	**3,981**	1,107	(94)	1,013
Non-U.S.	**375**	**1,309**	**1,684**	2	11	13
Federal funds purchased and securities sold under repurchase agreements:						
U.S.	**(306)**	**2,161**	**1,855**	(106)	337	231
Non-U.S.	**121**	**(20)**	**101**	23	(141)	(118)
Other borrowed funds:						
U.S.	**138**	**561**	**699**	82	(267)	(185)
Non-U.S.	**922**	**(295)**	**627**	568	(107)	461
Beneficial interests issued by consolidated VIEs, primarily U.S.(b)	**548**	**346**	**894**	311	61	372
Long-term debt, primarily U.S.	**1,227**	**467**	**1,694**	939	29	968
Intracompany funding:						
U.S.	**59**	**523**	**582**	(142)	(597)	(739)
Non-U.S.	**(59)**	**(523)**	**(582)**	142	597	739
Change in interest expense	**4,827**	**6,708**	**11,535**	2,926	(171)	2,755
Change in net interest income	**$ 3,697**	**$ (364)**	**$ 3,333**	$ 3,713	$ 45	$ 3,758

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

Securities portfolio

The table below presents the amortized cost, estimated fair value and average yield (including the impact of related derivatives) of JPMorgan Chase's securities by contractual maturity range and type of security.

Maturity schedule of available-for-sale and held-to-maturity securities

December 31, 2005 (in millions, rates on a taxable-equivalent basis)	Due in 1 year or less	Due after 1 through 5 years	Due after 5 through 10 years	Due after 10 years[a]	Total
U.S. government and federal agency obligations:					
Amortized cost	**$ 537**	**$ 1,525**	**$ 1,090**	**$ 1,342**	**$ 4,494**
Fair value	**537**	**1,525**	**1,096**	**1,377**	**4,535**
Average yield[b]	**0.67%**	**4.38%**	**4.56%**	**5.73%**	**4.38%**
U.S. government-sponsored enterprise obligations:					
Amortized cost	**$ 13**	**$ 31**	**$ 192**	**$ 22,368**	**$ 22,604**
Fair value	**13**	**31**	**190**	**21,783**	**22,017**
Average yield[b]	**5.46%**	**4.36%**	**4.26%**	**5.16%**	**5.15%**
Other:[c]					
Amortized cost	**$ 6,173**	**$ 6,184**	**$ 4,064**	**$ 4,474**	**$ 20,895**
Fair value	**5,876**	**6,453**	**4,080**	**4,562**	**20,971**
Average yield[b]	**2.94%**	**3.55%**	**4.76%**	**2.06%**	**3.29%**
Total available-for-sale securities:[d]					
Amortized cost	**$ 6,723**	**$ 7,740**	**$ 5,346**	**$ 28,184**	**$ 47,993**
Fair value	**6,426**	**8,009**	**5,366**	**27,722**	**47,523**
Average yield[b]	**2.77%**	**3.72%**	**4.70%**	**4.69%**	**4.27%**
Total held-to-maturity securities:[d]					
Amortized cost	**$ —**	**$ —**	**$ 30**	**$ 47**	**$ 77**
Fair value	**—**	**—**	**31**	**49**	**80**
Average yield[b]	**—**	**—**	**6.96%**	**6.73%**	**6.82%**

(a) Securities with no stated maturity are included with securities with a contractual maturity of 10 years or more. Substantially all of JPMorgan Chase's mortgaged-backed securities ("MBSs") and collateralized mortgage obligations ("CMOs") are due in 10 years or more based on contractual maturity. The estimated duration, which reflects anticipated future prepayments based on a consensus of dealers in the market, is approximately four years for MBSs and CMOs.

(b) The average yield was based on amortized cost balances at the end of the year, and does not give effect to changes in fair value that are reflected in Accumulated other comprehensive income. Yields are derived by dividing interest income (including the effect of related derivatives on available-for-sale securities and the amortization of premiums and accretion of discounts) by total amortized cost. Taxable-equivalent yields are used where applicable.

(c) Includes obligations of state and political subdivisions, debt securities issued by non-U.S. governments, corporate debt securities, CMOs of private issuers and other debt and equity securities.

(d) For the amortized cost of the above categories of securities at December 31, 2004, see Note 9 on page 103. At December 31, 2003, the amortized cost of U.S. government and federal agency obligations and U.S. government-sponsored enterprise obligations was $45,690 million, and other available-for-securities was $14,732 million. At December 31, 2003, the amortized cost of U.S. government and federal agency obligations and U.S. government-sponsored enterprise obligations held-to-maturity securities was $176 million. There were no other held-to-maturity securities at December 31, 2003.

U.S. government-sponsored enterprises were the only issuers whose securities exceeded 10% of JPMorgan Chase's total stockholders' equity at December 31, 2005.

For a further discussion of JPMorgan Chase's securities portfolios, see Note 9 on pages 103–105.

Loan portfolio

The table below presents loans based on customer and collateral type compared with the line of business approach that is presented in Credit risk management on pages 64, 65 and 71, and in Note 11 on page 106:

December 31, (in millions)	2005	2004	2003(a)	2002(a)	2001(a)
U.S. loans:					
Commercial and industrial	**$ 84,597**	$ 76,890	$ 38,879	$ 49,205	$ 56,680
Commercial real estate – commercial mortgage(b)	**16,074**	15,323	3,182	3,176	3,533
Commercial real estate – construction(b)	**4,143**	4,612	589	516	615
Financial institutions	**13,259**	12,664	4,622	3,770	5,608
Consumer	**261,361**	255,073	136,393	124,687	111,850
Total U.S. loans	**379,434**	364,562	183,665	181,354	178,286
Non-U.S. loans:					
Commercial and industrial	**28,969**	27,293	24,618	31,446	33,530
Commercial real estate(b)	**311**	929	79	381	167
Financial institutions	**7,468**	6,494	5,671	2,438	3,570
Non-U.S. governments	**1,295**	2,778	705	616	1,161
Consumer	**1,671**	58	28	129	730
Total non-U.S. loans	**39,714**	37,552	31,101	35,010	39,158
Total loans(c)	**$ 419,148**	$ 402,114	$ 214,766	$ 216,364	$ 217,444

(a) Heritage JPMorgan Chase only.
(b) Represents loans secured by commercial real estate.
(c) Loans are presented net of unearned income of $3.0 billion, $4.1 billion, $1.3 billion, $1.9 billion and $1.8 billion at December 31, 2005, 2004, 2003, 2002 and 2001, respectively.

Maturities and sensitivity to changes in interest rates

The table below shows, at December 31, 2005, commercial loan maturity and distribution between fixed and floating interest rates based upon the stated terms of the commercial loan agreements. The table does not include the impact of derivative instruments.

December 31, 2005 (in millions)	Within 1 year(a)	1-5 years	After 5 years	Total
U.S.:				
Commercial and industrial	**$ 36,898**	**$ 37,741**	**$ 9,958**	**$ 84,597**
Commercial real estate	**4,259**	**10,719**	**5,239**	**20,217**
Financial institutions	**8,578**	**2,989**	**1,692**	**13,259**
Non-U.S.	**19,469**	**11,084**	**7,490**	**38,043**
Total commercial loans	**$ 69,204**	**$ 62,533**	**$ 24,379**	**$ 156,116**
Loans at fixed interest rates		**$ 29,409**	**$ 11,955**	
Loans at variable interest rates		**33,124**	**12,424**	
Total commercial loans		**$ 62,533**	**$ 24,379**	

(a) Includes demand loans and overdrafts.

Cross-border outstandings

Cross-border disclosure is based upon the Federal Financial Institutions Examination Council's ("FFIEC") guidelines governing the determination of cross-border risk.

The following table lists all countries in which JPMorgan Chase's cross-border outstandings exceed 0.75% of consolidated assets as of any of the dates specified. The disclosure includes certain exposures that are not required under the disclosure requirements of the SEC. The most significant differences between the FFIEC and SEC methodologies relate to the treatments of local country exposure and to foreign exchange and derivatives.

For a further discussion of JPMorgan Chase's cross-border exposure based on management's view of this exposure, see Country exposure on page 70.

Cross-border outstandings exceeding 0.75% of total assets

(in millions)	At December 31,	Governments	Banks	Other(b)	Net local country assets	Total direct exposure(c)	Commitments(d)	Total cross-border exposure
U.K.	**2005**	**$ 1,108**	**$ 16,782**	**$ 9,893**	**$ —**	**$ 27,783**	**$ 146,854**	**$ 174,637**
	2004	1,531	23,421	24,357	—	49,309	102,770	152,079
	2003(a)	1,111	3,758	11,839	—	16,708	35,983	52,691
Germany	**2005**	**$ 26,959**	**$ 8,462**	**$ 10,579**	**$ —**	**$ 46,000**	**$ 89,112**	**$ 135,112**
	2004	28,114	10,547	9,759	509	48,929	47,268	96,197
	2003(a)	14,741	12,353	4,383	—	31,477	31,332	62,809
France	**2005**	**$ 8,346**	**$ 7,890**	**$ 7,717**	**$ 305**	**$ 24,258**	**$ 75,577**	**$ 99,835**
	2004	3,315	15,178	11,790	2,082	32,365	33,724	66,089
	2003(a)	2,311	3,788	6,070	599	12,768	22,385	35,153
Italy	**2005**	**$ 14,193**	**$ 4,053**	**$ 5,264**	**$ 308**	**$ 23,818**	**$ 36,688**	**$ 60,506**
	2004	12,431	5,589	6,911	180	25,111	14,895	40,006
	2003(a)	9,336	3,743	2,570	818	16,467	10,738	27,205
Netherlands	**2005**	**$ 2,918**	**$ 2,330**	**$ 11,410**	**$ —**	**$ 16,658**	**$ 36,584**	**$ 53,242**
	2004	1,563	4,656	13,302	—	19,521	16,985	36,506
	2003(a)	4,571	3,997	11,152	—	19,720	11,689	31,409
Spain	**2005**	**$ 2,876**	**$ 3,108**	**$ 2,455**	**$ 733**	**$ 9,172**	**$ 24,000**	**$ 33,172**
	2004	4,224	3,781	5,276	659	13,940	11,087	25,027
	2003(a)	1,365	1,909	2,964	—	6,238	7,301	13,539
Japan	**2005**	**$ 2,474**	**$ 3,008**	**$ 1,167**	**$ —**	**$ 6,649**	**$ 20,801**	**$ 27,450**
	2004	25,349	3,869	5,765	—	34,983	23,582	58,565
	2003(a)	8,902	510	2,358	—	11,770	13,474	25,244
Switzerland	**2005**	**$ 207**	**$ 2,873**	**$ 3,471**	**$ —**	**$ 6,551**	**$ 18,794**	**$ 25,345**
	2004	327	4,131	5,184	311	9,953	7,807	17,760
	2003(a)	370	4,630	2,201	320	7,521	4,993	12,514
Luxembourg	**2005**	**$ 1,326**	**$ 2,484**	**$ 9,082**	**$ —**	**$ 12,892**	**$ 7,625**	**$ 20,517**
	2004	397	5,000	9,690	—	15,087	1,721	16,808
	2003(a)	774	718	8,336	—	9,828	1,007	10,835
Belgium	**2005**	**$ 2,350**	**$ 1,268**	**$ 1,893**	**$ —**	**$ 5,511**	**$ 1,481**	**$ 6,992**
	2004	2,899	3,177	3,075	—	9,151	1,254	10,405
	2003(a)	1,426	474	1,096	—	2,996	1,072	4,068

(a) Heritage JPMorgan Chase only.
(b) Consists primarily of commercial and industrial.
(c) Exposure includes loans and accrued interest receivable, interest-bearing deposits with banks, acceptances, resale agreements, other monetary assets, cross-border trading debt and equity instruments, mark-to-market exposure of foreign exchange and derivative contracts and local country assets, net of local country liabilities. The amounts associated with foreign exchange and derivative contracts are presented after taking into account the impact of legally enforceable master netting agreements.
(d) Commitments include outstanding letters of credit, undrawn commitments to extend credit and credit derivatives.

JPMorgan Chase's total cross-border exposure tends to fluctuate greatly, and the amount of exposure at year-end tends to be a function of timing rather than representing a consistent trend.

Risk elements

The following table sets forth nonperforming assets and contractually past-due assets at the dates indicated:

December 31, (in millions)	2005	2004	2003(d)	2002(d)	2001(d)
Nonperforming assets					
U.S. nonperforming loans:(a)					
Commercial and industrial	**$ 818**	$ 1,175	$ 1,060	$ 1,769	$ 1,186
Commercial real estate	**234**	326	31	48	131
Financial institutions	**1**	1	1	258	33
Consumer	**1,117**	895	542	544	537
Total U.S. nonperforming loans	**2,170**	2,397	1,634	2,619	1,887
Non-U.S. nonperforming loans:(a)					
Commercial and industrial	**135**	288	909	1,566	679
Commercial real estate	**12**	13	13	11	9
Financial institutions	**25**	43	25	36	23
Non-U.S. governments	**—**	—	—	—	11
Consumer	**1**	2	3	2	4
Total non-U.S. nonperforming loans	**173**	346	950	1,615	726
Total nonperforming loans	**2,343**	2,743	2,584	4,234	2,613
Derivative receivables	**50**	241	253	289	1,300
Other receivables	**—**	—	108	108	—
Assets acquired in loan satisfactions	**197**	247	216	190	124
Total nonperforming assets(b)	**$ 2,590**	$ 3,231	$ 3,161	$ 4,821	$ 4,037
Contractually past-due assets(c)					
U.S. loans:					
Commercial and industrial	**$ 75**	$ 34	$ 41	$ 57	$ 11
Commercial real estate	**7**	—	—	—	19
Consumer	**1,046**	970	269	473	484
Total U.S. loans	**1,128**	1,004	310	530	514
Non-U.S. loans					
Commercial and industrial	**—**	2	5	—	5
Consumer	**—**	—	—	—	2
Total non-U.S. loans	**—**	2	5	—	7
Total	**$ 1,128**	$ 1,006	$ 315	$ 530	$ 521

(a) All nonperforming loans are accounted for on a nonaccrual basis. There were no nonperforming renegotiated loans. Renegotiated loans are those for which concessions, such as the reduction of interest rates or the deferral of interest or principal payments, have been granted as a result of a deterioration in the borrowers' financial condition.
(b) Excludes wholesale purchased held-for-sale ("HFS") loans purchased as part of the Investment Bank's proprietary activities.
(c) Represents accruing loans past-due 90 days or more as to principal and interest, which are not characterized as nonperforming loans.
(d) Heritage JPMorgan Chase only.

For a discussion of nonperforming loans and past-due loan accounting policies, see Credit risk management on pages 63–74, and Note 11 on pages 106–107.

Impact of nonperforming loans on interest income

The negative impact on interest income from nonperforming loans represents the difference between the amount of interest income that would have been recorded on nonperforming loans according to contractual terms and the amount of interest that actually was recognized on a cash basis. The following table sets forth this data for the years specified.

Year ended December 31, (in millions)(a)	2005	2004	2003
U.S.:			
Gross amount of interest that would have been recorded at the original rate	**$ 170**	$ 124	$ 86
Interest that was recognized in income	**(30)**	(8)	(5)
Negative impact – U.S.	**140**	116	81
Non-U.S.:			
Gross amount of interest that would have been recorded at the original rate	**11**	36	58
Interest that was recognized in income	**(4)**	—	—
Negative impact – non-U.S.	**7**	36	58
Total negative impact on interest income	**$ 147**	$ 152	$ 139

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.

Summary of loan and lending-related commitments loss experience

The tables below summarize the changes in the Allowance for loan losses and the Allowance for lending-related commitments, respectively, during the periods indicated. For a further discussion, see Allowance for credit losses on pages 73–74, and Note 12 on pages 107–108.

Allowance for loan losses

Year ended December 31, (in millions)(a)	2005	2004	2003	2002	2001
Balance at beginning of year	**$ 7,320**	$ 4,523	$ 5,350	$ 4,524	$ 3,665
Addition resulting from the Merger, July 1, 2004	**—**	3,123	—	—	—
Provision for loan losses	**3,575**	2,883	1,579	4,039	3,185
U.S. charge-offs					
Commercial and industrial	**(456)**	(483)	(668)	(967)	(852)
Commercial real estate	**(36)**	(17)	(2)	(5)	(7)
Financial institutions	**—**	(8)	(5)	(19)	(35)
Consumer	**(4,334)**	(3,079)	(1,646)	(2,070)	(1,485)
Total U.S. charge-offs	**(4,826)**	(3,587)	(2,321)	(3,061)	(2,379)
Non-U.S. charge-offs					
Commercial and industrial	**(33)**	(211)	(470)	(955)	(192)
Financial institutions	**(1)**	(6)	(26)	(43)	(1)
Non-U.S. governments	**—**	—	—	—	(9)
Consumer	**(9)**	(1)	(1)	(1)	(1)
Total non-U.S. charge-offs	**(43)**	(218)	(497)	(999)	(203)
Total charge-offs	**(4,869)**	(3,805)	(2,818)	(4,060)	(2,582)
U.S. recoveries					
Commercial and industrial	**202**	202	167	45	56
Commercial real estate	**10**	20	5	24	9
Financial institutions	**3**	8	5	1	12
Consumer	**668**	319	191	276	132
Total U.S. recoveries	**883**	549	368	346	209
Non-U.S. recoveries					
Commercial and industrial	**144**	124	155	36	30
Financial institutions	**20**	32	23	1	7
Non-U.S. governments	**—**	—	—	1	—
Consumer	**3**	1	—	—	1
Total non-U.S. recoveries	**167**	157	178	38	38
Total recoveries	**1,050**	706	546	384	247
Net charge-offs	**(3,819)**	(3,099)	(2,272)	(3,676)	(2,335)
Allowance related to purchased portfolios	**17**	—	—	460	—
Other(b)	**(3)**	(110)	(134)	3	9
Balance at year-end	**$ 7,090**	$ 7,320	$ 4,523	$ 5,350	$ 4,524

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. All periods prior to 2004 reflect the results of heritage JPMorgan Chase only.
(b) Primarily relates to the transfer of the allowance for accrued interest and fees on reported and securitized credit card loans in 2004 and 2003.

Allowance for lending-related commitments

Year ended December 31, (in millions)(a)	2005	2004	2003	2002	2001
Balance at beginning of year	**$ 492**	$ 324	$ 363	$ 282	$ 283
Addition resulting from the Merger, July 1, 2004	**—**	508	—	—	—
Provision for lending-related commitments	**(92)**	(339)	(39)	292	(3)
U.S. charge-offs – commercial and industrial	**—**	—	—	(212)	—
Total charge-offs	**—**	—	—	(212)	—
Non-U.S. recoveries – commercial and industrial	**—**	—	—	—	3
Total recoveries	**—**	—	—	—	3
Net charge-offs	**—**	—	—	(212)	3
Other	**—**	(1)	—	1	(1)
Balance at year-end	**$ 400**	$ 492	$ 324	$ 363	$ 282

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. All periods prior to 2004 reflect the results of heritage JPMorgan Chase only.

Loan loss analysis

Year ended December 31, (in millions, except ratios)[a]	2005	2004	2003	2002	2001
Balances					
Loans – average	**$ 410,114**	$ 308,450	$ 220,692	$ 211,432	$ 219,843
Loans – year-end	**419,148**	402,114	214,766	216,364	217,444
Net charge-offs[b]	**3,819**	3,099	2,272	3,676	2,335
Allowance for loan losses:					
U.S.	**6,642**	6,617	3,677	4,122	3,743
Non-U.S.	**448**	703	846	1,228	781
Total allowance for loan losses	**7,090**	7,320	4,523	5,350	4,524
Nonperforming loans	**2,343**	2,743	2,584	4,234	2,613
Ratios					
Net charge-offs to:					
Loans – average[c]	**1.00%**	1.08%	1.19%	1.90%	1.13%
Allowance for loan losses	**53.86**	42.34	50.23	68.71	51.61
Allowance for loan losses to:					
Loans – year-end [c]	**1.84**	1.94	2.33	2.80	2.25
Nonperforming loans[c]	**321**	268	180	128	181

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. All periods prior to 2004 reflect the results of heritage JPMorgan Chase only.
(b) Excludes net charge-offs (recoveries) on lending-related commitments of $212 million and $(3) million in 2002 and 2001, respectively. There were no net charge-offs (recoveries) on lending-related commitments in 2005, 2004 or 2003.
(c) Excludes loans held for sale.

Deposits

The following table provides a summary of the average balances and average interest rates of JPMorgan Chase's various deposits for the years indicated:

	Average balances[a]			Average interest rates[a]		
(in millions, except interest rates)	2005	2004	2003	2005	2004	2003
U.S.:						
Noninterest-bearing demand	**$ 43,692**	$ 31,733	$ 22,289	**—%**	—%	—%
Interest-bearing demand	**13,620**	11,040	4,859	**2.69**	1.31	1.22
Savings	**239,772**	176,850	104,863	**1.57**	0.80	0.75
Time	**98,063**	73,757	55,911	**2.61**	1.54	1.51
Total U.S. deposits	**395,147**	293,380	187,922	**1.69**	0.92	0.90
Non-U.S.:						
Noninterest-bearing demand	**6,237**	6,479	6,561	**—**	—	—
Interest-bearing demand	**70,403**	56,870	66,460	**2.94**	1.62	1.63
Savings	**549**	746	607	**0.36**	0.11	0.15
Time	**52,650**	53,539	43,735	**2.93**	1.88	1.90
Total non-U.S. deposits[b]	**129,839**	117,634	117,363	**2.78**	1.64	1.63
Total deposits	**$ 524,986**	$ 411,014	$ 305,285	**1.96%**	1.13%	1.18%

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) The majority of non-U.S. deposits were in denominations of $100,000 or more.

At December 31, 2005, other U.S. time deposits in denominations of $100,000 or more totaled $63 billion, substantially all of which mature in three months or less. In addition, the table below presents the maturities for U.S. time certificates of deposit in denominations of $100,000 or more:

By remaining maturity at December 31, 2005 (in millions)	3 months or less	Over 3 months but within 6 months	Over 6 months but within 12 months	Over 12 months	Total
U.S. time certificates of deposit ($100,000 or more)	**$ 8,980**	**$ 2,200**	**$ 3,474**	**$ 3,008**	**$ 17,662**

Short-term and other borrowed funds

The following table provides a summary of JPMorgan Chase's short-term and other borrowed funds for the years indicated:

(in millions, except rates)	2005	2004(a)	2003(a)
Federal funds purchased and securities sold under repurchase agreements:			
Balance at year-end	**$ 125,925**	$ 127,787	$ 113,466
Average daily balance during the year	**155,010**	155,665	161,020
Maximum month-end balance	**177,144**	168,257	205,955
Weighted-average rate at December 31	**3.26%**	2.15%	1.17%
Weighted-average rate during the year	**2.75**	1.49	1.37
Commercial paper:			
Balance at year-end	**$ 13,863**	$ 12,605	$ 14,284
Average daily balance during the year	**14,450**	12,699	13,387
Maximum month-end balance	**18,077**	15,300	15,769
Weighted-average rate at December 31	**3.62%**	1.98%	0.98%
Weighted-average rate during the year	**2.81**	1.03	1.13
Other borrowed funds:(b)			
Balance at year-end	**$ 104,636**	$ 96,981	$ 87,147
Average daily balance during the year	**106,186**	83,721	69,703
Maximum month-end balance	**120,051**	99,689	95,690
Weighted-average rate at December 31	**4.51%**	3.81%	4.47%
Weighted-average rate during the year	**4.58**	4.56	5.05
FIN 46 short-term beneficial interests:(c)			
Commercial paper:			
Balance at year-end	**$ 35,161**	$ 38,519	$ 6,321
Average daily balance during the year	**34,439**	19,472	6,185
Maximum month-end balance	**35,676**	38,519	12,007
Weighted-average rate at December 31	**2.69%**	2.23%	0.88%
Weighted-average rate during the year	**3.07**	1.80	1.11
Other borrowed funds:			
Balance at year-end	**$ 4,682**	$ 3,149	$ 3,545
Average daily balance during the year	**3,569**	3,219	2,048
Maximum month-end balance	**5,568**	3,447	3,545
Weighted-average rate at December 31	**1.92%**	1.93%	2.26%
Weighted-average rate during the year	**2.13**	1.10	0.83

(a) 2004 results include six months of the combined Firm's results and six months of heritage JPMorgan Chase results. 2003 reflects the results of heritage JPMorgan Chase only.
(b) Includes securities sold but not yet purchased.
(c) Included on the Consolidated balance sheets in Beneficial interests issued by consolidated variable interest entities. VIEs had unused commitments to borrow an additional $4.1 billion and $4.2 billion at December 31, 2005 and 2004, respectively, for general liquidity purposes.

Federal funds purchased represents overnight funds. Securities sold under repurchase agreements generally mature between one day and three months. Commercial paper generally is issued in amounts not less than $100,000 and with maturities of 270 days or less. Other borrowed funds consist of demand notes, term federal funds purchased and various other borrowings that generally have maturities of one year or less. At December 31, 2005, JPMorgan Chase had no lines of credit for general corporate purposes.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on behalf of the undersigned, thereunto duly authorized.

JPMorgan Chase & Co.
(Registrant)

By: /s/ WILLIAM B. HARRISON, JR.
(William B. Harrison, Jr.
Chairman of the Board)

By: /s/ JAMES DIMON
(James Dimon
President and Chief Executive Officer)

Date: March 8, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacity and on the date indicated. JPMorgan Chase does not exercise the power of attorney to sign on behalf of any Director.

	Capacity	Date
/s/ WILLIAM B. HARRISON, JR. (William B. Harrison, Jr.)	Director and Chairman of the Board	
/s/ JAMES DIMON (James Dimon)	Director, President and Chief Executive Officer (Principal Executive Officer)	
/s/ HANS W. BECHERER (Hans W. Becherer)	Director	
/s/ JOHN H. BIGGS (John H. Biggs)	Director	March 8, 2006
/s/ LAWRENCE A. BOSSIDY (Lawrence A. Bossidy)	Director	
/s/ STEPHEN B. BURKE (Stephen B. Burke)	Director	
/s/ JAMES S. CROWN (James S. Crown)	Director	
/s/ ELLEN V. FUTTER (Ellen V. Futter)	Director	

	Capacity	Date
/s/ WILLIAM H. GRAY, III (William H. Gray, III)	Director	
/s/ LABAN P. JACKSON, JR. (Laban P. Jackson, Jr.)	Director	
/s/ JOHN W. KESSLER (John W. Kessler)	Director	
/s/ ROBERT I. LIPP (Robert I. Lipp)	Director	
/s/ RICHARD A. MANOOGIAN (Richard A. Manoogian)	Director	March 8, 2006
/s/ DAVID C. NOVAK (David C. Novak)	Director	
/s/ LEE R. RAYMOND (Lee R. Raymond)	Director	
/s/ WILLIAM C. WELDON (William C. Weldon)	Director	
/s/ MICHAEL J. CAVANAGH (Michael J. Cavanagh)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	
/s/ JOSEPH L. SCLAFANI (Joseph L. Sclafani)	Executive Vice President and Controller (Principal Accounting Officer)	

Exhibit 3.2

(JPMORGAN CHASE LOGO)

BY-LAWS
OF
JPMORGAN CHASE & CO.

As amended by the Board of Directors on December 13, 2005
Effective December 31, 2005

Office of the Secretary
270 Park Avenue, 35th floor
New York, New York 10017

CONTENTS

SUBJECT

BY-LAWS

OF

JPMORGAN CHASE & CO.

ARTICLE I

Meetings of Stockholders

Section 1.01. *Annual Meeting*. The annual meeting of the stockholders of JPMorgan Chase & Co. (the "Corporation") shall be held on the third Tuesday in May in each year (or, if that day shall be a legal holiday then on the next preceding business day) or at such other date and at such time and place within or without the State of Delaware, as may be specified in the notice thereof, as shall be fixed by the Board of Directors (the "Board"), for the purpose of electing directors and for the transaction of such other business as may properly be brought before such meeting. If any annual meeting shall not be held on the day designated or the directors shall not have been elected thereat or at any adjournment thereof, thereafter the Board shall cause a special meeting of the stockholders to be held as soon as practicable for the election of directors. At such special meeting the stockholders may elect directors and transact other business with the same force and effect as at an annual meeting of the stockholders duly called and held.

Section 1.02. *Special Meetings*. A special meeting of the stockholders may be called at any time by the Board, the Chairman of the Board (herein called the Chairman), the Chief Executive Officer, the President or a Vice Chairman of the Board or otherwise as provided by the General Corporation Law of the State of Delaware (herein called Delaware General Corporation Law). Such meetings shall be held at such places, within or without the State of Delaware, as may from time to time be designated by the Board or in the respective notices or waivers of notice thereof.

Section 1.03. *Notice of Meetings*. Except as may otherwise expressly be required by law, notice of the place, date and hour of holding each annual and special meeting of the stockholders and the purpose or purposes thereof shall be delivered personally or mailed in a postage prepaid envelope, not less than ten (10) nor more than sixty (60) days before the date of such meeting, to each person who appears on the stock books and records of the Corporation as a stockholder entitled to vote at such meeting, and, if mailed, it shall be directed to such stockholder at his address as it appears on such records unless he shall have filed with the Secretary of the Corporation a written request that notice intended for him be mailed to some other address, in which case it shall be mailed to the address designated in such request. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy and shall not, at the beginning of such meeting, object to the transaction of any business because the meeting has not been lawfully called or convened, or who shall, either before or after the meeting, submit a signed waiver of notice, in person or by proxy. Unless the Board shall fix a new record date for an adjourned meeting, notice of such adjourned meeting need not be given if the time and place to which the meeting shall be adjourned were announced at the meeting at which the adjournment was taken, provided that the adjournment is not for more than thirty (30) days.

Section 1.04. *Quorum*. At each meeting of the stockholders, stockholders holding of record shares of common stock constituting a majority of the voting power of stock of the Corporation having general voting power (shares having such general voting power being hereinafter sometimes referred to as a "voting interest of the stockholders") shall be present in person or by proxy to constitute a quorum for the transaction of business. In the absence of a quorum at any such meeting or any adjournment or adjournments thereof, a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat, or in the absence therefrom of all the stockholders, any officer entitled to preside at, or to act as secretary of, such meeting may adjourn such meeting from time to time. At any such adjourned meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called. The absence from any meeting of stockholders holding the number of shares of stock of the Corporation required by the laws of the State of Delaware or by the Certificate of Incorporation of the Corporation or by these By-laws for action upon any given matter shall not prevent action at such meeting upon any other matter or matters which may properly come before the meeting, if there shall be present thereat in person or by proxy stockholders holding the number of shares of stock of the Corporation required in respect of such other matter or matters.

Section 1.05. *Organization*. At each meeting of the stockholders, the Chairman, or, if he shall be absent therefrom, the Chief Executive Officer, the President, or a Vice Chairman of the Board, or, if they also shall be absent therefrom, another officer of the Corporation chosen as chairman of such meeting by a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat, or, if all the officers of the Corporation shall be absent therefrom, a stockholder holding of record shares of stock of the Corporation so chosen, shall act as chairman of the meeting and preside thereat; and the Secretary, or, if he shall be absent from such meeting or shall be required pursuant to the provisions of this Section to act as chairman of such meeting, the person (who shall be an Assistant Corporate Secretary, if an Assistant Corporate Secretary shall be present thereat) whom the chairman of such meeting shall appoint shall act as secretary of such meeting and keep the minutes thereof.

Section 1.06. *Voting*. Except as otherwise provided in the Certificate of Incorporation, each stockholder shall, at each meeting of the stockholders, be entitled to one vote in person or by proxy for each share of stock of the Corporation held by him and registered in his name on the stock books and records of the Corporation:

(a) on the date fixed pursuant to the provisions of Article VI of these By-laws as the record date for the determination of stockholders who shall be entitled to notice of and to vote at such meeting, or

(b) if no such record date shall have been so fixed, then at the close of business on the day next preceding the day on which notice of the meeting shall be given.

Persons holding in a fiduciary capacity stock of the Corporation shall be entitled to vote such stock so held, and persons whose stock is pledged shall be entitled to vote such stock, unless in the transfer by the pledgor on the books of the Corporation he shall have expressly empowered the pledgee to vote thereon, in which case only the pledgee, or his proxy, may represent such stock and vote thereon. If shares of stock of the Corporation shall stand of record in the names of two or more persons, whether

fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety or otherwise, or if two or more persons shall have the same fiduciary relationship respecting the same shares of stock of the Corporation, unless the Secretary shall have been given written notice to the contrary and have been furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect:

(a) if only one shall vote, his act shall bind all;

(b) if more than one shall vote, the act of the majority so voting shall bind all; and

(c) if more than one shall vote, but the vote shall be evenly split on any particular matter, then, except as otherwise required by the Delaware General Corporation Law, each faction may vote the shares in question proportionally.

If the instrument so filed shall show that any such tenancy is held in unequal interests, the majority or even-split for the purpose of the next foregoing sentence shall be a majority or even-split in interest. Any vote on stock of the Corporation may be given at any meeting of the stockholders by the stockholder entitled thereto in person or by his proxy appointed by an instrument in writing subscribed by such stockholder or by his attorney thereunto authorized and delivered to the Secretary of the Corporation or to the secretary of the meeting, or by the transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram, or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of such writing or transmission may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that any such reproduction is a complete reproduction of the entire original writing or transmission. No proxy shall be voted or acted upon after three (3) years from its date, unless said proxy shall provide for a longer period. At all meetings of the stockholders all matters, except those otherwise specified in these By-laws, and except also those the manner of deciding upon which is otherwise expressly regulated by law or by the Certificate of Incorporation of the Corporation, shall be decided by the vote of a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat, a quorum being present. Except in the case of votes for the election of directors, unless demanded by a stockholder of the Corporation present in person or by proxy at any meeting of the stockholders and entitled to vote thereat or so directed by the chairman of the meeting, the vote thereat need not be by ballot. Upon a demand of any such stockholder for a vote by ballot on any question or at the direction of such chairman that a vote by ballot be taken on any question, such vote shall be taken. On a vote by ballot each ballot shall be signed by the stockholder voting, or by his proxy, if there be such proxy, and shall state the number of shares voted.

Section 1.07. *List of Stockholders*. It shall be the duty of the Secretary or other officer of the Corporation who shall have charge of its stock books and records, either directly or through another officer of the Corporation designated by him or through a transfer agent appointed by the Board, to prepare and make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order, and showing the address of

each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to said meeting, either at a place within the city where said meeting is to be held, which place shall be specified in the notice of said meeting, or, if not so specified, at the place where said meeting is to be held. The list shall also be produced and kept at the time and place of said meeting during the whole time thereof, and may be inspected by any stockholder who shall be present thereat. Upon the willful neglect or refusal of the directors to produce such list at any meeting for the election of directors, they shall be ineligible for election to any office at such meeting. The stock books and records shall be the only evidence as to who are the stockholders entitled to examine the stock books and records of the Corporation, or such list, or to vote in person or by proxy at any meeting of stockholders.

Section 1.08. *Inspectors of Election*. At each meeting of the stockholders, the chairman of such meeting may appoint two or more Inspectors of Election to act thereat. Each Inspector of Election so appointed shall first subscribe an oath or affirmation faithfully to execute the duties of an Inspector of Election at such meeting with strict impartiality and according to the best of his ability. Such Inspectors of Election, if any, shall take charge of the ballots at such meeting and after the balloting thereat on any question shall count the ballots cast thereon and shall make a report in writing to the secretary of such meeting of the results thereof. An Inspector of Election need not be a stockholder of the Corporation.

Section 1.09. *Notice of Stockholder Business and Director Nominations*.

(a) *Business and Director Nominations to be Considered at Annual Meeting of Stockholders.*

(1) Nominations of persons for election to the Board and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board, or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this By-law who is entitled to vote at the meeting and complies with the notice procedures set forth in this By-law.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this By-law Section 1.09, (i) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and (ii) such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal offices of the Corporation not later than the close of business on the 90th day nor earlier than the 120th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall the public announcement of an adjournment of an annual meeting commence a new

time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election or re-election as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 14a-11 thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (A) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (B) the class and number of shares of the Corporation which are owned beneficially and of record by such stockholder and any such beneficial owner, and (C) whether the proponent intends or is part of a group which intends to solicit proxies from other stockholders in support of such proposal or nomination.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this By-law to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least ninety (90) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this By-law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(b) *Business and Director Nominations to be Considered at Special Meetings of Stockholders.*

(1) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting.

(2) Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board; or (ii) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who (A) is a stockholder of record at the time of giving of notice provided for in this By-law, (B) shall be entitled to vote at the meeting, and (C) complies with the notice procedures set forth in this By-law. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more persons to the Board, any such stockholder may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (a)(2) of this By-law shall be delivered to the Secretary at the

principal offices of the Corporation not earlier than the 90th day prior to such special meeting, and not later than the close of business on the later of the 60th day and prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and the nominees proposed by the Board for election at such meeting. In no event shall the public announcement of an adjournment of a special meeting commence a new time period for the giving of a stockholder's notice as described above.

(c) *General.*

(1) Only such persons who are nominated in accordance with the procedures set forth in this By-law (or who are elected or appointed to the Board pursuant to Article II, Section 2.02 of these By-laws) shall be eligible to serve as directors of the Corporation and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this By-law.

(2) Except as otherwise provided by law, the Restated Certificate of Incorporation or these By-laws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this By-law and if any nomination or business is not in compliance with this By-law to declare that such defective proposal or nomination shall be disregarded.

(3) For purposes of this By-law, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(4) Notwithstanding the foregoing provisions of this By-law, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-law. Nothing in this By-law shall be deemed to affect any rights (i) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (ii) of the holders of any series of preferred stock to elect directors under specified circumstances.

ARTICLE II

Board of Directors

Section 2.01. *Number*. The business and affairs of the Corporation shall be managed by or under the direction of a Board of Directors, of such number as may be fixed from time to time by resolution adopted by the Board or by the stockholders, selected, organized and continued in accordance with the provisions of the laws of the State of Delaware. Each director hereafter elected shall hold office until the annual meeting of stockholders and until his successor is elected and has qualified, or until his death or until he shall resign or shall have been removed.

Section 2.02. *Vacancies*. In case of any increase in the number of directors, the additional director or directors, and in case of any vacancy in the Board due to death, resignation, removal, disqualification or any other cause, the successors to fill the vacancies shall be elected by a majority of the directors then in office, for a term expiring at the next annual meeting of stockholders.

Section 2.03. *Annual Meeting*. An annual meeting of the directors shall be held each year, without notice, immediately following the annual meeting of stockholders. The time and place of such meeting shall be designated by the Board. At such meeting, the directors shall, after qualifying, elect from their own number a Chairman of the Board, a Chief Executive Officer, a President and one or more Vice Chairmen of the Board, and shall elect or appoint such other officers authorized by these By-laws as they may deem desirable, and appoint the Committees specified in Article III hereof. The directors may also elect to serve at the pleasure of the Board, one or more Honorary Directors, not members of the Board. Honorary Directors of the Board shall be paid such compensation or such fees for attendance at meetings of the Board, and meetings of other committees of the Board, as the Board shall determine from time to time.

Section 2.04. *Regular Meetings*. The Board shall hold a regular meeting without notice at the principal office of the Corporation on the third Tuesday in each month, with such exceptions as shall be determined by the Board, at such time as shall be determined by the Board, unless another time or place, within or without the State of Delaware, shall be fixed by resolution of the Board. Should the day appointed for a regular meeting fall on a legal holiday, the meeting shall be held at the same time on the preceding day or on such other day as the Board may order.

Section 2.05. *Special Meetings*. Special meetings of the Board shall be held whenever called by the Chairman, the Chief Executive Officer, the President, a Vice Chairman of the Board, the Secretary or a majority of the directors at the time in office. A notice shall be given as hereinafter in this Section provided of each such special meeting, in which shall be stated the time and place of such meeting, but, except as otherwise expressly provided by law or by these By-laws, the purposes thereof need not be stated in such notice. Except as otherwise provided by law, notice of each such meeting shall be mailed to each director, addressed to him at his residence or usual place of business, at least two (2) days before the day on which such meeting is to be held, or shall be sent addressed to him at such place by telegraph, cable, wireless or other form of recorded communication or be delivered personally or by telephone not later than noon of the calendar day before the day on which such meeting is to be held. At any regular or special meeting of the Board, or any committee thereof, one or more Board or committee members may participate in such meeting by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. This type of participation shall constitute presence in person at the meeting. Notice of any meeting of the Board shall not, however, be required to be given to any director who submits a signed waiver of notice whether before or after the meeting, or if he shall be present at such meeting; and any meeting of the Board shall be a legal meeting without any notice thereof having been given if all the directors of the Corporation then in office shall be present thereat.

Section 2.06. *Quorum*. One-third of the members of the entire Board, or the next highest integer in the event of a fraction, shall constitute a quorum, but if less than a quorum be present, a majority of those present may adjourn any meeting from time to time and the meeting may be held as adjourned without further notice.

Section 2.07. *Rules and Regulations*. The Board may adopt such rules and regulations for the conduct of its meetings and the management of the affairs of the Corporation as it may deem proper, not inconsistent with the laws of the State of Delaware or these By-laws.

Section 2.08. *Compensation.* Directors shall be entitled to receive from the Corporation such amount per annum and in addition, or in lieu thereof, such fees for attendance at meetings of the Board or of any committee, or both, as the Board from time to time shall determine. The Board may also likewise provide that the Corporation shall reimburse each such director or member of such committee for any expenses paid by him on account of his attendance at any such meeting. Nothing in this Section contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE III

Committees

Section 3.01. *Executive Committee*. The Board shall appoint an Executive Committee which, when the Board is not in session, shall have and may exercise all the powers of the Board that lawfully may be delegated, including without limitation the power and authority to declare dividends. The Executive Committee shall consist of such number of directors as the Board shall from time to time determine, but not less than five and one of whom shall be designated by the Board as Chairman thereof, as follows: (a) the Chairman of the Board, the Chief Executive Officer, the President, the Vice Chairmen of the Board; and (b) such other directors, none of whom shall be an officer of the Corporation, as shall be appointed to serve at the pleasure of the Board. The Board, by resolution adopted by a majority of the entire Board, may (a) designate one or more directors as alternate members of the Executive Committee or (b) specify that the member or members of the Executive Committee present and not disqualified from voting at a meeting of the Executive Committee, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at such meeting in place of any absent or disqualified member. The attendance of one-third of the members of the Committee or their substitutes, or the next highest integer in the event of a fraction, at any meeting shall constitute a quorum, and the act of a majority of those present at a meeting thereof at which a quorum is present shall be the act of the Committee. All acts done and powers conferred by the Committee from time to time shall be deemed to be, and may be certified as being done or conferred under authority of the Board. The Committee shall fix its own rules and procedures, and the minutes of the meetings of the Committee shall be submitted at the next regular meeting of the Board at which a quorum is present, or if impracticable, at the next such subsequent meeting. The Committee shall hold meetings “On Call” and such meetings may be called by the Chairman of the Executive Committee, the Chairman of the Board, the Chief Executive Officer, the President, a Vice Chairman of the Board, or the Secretary. Notice of each such meeting of the Committee shall be given by mail, telegraph, cable, wireless or other form of recorded communication or be delivered personally or by telephone to each member of the Committee not later than the day before the day on which such meeting is to be held. Notice of any such meeting need not be given to any member of the Committee who submits a signed waiver of notice whether before or after the meeting, or if he shall be present at such meeting; and any meeting of the Committee shall be a legal meeting without any notice thereof having been given, if all the members of the Committee shall be present thereat. In the case of any

meeting, in the absence of the Chairman of the Executive Committee, such member as shall be designated by the Chairman of the Executive Committee or the Executive Committee shall act as Chairman of the meeting.

Section 3.02. *Audit Committee*. The Board shall appoint an Audit Committee composed of not less than three of its members, none of whom shall be an officer of the Corporation, to hold office at its pleasure and one of whom shall be designated by the Board as Chairman thereof. The Committee shall make such examination into the affairs of the Corporation and make such reports in writing thereof as may be directed by the Board. The attendance of one-third of the members of the Committee, or the next highest integer in the event of a fraction, at any meeting shall constitute a quorum, and the act of a majority of those present at a meeting thereof at which a quorum is present shall be the act of the Committee.

Section 3.03. *Other Committees*. The Corporation elects to be governed by subsection (2) of section 141(c) of the Delaware General Corporation Law. The Board may appoint, from time to time, such other committees composed of not less than one of its members for such purposes and with such duties and powers as the Board may determine. The attendance of one-third of the members of such other committees, or the next highest integer in the event of a fraction, at any meeting shall constitute a quorum, and the act of a majority of those present at a meeting thereof at which a quorum is present shall be the act of such other committees. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any committee may act by delegating its authority to one or more subcommittees.

ARTICLE IV

Officers and Agents

Section 4.01. *Officers*. The officers of the Corporation shall be (a) a Chairman of the Board, a Chief Executive Officer, a President and one or more Vice Chairmen of the Board, each of whom must be a director and shall be elected by the Board; (b) a Chief Financial Officer, a Controller, a Secretary, and a General Auditor, each of whom shall be elected by the Board; and (c) such other officers as may from time to time be elected by the Board or under its authority, or appointed by the Chairman, the Chief Executive Officer, the President or a Vice Chairman of the Board.

Section 4.02. *Clerks and Agents*. The Board may elect and dismiss, or the Chairman, the Chief Executive Officer, the President or a Vice Chairman of the Board may appoint and dismiss and delegate to any other officers authority to appoint and dismiss, such clerks, agents and employees as may be deemed advisable for the prompt and orderly transaction of the Corporation’s business, and may prescribe, or authorize the appointing officers to prescribe, their respective duties, subject to the provisions of these By-laws.

Section 4.03. *Term of Office*. The officers designated in Section 4.01(a) shall be elected by the Board at its annual meeting, and any one person may be elected to hold more than one such office. The officers designated in Section 4.01(b) may be elected at the annual or any other meeting of

the Board. The officers designated in Section 4.01(c) may be elected at the annual or any other meeting of the Board or appointed at any time by the designated proper officers. Any vacancy occurring in any office designated in Section 4.01(a) may be filled at any regular or special meeting of the Board. The officers elected pursuant to Section 4.01(a) shall each hold office for the term of one year and until their successors are elected, unless sooner disqualified or removed by a vote of two-thirds of the whole Board. All other officers, clerks, agents and employees elected by the Board, or appointed by the Chairman, the Chief Executive Officer, the President, or a Vice Chairman of the Board, or under their authority, shall hold their respective offices at the pleasure of the Board or officers elected pursuant to Sections 4.01(a).

Section 4.04. *Chairman of the Board*. The Chairman shall preside at all meetings of the stockholders and at all meetings of the Board. The Chairman of the Board shall have the same power to perform any act on behalf of the Corporation and to sign for the Corporation as is prescribed in these By-laws for the Chief Executive Officer. He shall perform such other duties as from time to time may be prescribed by the Board.

Section 4.05. *Chief Executive Officer*. The Chief Executive Officer shall be the chief executive officer of the Corporation and shall have, subject to the control of the Board, general supervision and direction of the business and affairs of the Corporation and of its several officers. In the absence of the Chairman, he shall preside at all meetings of the stockholders and at all meetings of the Board. He shall have the power to execute any document or perform any act on behalf of the Corporation, including without limitation the power to sign checks, orders, contracts, leases, notes, drafts and other documents and instruments in connection with the business of the Corporation, and together with the Secretary or an Assistant Corporate Secretary execute conveyances of real estate and other documents and instruments to which the seal of the Corporation may be affixed. He shall perform such other duties as from time to time may be prescribed by the Board.

Section 4.06. *President*. The President shall, subject to the direction and control of the Board and the Chief Executive Officer, participate in the supervision of the business and affairs of the Corporation. In general, the President shall perform all duties incident to the office of President, and such other duties as from time to time may be prescribed by the Board or the Chief Executive Officer. In the absence of the Chairman and the Chief Executive Officer, the President shall preside at meetings of stockholders and of the Board. The President shall have the same power to perform any act on behalf of the Corporation and to sign for the Corporation as is prescribed in these By-laws for the Chief Executive Officer.

Section 4.07. *Vice Chairman of the Board*. The Vice Chairman of the Board, or if there be more than one, then each of them, shall, subject to the direction and control of the Board and the Chief Executive Officer, participate in the supervision of the business and affairs of the Corporation, and shall have such other duties as may be prescribed from time to time by the Board or the Chief Executive Officer. In the absence of the Chairman, the Chief Executive Officer and the President, a Vice Chairman, as designated by the Chairman or the Board, shall preside at meetings of the stockholders and of the Board. Each Vice Chairman shall have the same power to perform any act on behalf of the Corporation and to sign for the Corporation as is prescribed in these By-laws for the Chief Executive Officer.

Section 4.08. *Chief Financial Officer*. The Chief Financial Officer shall have such powers and perform such duties as the Board, the Chairman, the Chief Executive Officer, the President or a Vice Chairman of the Board may from time to time prescribe which may include, without limitation, responsibility for strategic planning, corporate finance, control, tax and auditing and shall perform such other duties as may be prescribed by these By-laws.

Section 4.09. *Controller*. The Controller shall exercise general supervision of the accounting departments of the Corporation. He shall be responsible to the Chief Financial Officer and shall render reports from time to time relating to the general financial condition of the Corporation. He shall render such other reports and perform such other duties as from time to time may be prescribed by the Chief Financial Officer, a Vice Chairman of the Board, the President, the Chief Executive Officer, or the Chairman.

Section 4.10. *Secretary*. The Secretary shall:

(a) record all the proceedings of the meetings of the stockholders, the Board and the Executive Committee in one or more books kept for that purpose;

(b) see that all notices are duly given in accordance with the provisions of these By-laws or as required by law;

(c) be custodian of the seal of the Corporation; and he may see that such seal or a facsimile thereof is affixed to any documents the execution of which on behalf of the Corporation is duly authorized and may attest such seal when so affixed; and

(d) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be prescribed by the Board, the Chairman, the Chief Executive Officer, the President, or a Vice Chairman of the Board.

Section 4.11. *Assistant Corporate Secretary*. At the request of the Secretary, or in case of his absence or inability to act, the Assistant Corporate Secretary, or if there be more than one, any of the Assistant Corporate Secretaries, shall perform the duties of the Secretary and, when so acting, shall have all the powers of, and be subject to all the restrictions upon, the Secretary. Each Assistant Corporate Secretary shall perform such other duties as from time to time may be prescribed by the Chairman, the Chief Executive Officer, the President, a Vice Chairman of the Board, or the Secretary.

Section 4.12. *General Auditor*. The General Auditor shall continuously examine the affairs of the Corporation. He shall have and may exercise such powers and duties as from time to time may be prescribed by the Board, the Chairman, the Chief Executive Officer, the President, a Vice Chairman of the Board or the Chief Financial Officer.

Section 4.13. *Powers and Duties of Other Officers*. The powers and duties of all other officers of the Corporation shall be those usually pertaining to their respective offices, subject to the direction and control of the Board and as otherwise provided in these By-laws.

ARTICLE V

Proxies re Stock or Other Securities of Other Corporations

Unless otherwise provided by the Board, the Chairman, the Chief Executive Officer, the President, a Vice Chairman of the Board, the Chief Financial Officer or the Secretary may from time to time (a) appoint an attorney or attorneys or an agent or agents of the Corporation to exercise in the name and on behalf of the Corporation the powers and rights which the Corporation may have as the holder of stock or other securities in any other corporation to vote or consent in respect of such stock or other securities; (b) instruct the person or persons so appointed as to the manner of exercising such powers and rights; and (c) execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, all such written proxies or other instruments as he may deem necessary or proper in order that the Corporation may exercise its said powers and rights.

ARTICLE VI

Shares and Their Transfer

Section 6.01. *Certificates for Stock*. The shares of all classes or series of the capital stock of the Corporation may be uncertificated shares, except to the extent otherwise required by applicable law and except to the extent shares are represented by outstanding certificates that have not been surrendered to the Corporation or its transfer agent. Notwithstanding the foregoing, every owner of stock of the Corporation of any class (or, if stock of any class shall be issuable in series, any series of such class) shall be entitled to have a certificate, in such form as the Board shall prescribe, certifying the number of shares of stock of the Corporation of such class, or such class and series, owned by him. The certificates representing shares of stock of each class (or, if there shall be more than one series of any class, each series of such class) shall be numbered in the order in which they shall be issued and shall be signed in the name of the Corporation by the Chairman, the Chief Executive Officer, the President, or a Vice Chairman of the Board, and by the Secretary or an Assistant Corporate Secretary; provided, however, that if any such certificate is countersigned by a registrar and the Board shall by resolution so authorize, the signatures of such Chairman, Chief Executive Officer, President, Vice Chairman of the Board, Secretary or Assistant Corporate Secretary or any transfer agent may be facsimiles. In case any officer or officers or transfer agent of the Corporation who shall have signed, or whose facsimile signature or signatures shall have been placed upon any such certificate shall cease to be such officer or officers or transfer agent before such certificate shall have been issued, such certificate may be issued by the Corporation with the same effect as though the person or persons who signed such certificate, or whose facsimile signature or signatures shall have been placed thereupon were such officer and officers or transfer agent at the date of issue. A stock ledger shall be kept of the respective names of the persons, firms or corporations owning stock represented by certificates for stock of the Corporation, the number, class and series of shares represented by such certificates, respectively, and the respective dates thereof, and in case of cancellation, the respective dates of cancellation. Every certificate surrendered to the Corporation for exchange or transfer shall be cancelled and a new certificate or certificates shall not be issued in exchange for any existing certificate until such existing

certificate shall have been so cancelled, except in cases provided for in Section 6.04 or otherwise required by law.

Section 6.02. *Transfers of Stock*. Transfers of shares of the stock of the Corporation shall be made on the stock books and records of the Corporation only by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary, or with a transfer agent duly appointed, and upon surrender of the certificate or certificates for such shares properly endorsed, if such shares are represented by a certificate, and payment of all taxes thereon. The person in whose name shares of stock stand on the stock books and records of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

Section 6.03. *Regulations*. The Board may make such rules and regulations as it may deem expedient, not inconsistent with these By-laws, concerning the issue, transfer and registration of uncertificated shares or certificates for stock of the Corporation. The Board may appoint, or authorize any officer or officers to appoint, one or more transfer agents and one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them.

Section 6.04. *Lost, Stolen, Destroyed and Mutilated Certificates*. The owner of any stock of the Corporation shall immediately notify the Corporation of any loss, theft, destruction or mutilation of any certificate therefor, and the Corporation may issue uncertificated shares or a new certificate for stock in the place of any certificate theretofore issued by it and alleged to have been lost, stolen or destroyed, and the Board may, in its discretion, require the owner of the lost, stolen or destroyed certificate or his legal representatives to give the Corporation a bond in such sum, limited or unlimited, and in such form and with such surety or sureties, as the Board shall in its uncontrolled discretion determine, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate, or the issuance of any such new certificate. The Board may, however, in its discretion refuse to issue any such new certificate except pursuant to legal proceedings under the laws of the State of Delaware in such case made and provided.

Section 6.05. *Fixing Date for Determination of Stockholders of Record.*

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which record

date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date has been fixed by the Board, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board is required by Delaware General Corporation Law, shall be the first date on which signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board and prior action by the Board is required by Delaware General Corporation Law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be the close of business on the day on which the Board adopts the resolution relating thereto.

ARTICLE VII

Corporate Seal

The corporate seal of the Corporation shall be in the form of a circle and shall bear the full name of the Corporation and the words and figures "Corporate Seal 1968 Delaware".

ARTICLE VIII

Fiscal Year

The fiscal year of the Corporation shall be the calendar year.

ARTICLE IX

Indemnification

Section 9.01. *Right to Indemnification*. The Corporation shall to the fullest extent permitted by applicable law as then in effect indemnify any person (the "Indemnitee") who was or is involved in any manner (including, without limitation, as a party or a witness), or is threatened to be made so involved, in any threatened, pending or completed investigation, claim, action, suit or

proceeding, whether civil, administrative or investigative (including without limitation, any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor) (a "Proceeding") by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee or agent of another corporation, partnership, joint venture, trust or other enterprise against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such Proceeding. Such indemnification shall be a contract right and shall include the right to receive payment in advance of any expenses incurred by the Indemnitee in connection with such Proceeding, consistent with the provisions of applicable law as then in effect.

Section 9.02. *Contracts and Funding*. The Corporation may enter into contracts with any director, officer, employee or agent of the Corporation in furtherance of the provisions of this Article IX and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article IX.

Section 9.03. *Employee Benefit Plans*. For purposes of this Article IX, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee, or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner not opposed to the best interest of a corporation.

Section 9.04. *Indemnification Not Exclusive Right*. The right of indemnification and advancement of expenses provided in this Article IX shall not be exclusive of any other rights to which a person seeking indemnification may otherwise be entitled, under any statute, by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. The provisions of this Article IX shall inure to the benefit of the heirs and legal representatives of any person entitled to indemnity under this Article IX and shall be applicable to Proceedings commenced or continuing after the adoption of this Article IX, whether arising from acts or omissions occurring before or after such adoption.

Section 9.05. *Advancement of Expenses; Procedures*. In furtherance, but not in limitation, of the foregoing provisions, the following procedures and remedies shall apply with respect to advancement of expenses and the right to indemnification under this Article IX:

(a) *Advancement of Expenses*. All reasonable expenses incurred by or on behalf of the Indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the Corporation within twenty (20) days after the receipt by the Corporation of a statement or statements from the indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the expenses incurred by the Indemnitee and, if required by law at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnitee to repay the amounts advanced if it

should ultimately be determined that the Indemnitee is not entitled to be indemnified against such expenses.

(b) *Written Request for Indemnification*. To obtain indemnification under this Article IX, an Indemnitee shall submit to the Secretary of the Corporation a written request, including such documentation and information as is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification (the "Supporting Documentation"). The determination of the Indemnitee's entitlement to indemnification shall be made within a reasonable time after receipt by the Corporation of the written request for indemnification together with the Supporting Documentation. The Secretary of the Corporation shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that the Indemnitee has requested indemnification.

(c) *Procedure for Determination*. The Indemnitee's entitlement to indemnification under this Article IX shall be determined (i) by the Board by a majority vote of a quorum (as defined in Article II of these By-laws) consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders, but only if a majority of the disinterested directors, if they constitute a quorum of the board, presents the issue of entitlement to indemnification to the stockholders for their determination.

ARTICLE X

By-laws

Section 10.01. *Inspection*. A copy of the By-laws shall at all times be kept in a convenient place at the principal office of the Corporation, and shall be open for inspection by stockholders during business hours.

Section 10.02. *Amendments*. Except as otherwise specifically provided by statute, these By-laws may be added to, amended, altered or repealed at any meeting of the Board by vote of a majority of the entire Board, provided that written notice of any such proposed action shall be given to each director prior to such meeting, or that notice of such addition, amendment, alteration or repeal shall have been given at the preceding meeting of the Board.

Section 10.03. *Construction*. The masculine gender, where appearing in these By-laws, shall be deemed to include the feminine gender.

Exhibit 4.3(a)

CHEMICAL BANKING CORPORATION

AND

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
Trustee

Indenture

Dated as of April 1, 1987

Amended and Restated

as of

December 15, 1992

CHEMICAL NEW YORK CORPORATION
Reconciliation and tie between Trust Indenture Act of 1939
and Indenture dated as of April 1, 1987 and Amended and Restated
as of December 15, 1992

Trust Indenture Act Section		Indenture Section
Section310(a)(1)		8.09
(a)(2)		8.09
(a)(3)		Not applicable
(a)(4)		Not applicable
(b)		8.08, 8.10
Section311(a)		8.13(a)
(b)		8.13(b)
Section312(a)		6.01, 6.02(a)
(b)		6.02(b)
(c)		6.02(c)
Section313(a)		6.04(a)
(b)		6.04(b)
(c)		6.04(c)
(d)		6.04(d)
Section314(a)		6.03
(b)		Not applicable
(c)(1)		2.01, 20.05
(c)(2)		2.01, 20.05
(c)(3)		Not applicable
(d)		Not applicable
(e)		20.05
Section315(a)		8.01
(b)		7.08
(c)		8.01
(d)		8.01
(d)(1)		8.01(a)
(d)(2)		8.01(b)
(d)(3)		8.01(c)
(e)		7.09
Section316(a)(1)	(A)	7.07
(a)(1)	(B)	7.07
(a)(2)		Not applicable
(b)		7.04
Section317(a)(1)		7.02
(a)(2)		7.02
(b)		13.02
Section318(a)		20.07

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NOTE: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

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* This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

THIS INDENTURE, dated as of April 1, 1987, and amended and restated as of December 15, 1992, between CHEMICAL BANKING CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter sometimes called the "Corporation"), and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, a corporation duly organized and existing under the laws of the State of New York, as Trustee hereunder (hereinafter sometimes called the "Trustee"),

WITNESSETH:

WHEREAS, the Corporation has duly authorized the issue of its Securities from time to time in separate series and, to provide the terms and conditions upon which the Securities are to be authenticated, issued and delivered, the Corporation entered into the Indenture dated as of April 1, 1987 between the Corporation and the Trustee (the "Original Indenture");

WHEREAS, the Original Indenture was amended by the First Supplemental Indenture dated as of October 27, 1988 (the "First Supplemental Indenture");

WHEREAS, the Original Indenture, as amended by the First Supplemental Indenture, is hereby amended and restated (A) to reflect the First Supplemental Indenture and (B) to (i) enable the Post-Amendment Securities issued hereunder to qualify as Tier II capital under the applicable regulations and classifications issued by the Primary Federal Regulator of the Corporation, (ii) reflect certain amendments to the Trust Indenture Act of 1939 enacted by the Trust Indenture Reform Act of 1990, (iii) provide that Securities of a series that so permits may be converted into shares of Common Stock or other securities of the Corporation in accordance with the terms of such series and (iv) provide that Securities may be issued in the form of Global Securities; and

WHEREAS, all acts and things necessary to constitute this Indenture a valid agreement according to its terms have been done and performed, and the execution and delivery of this Indenture have in all respects been duly authorized, and the Corporation proposes to do all acts and things necessary to make the Securities, when executed by the Corporation and authenticated and delivered by the Trustee, as in this Indenture provided, and issued, the valid, binding and legal obligations of the Corporation;

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

That in order to declare the terms and conditions upon which the Securities are, and are to be, authenticated, issued and delivered, and in consideration of the premises and of the purchase and acceptance of the Securities by the holders thereof, the Corporation covenants and agrees with the Trustee for the equal and proportionate benefit, except as otherwise expressly provided in this Indenture, of the respective holders from time to time of the Securities as follows:

ARTICLE ONE.
DEFINITIONS.

Section 1.01. Definitions. The terms defined in this Section 1.01 (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01. All other terms used in this Indenture which are defined in the Trust Indenture Act of 1939 or which are by reference therein defined in the Securities Act of 1933, as amended (except as herein otherwise expressly provided or unless the context otherwise requires), shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of this Indenture as originally executed.

Additional Senior Obligations:

The term "Additional Senior Obligations" shall mean, whether outstanding on the date of execution of this Indenture or thereafter created, assumed or incurred, all indebtedness of the Corporation for claims in respect to derivative products such as interest and foreign exchange rate contracts, commodity contracts and similar arrangements, provided, however, that Additional Senior Obligations shall not include claims in respect of Senior Indebtedness or obligations which, by their terms, are expressly stated (x) to be not superior in right of payment to the Post-Amendment Securities or (y) to rank pari passu in right of payment with the Post-Amendment Securities. For purposes of this definition, "claim" shall have the meaning assigned thereto in Section 101(4) of the Bankruptcy Code of 1978, as amended and in effect on the date of execution of this Indenture.

Assets:

The term "Assets" shall have the meaning set forth in Section 19.05(a)(iii).

Authenticating Agent:

The term "Authenticating Agent" shall mean, with respect to the Securities of any series, any Person or Persons authorized by the Trustee to act on behalf of the Trustee to authenticate Securities of such series.

Authorized Newspaper:

The term "Authorized Newspaper" shall mean a newspaper of general circulation in The City of New York, printed in the English language and customarily published on each Business Day therein.

Bank:

The term "Bank" shall mean Chemical Bank, a banking corporation duly organized and existing under the laws of the State of New York, and any successor thereto.

Board of Directors:

The term "Board of Directors" shall mean the Board of Directors of the Corporation or any duly authorized committee of such Board of Directors or any directors and officers of the Corporation to whom such Board of Directors or such committee shall have duly delegated its authority to act hereunder.

Board Resolution:

The term "Board Resolution" shall mean a resolution of the Board of Directors, a copy of which has been certified by the Secretary or an Assistant Secretary of the Corporation to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

Business Day:

The term "business day" shall mean any day which is not a Saturday or Sunday or a day on which banking institutions generally in The City of New York are authorized or required by law or executive order to be closed.

Capital Securities:

The term "Capital Securities" shall mean any securities issued by the Corporation which consist of any one of the following: (i) Common Stock, (ii) Perpetual Preferred Stock, or (iii)other securities of the Corporation; provided that, in the case of securities referred to under (iii), the Corporation's Primary Federal Regulator permits the exchange of such securities in payment for, or the proceeds from the sale of such securities to be applied to the retirement of, obligations such as Securities of any series exchangeable for Capital Securities. Capital Securities may have such terms, rights and preferences as may be determined by the Corporation.

Capital Securities Election Form:

The term "Capital Securities Election Form" shall mean a form substantially in the form included in Section 17.08.

Cash Election Holders:

The term "Cash Election Holders" shall mean, with respect to any series of Securities, holders who have elected or are deemed to have elected, in accordance with the provisions of Article Seventeen, to receive on any Exchange Date with respect to such series of Securities cash in payment of such holder's Securities from amounts representing Designated Proceeds or from the proceeds of a Secondary Offering instead of Capital Securities.

Common Stock:

The term "Common Stock" shall mean any stock of any class of the Corporation which has no preference in respect of dividends or of amounts payable in the event of any voluntary or

involuntary liquidation, dissolution or winding up of the Corporation and which is not subject to redemption by the Corporation and includes the common stock, $1 par value per share, of the Corporation as the same exists at the date of this Indenture or as such stock may be constituted from time to time.

Conversion Price:

The term "Conversion Price" shall mean, with respect to any series of Securities which are convertible into Common Stock, the price per share of Common Stock at which the Securities of such series are so convertible as set forth in the Board Resolution with respect to such series (or in any supplemental indenture entered into pursuant to Section 11.01(h) with respect to such series), as the same may be adjusted from time to time in accordance with Section 19.05 (or such supplemental indenture pursuant to Section 19.01).

Corporation:

The term "Corporation" shall mean Chemical Banking Corporation, a Delaware corporation, and subject to the provisions of Article Twelve shall include its successors and assigns.

Default:

The term "Default" shall have the meaning set forth in Section 7.02.

Depositary:

The term "Depositary" shall mean, with respect to the Securities of any series issuable in the form of one or more Global Securities, the Person (which shall be a clearing agency registered under the Securities Exchange Act of 1934, as amended) designated by the Corporation as Depositary with respect to the Securities of that series pursuant to Section 3.01, until a successor Depositary shall have become such pursuant to the applicable provisions of this Indenture, and thereafter the term "Depositary" shall mean or include each Person who is then a Depositary hereunder with respect to the Securities of that series.

Designated Proceeds:

The term "Designated Proceeds" shall mean, with respect to Securities of a series, subject to the proviso below, such amounts, if any, as the Corporation, at its option, has, in accordance with and within the meaning of applicable regulations or other criteria of the Corporation's Primary Federal Regulator, dedicated to the retirement or redemption of the Securities of such series and which represent only (i) the net proceeds from the sale of Capital Securities for cash, (ii) funds equal to the market value (as determined by the Corporation) of Capital Securities sold in exchange for other property or issued to finance acquisitions, including acquisitions of business entities, less the expenses incurred to effect such exchange or issuance, and (iii) other funds which the regulations or other criteria of the Corporation's Primary Federal Regulator then permit to be used for the retirement or redemption of the Securities of such series; provided,

however, that (x) in the case of funds referred to in clauses (i) and (ii), the Corporation has denominated such proceeds or funds as Designated Proceeds on its books and records in the manner required by its Primary Federal Regulator and (y) there shall be deducted from Designated Proceeds an amount equal to any Designated Proceeds used to repay or redeem a series of Securities.

Discounted Security:

The term "Discounted Security" shall mean any Security which provides for an amount (excluding any amounts attributable to accrued but unpaid interest thereon) less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof pursuant to Section 7.01.

Event of Default:

The term "Event of Default" shall mean, when used with respect to the Securities of any series, any event specified in Section 7.01, continued for the period of time, if any, and after the giving of the notice, if any, therein designated.

Excess Proceeds:

The term "Excess Proceeds" shall have the meaning set forth in the second paragraph of Section 16.04.

Exchange Agent:

The term "Exchange Agent", when used with respect to the Securities of any series, shall mean the Person or Persons appointed by the Corporation to give notices and to exchange Securities of such series for Capital Securities as specified in Article Seventeen.

Exchange Date:

The term "Exchange Date", when used with respect to the Securities of any series, shall mean any date on which such Securities are to be exchanged for Capital Securities pursuant to Article Seventeen.

Exchange Price:

The term "Exchange Price", when used with respect to any Security of any series to be exchanged for Capital Securities, shall mean the amount of Capital Securities for which such Security is to be exchanged pursuant to the terms thereof and this Indenture or the aggregate sale price of such Capital Securities in the Secondary Offering for the account of the holder of such Security, as the case may be.

Federal Bankruptcy Act:

The term "Federal Bankruptcy Act" shall mean Title 11 of the United States Code.

Global Security or Global Securities:

The term "Global Security" or "Global Securities" shall mean a Security or Securities evidencing all or part of a series of Securities which is issued to the Depositary or its nominee for such series and is registered in the name of the Depositary or its nominee.

Indenture:

The term "Indenture" shall mean this instrument as amended and restated as of the date hereof, and if further amended or supplemented as herein provided, as so further amended or supplemented, and shall include the form and terms of each particular series of Securities established in accordance with Section 3.01.

Market Value:

The term "Market Value" shall mean, with respect to any Capital Securities issued on any Exchange Date in exchange for Securities of any series, if there is a Secondary Offering, the sales price of such Capital Securities as are sold in the Secondary Offering, which price may be determined up to ten Business Days, and not less than 3 Business Days, prior to the Exchange Date. In the event no such Secondary Offering takes place, the term "Market Value" shall mean, with respect to such Capital Securities, the fair value of such Capital Securities on the relevant Exchange Date as determined by three independent nationally recognized investment banking firms selected by the Corporation.

NASDAQ:

The term "NASDAQ" shall have the meaning set forth in Section 19.05(a)(v).

Officers' Certificate:

The term "Officers' Certificate", when used with respect to the Corporation, shall mean a certificate signed by the Chairman of the Board, the President, a Vice Chairman of the Board, the Chief Financial Officer or the Treasurer of the Corporation (or any other officer identified by any of the foregoing officers in an Officers' Certificate to be an executive officer of the Corporation) and the Secretary, an Assistant Secretary or the Controller of the Corporation. Each such certificate shall include the statements provided for in Section 20.05 if and to the extent required by the provisions of such Section.

Opinion of Counsel:

The term "Opinion of Counsel" shall mean an opinion in writing signed by legal counsel, who may be an employee of or of counsel to the Corporation, or who may be other counsel satisfactory to the Trustee. Each such opinion shall include the statements provided for in Section 20.05 if and to the extent required by the provisions of such Section.

Outstanding:

The term "Outstanding", when used with reference to Securities, shall, subject to the provisions of Section 9.04, mean, as of any particular time, all Securities theretofore authenticated and delivered by the Trustee under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities for whose payment, redemption or exchange money or Capital Securities, as the case may be, in the necessary amounts shall have been deposited in trust with the Trustee or with any paying agent or Exchange Agent (other than the Corporation) or shall have been set aside and segregated in trust by the Corporation (if the Corporation shall act as its own paying agent or Exchange Agent) for holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made and provided further, that if such Securities are being exchanged for Capital Securities, the Exchange Date has occurred;

(iii) Securities held by the Exchange Agent after exchange for Capital Securities pursuant to Article Seventeen or Securities converted into shares of Common Stock, securities or other property pursuant to Article Nineteen; and

(iv) Securities in lieu of or in substitution for which other Securities shall have been authenticated and delivered pursuant to the terms of Section 3.05, or which shall have been paid pursuant thereto, unless proof satisfactory to the Trustee is presented that any such Securities are held by any person in whose hands any such Securities are legal, valid and binding obligations of the Corporation.

In determining whether the holders of the requisite principal amount of outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of a Discounted Security shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the maturity thereof pursuant to Section 7.01.

Perpetual Preferred Stock:

The term "Perpetual Preferred Stock" shall mean any stock of any class or series of the Corporation which has a preference over Common Stock in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and which is not mandatorily redeemable or repayable by the Corporation, or redeemable or repayable at the option of the holder of such stock, otherwise than in shares of Common Stock or Perpetual Preferred Stock of another class or series or with the proceeds of the sale of Common Stock or Perpetual Preferred Stock.

Person:

The term "Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Post-Amendment Securities:

The term "Post-Amendment Securities" shall mean any Securities originally issued under this Indenture on or after December 15, 1992.

Pre-Amendment Securities:

The term "Pre-Amendment Securities" shall mean any Securities originally issued under this Indenture prior to December 15, 1992.

Primary Federal Regulator:

The term "Primary Federal Regulator" shall mean the Corporation's primary federal banking regulator (which at the date of this Indenture is the Board of Governors of the Federal Reserve System), or any successor body or institution performing substantially the same regulatory function with respect to the Corporation and the adequacy of its capital as said Board of Governors performs on the date hereof.

Principal Office of the Trustee:

The term "principal office of the Trustee" or any other similar term shall mean the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of the execution of this Indenture is located at 60 Wall Street, New York, NY 10260.

Responsible Officer:

The term "Responsible Officer", when used with respect to the Trustee, shall mean any officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

Secondary Offering:

The term "Secondary Offering", when used with respect to the Securities of any series, shall mean the offering and sale by the Corporation of Capital Securities for the account of holders of Securities of such series who elect to receive cash and not Capital Securities on any Exchange Date.

Security or Securities:

The term "Security" or "Securities" shall mean any unsecured subordinated debt security or unsecured subordinated debt securities (including any Global Security or Global Securities), as the case may be, authenticated and delivered under this Indenture.

Securityholder:

The term "Securityholder" or "holder of Securities", or other similar terms, shall mean any Person in whose name at the time a particular Security is registered on the books of the Corporation kept for that purpose in accordance with the terms hereof.

Senior Indebtedness:

The term "Senior Indebtedness" shall mean the principal of and premium, if any, and interest on (i) all indebtedness of the Corporation for money borrowed, whether outstanding on the date of execution of this Indenture or thereafter created, assumed or incurred, except (x) Securities (whether outstanding on December 15, 1992 or thereafter issued under this Indenture), (y) the Corporation's 10-1/2% Subordinated Capital Notes Due 2000, the Corporation's 9-3/4% Subordinated Capital Notes due 1999, the Corporation's Floating Rate Subordinated Capital Notes due 1997, the Corporation's Floating Rate Subordinated Capital Notes Due 1999, the Corporation's Floating Rate Subordinated Notes due 1996, the Corporation's 8-1/2% Subordinated Notes Due 2002, the Corporation's 8-5/8% Subordinated Debentures due 2002, the Corporation's 8-1/8% Subordinated Notes Due 2002, the Corporation's 10-3/8% Subordinated Notes Due 1999, the Corporation's Floating Rate Subordinated Notes Due 1998, the Corporation's Floating Rate Subordinated Notes Due 1997, the Corporation's Floating Rate Subordinated Capital Notes Due 1998, the Corporation's 8.50% Subordinated Capital Notes Due 1999, the Corporation's Floating Rate Subordinated Notes Due 1996, the Corporation's Guaranteed Floating Rate Subordinated Notes Due 1996, each of which ranks pari passu in right of payment with the Securities, subject to the subordination provisions set forth in Article Sixteen, and (z) such other indebtedness of the Corporation as is by its terms expressly stated to be not superior in right of payment to the Securities or to rank pari passu in right of payment with the Securities, and (ii) any deferrals, renewals or extensions of any such Senior Indebtedness. The term "indebtedness of the Corporation for money borrowed" means any obligation of, or any obligation guaranteed by, the Corporation for the repayment of money borrowed, whether or not evidenced by bonds, debentures, notes or other written instruments, and any deferred obligation for payment of the purchase price of property or assets.

Series:

The term "series" when used with respect to the Securities shall mean all Securities bearing the same title established pursuant to Section 3.01.

Time of Determination:

The term "Time of Determination" shall have the meaning set forth in Section 19.05(a)(v).

Trading Day:

The term "Trading Day" shall have the meaning set forth in Section 19.05(a)(v).

Trustee:

The term "Trustee" shall mean Morgan Guaranty Trust Company of New York until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Trustee which is then a Trustee hereunder, and if at any time there is more than one such Trustee, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

Trust Indenture Act of 1939:

The term "Trust Indenture Act of 1939" shall mean the Trust Indenture Act of 1939, as amended, as it was in force on the date of this Indenture, except as provided in Section 11.03.

Yield to Maturity:

The term "Yield to Maturity", when used with respect to any Discounted Security, shall mean the yield to maturity, if any, set forth on the face of such Security.

ARTICLE TWO
THE SECURITIES.

Section 2.01. Forms of Securities. The Securities shall be in such form or forms (including global form) as shall be established by or pursuant to a Board Resolution, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or any indenture supplemental hereto and may have such letters, numbers or other marks of identification and such legends or endorsements imprinted thereon as the officers executing the same may approve (execution thereof to be conclusive evidence of such approval).

Prior to the first delivery of Securities of any series in any such form to the Trustee for authentication, the Corporation shall deliver to the Trustee the following:

(1) The Board Resolution or Board Resolutions by or pursuant to which the form or forms of such Securities have been approved and the Board Resolution or Board Resolutions establishing the terms of such Securities or authorizing officers or directors of the Corporation to establish such terms;

(2) An Officers' Certificate delivered to the Trustee, stating that all conditions precedent provided for in this Indenture relating to the authentication and delivery of Securities in such form have been complied with; and

(3) An Opinion of Counsel stating that the form or forms of such Securities have been approved by or pursuant to a Board Resolution or Board Resolutions in conformity with the provisions of the Indenture; that a Board Resolution or Board Resolutions establishing the terms of such Securities or authorizing officers or directors of the Corporation to establish such terms have been duly adopted by the Board of Directors; and that when the terms, if any, of such Securities not established by such Board Resolution or Board Resolutions have been established in accordance with the authority conferred thereby and Securities in such approved form or forms have been completed by appropriate insertions and executed and delivered by the Corporation to the Trustee for authentication in accordance with this Indenture, authenticated and delivered by the Trustee in accordance with this Indenture within the authorization as to aggregate principal amount established from time to time by the Board of Directors and sold in the manner specified in such Opinion of Counsel, such Securities will be legal, valid and binding obligations of the Corporation entitled to the benefits of this Indenture, subject to applicable bankruptcy, reorganization, insolvency and other similar laws generally affecting creditors' rights, to general equitable principles and to such other qualifications as such counsel shall conclude do not materially affect the rights of holders of such Securities.

After any such first delivery, any separate request by the Corporation that the Trustee authenticate Securities of such series for original issue will be deemed to be a certification by the Corporation that all conditions precedent provided for in this Indenture relating to the authentication and delivery of such Securities continue to be complied with.

The Trustee shall have the right to decline to authenticate and deliver any Securities under this Section 2.01 if the Trustee, being advised by counsel, determines that such action may not lawfully be taken or if the Trustee in good faith by its board of directors or trustees, executive committee, or a trust committee of directors or Responsible Officers shall determine that such action would expose the Trustee to personal liability to existing Securityholders.

The definitive Securities shall be printed, lithographed or engraved or produced by any combination of these methods on steel engraved borders or may be produced in any other manner, all as determined by the officers executing the same (execution thereof to be conclusive evidence of such approval).

Any Global Security issued hereunder shall bear a legend substantially to the following effect: "UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH

NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY," or to such effect as shall be required by the Depositary.

Section 2.02. Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication shall be in substantially the following form:

This is one of the Securities issued under the Indenture described herein.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, AS TRUSTEE

BY_____
AUTHORIZED OFFICER

ARTICLE THREE

ISSUE, DESCRIPTION, EXECUTION, REGISTRATION AND EXCHANGE OF SECURITIES.

Section 3.01. Title, Amount and Terms of Securities. The aggregate principal amount of Securities which may be authenticated and delivered and outstanding under this Indenture is not limited. The Securities may be issued in an aggregate principal amount up to the aggregate principal amount of Securities from time to time authorized by or pursuant to Board Resolutions.

The Securities may be issued in one or more series, each of which shall be issued by or pursuant to a Board Resolution. With respect to any particular series of Securities, there shall be established by or pursuant to a Board Resolution and set forth (or the manner of determination set forth) in an Officers' Certificate:

(1) the title of the Securities of that series (which shall distinguish the Securities of that series from Securities of all other series);

(2) any limit upon the aggregate principal amount of the Securities of that series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of that series pursuant to Section 3.04, 3.05, 3.06, 4.06, 11.04, 17.07 or 19.03);

(3) the date or dates on which the principal of the Securities of that series is payable;

(4) the rate or rates, or the method to be used in ascertaining the rate or rates, at which the Securities of that series shall bear interest (if any), the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable and the record date for the interest payable on any interest payment date;

(5) the place or places where the principal of (and premium, if any) and interest, if any, on Securities of that series shall be payable;

(6) if applicable, the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of that series may be redeemed, in whole or in part, at the option of the Corporation;

(7) the obligation, if any, of the Corporation to redeem or purchase Securities of that series pursuant to any sinking fund or analogous provisions or at the option of a holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of that series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(8) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which Securities of that series shall be issuable;

(9) if other than the principal amount thereof, the portion of the principal amount of Securities of that series which shall be payable upon a declaration of acceleration of the maturity thereof pursuant to Section 7.01;

(10) if applicable, the place or places at which, the period or periods within which, the price or prices at which and the terms and conditions, if any, upon which Securities of that series shall be exchangeable for Capital Securities of the Corporation, which terms and conditions shall not be inconsistent with Article Seventeen;

(11) if other than such coin or currency of the United States of America as at the time of payment is legal tender for payment of public or private debts, the coin or currency (which may be a composite currency) in which payment of the principal of (and premium, if any) and interest, if any, on the Securities of that series shall be payable;

(12) if the principal of (and premium, if any) or interest, if any, on the Securities of that series are to be payable, at the election of the Corporation or a holder thereof, in a coin or currency (including a composite currency) other than that in which the Securities would be payable but for such election, the period or periods within which, and the terms and conditions upon which, such election may be made;

(13) if the amounts of principal (and premium, if any) or interest, if any, payable with respect to the Securities of the series are to be determined with reference to an index based on any currency (including a composite currency) the manner in which such amounts shall be determined;

(14) if the Securities of that series are convertible into or exchangeable for other securities of the Corporation, the terms upon which the Securities of that series shall be convertible into or exchangeable for such other securities;

(15) if the Securities of that series are convertible into Common Stock, the Conversion Price therefor, the period during which such Securities are convertible and any terms and conditions for the conversion of such Securities which differ from Article Nineteen;

(16) whether the Securities of that series shall be issued in whole or in part in the form of one or more Global Securities and, in such case, the Depositary for such Global Security or Global Securities, and the terms and conditions, if any, upon which such Global Security or Global Securities may be exchanged in whole or in part for other individual Securities; and

(17) any other terms of that series (which terms shall not be inconsistent with the provisions of this Indenture).

The Pre-Amendment Securities shall be subordinate and junior in right of payment to Senior Indebtedness and the Post-Amendment Securities shall be subordinate and junior in right of payment to Senior Indebtedness and, in certain circumstances, to Additional Senior Obligations, as provided in Article Sixteen.

All Securities of any particular series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to the Board Resolution relating thereto and set forth (or the manner of determination set forth) in an Officers' Certificate.

Section 3.02. Denominations, Dates, Interest Payment and Record Dates. In the absence of any provision to the contrary in the form of Security of any particular series, the Securities shall be issuable as registered Securities without coupons in the denominations of $1,000 and any multiple of $1,000. Every Security shall be dated the date of its authentication and shall bear interest, if any, from the date specified in or pursuant to the Board Resolution authorizing the issuance thereof.

The Person in whose name any Security is registered at the close of business on any record date (as hereinafter in this Section 3.02 defined) with respect to any interest payment date shall be entitled to receive the interest payable on such interest payment date notwithstanding the cancellation of such Security upon any registration of transfer or exchange subsequent to the record date and prior to such interest payment date; provided, however, that if and to the extent the Corporation shall default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the Persons in whose names outstanding Securities are registered at the close of business on a subsequent record date established by notice given by mail by or on behalf of the Corporation to the holders of Securities not less than 15 days preceding such subsequent record date, such record date to be not less than five days preceding the date of payment of such defaulted interest. As used in this Section 3.02, the term "record date" for the interest payable on any Security on any interest payment date (except a date for payment of defaulted interest) shall mean the date, if any, specified in such Security as the "record date" for the interest payable on such Security on any interest payment date for such Security (except a date for payment of defaulted interest on such Security).

Except as otherwise specified as contemplated in Section 3.01 for Securities of any series, if any Security of any series is exchanged for Capital Securities after any record date and on or prior to the next succeeding interest payment date for such series (other than any Security whose maturity is prior to such interest payment date), interest due on such interest payment date shall be paid by the Corporation on such interest payment date notwithstanding such exchange, and such interest (whether or not punctually paid or duly provided for) shall be paid to the Person in whose name the Security is registered at the close of business on such record date.

Section 3.03. Execution of Securities. The Securities shall be signed in facsimile in the name and on behalf of the Corporation by the Chairman of the Board, the President, a Vice Chairman of the Board or the Chief Financial Officer (or any other officer certified by any of the foregoing officers in an Officers' Certificate to be an executive officer of the Corporation), under its corporate seal (which may be printed, engraved or otherwise reproduced thereon, by facsimile or otherwise), attested by its Secretary or an Assistant Secretary. Only such Securities as shall bear thereon a certificate of authentication substantially in the form set forth in Section 2.02, executed by the Trustee, or Section 8.14, executed by the Authenticating Agent, if any, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee upon any Security executed by the Corporation shall be conclusive evidence that the Security so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Indenture.

In case any officer of the Corporation who shall have signed any of the Securities shall cease to be such officer before the Securities so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Corporation, such Securities nevertheless may be authenticated and delivered or disposed of as though the Person who signed such Securities had not ceased to be such officer of the Corporation; and any Security may be signed on behalf of the Corporation by such Persons as, at the actual date of the execution of such Security, shall be the proper officers of the Corporation, although at the date of the execution of this Indenture any such Person was not such an officer.

Section 3.04. Exchange and Registration of Transfer of Securities. Securities of any series (except for Global Securities) may be exchanged for an equal aggregate principal amount of Securities of other authorized denominations of the same series of like tenor. Securities to be exchanged shall be surrendered at the office or agency to maintained by the Corporation for such purpose in the Borough of Manhattan, The City of New York, as provided in Section 5.02, and the Corporation shall execute and register and the Trustee shall authenticate and deliver in exchange therefor the Security or Securities which the Securityholder making the exchange shall be entitled to receive.

The Corporation shall keep, at said office or agency, a register in which, subject to such reasonable regulations as it may prescribe, the Corporation shall provide for registration of Securities and registration of transfers of Securities as in this Article Three provided. Such register shall be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times such register shall be open for inspection by the Trustee and the Corporation. The Bank is hereby appointed Security registrar for the purpose of registering Securities and registering the transfers of Securities as herein provided.

Upon due presentment for registration of transfer of any Security of a particular series at such office or agency and compliance in full with the conditions of this Section 3.04, the Corporation shall execute and register and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Security or Securities of the same series for an equal aggregate principal amount.

All Securities issued upon any registration of transfer or exchange of Securities shall be the legal, valid and binding obligations of the Corporation, evidencing the same debt and entitled to the same benefits under this Indenture as the Securities surrendered upon such registration of transfer or exchange.

During the period of 15 days preceding any date for payment of principal of or interest on Securities of a series, the Corporation shall not be required to register the transfer of or to exchange any Securities of such series. In addition, the Corporation shall not be required (i) to register the transfer of or to exchange any Securities of a series for a period of 15 days immediately preceding any date fixed for any selection of Securities of such series to be redeemed or to be exchanged for Capital Securities, and (ii) to register the transfer of or to exchange any Securities of a series, or portion thereof, selected for redemption or for exchange for Capital Securities, except the unredeemed or unexchanged portion of any Security being redeemed or exchanged in part.

All Securities presented for registration of transfer or for exchange or payment shall (if so required by the Corporation or the Security registrar) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Corporation and the Security registrar duly executed by, the holder or his attorney duly authorized in writing.

No service charge shall be made for any exchange or registration of transfer of Securities, but the Corporation or the Security registrar may (except as otherwise provided in Sections 3.06, 4.06, 11.04 and 17.07) required payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

Notwithstanding any other provision of this Section 3.04, unless and until it is exchanged in whole or in part for Securities in definitive form, a Global Security representing all or a portion of the Securities of a series may not be transferred except as a whole by the Depositary for such series to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by such Depositary or any such nominee to a successor Depositary for such series or a nominee of such successor Depositary. Unless otherwise provided as contemplated by Section 3.01 with respect to any series of Securities evidenced in whole or in part by a Global Security, the Depositary may not sell, assign, transfer or otherwise convey any beneficial interest in a Global Security evidencing all or part of the Securities of such series unless such beneficial interest is in an amount equal to an authorized denomination for Securities of such series.

If at any time the Depositary for the Securities of a series notifies the Corporation that it is unwilling or unable to continue as a Depositary for the Securities of such series or if at any time the Depositary for Securities of a series shall no longer be registered or in good standing

under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, the Corporation shall appoint a successor Depositary with respect to the Securities of such series. If a successor Depositary for the Securities of such series is not appointed by the Corporation within 90 days after the Corporation receives such notice or becomes aware of such condition, the Corporation will execute, and the Trustee, upon the written request or authorization of any officer of the Corporation, will authenticate and deliver Securities of such series in definitive form in an aggregate principal amount equal to the principal amount of the Global Security or Global Securities representing Securities of such series in exchange for such Global Security or Global Securities.

In the event that (i) the Corporation at any time and in its sole discretion determines that the Securities of any series issued in the form of one or more Global Securities shall no longer be represented by such Global Security or Global Securities or (ii) there shall have occurred and be continuing an Event of Default or an event which, with the giving of notice or lapse of time or both, would constitute an Event of Default with respect to the Securities of any series, the Corporation will execute, and the Trustee, upon the written request or authorization of any officer of the Corporation, will authenticate and deliver Securities of such series in definitive form and in an aggregate principal amount equal to the principal amount of the Global Security or Global Securities representing such series in exchange for such Global Security or Global Securities.

If so established pursuant to Section 3.01 with respect to Securities of any series, the Depositary for such series of Securities may surrender a Global Security for such series of Securities in exchange, in whole or in part, for Securities of such series in definitive form on such terms as are acceptable to the Corporation and such Depositary. Thereupon, the Corporation shall execute and the Trustee shall authenticate and deliver, without charge,

(i) to each Person specified by the Depositary, a new Security or Securities of the same series in definitive form in an aggregate principal amount equal to and in exchange for such Person's beneficial interest in the surrendered Global Security; and

(ii) to the Depositary, a new Global Security in a denomination equal to the difference, if any, between the principal amount of the surrendered Global Security and the aggregate principal amount of Securities of such series delivered in definitive form to Securityholders pursuant to clause (i) above.

Upon the exchange of a Global Security or Global Securities for Securities of such series in definitive form, such Global Security shall be cancelled by the Trustee. Securities issued in definitive form in exchange for a Global Security pursuant to this Section 3.04 shall be registered in such names and in such authorized denominations as the Depositary for such Global Security, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities in definitive form to the Person in whose name such Securities are so registered.

Section 3.05. Mutilated, Destroyed, Lost or Stolen Securities. If any mutilated Security is surrendered to the Trustee, the Corporation shall execute and the Trustee shall authenticate and

deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding. If there shall be delivered to the Corporation, to the Security registrar and to the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and of the ownership thereof and (ii) such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Corporation, the Security registrar or the Trustee that such Security has been acquired by a bona fide purchaser, the Corporation shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

The Trustee may authenticate any substitute Security and deliver the same upon the written request or authorization of any officer of the Corporation. Upon the issuance of any substituted Security, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees of the Corporation, the Trustee and paying agent or Security registrar connected therewith. In case any Security which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Corporation may, instead of issuing a substitute Security, pay or authorize the payment of the same or exchange or authorize the exchange of same (without surrender thereof except in the case of a mutilated Security) if the applicant shall furnish to the Corporation, to the Security registrar and to the Trustee such security or indemnity as may be required by them to save each of them harmless and, in the case of destruction, loss or theft, evidence satisfactory to the Corporation, the Security registrar and the Trustee of the destruction, loss or theft of such Security and of the ownership thereof.

Every substituted Security issued pursuant to the provisions of this Section 3.05 by virtue of the fact that any Security is destroyed, lost or stolen shall constitute an original additional contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Security shall be found at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder. All Securities shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities and shall preclude to the extent permitted by law any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 3.06. Temporary Securities. Pending the preparation of definitive Securities of any series, the Corporation may execute and the Trustee shall authenticate and deliver temporary Securities (printed or lithographed) of such series. Temporary Securities of any series shall be issuable in any authorized denomination, and substantially in the form of the definitive Securities of such series but with such omissions, insertions and variations as may be appropriate for temporary Securities of such series, all as the officers of the Corporation executing such Securities may determine, as evidenced by their execution of such Securities. Every such temporary Security shall be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with the same effect, as the definitive Securities of such

series of like tenor. Without unreasonable delay the Corporation will execute and deliver to the Trustee definitive Securities of such series and thereupon any or all temporary Securities of such series may be surrendered in exchange therefor, at the principal office of the Trustee, and the Trustee shall authenticate and deliver in exchange for such temporary Securities an equal aggregate principal amount of definitive Securities of such series. Such exchange shall be made by the Corporation at its own expense. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under, and be subject to the terms and conditions of, this Indenture as definitive Securities of the same series authenticated and delivered hereunder.

Section 3.07. Cancellation of Securities Paid, etc. All Securities surrendered for the purpose of payment, exchange, conversion or registration of transfer shall, if surrendered to the Corporation, any paying agent, any Security registrar or any Exchange Agent, be delivered to the Trustee for cancellation and, if not already cancelled, promptly cancelled by it, or, if surrendered to the Trustee, shall, if not already cancelled, be promptly cancelled by it, and no Securities shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall destroy cancelled Securities and deliver a certificate of such destruction to the Corporation. If the Corporation shall acquire any of the Securities, however, such acquisition shall not operate as a satisfaction of the indebtedness represented by such Securities unless and until the same are surrendered to the Trustee for cancellation.

Section 3.08. Computation of Interest. Except as otherwise established pursuant to Section 3.01 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a year of twelve 30-day months.

ARTICLE FOUR
REDEMPTION OF SECURITIES.

Section 4.01. Applicability of This Article. Redemption of Securities (whether by operation of a sinking fund or otherwise) as permitted or required by the terms of any form of Security issued pursuant to this Indenture shall be made in accordance with such terms and this Article; provided, however, that if any provisions of any such form of Security shall conflict with any provision of this Article, the provision of such form of Security shall govern. Except as otherwise set forth in the form of Security for such series, each Security shall be subject to partial redemption only in the amount of $1,000 or integral multiples of $1,000. This Article shall not be applicable to exchanges of Securities for Capital Securities or any Secondary Offering relating thereto.

Section 4.02. Election to Redeem; Notice to Trustee. The election of the Corporation to redeem any Securities shall be made in accordance with the terms of the form of Security for such series. In case of any redemption at the election of the Corporation of less than all of the Securities of any particular series, the Corporation shall, at least 60 days prior to the date fixed for redemption (unless a shorter notice shall be satisfactory to the Trustee) notify the Trustee of such date and of the principal amount of Securities of that series to be redeemed.

Section 4.03. Selection of Securities to Be Redeemed. If less than all the Securities of a particular series are to be redeemed, the Trustee, not more than 60 days prior to the date fixed for redemption, shall select, in such manner as in its sole discretion it shall deem appropriate and fair, the Securities or portions thereof (in multiples of $1,000, except as set forth in the applicable form of Security) of such series to be redeemed. The Trustee shall promptly notify the Corporation in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed. For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

Section 4.04. Notice of Redemption. Notice of redemption shall be given by first-class mail, postage prepaid, mailed not later than the thirtieth day, and not earlier than the sixtieth day, prior to the date fixed for redemption, to each holder of Securities to be redeemed, at his address as it appears on the registry books of the Corporation.

With respect to Securities of each series to be redeemed, each notice of redemption shall state:

(1) the date fixed for redemption for Securities of such series;

(2) the redemption price at which Securities of such series are to be redeemed and the amount of interest payable thereon, if any;

(3) if less than all outstanding Securities of such particular series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the particular Securities to be redeemed;

(4) that on the date fixed for redemption, the redemption price at which such Securities are to be redeemed and any accrued interest will become due and payable upon each such Security or portion thereof, and that interest thereon, if any, shall cease to accrue on and after said date;

(5) the place or places where such Securities are to be surrendered for payment of the redemption price at which such Securities are to be redeemed and any accrued interest;

(6) if applicable, the Conversion Price with respect to such Securities, that a holder of the Securities to be redeemed who desires to convert such Securities must satisfy the requirements for conversion applicable to such Securities, and that the right to convert such Securities shall expire after the close of business on the date fixed for redemption; and

(7) that the redemption is for a sinking fund, if such is the case.

Notice of redemption of Securities to be redeemed at the election of the Corporation shall be given by the Corporation or, at the Corporation's request, by the Trustee in the name and at the expense of the Corporation. The notice if mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. In any case, a failure to give such notice by mail or any defect in the notice to the holder of any Security designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security.

Section 4.05. Deposit of Redemption Price. Prior to the redemption date specified in the notice of redemption given as provided in Section 4.04, the Corporation will deposit with the Trustee or with one or more paying agents an amount of money sufficient to redeem on the redemption date all the Securities so called for redemption at the applicable redemption price and (except if the date fixed for redemption is the date on which any regular payment of interest becomes due) to pay interest, if any, accrued to the date fixed for redemption on all the Securities which are to be redeemed on that date.

Section 4.06. Payment of Securities Called for Redemption. If any notice of redemption has been given as provided in Section 4.04, the Securities or portions of Securities with respect to which such notice has been given shall become due and payable on the date and at the place or places stated in such notice at the applicable redemption price, together with interest accrued to the date fixed for redemption, and on and after said date (unless the Corporation shall default in the payment of such Securities at the redemption price, together with interest accrued to said date) interest on the Securities or portions of Securities so called for redemption shall cease to accrue, and such Securities shall cease from and after the date fixed for redemption to be entitled to any benefit under this Indenture, including the right to convert such Securities or portions thereof, if the terms of such Securities established pursuant to Section 3.01 provide for conversion, and the holders thereof shall have no right in respect of such Securities, except to receive payment of the redemption price thereof and unpaid interest to the date fixed for redemption. On presentation and surrender of such Securities at a place of payment in said notice specified, the said Securities or the specified portions thereof shall be paid and redeemed by the Corporation at the applicable redemption price, together with interest accrued thereon to the date fixed for redemption; provided, however, that any regular payment of interest becoming due on the date fixed for redemption shall be payable to the holders of such Securities registered as such on the relevant record date, subject to the terms and provisions of Section 3.02, and, if applicable, Section 19.03.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal thereof (and premium, if any, thereon) shall, until paid, bear interest from the date fixed for redemption at the rate prescribed therefor in the Security.

If any Security called for redemption is converted pursuant to Article Nineteen, any moneys deposited with the Trustee or any paying agent for the purpose of redeeming such Security shall be promptly repaid to the Corporation.

Upon presentation of any Security redeemed in part only, the Corporation shall execute and the Trustee shall authenticate and deliver to the holder thereof, at the expense of the

Corporation, a new Security or Securities of the same series, of authorized denominations, in aggregate principal amount equal to the unredeemed portion of the Security so presented. If a Global Security is so redeemed and surrendered, such new Security so issued shall be a new Global Security.

ARTICLE FIVE
PARTICULAR COVENANTS OF THE CORPORATION.

Section 5.01. To Pay Principal and Interest. The Corporation will duly and punctually pay, or cause to be paid, the principal of (and premium, if any) and interest, if any, on each and every Security at the times and place and in the manner provided herein and in such Securities. Interest upon Securities shall be payable without presentment of such Securities, and only to or upon the written order of the registered holders thereof determined as provided in Section 3.02. For all purposes of this Indenture, the exchange of Capital Securities for Securities of any series pursuant to the terms of such Securities and this Indenture shall constitute full payment of the principal of the Securities of such series being exchanged on any Exchange Date for Capital Securities, without prejudice to any Securityholder's rights pursuant to Section 17.09. The Corporation shall have the right to require a Securityholder, in connection with the payment of the principal of (and premium, if any) or interest, if any, on a Security, to present at the office or agency of the Corporation at which such payment is made a certificate, in such form as the Corporation may from time to time prescribe, to enable the Corporation to determine its duties and liabilities with respect to any taxes, assessments or governmental charges which it may be required to deduct or withhold therefrom under any present or future law of the United States of America or of any State, County, Municipality or taxing authority therein, and the Corporation shall be entitled to determine its duties and liabilities with respect to such deduction or withholding on the basis of information contained in such certificate or, if no such certificate shall be so presented, on the basis of any presumption created by any such law, and shall be entitled to act in accordance with such determination.

Section 5.02. To Maintain Office or Agency. So long as any Securities remain outstanding, the Corporation will maintain in the Borough of Manhattan, City and State of New York, an office or agency where the Securities may be presented for payment, an office or agency where the Securities may be presented for registration of transfer and exchange or conversion as provided in this Indenture, and an office or agency where notices or demands to or upon the Corporation in respect of this Indenture and where Capital Securities Election Forms with respect to any series of Securities may be served. Until otherwise designated by the Corporation in a written notice to the Trustee, the office or agency for all such purposes shall be the principal corporate trust office of the Bank in the Borough of Manhattan, City and State of New York. In case the Corporation shall at any time fail to maintain any such office or agency, or shall fail to give notice to the Trustee of any change in the location thereof, presentation and demand may be made and notices and Capital Securities Election Forms may be served, with respect to any series of Securities or in respect of this Indenture, at the principal office of the Trustee, and the Corporation hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices and demands.

In addition to any such office or agency the Corporation may from time to time constitute and appoint one or more paying agents for the payment of such Securities, in one or more other cities, and may from time to time rescind such appointments, as the Corporation may deem desirable or expedient. The Corporation will give prompt written notice to the Trustee of any such appointment or rescission and of any change in the location of any such appointed paying agent.

Section 5.03. To Fill a Vacancy in the Office of Trustee. The Corporation, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Article Eight, a Trustee, so that there shall at all times be a Trustee hereunder.

Section 1.01. Appointment of Paying Agents and Exchange Agents; Money for Securities Payments to be Set Aside in Trust; Transfer of Moneys Held by Paying Agents. (a) If, as to any series of Securities, the Corporation shall appoint a paying agent or Exchange Agent other than the Trustee, it will cause such paying agent or Exchange Agent to execute and deliver to the Trustee an instrument in which such paying agent or Exchange Agent shall agree with the Trustee, subject to the provisions of this Section 5.04:

(1) that it will hold all sums (including Capital Securities, if required) held by it as such paying agent or Exchange Agent for the payment of the principal (including principal to be paid by the delivery of Capital Securities) of (and premium, if any) or interest, if any, on such Securities in trust for the benefit of the holders of the Securities entitled thereto, or for the benefit of the Trustee, as the case may be, until such sums shall be paid out to such holders or otherwise as herein provided;

(2) that it will give the Trustee notice of any failure by the Corporation in the making of any deposit with such paying agent or Exchange Agent for the payment of principal (including principal to be paid by the delivery of Capital Securities) of (and premium, if any) or interest, if any, on such Securities which shall have become payable and of any default by the Corporation in making any payment of the principal (including principal to be paid by the delivery of Capital Securities) of (and premium, if any) or interest, if any, on such Securities when the same shall be due and payable; and

(3) that it will at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums (including Capital Securities, if required) so held in trust by such paying agent or Exchange Agent.

(b) If the Corporation or the Bank shall act as paying agent or Exchange Agent as to any series of Securities, it will, on or before each due date of the principal (including principal to be paid by the delivery of Capital Securities) of (and premium, if any) or interest, if any, on such Securities, set aside and hold in trust for the benefit of the holders of such Securities entitled thereto a sum (including Capital Securities, if required) sufficient (together with any sums (including Capital Securities, if required) deposited with any other paying agent or Exchange Agent for such purpose) to pay such principal (including principal to be paid by the delivery of Capital Securities) (and premium, if any) or interest, if any, so becoming due and will notify the Trustee of any failure by it to take such action. Whenever the Corporation shall have one or

more paying agents or Exchange Agents with respect to any particular series of Securities, it will, on or before each due date of the principal (including principal to be paid by the delivery of Capital Securities) of (and premium, if any) or interest, if any, on the Securities, deposit with a paying agent or Exchange Agent a sum sufficient to pay such principal (including principal to be paid by the delivery of Capital Securities) (and principal to be paid by the delivery of Capital Securities) (and premium, if any) or interest, if any, so becoming due, such sums (including Capital Securities, if required) to be held in trust for the benefit of the holders of such Securities entitled thereto, and (unless the paying agent or Exchange Agent is the Trustee) the Corporation will notify the Trustee of failure by it to take such action.

(c) Anything in this Section 5.04 to the contrary notwithstanding, the Corporation may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture pursuant to Article Thirteen, or for any other purpose, pay or cause to be paid to the Trustee all sums (including Capital Securities, if required) held in trust by the Corporation or any paying agent or Exchange Agent as required by this Section 5.04, such sums to be held by the Trustee upon the trusts herein contained.

(d) Anything in this Section 5.04 to the contrary notwithstanding, the agreement to hold sums (including Capital Securities, if required) in trust as provided in this Section 5.04 is subject to the provisions of Section 13.03 and 13.04.

Section 5.05. Maintenance of Corporate Existence, Rights and Franchise. So long as any of the Securities shall be outstanding, the Corporation will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights and franchises to carry on its business; provided, however, that nothing in this Section 5.05 shall prevent (i) any consolidation or merger of the Corporation, or any sale or conveyance of all or substantially all its property and assets, permitted by Article Twelve, (ii) the liquidation or dissolution of the Corporation after a sale or conveyance of all or substantially all its property and assets permitted by Article Twelve or (iii) the forfeiture or abandonment of any such right or franchise in any jurisdiction if the Board of Directors shall determine that preservation thereof is no longer desirable in the conduct of its business and that the loss thereof is not disadvantageous in any material respect to the Securityholders.

Section 5.06. Certificate as to No Default. The Corporation hereby covenants and agrees to deliver to the Trustee, not less often than annually and in any case within 120 days after the end of each fiscal year of the Corporation, commencing with the fiscal year ending December 31, 1987, a certificate from the Chairman of the Board, the President, any Vice Chairman of the Board, the Chief Financial Officer, the Treasurer or the Principal Accounting Officer of the Corporation as to his or her knowledge of the Corporation's compliance with all conditions and covenants under this Indenture. For purposes of this Section 5.06, such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture.

Section 5.07. Limitation on Sale of Stock of the Bank. For the exclusive benefit of the Pre-Amendment Securities, but subject to the provisions of Article Twelve, the Corporation will not sell, transfer or otherwise dispose of any shares of, securities convertible into or options,

warrants or rights to subscribe for or purchase shares of, Voting Stock of the Bank, nor will it permit the Bank to issue any shares of, securities convertible into or options, warrants or rights to subscribe for or purchase shares of, Voting Stock of the Bank; provided, however, that the foregoing shall not prohibit any such issuance, sale, transfer or disposition consisting of (i) issuances or sales of directors' qualifying shares, (ii) issuances or sales of shares to the Corporation, (iii) sales or other dispositions or issuances for fair market value, as determined by the Board of Directors of the Corporation, if after giving effect to such sales, dispositions or issuances and to the issuance of any shares of Voting Stock of the Bank issuable upon conversion of convertible securities or upon the exercise of options, warrants or rights, the Corporation would own directly or indirectly not less than 80% of the issued and outstanding shares of Voting Stock of the Bank, (iv) sales, transfers or other dispositions or issuances made in compliance with an order or direction of a court or regulatory authority of competent jurisdiction, and (v) sales of shares of Voting Stock of the Bank made by the Bank to its shareholders if the sale does not reduce the percentage of shares of Voting Stock of the Bank owned by the Corporation.

For the purposes of this Section 5.07, the term "Voting Stock of the Bank" shall mean stock of any class or classes, however designated, having ordinary voting power for the election of a majority of the Board of Directors of the Bank, other than stock having such power only by reason of the happening of a contingency.

ARTICLE SIX

SECURITYHOLDERS LISTS AND REPORTS BY THE CORPORATION AND THE TRUSTEE.

Section 6.01. Securityholders Lists. The Corporation covenants and agrees that, with respect to each series of Securities, it will furnish or cause to be furnished to the Trustee, (a) semiannually, not less than 45 days nor more than 60 days after (i) each record date for the payment of interest on any interest payment date (except a date for payment of defaulted interest) in the case of interest-bearing Securities or (ii) the last business day of each June and December in the case of non-interest-bearing Securities, and (b) at such other times as the Trustee may request in writing, within 30 days after receipt by the Corporation of any such request, a list in such form as the Trustee may reasonably require of the names and addresses of the holders of Securities of such series as of a date not more than l5 days prior to the time such information is furnished; provided, however, that if the Trustee shall be the Security register, such list shall not be required to be furnished.

Section 6.02. Preservation and Disclosure of Lists. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of Securities contained in the most recent list furnished to it as provided in Section 6.01 and received by the Trustee in its capacity as Security registrar or paying agent if so acting. The Trustee may destroy any list furnished to it as provided in Section 6.01 upon receipt of a new list so furnished.

(b) In case three or more holders of Securities of any series (hereinafter referred to as "applicants") apply in writing to the Trustee and furnish to the Trustee reasonable proof that each such applicant has owned a Security of such series for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of Securities of such series with respect to their rights under this Indenture or under the Securities of such series and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five Business Days after the receipt of such application, at its election, either

(1) afford such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 6.02, or

(2) inform such applicants as to the approximate number of holders of Securities of such series whose names and addresses appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 6.02, and as to the approximate cost of mailing to such Securityholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each holder of Securities of such series whose name and address appears in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 6.02 a copy of the form of proxy or other communication which is specified in such request, with responsible promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender, the Trustee shall mail to such applicants and file with the Securities and Exchange Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of Securities of such series or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If said Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if after the entry of an order sustaining one or more of such objections, said Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Securityholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise, the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Each and every holder of the Securities, by receiving and holding the same, agrees with the Corporation and the Trustee that neither the Corporation nor the Trustee nor any paying agent nor any Exchange Act nor any Security registrar shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the holders of Securities in accordance with the provisions of subsection (b) of this Section 6.02, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under said subsection (b).

Section 6.03. Reports by the Corporation. (a) The Corporation covenants and agrees to file with the Trustee within 15 days after the Corporation is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as said Commission may from time to time by rules and regulations prescribe) which the Corporation may be required to file with said Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended; or, if the Corporation is not required to file information, documents or reports pursuant to either of such sections, then to file with the Trustee and said Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934, as amended, in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations.

(b) The Corporation covenants and agrees to file with the Trustee and the Securities and Exchange Commission, in accordance with the rules and regulations prescribed from time to time by said Commission, such additional information, documents and reports with respect to compliance by the Corporation with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations.

(c) The Corporation covenants and agrees to transmit by mail to all holders of Securities, as the names and addresses of such holders appear upon the registry books of the Corporation, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Corporation pursuant to subsection (a) or (b) of this Section 6.03 as may be required by rules and regulations prescribed from time to time by the Securities and Exchange Commission.

Section 6.04. Reports by the Trustee. (a) On or before May 15, 1988, and on or before May 15 in every year thereafter, so long as any Securities are outstanding hereunder, the Trustee shall transmit to the Securityholders for which it is acting as Trustee, as hereinafter in this Section 6.04 provided, a brief report dated as of the preceding March 15 with respect to any of the following events which may have occurred within the previous 12 months (but if no such event has occurred within such period, no report need be so transmitted):

(1) any change to its eligibility under Section 8.09 and its qualification under Section 8.08;

(2) the creation of or any material change to a relationship which is the subject of Section 8.08;

(3) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities with respect to which it is acting as Trustee, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to state such advances if such

advances so remaining unpaid aggregate not more than one-half of one percent of the principal amount of such Securities outstanding on the date of such report;

(4) any change to the amount, interest rate or maturity date of all other indebtedness owing by the Corporation (or by any other obligor on such Securities) to the Trustee in its individual capacity, on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner which is the subject of Section 8.13;

(5) any change to the property and funds, if any, physically in the possession of the Trustee, for the benefit of any series of Securities, at the date of such report;

(6) any additional issue of Securities with respect to which it is acting as Trustee which it has not previously reported; and

(7) any action taken by the Trustee in the performance of its duties under this Indenture which it has not previously reported and which in its opinion materially affects such Securities, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of Section 7.08.

(b) The Trustee shall transmit to the Securityholders with respect to which it is acting as Trustee, as hereinafter provided, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such), since the date of the last report transmitted pursuant to the provisions of subsection (a) of this Section 6.04 (or, if no such report has yet been so transmitted, since the date of execution of this Indenture), for the reimbursement of which it claims or may claim a lien or charge prior to that of the Securities with respect to which it is acting as Trustee on property or funds held or collected by it as Trustee, and which it has not previously reported pursuant to this subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate the percent or less of the principal amount of such Securities outstanding at such time, such report to be transmitted within 90 days after such time.

(c) Reports pursuant to this Section 6.04 shall be transmitted by mail to all holders of Securities as the names and addresses of such holders appear upon the registry books of the Corporation.

(d) A copy of each such report shall, at the time of such transmission to Securityholders, be filed by the Trustee with each stock exchange upon which the Securities with respect to which it is acting as Trustee are listed and also with the Securities and Exchange Commission. The Corporation will notify the Trustee when and as such Securities become listed on any stock exchange.

ARTICLE SEVEN

EVENTS OF DEFAULT; REMEDIES OF THE TRUSTEE
AND SECURITYHOLDERS

Section 7.01. Events of Default; Remedies. The occurrence of any of the following events shall constitute an Event of Default hereunder with respect to the Securities of any particular series:

(a) with respect to Pre-Amendment Securities, a court having jurisdiction in the premises shall have entered a decree or order for relief in respect to the Corporation in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect of the United States of America or any political subdivision thereof, and such decree or order shall have continued unstayed and in effect for a period of sixty consecutive days; or, a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, trustee, assignee, custodian, sequestrator or other similar official of the Corporation or of all or substantially all of the property of the Corporation, or for the winding up or liquidation of the affairs of the Corporation, shall have been entered, and such decree or order shall have continued unstayed and in effect for a period of sixty consecutive days; or, with respect to Post-Amendment Securities, a court having jurisdiction in the premises shall have entered a decree or order for relief in respect to the Corporation in an involuntary case under any applicable bankruptcy, insolvency or reorganization law now or hereafter in effect of the United States of America or any political subdivision thereof, and such decree or order shall have continued unstayed and in effect for a period of sixty consecutive days; or

(b) with respect to Pre-Amendment Securities, the Corporation shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect of the United States of America or a political subdivision thereof, or consent to the entry of an order for relief in an involuntary case under any such law, or, consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Corporation or of all or substantially all of the property of the Corporation, or make any general assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due; or, with respect to Post-Amendment Securities, the Corporation shall commence a voluntary case under any applicable bankruptcy, insolvency or reorganization law now or hereafter in effect of the United States of America or a political subdivision thereof, or consent to the entry of an order for relief in an involuntary case under any such law; or

(c) any other Event of Default specifically provided by the terms of the Securities of such series.

In case one or more of the Events of Default as specified above shall have occurred and be continuing with respect to the Securities of any particular series, then and in each and every such case, unless the principal of all of the Securities of that series shall have already become due and payable, either the Trustee or the holders of not less than twenty-five percent in aggregate

principal amount of the Securities of that series then outstanding hereunder, by notice in writing to the Corporation (and to the Trustee if given by Securityholders), may declare the principal or, in the case of Discounted Securities, such amount of principal as may be provided for in such Securities, of all the Securities of that series to be due and payable in cash immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Securities of that series contained to the contrary notwithstanding. This provision, however, is subject to the conditions that if, at any time after such principal or such amount of principal, as the case may be, shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Corporation shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all Securities of that series and the sum in cash or, if applicable, Capital Securities then required pursuant to the terms of such Securities equal to the principal of (and premium, if any, on) any and all Securities of that series which shall have become due otherwise than by acceleration (with interest on overdue installments of interest) (to the extent that payment of such interest is enforceable under applicable law) and on such principal (and premium, if any) at the rate of interest (or, in the case of Discounted Securities, at the Yield to Maturity) borne by such Securities, to the date of such payment or deposit, and the expenses of the Trustee, and any and all defaults under this Indenture with respect to the Securities of that series, other than the nonpayment of principal of (and premium, if any) and accrued interest on the Securities of that series which shall have become due by acceleration shall have been remedied - then and in every such case the holders of a majority in aggregate principal amount of the Securities of that series then outstanding, by written notice to the Corporation and to the Trustee, may waive all defaults and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon.

In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Corporation and the Trustee shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Corporation and the Trustee shall continue as though no such proceeding has been taken.

Upon declaration by the Trustee or receipt by the Trustee of any written declaration of acceleration, or waiver, rescission, and annulment thereof, with respect to Securities of a series all or part of which is represented by a Global Security, the Trustee shall establish a record date for determining holders of outstanding Securities of such series entitled to join in such declaration of acceleration, or waiver, rescission, and annulment, which record date shall be at the close of business on the day the Trustee receives such declaration of acceleration, or waiver, rescission, and annulment, as the case may be. The holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to join in such declaration of acceleration, or waiver, rescission, and annulment, as the case may be, whether or not such holders remain holders after such record date; provided, that unless such declaration of acceleration, or waiver, rescission, and annulment, as the case may be, shall have become

effective by virtue of the requisite percentage having been obtained prior to the day which is 90 days after such record date, such declaration of acceleration, or waiver, rescission, and annulment, as the case may be, shall automatically and without further action by any holder be cancelled and of no further effect.

Section 7.02. Payment of Securities on Default; Suit Therefor. The Corporation covenants that (a) in case default shall be made in the payment of any installment of interest upon any of the Securities of any series as and when the same shall become due and payable, and such default shall have continued for a period of 30 days, or (b) in case default shall be made in the payment (including any obligation to exchange Capital Securities for Securities of a series pursuant to Article Seventeen) of the principal of (or premium, if any, on) any of the Securities of any series as and when the same shall have become due and payable, whether at maturity of the Securities of that series or by declaration or otherwise, or (c) default is made in the performance of any covenant of the Corporation in this Indenture or in the terms of the Securities of a series (other than a covenant a default in whose performance is elsewhere in this Section or in the terms of the Securities of such series specifically addressed), and such default continues for a period of 60 days after there has been given, by registered or certified mail to the Company by the Trustee or to the Company and the Trustee by the holders of at least twenty-five percent in aggregate principal amount of the Securities of any affected series, a written notice specifying such default and requiring that it be remedied, then, upon demand of the Trustee, the Corporation will pay to the Trustee, for the benefit of the holders of such Securities, the whole amount that then shall have become due and payable on all such Securities for principal (and premium, if any) or interest, if any, (including the delivery of any Capital Securities then required to be delivered), with interest upon the overdue principal (and premium, if any) and (to the extent that payment of such interest is enforceable under applicable law) upon the overdue installments of interest at the rate of interest (or the Yield to Maturity in the case of Discounted Securities) borne by the Securities of that series; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including all amounts owed to the Trustee and any predecessor Trustee under Section 8.06; and further, with respect to an event referred to in clause (c), the Trustee in its discretion may proceed to protect and enforce the rights of the Securityholders and the Trustee by such appropriate judicial proceedings as the Trustee shall deem most effective to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy. Each of the events referred to in (a), (b) and (c) is referred to herein as a "Default".

Upon notice of Default to the Corporation by the Trustee or receipt by the Trustee of any notice of Default, with respect to Securities of a series all or part of which is represented by a Global Security, the Trustee shall establish a record date for determining holders of outstanding Securities of such series entitled to join in such direction, which record date shall be at the close of business on the date the Trustee receives such direction. The holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to join in such direction, whether or not such holders remain holders after such record date; provided, that unless such requisite percentage in aggregate principal amount shall have been obtained prior to the day

which is 90 days after such record date, such direction shall automatically and without further action by any holder be cancelled and of no further effect.

In case the Corporation shall fail forthwith to pay such amounts (including the delivery of any Capital Securities then required to be delivered) or take any action to comply with any covenant or agreement in this Indenture upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid and the delivery of any Capital Securities required to be delivered and not so delivered, or the performance of any covenant or agreement in this Indenture, or in the case of the failure to delivery Capital Securities as required by Article Seventeen moneys equal to the principal amount of the Securities for which the Capital Securities were to be exchanged, and may prosecute any such action or proceeding to judgment or final decree, and may enforce any such judgment or final decree against the Corporation and collect in the manner provided by law out of the property of the Corporation wherever situated the moneys (or moneys equal to the principal amount of any Securities for which Capital Securities were to be exchanged) adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Corporation under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect of the United States of America or any political subdivision thereof, or in case there is appointed a receiver, liquidator, trustee, assignee, custodian, sequestrator or similar official of the Corporation or for all or substantially all of the property of the Corporation, or in case of any other similar judicial proceeding relative to the Corporation, or to the creditors or property of the Corporation, the Trustee, irrespective of whether the principal of such Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section 7.02, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount of principal (and premium, if any) and interest, if any (or, if the Securities of any series are Discounted Securities, such portion of the principal amount as may be provided for in such Securities), owing and unpaid in respect of such Securities, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and any predecessor Trustee and of the holders of such Securities allowed in such judicial proceedings relative to the Corporation, its creditors, or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses; and any receiver, custodian, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Securityholders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Securityholders, to pay to the Trustee any amount due it for compensation and expenses, including counsel fees incurred by the Trustee or any predecessor Trustee up to the date of such distribution.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any holder of any Security of any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any holder

thereof or to authorize the Trustee to vote in respect of the claim of any holder in any such proceeding.

All rights of action and of asserting claims under this Indenture, or under any of the Securities, may be enforced by the Trustee without the possession of any of the Securities, or the production thereof in any trial or other proceeding relative thereto, and any suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Securities in respect of which such judgment has been recovered.

Section 7.03. Application of Moneys Collected by Trustee. Subject to the provisions of Article Sixteen, any moneys collected by the Trustee shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such moneys, upon presentation of the Securities in respect of which moneys have been collected, and stamping thereon the payment, if only partially paid, and upon surrender thereof if fully paid:

First: To the payment of all amounts owing to the Trustee and any predecessor Trustee under Section 8.06;

Second: In case the principal of the outstanding Securities in respect of which moneys have been collected shall not have become due and be unpaid, to the payment of interest, if any, on such Securities, in the order of the maturity of the installments of such interest, with interest (to the extent permitted by applicable law and to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the rate of interest (or the Yield to Maturity in the case of Discounted Securities) borne by such Securities, such payments to be made ratably to the Persons entitled thereto;

Third: In case the principal of the outstanding Securities in respect of which moneys and Capital Securities have been collected shall have become due, by declaration or otherwise, to the payment of the whole amount then owing and unpaid upon such Securities for principal (and premium, if any) and interest, if any, with interest on the overdue principal (and premium, if any) and (to the extent permitted by applicable law and to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the rate of interest (or the Yield to Maturity in the case of Discounted Securities) borne by such Securities; and in case such moneys (and Capital Securities, if required) shall be insufficient to pay in full the whole amounts so due and unpaid upon such Securities, then to the payment of such principal (and premium, if any) and interest without preference or priority of principal (and premium, if any) over interest, or of interest over principal (and premium, if any) or of any installment of interest over any other installment of interest, or of any Security over any other Security, ratably to the aggregate of such principal (and premium, if any) and accrued and unpaid interest;

Fourth: To the payment of the balance, if any, to the Corporation or any other Person or Persons legally entitled thereto.

Section 7.04. Proceedings by Securityholders. No holder of any Security of any series shall have any right by virtue of or by availing of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless (i) such holder previously shall have given to the Trustee written notice of Default and of the continuance thereof, as hereinbefore provided, (ii) the holders of not less than twenty-five percent in aggregate principal amount of the Securities of that series then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, (iii) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have neglected or refused to institute any such action, suit or proceeding, and (iv) no direction inconsistent with any such written request has been given to the Trustee during such 60-day period by the holders of a majority in principal amount of the Securities of such series at the time outstanding; it being understood and intended, and being expressly covenanted by the taker and holder of every Security with every other taker and holder and the Trustee, that no one or more holders of Securities of that series shall have any right in any manner whatever by virtue of or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other holder of such Securities, or to obtain or seek to obtain priority over or preference to any such holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Securities of that series.

Notwithstanding any other provisions in this Indenture, the right of any holder of any Security to receive payment of the principal of (any premium, if any) and interest, if any, on such Security (or to have Capital Securities exchanged for such Security pursuant to Article Seventeen), on or after the respective due dates expressed in such Security, or to have the Security converted into shares of Common Stock, securities or other property pursuant to Article Nineteen, or to institute suit for the enforcement of any such payment, exchange or conversion on or after such respective dates, shall not be impaired or affected without the consent of such holder.

Upon receipt by the Trustee of any such notice, request and offer of indemnity with respect to Securities of a series all or part of which is represented by a Global Security, the Trustee shall establish a record date for determining holders of outstanding Securities of such series entitled to join in such notice, request and offer of indemnity, which record date shall be at the close of business on the day the Trustee receives such notice, request and offer of indemnity. The holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to join in such notice, request and offer of indemnity, whether or not such holders remain holders after such record date; provided, that unless the requisite percentage in aggregate principal amount shall have been obtained prior to the day which is 90 days after such record date, such notice, request and offer of indemnity shall automatically and without further action by any holder be cancelled and of no further effect.

Section 7.05. Proceedings by Trustee. In case of an Event of Default referred to in Section 7.01 or any of the Defaults referred to in Section 7.02 the Trustee may in its discretion

proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceeding in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

Section 7.06. Remedies Cumulative and Continuing. All powers and remedies given by this Article Seven to the Trustee or to the Securityholders shall, to the extent permitted by law, be deemed cumulative and not exclusive of any thereof or of any other powers and remedies available to the Trustee or the holders of the Securities, by judicial proceedings or otherwise to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any holder of any of the Securities to exercise any right or power accruing upon any Default occurring and continuing as aforesaid shall impair any such right or power, or shall be construed to be a waiver of any such Default or an acquiescence therein; and, subject to the provisions of Section 7.04, every power and remedy given by this Article Seven or by law to the Trustee or to the Securityholders may be exercised from time to time and as often as shall be deemed expedient by the Trustee or by the Securityholders.

Section 7.07. Direction of Proceedings and Waiver of Defaults by Majority of Securityholders. The holders of a majority in aggregate principal amount of the Securities of any series at the time outstanding determined in accordance with Section 9.04 shall have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of that series; provided, however, that (subject to the provisions of Section 8.01) the Trustee shall have the right to decline to follow any such direction if the Trustee being advised by counsel determines that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors, executive committee, or a trust committee of directors and/or Responsible Officers shall determine that the action or proceedings so directed would involve the Trustee in personal liability. Prior to any declaration accelerating the maturity of the Securities of any series, the holder of a majority in aggregate principal amount of the Securities of that series at the time outstanding may on behalf of the holders of all Securities of that series waive any past Default or Event of Default hereunder and its consequences except a Default in the payment of the principal of (or premium, if any) or interest, if any, on the Securities of that series (or in the delivery of Capital Securities in exchange for any Securities of that series when required). Upon any such waiver the Corporation, the Trustee and the holders of such Securities shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Whenever any Default or Event of Default hereunder shall have been waived as permitted by this Section 7.07, said Default or Event of Default shall for all purposes of the Securities of such series and this Indenture with respect to such Securities be deemed to have been cured and to be not continuing.

Upon receipt by the Trustee of any such direction (including the waiver of a Default or Event of Default) with respect to Securities of a series all or part of which is represented by a Global Security, the Trustee shall establish a record date for determining holders of outstanding Securities of such series entitled to join in such direction, which record date shall be at the close of business on the date the Trustee receives such direction. The holders on such record date, or their duly designated proxies, and only such persons, shall be entitled to join in such direction, whether or not such holders remain holders after such record date; provided, that unless such majority in aggregate principal amount shall have been obtained prior to the day which is 90 days after such record date, such direction shall automatically and without further action by any holder be cancelled and of no further effect.

Section 7.08. Notice of Defaults. The Trustee shall, within 90 days after the occurrence of a default with respect to the Securities of any series, mail to all holders of such Securities, as the names and addresses of such holders appear upon the registry books of the Corporation, notice of all defaults known to the Trustee, unless such defaults shall have been cured before the giving of such notice (the term "defaults" for the purpose of this Section 7.08 being hereby defined to be any Event of Default or Default, not including periods of grace, if any, provided for therein or in the terms of the Securities of any series and irrespective of the giving of the notice, if any, specified therein or in the terms of the Securities of any series); provided, however, that, except in the case of an event described in either clause (a) or (b) of Section 7.01 or a Default in the payment of the principal of (or premium, if any) or interest, if any, on any such Securities, or in the obligation to exchange Capital Securities for such Securities pursuant to Article Seventeen, the Trustee shall be protected in withholding such notice if and so long as the board of directors or trustees, the executive committee, or a trust committee of directors of the Trustee and/or Responsible Officers in good faith determines that the withholding of such notice is in the interest of the holders of such Securities.

Section 7.09. Undertaking to Pay Costs. All parties to this Indenture agree, and each holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 7.09 shall not apply to any suit instituted by the Trustee, to any suit instituted by any Securityholders, or group of Securityholders, holding in the aggregate more than ten percent in principal amount of the Securities outstanding of any series, or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security against the Corporation on or after the due date expressed in such Security or the right to exchange any Security for Capital Securities as provided in Article Seventeen.

ARTICLE EIGHT
CONCERNING THE TRUSTEE.

Section 8.01. Duties and Responsibilities of Trustee. With respect to the Securities of any particular series the Trustee, prior to the occurrence of an Event of Default or Default and after the curing of all Events of Default and Defaults which may have occurred, in each case, with respect to the Securities of such series, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default or a Default has occurred (which has not been cured or waived) with respect to the Securities of any particular series the Trustee shall, with respect to the Securities of such series, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(a) prior to the occurrence of an Event of Default or a Default with respect to the Securities of any particular series and after the curing or waiving of all Events of Default or Defaults with respect to the Securities of any particular series which may have occurred

(1) the duties and obligations of the Trustee with respect to the Securities of such series shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in principal amount of the Securities of any particular series at the time outstanding determined as provided in Section 9.04 relating to the time, method and place of conducting any

proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

Section 8.02. Reliance on Documents, Opinions, etc. Subject to the provisions of Section 8.01.

(a) the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, constant, order, approval, bond, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Corporation mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors may be evidenced to the Trustee by a Board Resolution;

(c) the Trustee may consult with counsel and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby;

(e) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith, and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(f) prior to the occurrence of an Event of Default or a Default with respect to the Securities of any particular series hereunder and after the curing or waiving of all Events of Default and Defaults with respect to the Securities of such series, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond, debenture, coupon or other paper or document, unless requested in writing to do so by the holders of not less than a majority in principal amount of the Securities of such series then outstanding; provided, however, that if the payment within a reasonable time to the Trustee of the cost, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expense or liability as a condition to so proceeding; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be

responsible for any misconduct or negligence on the part of an agent or attorney appointed by it with due care hereunder.

Section 8.03. No Responsibilities for Recitals, etc. The recitals contained herein and in the Securities (except in the Trustee's certificate of authentication) shall be taken as the statements of the Corporation, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Securities or any Capital Securities or shares of Common Stock. The Trustee shall not be accountable for the use or application by the Corporation of any Securities or the proceeds of any Securities authenticated and delivered by the Trustee in conformity with the provisions of this Indenture.

Section 8.04. Trustee, Paying Agent, Exchange Agent or Registrar May Own Securities. The Trustee or any paying agent, Exchange Agent or Security registrar, in its individual or any other capacity, may become the owner or pledgee of Securities with the same rights it would have if it were not Trustee, paying agent, Exchange Agent or Security registrar.

Section 8.05. Moneys to be Held in Trust. Subject to the provisions of Section 13.04, all moneys received by the Trustee or any paying agent or Exchange Agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received. Moneys held by the Trustee or any paying agent or Exchange Agent in trust hereunder need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any paying agent or Exchange Agent shall be under any liability for interest on any moneys received by it hereunder except such as it may agree with the Corporation to pay thereon. So long as no Event of Default shall have occurred and be continuing, all interest allowed on any such moneys shall be paid from time to time upon the written order of the Corporation, signed by the Chairman of the Board, the President, a Vice Chairman of the Board, the Chief Financial Officer or the Treasurer of the Corporation (or any other officer certified by any of the foregoing officers to be an executive officer of the Corporation).

Section 8.06. Compensation and Expenses of Trustee. The Corporation covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and the Corporation will pay or reimburse the Trustee and any predecessor Trustee upon request for all reasonable expenses, disbursements and advances incurred or made by the Trustee or any predecessor Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of their counsel and of all Persons not regularly in their employ) except to the extent that any such expense, disbursement or advance is due to its own negligence or bad faith. The Corporation also covenants to indemnify each of the Trustee and any predecessor Trustee for, and to hold it harmless against, any loss, liability or expense arising out of or in connection with the acceptance or administration of this trust or the performance of its duties hereunder, including the costs and expenses of defending itself against any claim of liability in the premises, except to the extent that any such loss, liability or expense is due to its own negligence or bad faith. The obligations of the Corporation under this Section 8.06 to compensate the Trustee and to pay or reimburse the Trustee for expenses, disbursements and advances shall constitute a prior

claim to that of the Securities upon all property and funds held or collected by the Trustee, as such, except funds held in trust for the benefit of the holders of particular Securities.

Section 8.07. Officers' Certificate as Evidence. Subject to the provisions of Sections 8.01 and 8.02, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such Certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof.

Section 8.08. Conflicting Interest of Trustee. If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act of 1939, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act of 1939 and this Indenture.

Section 8.09. Eligibility of Trustee. The Trustee hereunder shall at all times be a corporation organized and doing business under the laws of the United States or any State or Territory thereof or of the District of Columbia authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least five million dollars and subject to supervision or examination by Federal, State, Territorial, or District of Columbia authority. If such corporation publishes reports of conditions at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section 8.09, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. Neither the Corporation nor any Person directly or indirectly controlling, controlled by or under common control with the Corporation shall serve as Trustee hereunder. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 8.09, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.10.

Section 8.10. Resignation or Removal of Trustee. (a) The Trustee may at any time resign with respect to the Securities of one or more series by giving written notice of such resignation to the Corporation and by mailing notice thereof to the holders of Securities of such series at their addresses as they shall appear on the registry books of the Corporation. Upon receiving such notice of resignation, the Corporation shall promptly appoint a successor trustee or trustees with respect to the Securities of such series by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to each successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 30 days after the mailing of such notice of resignation to the Securityholders of such series, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Securityholder who has been a bona fide holder of a Security or Securities of such series for at least six months may, subject to the provisions of Section 7.09, on behalf of himself and all others similarly situated,

petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur --

(1) the Trustee shall fail to comply with the provisions of Section 8.08 after written request therefor by the Corporation or by any Securityholder who has been a bona fide holder of a Security or Securities for at least six months, or

(2) the Trustee shall cease to be eligible in accordance with the provisions of Section 8.09 and shall fail to resign after written request therefor by the Corporation or by any such Securityholder, or

(3) the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, the Corporation may remove the Trustee with respect to all Securities and appoint a successor trustee or trustees by written instrument, in duplicate, executed by order of the Board of Directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to each successor trustee, or, subject to the provisions of Section 7.09, any Securityholder who has been a bona fide holder of a Security or Securities for at least six months may, on behalf of himself and all others similar situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee or trustees. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee or trustees.

(c) The holders of a majority in aggregate principal amount of the Securities of any series at the time outstanding may at any time remove the Trustee with respect to such series and nominate a successor trustee which shall be deemed appointed as successor trustee unless within ten days after such nomination the Corporation objects thereto, in which case the Trustee so removed or any holder of Securities of such series, upon the terms and conditions and otherwise as in subdivision (a) of this Section 8.10 provided, may petition any court of competent jurisdiction for an appointment of a successor trustee.

(d) Any resignation or removal of the Trustee and any appointment of a successor trustee pursuant to any of the provisions of this Section 8.10 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 8.11.

Section 8.11. Acceptance by Successor Trustee. In the case of the appointment hereunder of a successor trustee with respect to all Securities, any successor trustee so appointed as provided in Section 8.10 shall execute, acknowledge and deliver to the Corporation and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights,

powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as trustee herein; nevertheless, on the written request of the Corporation or of the successor trustee, the trustee ceasing to act shall, upon payment of any amounts then due it pursuant to the provisions of Section 8.06, execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. In case of the appointment hereunder of a successor trustee with respect to the Securities of one or more (but not all) series, the Corporation, the predecessor trustee and each successor trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to vest in, or confirm to, each successor trustee all the rights, powers, duties and obligations of the predecessor trustee with respect to the Securities of that or those series to which the appointment of such successor trustee relates, (2) if the predecessor trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, duties and obligations of the predecessor trustee with respect to the Securities of that or those series as to which the predecessor trustee is not retiring shall continue to be vested in the predecessor trustee, and (3) shall add to or change any of the provisions of the Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such trustees co-trustees of the same trust and that each such trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the predecessor trustee shall become effective to the extent provided therein and each such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of the predecessor trustee with respect to the Securities of that or those series to which the appointment of such successor trustee relates; but, nevertheless, on the written request of the Corporation or any successor trustee, such predecessor trustee shall, upon payment of any amounts then due to it pursuant to Section 8.06 hereof, duly assign, transfer and deliver to such successor trustee all property and money held by such predecessor trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor trustee relates. Upon request of any such successor trustee, the Corporation shall execute any and all instruments in writing in order more fully and certainly to vest in and confirm to such successor trustee all such rights, powers and trusts referred to in the two preceding sentences. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 8.06.

No successor trustee shall accept appointment as provided in this Section 8.11 unless at the time of such acceptance such successor trustee shall be qualified pursuant to the provisions of Section 8.08 and eligible under the provisions of Section 8.09.

Upon acceptance of appointment by a successor trustee as provided in this Section 8.11, the Corporation shall mail notice of the succession of such trustee hereunder to all holders of Securities of the series affected as the names and addresses of such holders appear on the registry books of the Corporation. If the Corporation fails to mail such notice in the prescribed manner

within ten days after the acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Corporation.

Section 8.12. Succession by Merger, etc. Any corporation or national banking association into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation or national banking association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder; provided, that such corporation or national banking association shall be otherwise qualified and eligible under this Article to act as Trustee hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Securities shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Securities so authenticated; and in case at that time any of the Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Securities or in this Indenture provided that the certificate of the Trustee shall have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

Section 8.13. Preferential Collection of Claims Against Corporation. If and when the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Corporation or of any other obligor on the Securities, the Trustee shall be subject to the provisions of the Trust Indenture Act of 1939 regarding the collection of claims against the Corporation or any other obligor on the Securities.

Section 8.14. Appointment of Authenticating Agent. At any time the Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Corporation and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of

such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent; provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Corporation. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Corporation. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Corporation. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Trustee agrees to pay to each Authenticating Agent from time to time (unless such Authenticating Agent shall otherwise agree) reasonable compensation for its services under this Section, and the Trustee shall be entitled to be reimbursed for such payments, subject to the provisions of Section 8.06.

The provisions of Sections 8.03, 8.04 and 9.03 shall be applicable to each Authenticating Agent.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in substitution for the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

This is one of the Securities issued under the Indenture described herein.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK,
as Trustee,
By [Authenticating Agent],
as Authenticating Agent

By _____
Authorized Officer

ARTICLE NINE
CONCERNING THE SECURITYHOLDERS.

Section 9.01. Action by Securityholders. Whenever in this Indenture it is provided that the holders of a specified percentage in aggregate principal amount of the Securities of any or all series may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action) the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced (a) by any instrument or any number of instruments of similar tenor executed by holders of such Securities in person or by agent or proxy appointed in writing, or (b) by the record of the holders of such Securities voting in favor thereof at any meeting of holders of such Securities duly called and held in accordance with the provisions of Article Ten, or (c) by a combination of such instrument or instruments and any such record of such a meeting of holders of such Securities.

Except as otherwise provided in Sections 7.01, 7.02, 7.04 and 7.07, the Corporation may set a record date in the circumstances permitted by the Trust Indenture Act of 1939 for the purpose of determining the holders of Securities of any series entitled to take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), or to vote on any action authorized or permitted to be given or taken by holders of Securities of such series; provided, that if a record date is not set by the Corporation prior to the first solicitation of a holder of Securities of such series in respect of any such action, or, in the case of any such vote, prior to such vote, the record date for any such action or vote shall be the 30th day (or, if later, the date of the most recent list of holders required to be provided pursuant to Section 6.01) prior to such first solicitation or vote, as the case may be. With regard to any record date for action to be taken by the holders of one or more series of Securities, only the holders of Securities of such series on such date (or their duly designated proxies) shall be entitled to take, or vote on, the relevant action.

Section 9.02. Proof of Execution by Securityholders. Subject to the provisions of Sections 8.01, 8.02 and 10.05, proof of the execution of any instruments by a Securityholder or his agent or proxy shall be sufficient if made in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the

Trustee. The ownership of Securities shall be provided by the registry books of the Corporation or by a certificate of the Security registrar.

The record of any Securityholders' meeting shall be proved in the manner provided in Section 10.06.

Section 9.03. Who are Deemed Absolute Owners. The Corporation, the Trustee, any paying agent, any Security registrar and any Exchange Agent may deem the person in whose name any Securities shall be registered upon the registry books of the Corporation to be, and may treat such person as, the absolute owner of such Security (whether or not such Security shall be overdue) for the purpose of receiving payment (including any obligation to exchange Capital Securities for Securities of a series pursuant to Article Seventeen) of or on account of the principal of (and premium, if any) and interest, if any, on such Security and for all other purposes; and neither the Corporation nor the Trustee nor any paying Agent nor any Security registrar nor any Exchange Agent shall be affected by any notice to the contrary. All such payments so made to any holder for the time being, or upon his order shall be valid, and, to the extent of the sum or sums so paid, effective to satisfy and discharge the liability for moneys payable upon any such Security.

No holder of any beneficial interest in any Global Security held on its behalf by a Depositary shall have any rights under this Indenture with respect to such Global Security, and such Depositary may be treated by the Corporation, the Trustee, any paying agent, any Security registrar or any Exchange Agent as the absolute owner of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall impair, as between a Depositary and such holders of beneficial interests, the operation of customary practices governing the exercise of the rights of the Depositary as holder of any Security.

Section 9.04. Corporation-Owned Securities Disregarded. In determining whether the holders of the requisite aggregate principal amount of Securities have concurred in any direction, consent or waiver under this Indenture, Securities which are owned by the Corporation or any other obligor on the Securities or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Corporation or any other obligor on the Securities shall be disregarded and deemed not to be outstanding for the purpose of any such determination; provided, that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver only Securities which the Trustee knows are so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section 9.04 if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Securities and that the pledgee is not a Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Corporation or any such other obligor. In the case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 9.05. Revocation of Consents; Future Holders Bound. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 9.01, of the taking of any action by the holders of the percentage in aggregate principal amount of the Securities specified in this

Indenture in connection with such action, any holder of a Security the serial number of which is shown by the evidence to be included in the Securities the holders of which have consented to such action may, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in Section 9.02, revoke such action so far as concerns such Security. Except as aforesaid any such action taken by the holder of any Security (including the election of the holder of a Security to receive Capital Securities on the Exchange Date) shall be conclusive and binding upon such holder and upon all future holders and owners of such Security and of any Security issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Security.

ARTICLE TEN
SECURITYHOLDERS' MEETINGS.

Section 10.01. Purposes of Meetings. A meeting of holders of Securities of one or more series may be called at any time and from time to time pursuant to the provision of this Article Ten for any of the following purposes:

(1) to give any notice to the Corporation or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any Default or Event of Default hereunder and its consequences, or to take any other action authorized to be taken by such Securityholders pursuant to any of the provisions of Article Seven;

(2) to remove the Trustee and nominate a successor trustee pursuant to the provisions of Article Eight;

(3) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Section 11.02; or

(4) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of the Securities of one or more series under any other provision of this Indenture or under applicable law.

Section 10.02. Call of Meetings by Trustee. The Trustee may at any time call a meeting of holders of Securities of one or more series to take any action specified in Section 10.01, to be held at such time and at such place in the Borough of Manhattan, The City of New York, as the Trustee shall determine. Notice of every such meeting of the Securityholders setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be mailed to holders of Securities of each series affected at their addresses as they shall appear on the registry books of the Corporation. Such notice shall be mailed not less than 20 nor more than 90 days prior to the date fixed for the meeting.

Section 10.03. Call of Meetings by Corporation or Securityholders. In case at any time the Corporation, pursuant to a Board Resolution, or the holders of at least ten percent in aggregate principal amount of the Securities of one or more series then outstanding, shall have

requested the Trustee to call a meeting of holders of Securities of such series, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed the notice of such meeting within 20 days after receipt of such request, then the Corporation or such Securityholders may determine the time and the place in said Borough of Manhattan for such meeting and may call such meeting to take any action authorized in Section 10.01, by mailing notice thereof as provided in Section 10.02.

Section 10.04. Qualifications for Voting. To be entitled to vote at any meeting of holders of Securities of any series a person shall (a) be a holder of one or more Securities of such series or (b) be a person appointed by an instrument in writing as proxy by a holder of one or more Securities of such series. The only persons who shall be entitled to be present or to speak at any meeting of Securityholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Corporation and its counsel.

Section 10.05. Regulations. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Securityholders, in regard to proof of the holding of Securities and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Corporation or by Securityholders as provided in Section 10.03, in which case the Corporation or the Securityholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by majority vote of the meeting.

Subject to the provisions of Section 9.04, at any meeting each Securityholder or proxy shall be entitled to one vote for each $1,000 principal amount (in the case of Discounted Securities, such principal amount to be determined as provided in the definition of the term "outstanding") of Securities of each series affected, held or represented by such Securityholder; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Securities of each series affected, held by him or instruments in writing as aforesaid duly designating him as the Person to vote on behalf of other Securityholders. Any meeting of Securityholders duly called pursuant to the provisions of Section 10.02 or 10.03 may be adjourned from time to time by a majority of those present, whether or not constituting a quorum, and the meeting may be held as so adjourned without further notice.

Section 10.06. Voting. The vote upon any resolution submitted to any meeting of Securityholders shall be by written ballots on which shall be subscribed the signatures of the holders of Securities or of their representatives by proxy and the principal amount of the Securities of each series affected, held or represented by them. The permanent chairman of the

meeting shall appoint two inspectors of votes who shall count all votes cast at the meting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Securityholders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 10.02. The record shall show the principal amount of the Securities of each series affected voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Corporation and the other to the Trustee to be preserved by the Trustee.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 10.07. Written Consent in Lieu of Meeting. The written authorization or consent of the requisite percentage of Securityholders herein provided, entitled to vote at any such meeting, evidenced as provided in Article Nine and filed with the Trustee shall be effective in lieu of a meeting of Securityholders, with respect to any matter provided for in this Article Ten.

ARTICLE ELEVEN
SUPPLEMENTAL INDENTURES.

Section 11.01. Supplemental Indentures without Consent of Securityholders. The Corporation, when authorized by a resolution of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

(a) to evidence the succession of another corporation to the Corporation, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Corporation pursuant to Article Twelve hereof;

(b) to add to the covenants of the Corporation such further covenants, restrictions or conditions for the protection of the holders of all or any series of the Securities as the Board of Directors and the Trustee shall consider to be for the protection of the holders of all the Securities or the Securities of any series, as the case may be (and if such covenants are to be for the benefit of fewer than all series of Securities, stating that such covenants are expressly being included solely for the benefit of the Securities of such series), and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions a Default or an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than

that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(c) to provide for the issuance under this Indenture of Securities in bearer form, registrable or nonregistrable as to principal and with or without interest coupons, and to provide for exchangeability of such Securities with the Securities of the same series issued hereunder in fully registered form and to make all appropriate changes for such purpose, or to permit or facilitate the issuance of Securities in uncertificated form;

(d) to establish the form or terms of Securities of any series as permitted by Sections 2.01 and 3.01;

(e) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of Securities, as herein set forth, other conditions, limitations and restrictions thereafter to be observed;

(f) to provide for the terms and conditions upon which Securities which qualify as capital under rules, regulations, orders, interpretive rulings and guidelines of the Primary Federal Regulator as from time to time in effect may be issued and the terms and characteristics of any such Securities; provided, however, that any such Securities shall be subordinated to Senior Indebtedness as provided in Article Sixteen; provided further, that no such supplemental indenture shall effect any change in any Securities which may at the time be outstanding under this Indenture;

(g) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 8.11 hereof;

(h) to provide for the terms and conditions of conversion into Common Stock, securities or other property of the Securities of any series which are convertible into Common Stock, securities or other property to the extent such terms and conditions differ from those set forth in Article Nineteen;

(i) to add to, change or eliminate any of the provisions of this Indenture; provided, that any such addition, change or elimination (i) shall become effective only when no Security of any series entitled to the benefits of such provision and issued prior to the execution of such supplemental indenture is outstanding or (ii) shall not apply to any outstanding Security; or

(j) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture or to make such other provisions in regard to matters or questions arising under this Indenture or any supplemental indenture which the Board of Directors may deem necessary or desirable and which shall not adversely affect in any material respect the interest of the holders of the Securities.

The Trustee is hereby authorized to join with the Corporation in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to, but may in its discretion, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section 11.01 may be executed by the Corporation and the Trustee without the consent of the holders of any of the Securities at the time outstanding, notwithstanding any of the provisions of Section 11.02.

Section 11.02. Supplemental Indentures with Consent of Securityholders. With the consent (evidenced as provided in Section 9.01) of the holders of not less than a majority in aggregate principal amount of the Securities at the time outstanding of each series affected by such supplemental indenture, the Corporation, when authorized by a resolution of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the right of the holders of the Securities of each such series; provided, however, that no such supplemental indenture shall, without the consent of the holder of each Security affected thereby, (i) change the stated maturity date of the principal of, or any installment of principal of or interest on, any Security, (ii) reduce the principal amount of, or the interest (or premium, if any), on, any Security, (iii) reduce the portion of the principal amount of a Discounted Security payable upon acceleration of the maturity thereof, (iv) reduce any amount payable upon redemption of any Security, (v) change the place or places where, or the coin or currency in which, any Security or any premium or the interest thereon is payable as specified in such Security, (vi) change the definition of "Market Value" in Section 1.01, (vii) impair the right of any holder of Securities of any series to receive on any Exchange Date for Securities of such series Capital Securities with a Market Value equal to that required by the terms of the Securities, (viii) impair the right of any holders of Securities of a series entitled to the conversion rights set forth in Article Nineteen to receive shares of Common Stock, securities or other property upon the exercise of such conversion rights, (ix) impair the right of a holder to institute suit for the enforcement of any payment on or with respect to any Security (including any right of redemption at the option of the holder of such Security), or for the delivery of Capital Securities in exchange for Securities pursuant to Article Seventeen, or to require the Corporation to sell Capital Securities in a Secondary Offering pursuant to Article Seventeen, or for the delivery of Common Stock, securities or other property upon conversion of Securities pursuant to Article Nineteen, (x) reduce the aforesaid percentage of Securities of any series, the holders of which are required to consent to any such supplemental indenture, or reduce the percentage of Securities of any series the holders of which are required to waive any past Default or Event of Default, as specified in Section 7.07, or (xi) modify the foregoing provisions of clauses (i) through (x). A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the holders of Securities of

such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the holders of Securities of any other series.

Upon the request of the Corporation, accompanied by a Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Securityholders as aforesaid, the Trustee shall join with the Corporation in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Securityholders under this Section 11.02 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Section 11.03. Compliance with Trust Indenture Act of 1939; Effect of Supplemental Indentures. Any supplemental indenture executed pursuant to the provisions of this Article Eleven shall comply with the Trust Indenture Act of 1939, as then in effect. Upon the execution of any supplemental indenture pursuant to the provisions of this Article Eleven, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Corporation and the holders of Securities of the series affected shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 11.04. Notation on Securities. Securities authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article Eleven may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Corporation shall so determine, new Securities so modified as to confirm, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may, at the Corporation's expense, be prepared and executed by the Corporation, authenticated by the Trustee and delivered in exchange for the Securities then outstanding.

Section 11.05. Evidence of Compliance of Supplemental Indenture to be Furnished Trustee. The Trustee, subject to the provisions of Sections 8.01 and 8.02, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant hereto complies with the requirements of this Article Eleven.

ARTICLE TWELVE
CONSOLIDATION, MERGER AND SALE.

Section 12.01. Corporation May Consolidate, etc., on Certain Terms. The Corporation covenants that it will not merge or consolidate with or into any other corporation or sell or convey all or substantially all of its assets as an entirety to any other corporation, unless (i) either the Corporation shall be the continuing corporation, or the successor corporation (if other than the Corporation) shall expressly assume the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all the Securities (including issuance and delivery of Capital Securities pursuant to Article Seventeen), according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed or observed by the Corporation (including, without limitation, the obligation of the Corporation to deliver shares of Common Stock, securities or other property upon conversion of Securities eligible for conversion in accordance with Article Nineteen, by supplemental indenture satisfactory in form to the Trustee, executed and delivered to the Trustee by such corporation and (ii) the Corporation or such successor corporation, as the case may be, shall not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance or observance of any such covenant or condition.

Section 12.02. Successor Corporation to be Substituted. In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor corporation, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all the Securities (including issuance and delivery of Capital Securities pursuant to Article Seventeen) and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Corporation, such successor corporation shall succeed to and be substituted for the Corporation, with the same effect as if it had been named herein as the Corporation. Such successor corporation thereupon may cause to be signed, and may issue either in its own name or in the name of the Corporation any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Corporation and delivered to the Trustee; and, upon the order of such successor corporation instead of the Corporation and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities which previously shall have been signed and delivered by the officers of the Corporation to the Trustee for authentication, and any Securities which such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Securities of a particular series so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities of such series theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

Section 12.03. Opinion of Counsel to be Given Trustee. The Trustee, subject to Sections 8.01 and 8.02, may receive an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale or conveyance and any such assumption complies with the provisions of this Article.

ARTICLE THIRTEEN
SATISFACTION AND DISCHARGE OF INDENTURE.

Section 13.01. Discharge of Indenture. If at any time (a) the Corporation shall have paid or caused to be paid the principal of (and premium, if any) and interest, if any, on all the Securities theretofore authenticated hereunder (other than Securities which have been destroyed, lost or stolen and which have been replaced or paid or exchanged as provided in Section 3.05 and other than Securities for whose payment money (including Capital Securities, if required) has theretofore been deposited in trust or segregated and held in trust by any paying agent or Exchange Agent and thereafter repaid to the Corporation or discharged from such trust, as provided in Section 13.04, or paid to any State or to the District of Columbia pursuant to its unclaimed property or similar laws), as and when the same shall have become due and payable, or (b) the Corporation shall have delivered to the Trustee cancelled or for cancellation all Securities of any series theretofore authenticated (other than any Securities of such series which shall have been destroyed, lost or stolen and which shall have been replaced or paid or exchanged as provided in Section 3.05), or (c)(i) all the Securities of any series not theretofore delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and (ii) the Corporation shall have irrevocably deposited or caused to be deposited with the Trustee or any paying agent or Exchange Agent, in trust, funds (and Capital Securities, if required) sufficient to pay at maturity or upon redemption all Securities of such series (other than any such Securities which shall have been mutilated, destroyed, lost or stolen and which shall have been replaced or paid or exchanged as provided in Section 3.05) not theretofore cancelled or delivered to the Trustee for cancellation, including principal (and premium, if any) and interest, if any, due or to become due to such date of maturity as the case may be, but excluding, however, the amount of any moneys (including Capital Securities, if required) for the payment of the principal of (and premium, if any) or interest, if any, on the Securities of such series (1) theretofore deposited with the Trustee or any paying agent or Exchange Agent and repaid by the Trustee or any paying agent or Exchange Agent to the Corporation in accordance with the provisions of Section 13.04, or (2) paid to any State or the District of Columbia pursuant to its unclaimed property or similar laws, and if, in any such case, the Corporation shall also pay or cause to be paid all other sums (including Capital Securities, if required) payable hereunder by the Corporation with respect to Securities of such series, then this Indenture shall cease to be of further effect with respect to Securities of such series (except as to (i) rights of registration of transfer and exchange, and the Corporation's right of optional redemption, (ii) substitution of mutilated, destroyed, lost or stolen Securities, (iii) rights of holders to receive payments of principal (including principal to be paid by the delivery of Capital Securities) thereof and interest thereon, and remaining rights of the holders to receive mandatory sinking fund payments, if any, (iv) any surviving rights to exchange Securities for Capital Securities pursuant to Article Seventeen or to convert Securities into Common Stock, securities or other property pursuant to Article Nineteen, (v) the rights, obligations and immunities of the Trustee hereunder and (vi) the rights of the Securityholders of such series as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them), and the Trustee, on demand of the Corporation accompanied by

an Officers' Certificate and an Opinion of Counsel as required by Section 20.05 and at the cost and expense of the Corporation, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture with respect to Securities of such series, the Corporation, however, hereby agreeing to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred by the Trustee in connection with this Indenture or the Securities.

Section 13.02. Deposited Moneys to be Held in Trust by Trustee. All moneys and Capital Securities deposited with the Trustee or any paying agent or Exchange Agent pursuant to Section 18.01 shall be held in trust and applied by it to the payment, either directly or through any paying agent or Exchange Agent (including the Corporation if acting as its own paying agent or Exchange Agent), to the holders of the particular Securities for the payment of which such moneys and Capital Securities have been deposited with the Trustee, or any paying agent or Exchange Agent, of all sums due and to become due thereon for principal (including principal to be paid by the delivery of Capital Securities) (and premium, if any) and interest, if any.

Section 13.03. Paying Agent or Exchange Agent to Repay Moneys and Capital Securities Held. Upon the satisfaction and discharge of this Indenture all moneys and Capital Securities then held by any paying agent or Exchange Agent of the Securities (other than the Trustee) shall, upon demand of the Corporation, be repaid to it or paid to the Trustee, and thereupon such paying agent or Exchange Agent shall be released from all further liability with respect to such moneys.

Section 13.04. Return of Unclaimed Moneys. Any moneys or Capital Securities deposited with or paid to the Trustee or any paying agent or Exchange Agent for payment of the principal of (or premium, if any) or interest, if any, on or the Exchange Price for Securities of any series and not applied but remaining unclaimed by the holders of such Securities for two years after the date upon which the principal of (or premium, if any) or interest, if any, or the Exchange Price, on such Securities, as the case may be, shall have become due and payable, shall be repaid to the Corporation by the Trustee or such paying agent on demand; and the holder of any of such Securities shall thereafter look only to the Corporation for any payment which such holder may be entitled to collect.

ARTICLE FOURTEEN
IMMUNITY OF INCORPORATORS; STOCKHOLDERS, OFFICERS AND DIRECTORS.

Section 14.01. Indenture and Securities Solely Corporate Obligations. No recourse for the payment of the principal of (or premium, if any) or interest, if any, on any Security, or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Corporation in this Indenture or in any supplemental indenture, or in any Security, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, stockholder, officer or director, as such, past, present or future, of the Corporation or of any successor corporation, either directly or through the Corporation or any successor corporation, whether by virtue of any constitution, statute or rule of

law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that all such liability is hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of the Securities.

ARTICLE FIFTEEN
SINKING FUNDS.

Section 15.01. General. Any redemption of Securities of any series under any sinking fund as required or permitted by the terms of any form of Securities duly issued pursuant to this Indenture shall be made in accordance with such terms and this Article Fifteen.

The Securities of any series may be subject to redemption pursuant to a sinking fund, in whole or in part, as set forth in the form of Security for the Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 15.02 hereof. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

Section 15.02. Satisfaction of Sinking Fund Payments with Securities. The Corporation (1) may deliver to the Trustee for cancellation outstanding Securities of a series (other than any previously called for redemption) and (2) may apply as a credit Securities of a series which have been redeemed either at the election of the Corporation pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of such series required to be made pursuant to the terms of such Securities as provided for by the terms of such series; provided, that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the redemption price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

Section 15.03. Redemption of Securities for Sinking Fund. Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Corporation will deliver to the Trustee an Officers' Certificate (which need not comply with Section 20.05) specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 15.02 hereof and will also deliver to the Trustee any Securities to be so delivered if not theretofore delivered. Not less than 45 days before each sinking fund payment date, the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 4.03 hereof and cause notice of the redemption thereof to be given in the

manner provided in Section 4.04. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 4.05 and 4.06.

ARTICLE SIXTEEN
SUBORDINATION OF THE SECURITIES.

Section 16.01. Agreement that the Securities be Subordinated to the Extent Provided. The Corporation, for itself, its successors and assigns, covenants and agrees, and each holder of a Security likewise covenants and agrees by his acceptance thereof, that the obligation of the Corporation to make any payment of principal (including principal to be paid by the delivery of Capital Securities) of and interest on each and all of the Securities is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, to the prior payment in full of (i) all Senior Indebtedness and (ii) with respect to Post-Amendment Securities only, under the circumstances described in Section 16.04, all Additional Senior Obligations. Subject to the provisions of this Article, all Securities will rank pari passu in right of payment with all other Securities.

Section 16.02. Corporation Not to Make Payments with Respect to Securities in Certain Circumstances. No payment of principal of (and premium, if any) or interest on the Securities or exchange of Securities for Capital Securities shall be made and no holder of the Securities shall be entitled to demand or receive any such payment or exchange (i) unless all amounts of principal of (and premium, if any) and interest then due on all Senior Indebtedness shall have been paid in full or duly provided for, or (ii) if, at the time of such payment or exchange or immediately after giving effect thereto, there shall exist with respect to any Senior Indebtedness any event of default permitting the holders thereof to accelerate the maturity thereof or any event which, with notice or lapse of time or both, would become such an event of default.

Section 16.03. Securities Subordinated to Prior Payment of All Senior Indebtedness on Dissolution, Liquidation or Reorganization of the Corporation. Upon any distribution of the assets of the Corporation in connection with the dissolution, winding up, liquidation or reorganization of the Corporation (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Corporation or otherwise), the holders of Senior Indebtedness shall first be entitled to receive payment in full in accordance with the terms of such Senior Indebtedness of the principal thereof (and premium, if any) and the interest due thereon before the holders of the Securities are entitled to receive any payment on the Securities. Upon any such dissolution, winding up, liquidation or reorganization, any payment or distribution of assets of the Corporation of any kind or character, whether in cash, property or securities, to which the holders of the Securities would be entitled except for the provisions of this Article, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Corporation being subordinated to the payment of the Securities, shall be made by the liquidating trustee or agent or other Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Senior Indebtedness or their representative or representatives or to the

trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the principal of and premium, if any, and interest (including interest accruing subsequent to the commencement of any proceeding for the bankruptcy or reorganization of the Corporation under any applicable bankruptcy, insolvency, or similar law now or hereafter in effect) on the Senior Indebtedness held or represented by each, to the extent necessary to pay in full all such Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

If the holders of the Securities, or any of them, shall fail to file a proper claim in the form required in any proceeding referred to in the first paragraph of this Section, prior to thirty days before the expiration of the time to file such claim or claims pursuant to the authority granted to the Trustee pursuant to the provisions of Section 7.02, then the holders of Senior Indebtedness are hereby authorized to file an appropriate claim or claims for and on behalf of the holders of the Securities in the form required in any such proceeding.

In the event that, notwithstanding the foregoing, upon any such dissolution, winding up, liquidation or reorganization, any payment or distribution of assets of the Corporation of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Corporation being subordinated to the payment of the Securities, shall be received by the Trustee, any paying agent, any Exchange Agent or the holders of the Securities before all Senior Indebtedness is paid in full, then, subject to the receipt by the Trustee, any paying agent or any Exchange Agent of notice pursuant to Section 16.08, such payment or distribution shall be held in trust for the benefit of and shall be paid over to the holders of such Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably as aforesaid for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

Subject to the payment in full of all Senior Indebtedness, the holders of the Securities shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments or distributions of assets of the Corporation applicable to such Senior Indebtedness until the Securities shall be paid in full, and none of the payments or distributions to the holders of such Senior Indebtedness to which the holders of the Securities or the Trustee would be entitled except for the provisions of this Article or of payments over, pursuant to the provisions of this Article, to the holders of such Senior Indebtedness by the holders of the Securities or the Trustee shall, as between the Corporation, its creditors other than the holders of such Senior Indebtedness and the holders of the Securities, be deemed to be a payment by the Corporation to or on account of such Senior Indebtedness; it being understood that the provisions of Section 16.02 and this Section are and are intended solely for the purpose of defining the relative rights of the holders of the Securities, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

Section 16.04. Post-Amendment Securities Subordinated to Prior Payment of All Additional Senior Obligations on Dissolution, Liquidation or Reorganization of the Corporation.

Upon the occurrence of any of the events specified in the first paragraph of Section 16.03, the provisions of that Section shall be given effect to determine the amount of cash, property or securities which may be payable or deliverable as between the holders of Securities, on the one hand, and the holders of Senior Indebtedness, on the other hand. If after giving effect to the provisions of Section 16.03, any amount of cash, property or securities shall be available for payment or distribution in respect of the Securities, including, without limitation, any such amount that shall be available pursuant to the rights of subrogation set forth in the final paragraph of Section 16.03 ("Excess Proceeds"), then such Excess Proceeds shall be made available by the liquidating trustee or agent or other Person making such payment or distribution of assets, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, for the ratable benefit of the Securities; provided, that if any creditors in respect of Additional Senior Obligations shall not have received payment in full of all amounts due or to become due on or in respect of Additional Senior Obligations (and provision shall not have been made for such payment in money or money's worth), then the amount of Excess Proceeds available for payment or distribution in respect of Post-Amendment Securities shall first be applied to pay or provide for the ratable payment of Additional Senior Obligations remaining unpaid, to the extent necessary to pay all Additional Senior Obligations in full, after giving effect to any concurrent payment or distribution in respect of Additional Senior Obligations. Any Excess Proceeds originally available in respect of Post-Amendment Securities remaining after the payment (or provision for payment) in full of all Additional Senior Obligations shall continue to be available for payment or distribution in respect of Post-Amendment Securities.

If the holders of Post-Amendment Securities, or any of them, shall fail to file a proper claim in the form required in any proceeding referred to in the first paragraph of Section 16.03, prior to thirty days before the expiration of the time to file such claim or claims pursuant to the authority granted to the Trustee pursuant to the provisions of Section 7.02, then the holders of Additional Senior Obligations are hereby authorized to file an appropriate claim or claims for and on behalf of the holders of Post-Amendment Securities in the form required in any such proceeding.

If after giving effect to the provisions of Section 16.03, in the event that, notwithstanding the foregoing provisions of this Section 16.04, upon the occurrence of any of the events described in the first paragraph of Section 16.03, any payment or distribution of assets of the Corporation of any kind or character in respect of the Post-Amendment Securities, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Corporation being subordinated to the payment of the Post-Amendment Securities, shall be received by the Trustee, any paying agent, any Exchange Agent or the holders of the Post-Amendment Securities before all Additional Senior Obligations are paid in full, then, subject to receipt by the Trustee, any paying agent or any Exchange Agent of notice pursuant to Section 16.08, such payment or distribution shall be held in trust for the benefit of and shall be paid over to the holders of such additional Senior Obligations or their representative or representatives, ratably as aforesaid for application to the payment of all Additional Senior Obligations remaining unpaid until all such Additional Senior Obligations shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Additional Senior Obligations.

Subject to the payment in full of all Additional Senior Obligations, the holders of the Post-Amendment Securities shall be subrogated to the rights of the holders of such Additional Senior Obligations to receive payments or distributions of assets of the Corporation applicable to such Additional Senior Obligations until the Post-Amendment Securities shall be paid in full, and none of the payments or distributions to the holders of such Additional Senior Obligations to which the holders of the Post-Amendment Securities or the Trustee would be entitled except for the provisions of this Article or of payments over, pursuant to the provisions of this Article, to the holders of such Additional Senior Obligations by the holders of the Post-Amendment Securities or the Trustee shall, as between the Corporation, its creditors other than the holders of such Additional Senior Obligations and the holders of the Post-Amendment Securities, be deemed to be a payment by the Corporation to or on account of such Additional Senior Obligations; it being understood by the parties hereto that the provisions of this Section are and are intended solely for the purpose of defining the relative rights of the holders of the Post-Amendment Securities, on the one hand, and the holders of the Additional Senior Obligations, on the other hand.

Section 16.05. Obligation of the Corporation to Give Prompt Notice to Trustee; Trustee and Holders of Securities May Rely on Certificate of Liquidating Agent; Trustee May Require Further Evidence as to Ownership of Senior Indebtedness and Additional Senior Obligations. The Corporation shall give prompt written notice to the Trustee of any dissolution, winding up, liquidation or reorganization of the Corporation within the meaning of this Article. The Trustee, subject to the provisions of Section 8.01, shall be entitled to assume that no such event has occurred unless the Corporation or any one or more holders of Senior Indebtedness or Additional Senior Obligations or any trustee therefor (who shall have been certified or otherwise established to the satisfaction of the Trustee to be such a holder or trustee) has given written notice thereof to the Trustee at its corporate trust office in accordance with Section 16.08. Upon any distribution of assets of the Corporation referred to in this Article, the Trustee and the holders of the Securities shall be entitled to rely upon any order or decree of a court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Indebtedness and Additional Senior Obligations, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon, and all other facts pertinent thereto or to this Article, and the Trustee, subject to the provisions of Article Eight, and the holders of the Securities shall be entitled to rely upon a certificate of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the holders of the Securities for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and Additional Senior Obligations, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article. In the absence of notice from any liquidating trustee, agent or other Person to the contrary, the Trustee shall be entitled to rely upon a written notice by a Person representing himself to be a holder of Senior Indebtedness or Additional Senior Obligations (or a trustee or representative on behalf of such holder), as the case may be, as evidence that such Person is a holder of Senior

Indebtedness or Additional Senior Obligations (or is such a trustee or representative), as the case may be. In the event that the Trustee determines, in good faith, that further evidence is required with respect to the right of any Person, as a holder of Senior Indebtedness or Additional Senior Obligations, as the case may be, to participate in any payment or distribution pursuant to this Section, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of such Senior Indebtedness or Additional Senior Obligations, as the case may be, held by such Person, as to the extent to which such Person is entitled to participation in such payment or distribution, and as to other facts pertinent to the rights of such Person under this Section, and if such evidence is not furnished, the Trustee may defer any payment to such person pending judicial determination as to the right of such Person to receive such payment.

Section 16.06. Obligation of the Corporation Unconditional. Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall impair, as between the Corporation and the holders of the Securities, the obligation of the Corporation, which is absolute and unconditional, to pay to the holders of the Securities the principal of and interest (including interest accruing subsequent to the commencement of any proceeding for the bankruptcy or reorganization of the Corporation under any applicable bankruptcy, insolvency, or similar law now or hereafter in effect) on the Securities as and when the same shall become due and payable in accordance with the terms thereof and to deliver Capital Securities in exchange for Securities when required pursuant to the Securities and this Indenture, or is intended to or shall affect the relative rights of the holders of the Securities and creditors of the Corporation other than the holders of the Senior Indebtedness and Additional Senior Obligations, nor shall anything herein or therein prevent the Trustee or the holder of any Securities from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness and Additional Senior Obligations in respect of cash, property, or securities of the Corporation received upon the exercise of any such remedy.

Section 16.07. No Fiduciary Duty to Holders of Senior Indebtedness or Additional Senior Obligations. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness or Additional Senior Obligations, as the case may be, but shall have only such obligations to such holders as are expressly set forth in Sections 16.03 and 16.04.

Section 16.08. Notice to Trustee of Facts Prohibiting Payments. Notwithstanding any of the provisions of this Article or any other provision of this Indenture, neither the Trustee, any paying agent nor any Exchange Agent shall at any time be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to or by the Trustee or any paying agent or any delivery of Capital Securities or moneys by any Exchange Agent, when required pursuant to the Securities and this Indenture, unless and until the Trustee, any paying agent or any Exchange Agent shall have received at its corporate trust office written notice thereof from the Corporation or from one or more holders of Senior Indebtedness or from any trustee therefor or from any holder of Additional Senior Obligations, or, if applicable, from any trustee therefor, who shall have been certified by the Corporation or otherwise established to the reasonable satisfaction of the Trustee to be such a holder or trustee; and, prior to the receipt of any such written notice, the Trustee, any paying agent or any Exchange Agent, subject to the provisions of Section 8.01, shall be entitled in all respects to assume that no such facts exist; provided, however, that, if prior to the fifth Business Day preceding the date upon which by the

terms hereof any such moneys may become payable for any purpose or any such Capital Securities are required to be delivered, or in the event of the execution of an instrument pursuant to Section 12.01 acknowledging satisfaction and discharge of this Indenture, then if prior to the second Business Day preceding the date of such execution, the Trustee, any paying agent or any Exchange Agent shall not have received with respect to such moneys or Capital Securities or such execution the notice provided for in this Section, then, anything herein contained to the contrary notwithstanding, the Trustee, any paying agent or any Exchange Agent may, in its discretion, receive such moneys or Capital Securities and/or apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary, which may be received by it on or after either such date, as the case may be; provided, however, no such application shall affect the obligations under this Article of the Persons receiving such moneys or Capital Securities from the Trustee, any paying agent or any Exchange Agent.

Section 16.09. Application by Trustee of Moneys Deposited with It. Anything in this Indenture to the contrary notwithstanding, any deposit of moneys or Capital Securities to be exchanged for Securities on any Exchange Date by the Corporation with the Trustee or any paying agent or any Exchange Agent (whether or not in trust) for the payment of the principal of, interest on or the Exchange Price for any Securities shall, except as provided in Section 16.08, be subject to the provisions of Sections 16.01, 16.02, 16.03 and 16.04.

Section 16.10. Subordination Rights Not Impaired by Acts or Omissions of the Corporation or Holders of Senior Indebtedness or Additional Senior Obligations. No right of any present or future holders of any Senior Indebtedness or Additional Senior Obligations to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Corporation with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with. The holders of Senior Indebtedness and Additional Senior Obligations may at any time or from time to time and in their absolute discretion, change the manner, place or terms of payment, change or extend the time of payment of, or renew or alter, any such Senior Indebtedness or Additional Senior Obligations, or amend or supplement any instrument pursuant to which any such Senior Indebtedness or Additional Senior Obligations is issued or by which it may be secured, or release any security therefor, or exercise or refrain from exercising any other of their rights under the Senior Indebtedness or Additional Senior Obligations, including, without limitation, the waiver of default thereunder, all without notice to or assent from the holders of the Securities or the Trustee and without affecting the obligations of the Corporation, the Trustee or the holders of the Securities under this Article.

Section 16.11. Authorization of Trustees to Effectuate Subordination of the Securities. Each holder of a Security, by his acceptance thereof, authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate, as between the holders of Securities and the holders of Senior Indebtedness and Additional Senior Obligations, the subordination provided in this Article.

Section 16.12. Right of Trustee to Hold Senior Indebtedness or Additional Senior Obligations. The Trustee shall be entitled to all of the rights set forth in this Article in respect of

any Senior Indebtedness or Additional Senior Obligations at any time held by it to the same extent as any other holder of such Senior Indebtedness or Additional Senior Obligations, as the case may be, and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder.

Section 16.13. Article Sixteen Not to Prevent Defaults. The failure to make a payment or to deliver Capital Securities in exchange for Securities pursuant to the Securities by reason of any provision in this Article shall not be construed as preventing the occurrence of a Default or an Event of Default.

ARTICLE SEVENTEEN
EXCHANGE OF CAPITAL SECURITIES FOR SECURITIES.

Section 17.01. Applicability of Article. This Article shall apply to Securities of a series which are exchangeable by their terms for Capital Securities. The Corporation shall exchange Capital Securities for such Securities in accordance with their terms and in accordance with this Article.

Section 17.02. Exchange of Capital Securities. At maturity and at any earlier time or times as established in the terms of Securities of any series as contemplated by Section 3.01, the Securities of a series will be exchanged for Capital Securities with a Market Value equal to 100% of the principal amount of such Securities or, at its option, the Corporation shall pay the principal of such Securities from amounts representing Designated Proceeds (unless, as specified in the Securities and this Indenture, the Securities of such series are earlier redeemed or exchanged and except to the extent the obligation of the Corporation to exchange Capital Securities for Securities of such series is revoked with respect to all or any part of the Securities of such series pursuant to the Securities and Section 17.10). Notice of an Exchange Date shall be given in the manner described in Section 17.04(a). An Exchange Date established pursuant to this paragraph may be accelerated to any date on or after the date 60 days prior to the date so established by a later notice given by the Corporation in the manner prescribed in Section 17.04(b) not less than three Business Days prior to the accelerated Exchange Date.

No fractional Capital Securities shall be issued upon exchange for any Securities. If more than one Security of any Series shall be surrendered for exchange at one time by the same holder, the amount of all Capital Securities which shall be issuable upon exchange thereof shall be computed on the basis of the aggregate principal amount of Securities so surrendered. In lieu of issuing any fractional Capital Security, the Corporation shall pay a cash adjustment in respect of such fraction in an amount equal to the same fraction of the Market Value of the Capital Security.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the exchange of Securities shall relate, in the case of any Security exchanged or to be exchanged only in part, to the portion of the principal amount of such Security which has been or is to be exchanged.

Section 17.03. Evidence of Exchange. An Officers' Certificate shall evidence any election of the Corporation to exchange Capital Securities for Securities of a series prior to their stated maturity pursuant to Section 17.02 and the terms of the Securities of such series.

Section 17.04. Notices of Exchange. (a) All notices subject to this paragraph shall be given in the manner described in Section 17.04(b) not less than 90 nor more than 120 days prior to any Exchange Date. The Company shall promptly deliver a copy of each such notice to the Trustee and the Exchange Agent.

All notices of exchange shall:

(1) state the Exchange Date and that the Exchange Date is subject to acceleration in the manner described in Section 17.02;

(2) state the type of Capital Securities to be exchanged for the Securities on such Exchange Date;

(3) contain or be accompanied by the form of Capital Securities Election Form specified in Section 17.08;

(4) if less than all of the outstanding Securities of a series are to be exchanged on such Exchange Date, state the serial numbers of Securities selected to be exchanged and, in the case of Securities to be exchanged in part, the portions thereof selected for exchange;

(5) state that each holder of Securities being exchanged will receive on such Exchange Date accrued and unpaid interest in cash (subject to Section 3.02) and may elect to receive Capital Securities in exchange for Securities of such series with a Market Value equal to the principal amount of the Securities of such series by returning the Capital Securities Election Form contained in Section 17.08 within the time set forth therein (which shall be a date 30 days subsequent to the giving of the notice described in Section 17.04(a));

(6) state that, if the holder does not return the Capital Securities Election Form within the specified time period, such holder shall be deemed to have received Capital Securities on the Exchange Date and to have elected to have such Capital Securities sold by the Corporation in the related Secondary Offering and the proceeds thereof, together with accrued and unpaid interest, delivered to such holder on the Exchange Date; provided, however, that in the event the Corporation does not effect the Secondary Offering or sell in a Secondary Offering a sufficient amount of Capital Securities so that the sale proceeds thereof, when added to any Designated Proceeds which the Corporation has elected to apply, are sufficient to satisfy all cash elections, such holder will receive on the Exchange Date Capital Securities to the extent that the aggregate cash elections exceed the proceeds of any Secondary Offering and such Designated Proceeds;

(7) state that on such Exchange Date the Exchange Price will become due and payable, whether in money or Capital Securities, with respect to each such Security to be exchanged and that interest thereon will cease to accrue on and after such Exchange Date;

(8) state that because the Market Value of Capital Securities sold in the Secondary Offering will be determined prior to the Exchange Date, holders of Securities who elect to receive Capital Securities on the Exchange Date will bear the market risk with respect to the value of the Capital Securities to be received from the date such Market Value is determined to the Exchange Date;

(9) state that each holder for whom Capital Securities are being offered in the Secondary Offering shall be deemed to have appointed the Corporation its attorney-in-fact to execute any and all documents and agreements which the Corporation deems necessary or appropriate to effect such Secondary Offering and the precise terms of such appointment;

(10) state that (i) the Corporation will assume, unless advised to the contrary in writing, that the Capital Securities are to be offered for the account of the holder, that such holder has not held any position, office or other material relationship with the Corporation within three years preceding the Secondary Offering, that the holder owns no such Capital Securities which are held other than in the name of the holder and that after completion of the Secondary Offering the holder will own less than one percent of the class of such Capital Securities, (ii) if any of these assumptions are not correct, the holder shall promptly so advise the Corporation, and (iii) a failure on the part of such holder to promptly advise the Corporation of the incorrectness of any of such assumptions will expose such holder to liability to the Corporation, other holders of Securities of such series and underwriters, agents and other similar persons to the extent set forth in Section 17.05 and exonerate the Corporation from liability to such holder to the extent set forth in Section 17.09; and

(11) state the place or places where such Securities are to be surrendered for payment or exchange for Capital Securities.

(b) Each notice shall be given to the holders of Securities of any series to be exchanged by first-class mail, postage prepaid, to their address as they shall appear on the Security register and published in an Authorized Newspaper. The Corporation shall promptly deliver a copy of each such notice to the Trustee and the Exchange Agent. If Capital Securities are to be delivered on the Exchange Date, notice shall be given, in a like manner, not less than five Business Days prior to the Exchange Date of the amount of Capital Securities to be exchanged for each $1,000 principal amount of Securities of such series.

(c) If less than all the Securities of a series are to be exchanged, the Corporation shall at least 15 days prior to the notice establishing such Exchange Date (unless a shorter period shall be satisfactory to the Trustee) notify the Trustee of such Exchange Date and of the principal amount of Securities of such series to be exchanged, and the particular Securities to be exchanged shall be selected in authorized denominations by the Trustee from the outstanding

Securities of such series by such method as the Trustee shall deem fair and equitable, provided that such method shall comply with the requirements of applicable law, including Federal securities laws.

The Trustee shall promptly notify the Corporation in writing of the Securities selected for exchange and, in the case of any Securities selected for partial exchange, the principal amount thereof to be exchanged.

Section 17.05. Rights and Duties of Holders of Securities to be Exchanged for Capital Securities. (a) Subject to Section 7.01 and 7.02 and without prejudice to the rights pursuant to Section 17.09 of holders of Securities of any series to be exchanged, no holder of Securities of a series which is exchangeable in accordance with its terms shall be entitled to receive any cash from the Corporation on any Exchange Date except from the proceeds of the sale of Capital Securities in the related Secondary Offering or from Designated Proceeds and except as provided herein in lieu of any fractional Capital Securities and for accrued and unpaid interest. In the event the Corporation does not, prior to any Exchange Date, effect a Secondary Offering or sell in a Secondary Offering a sufficient amount of Capital Securities so that the sale proceeds thereof, when added to any Designated Proceeds, are sufficient to satisfy all cash elections, Cash Election Holders will on the Exchange Date receive whole Capital Securities and not cash to the extent that aggregate cash elections exceed the aggregate amount of any Secondary Offering sale proceeds and any Designated Proceeds. If Cash Election Holders are to receive any Capital Securities on any Exchange Date, the Trustee will allocate such Capital Securities, any proceeds of a Secondary Offering and any available Designated Proceeds among Cash Election Holders on a pro rata basis to the extent practicable or by such other means as the Trustee deems fair and appropriate and, in any event, in such manner as may be required by applicable law. In such event, the Corporation will have no continuing obligation to effect a Secondary Offering in respect of the Capital Securities received by Cash Election Holders, but will not be relieved of any liability for money damages it would have for breach of its obligation to effect a Secondary Offering of sufficient amounts of Capital Securities. To the extent such Cash Election Holders do not receive cash they will receive whole Capital Securities for the balance and cash in lieu of any fractional Capital Security.

(b) Each holder for whom Capital Securities are offered in a Secondary Offering shall be deemed to have appointed the Corporation its attorney-in-fact to execute any and all documents and agreements the Corporation deems necessary or appropriate to effect such Secondary Offering on such terms as are set out in the notice described in Section 17.04(a).

(c) Unless advised to the contrary in writing within 30 days following the giving of the notice described in Section 17.04(a) by any holder for whom Capital Securities are offered in a Secondary Offering, the Corporation shall assume for the purposes of such Secondary Offering that the Capital Securities are to be offered for the account of such holder, that such holder has not held any position or office or had any other material relationship with the Corporation with-in three years preceding the Secondary Offering, that such holder owns no such Capital Securities which are held other than in the name of such holder and that after completion of the Secondary Offering such holder will own less than 1% of each class of such Capital Securities.

(d) Each holder of Securities for whom Capital Securities we offered in the Secondary Offering is deemed by virtue of taking delivery of Securities to agree, to the extent such agreement is enforceable under applicable law, to indemnify and hold harmless the Corporation, any other holder and any underwriter, agent or other similar person from and against any and all losses, claims, damages and liabilities resulting from or based upon any untrue statement or alleged untrue statement of any material fact contained in any notice of exchange, any offering memorandum or selling document or registration statement relating to the Secondary Offering, any preliminary prospectus or prospectus contained therein, or any amendment thereof or supplement thereto, or resulting from or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading which untrue statement, alleged untrue statement, omission or alleged omission is made therein (i) in reliance upon and in conformity with written information furnished to the Corporation by or on behalf of such holder specifically for use in connection with the preparation thereof or (ii) because of such holder's failure to advise the Corporation in writing that any assumption described in Section 17.04(a)(10) is incorrect.

(e) In order to receive Capital Securities on any Exchange Date for any Security, the holder of the Security to be exchanged shall return to the Exchange Agent a Capital Securities Election Form and surrender to the Exchange Agent such Security (with, if the Corporation or the Exchange Agent so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Corporation and the Exchange Agent duly executed by, the holder of any Security or his attorney duly authorized in writing). If no such form is timely returned by any holder, such holder will be deemed to have received Capital Securities on the Exchange Date and to have elected to have such Capital Securities sold by the Corporation in the related Secondary Offering and the proceeds thereof, together with accrued and unpaid interest, delivered to such holder on the Exchange Date.

Section 17.06. Deposit of Exchange Price. At least 90 days prior to any Exchange Date, the Corporation will appoint an Exchange Agent, and on or prior to any Exchange Date, the Corporation shall deposit with the Trustee or with the Exchange Agent (or, if the Corporation is acting as the Exchange Agent, segregate and hold in trust as provided in Section 5.04) certificates for Capital Securities and in amount of money which together are sufficient to pay the Exchange Price of, and accrued interest on, all the Securities or portions thereof which are to be exchanged on that Exchange Date.

Section 17.07. Securities Due on Exchange Date; Securities Exchanged in Part. Notice of exchange having been given as aforesaid, the Securities of any series so to be exchanged shall, on the Exchange Date, become due and payable at the Exchange Price therein specified, and from and after such date (unless the Corporation shall default in the payment of the Exchange Price and accrued interest) Securities of such series, or portions thereof, to be exchanged shall cease to bear interest provided, that the Corporation has deposited with the Exchange Agent (or, if the Corporation is acting as Exchange Agent, segregated and held in trust as provided in Section 5.04) certificates for Capital Securities and an amount of money which together are sufficient to pay the Exchange Price of, and accrued interest on, all the Securities of such series or portions thereof which are to be exchanged on the Exchange Date in accordance with Section

17.06. Securities of such series to be exchanged or, at the option of the Corporation, paid as set forth in the terms of the Indenture and the terms of the Securities of such series shall be deemed to have been exchanged or paid, as the case may be, on the Exchange Date therefor, and at such time the rights of the holders of such Securities as holders shall cease and the Person or Persons entitled to receive Capital Securities issuable upon such exchange shall be treated for all purposes as the record holder or holders of such Capital Securities at such time and entitled to receive the Exchange Price as set forth below. Upon surrender of any Security for exchange in accordance with said notice, such Security shall be paid by the Corporation at the Exchange Price, together with accrued interest to, but not including the Exchange Date; provided, however, that installments of interest whose maturity is on or prior to the Exchange Date shall be payable to the holders of such Securities, or one or more predecessor Securities, registered as of the close of business on the record date for payment of interest on such Securities according to their terms and the provisions of Section 3.02.

If any Security of any series for which the notice specified in Section 17.04(a) is duly given shall not be so paid or exchanged upon surrender thereof for exchange in accordance with Section 17.05(e), the principal shall, until paid, bear interest from such Exchange Date at the rate or rates prescribed therefor in such Security.

Any Security which is to be exchanged only in part shall be surrendered to the Exchange Agent (with, if the Corporation or the Exchange Agent so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Corporation and the Exchange Agent duly executed by, the holder thereof or his attorney duly authorized in writing) and the Corporation shall execute, the Trustee shall authenticate, and there shall be delivered to the holder of such Security without service charge a new Security or Securities of the same series, of any authorized denomination as requested by such holder in aggregate principal amount equal to and in exchange for the unexchanged portion of the principal of the Security so surrendered.

Section 17.08. Form of Capital Securities Election Form. The form of Capital Securities Election Form shall be substantially as follows with such additions, deletions or changes thereto as may be approved by the Corporation.

CAPITAL SECURITIES ELECTION FORM

To: [insert name and address of Exchange Agent]

The undersigned holder of [insert title of Security] (the "Securities") of Chemical Banking Corporation, hereby elects to receive on the Exchange Date referred to in the Indenture, dated as of April 1, 1987 (the "Indenture"), between Chemical Banking Corporation and Morgan Guaranty Trust Company of New York, Trustee, and referred to in the notice of exchange delivered to the undersigned with this Capital Securities Election Form, Capital Securities of Chemical Banking Corporation with a Market Value equal to the principal amount of the Securities being exchanged registered in the name of the undersigned holder. Unless this Capital Securities Election Form is received by at the address specified above, on or prior to , 19 (the date 30 days subsequent to the giving of the notice described in

Section 17.04(a) of the Indenture), the holder will be deemed to have elected to participate in the sale of the holder's Capital Securities in the Secondary Offering and will receive cash on the Exchange Date in an amount equal to the principal amount of all Securities being exchanged registered in the name of, or held by, the holder. All terms used herein and not otherwise defined herein shall have the meanings specified in the Indenture.

Dated , 19

Name of Holder

List of Serial Numbers of Securities List of Serial Numbers of Securities

Section 17.09. Covenants of the Corporation. (a) The Corporation agrees that all Capital Securities issued in exchange for Securities will upon issuance be duly and validly issued and, if applicable, fully paid and nonassessable. If any Capital Securities required to be exchanged for Securities hereunder require registration with or approval of any governmental authority under any Federal or State law or any national securities exchange, before such Capital Securities may be issued, the Corporation shall use its best efforts to cause such Capital Securities to be duly registered or approved, as the case may be. The Corporation will pay any and all transfer, stamp or similar taxes that may be payable in respect of the issue or delivery of Capital Securities in exchange for Securities pursuant hereto.

(b) The Corporation unconditionally undertakes to sell or cause to be sold Capital Securities in each Secondary Offering (and to bear all expenses of each Secondary Offering, including underwriting discounts and commissions) at the times and in the manner required by this Indenture and the Securities of the series exchanged for Capital Securities unless all holders of the Securities of such series to be exchanged have duly elected to receive Capital Securities on the related Exchange Date, or the Designated Proceeds the Corporation has elected to apply to the payment of Securities of such series are sufficient to satisfy the claims of all Cash Election Holders with respect to the principal amount of the Securities held by such holders.

(c) The Corporation agrees, to the extent such agreement is enforceable under applicable law, to indemnify and hold harmless each holder of Securities for the account of whom Capital Securities are being offered and sold in connection with any Secondary Offering and any underwriter, agent or other similar person from and against any and all losses, claims, damages and liabilities resulting from or based upon any untrue statement or alleged untrue statement of any material fact contained in any notice of exchange, any offering memorandum or selling document or registration statement relating to the Secondary Offering, any preliminary prospectus or prospectus contained therein, or any amendment thereof or supplement thereto, or resulting from or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or

resulting from the Corporation's failure to comply with Section 17.09(a); provided, however, that the Corporation will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement, alleged untrue statement, omission or alleged omission made therein (i) in reliance upon and in conformity with written information furnished to the Corporation by or on behalf of such holder specifically for use in connection with the preparation thereof or (ii) because of such holder's failure to advise the Corporation in writing that any assumption described in Section 17.04(a)(10) is incorrect. In connection with any Secondary Offering, the Corporation agrees to obtain usual and appropriate indemnification of any holder for the account of whom Capital Securities are being offered and sold in any Secondary Offering from any underwriter, agent or other similar person.

(d) The Corporation will effect each Secondary Offering such that the closing of such Secondary Offering will occur on or before the relevant Exchange Date.

Section 17.10. Revocation of Obligation to Exchange Capital Securities for Securities. The Corporation's obligation to exchange Capital Securities for Securities of a series which are not redeemed prior to maturity shall be absolute and unconditional; provided, however, that such obligation may be revoked with respect to all or any part of the Securities of such series at the option of the Corporation at any time, on not less than 30 days' prior notice given in the manner provided in Section 17.04(b) to the holders of the Securities of such series, the Trustee and the Exchange Agent, if (i) the Corporation determines that Securities of such series (other than Securities which am not king treated as "primary capital" or "Tier 1 capital" as the result of the issuance of Capital Securities) do not constitute "primary capital" or "Tier 1 capital" of the Corporation under applicable capital guidelines or regulations at the time being generally applied by its Primary Federal Regulator, (ii) the Securities of such series (other than Securities which are not being treated as "primary capital" or "Tier 1 capital" as the result of the issuance of Capital Securities) cease being treated as "primary capital" or "Tier 1 capital" of the Corporation by its Primary Federal Regulator under applicable capital guidelines or regulations at the time being generally applied by its Primary Federal Regulator, or (iii) approval of the Corporation's Primary Federal Regulator is obtained, or is not at the time required, for such revocation and, in each case, the Corporation shall furnish the Trustee with an Opinion of Counsel to such effect.

In the event that such obligation is revoked with respect to all or any part of the Securities of a series:

(a) the Corporation will pay the percentage of the principal amount established in the terms of the Securities of such series in cash from any source on the stated maturity thereof, or

(b) the Corporation may, at any time when pursuant to their terms such Securities are redeemable, redeem the Securities in whole or in part, for cash in the manner set forth in the Securities at the percentage of the principal amount established in the terms of the Securities of such series plus accrued interest to the redemption date,

but such Securities shall not thereafter be exchangeable for Capital Securities under any circumstances. If such obligation is revoked with respect to fewer than all the Securities of a

series, such Securities of such series or portions thereof will be selected by the Trustee in such manner as the Trustee shall deem equitable and fair and, in any event, in such manner as may be required by applicable law. Any notice with respect to the partial revocation of such obligation shall specify the Securities of such series affected; such notice need not be mailed to holders of Securities not affected by such revocation.

Section 17.11. Provision in Case of Consolidation, Merger or Transfer of Assets. In case of any consolidation of the Corporation with, or merger of the Corporation into, any other corporation (other than a consolidation or merger in which the Corporation is the continuing corporation), or in case of any sale, conveyance or transfer of the properties and assets of the Corporation substantially as an entirety, the corporation formed by such consolidation or the corporation into which the Corporation shall have been merged or the corporation which shall have acquired such assets of the Corporation, as the case may be, shall execute and deliver to the Trustee a supplemental indenture providing that the holder of each Security then outstanding shall, subject to the terms of the Securities and this Article Seventeen, have the right thereafter to receive securities of such successor on the Exchange Date for such Security with a Market Value equal to the principal amount of such Security. The above provisions of this Section shall similarly apply to successive consolidations, mergers, conveyances or transfers.

Section 17.12. Responsibility of Trustee. The Trustee shall not at any time be under any duty or responsibility to any holder of Securities of any series to be exchanged to determine the Market Value of any Capital Securities delivered in exchange for Securities of such series and may rely on and shall be entitled to receive prior to any Exchange Date an Officers' Certificate of the Corporation as to the Market Value of the Capital Securities being exchanged for such Securities and the amount of Capital Securities being exchanged for each $1,000 principal amount of Securities of such series and that such Capital Securities qualify as Capital Securities under the definition thereof contained in this Indenture. The Trustee shall not be accountable with respect to the validity or value (or the kind or amount) of any Capital Securities which may at any time be issued or delivered in exchange for any Security, and the Trustee does not make any representation with respect thereto. The Trustee shall not be responsible for any failure of the Corporation to issue, transfer or deliver any Capital Securities or Capital Security certificates or other securities or property upon the surrender of any Security for the purpose of exchange or to comply with any of the covenants of the Corporation contained in this Article.

ARTICLE EIGHTEEN
DESIGNATED PROCEEDS.

Section 18.01. Sale or Issuance of Capital Securities to Generate Designated Proceeds. The Corporation may from time to time, at its option or as required by the terms of the Securities of a series, sell, issue or exchange Capital Securities for the purpose of generating Designated Proceeds to be used to pay or redeem Securities. There will be no segregation of Designated Proceeds in any account and the holders of any series of Securities and the Trustee will have no security interest in or other claim upon amounts representing Designated Proceeds or any investment or earnings thereon until such time, if any, as amounts representing such Designated

Proceeds are deposited with the Trustee or any paying agent or Exchange Agent for payment in respect of such series of Securities.

Section 18.02. Optional Redemption Using Designated Proceeds. The Corporation may elect to redeem the Securities of a series, in whole or in part, in accordance with the terms of the Securities of such series and of Article Four by paying the principal of such Securities with amounts representing Designated Proceeds at a price equal to the percentage of the principal amount established in the terms of the Securities of such series on the redemption date of the Securities to be so redeemed and (except if such redemption date shall be an interest payment date) accrued interest on such Securities to such redemption date. If such redemption date is an interest payment date, the interest payable on such date shall be paid to the holder of Securities according to the terms of the Securities and the provisions of Section 3.02. To the extent provided in the Securities of a series, and redemption pursuant to this paragraph may be in lieu of, or in addition to, any exchange of Capital Securities for Securities of such series which may be made in accordance with the provisions of Article Seventeen.

Section 18.03. Officers' Certificates as to Designated Proceeds. If any payment by the Corporation is required, pursuant to the terms of the Securities of a series and this Indenture, to be made only from amounts representing Designated Proceeds, the Corporation shall deliver to the Trustee, upon its request, an Officers' Certificate certifying that such payment had been or will be made from only Designated Proceeds.

ARTICLE NINETEEN
CONVERSION OF SECURITIES.

Section 19.01. General. If so provided in the terms of the Securities of any series established in accordance with Section 3.01, the principal amount of the Securities of such series shall be convertible into shares of Common Stock in accordance with the terms of such series of Securities and this Article Nineteen; provided, however, that if any of the terms by which any such Security shall be convertible into Common Stock are set forth in a supplemental indenture entered into with respect thereto pursuant to Section 11.01(h) hereof, the terms of such supplemental indenture shall govern.

Section 19.02. Right to Convert. Subject to and upon compliance with the provisions of this Article, the holder of any Security that is convertible into Common Stock shall have the right, at such holder's option, at any time on or after the date of original issue of such Security or such other date specified in the applicable Board Resolution delivered pursuant to Section 3.01 and prior to the close of business on the date set forth in such Board Resolution (or if such Security is called for redemption, then in respect of such Security to and including but not after the close of business on the date of redemption unless the Corporation shall default in the payment due on such date) to convert the principal amount of any such Security and any authorized denomination, or, in the case of any Security to be converted of a denomination greater than the minimum denomination for Securities of the applicable series, any portion of such principal which is an authorized denomination of an integral multiple thereof, into that

number of fully paid and nonassessable shares of Common Stock obtained by dividing the principal amount of such Security or portion thereof surrendered for conversion by the Conversion Price therefor by surrender of the Security so to be converted in whole or in part in the manner provided in Section 19.03. Such conversion shall be effected by the Corporation in accordance with the provisions of this Article.

Section 19.03. Manner of Exercise of Conversion Privilege; Delivery of Common Stock; No Adjustment for Interest or Dividends. In order to effect a conversion, the holder of any Security to be converted, in whole or in part, shall surrender such Security at the office or agency maintained by the Corporation for such purpose in the Borough of Manhattan, The City of New York, as provided in Section 5.02 and shall give written notice of conversion to the Corporation at such office or agency that the holder elects to convert such Security or the portion thereof specified in said notice. The notice shall state the name or names (with address), and taxpayer identification number, in which the certificate or certificates for shares of Common Stock which shall be deliverable on such conversion shall be registered, and shall be accompanied by payments in respect of transfer taxes, if required pursuant to Section 19.06. Each Security surrendered for conversion shall, unless the shares of Common Stock deliverable on conversion are to be issued in the same name as the registration of such Security, be duly endorsed by or be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or such holder's duly authorized attorney, and by any payment required pursuant to this Section 19.03. As promptly as practicable after the surrender of such Security and notice, as aforesaid, the Corporation shall deliver or cause to be delivered at such office or agency to such holder, or on such holder's written order, a certificate or certificates for the number of full shares of Common Stock deliverable upon the conversion of such Security or portion thereof in accordance with the provisions of this Article and a check or cash in respect of any fractional interest in respect of a share of Common Stock arising upon such conversion as provided in Section 19.04. In case any Security of a denomination greater than the minimum denomination for Securities of the applicable series shall be surrendered for partial conversion, the Corporation shall execute and register and the Trustee shall authenticate and deliver to or upon the written order of the Corporation and the holder of the Security so surrendered, without charge to such holder, a new Security or Securities of the same series in authorized denominations in an aggregate principal amount equal to the unconverted portion of the surrendered Security. Each conversion shall be deemed to have been effected as of the date on which such Security shall have been surrendered (accompanied by the funds, if any, required by the last paragraph of this Section) and such notice received by the Corporation, as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock shall be registrable upon such conversion shall become on said date the holder of record of the shares represented thereby, provided, however, that any such surrender on any date when the stock transfer books of the Corporation shall be closed shall constitute the person in whose name the certificates are to be registered as the record holder thereof for all purposes on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date upon which such Security shall have been so surrendered.

Any Security or portion thereof surrendered for conversion during the period from the close of business on the regular record date for any interest payment date to the opening of

business on such interest payment date shall (unless such Security or portion thereof being converted shall have been called for redemption or submitted for repayment on a date during such period) be accompanied by payment, in legal tender or other funds acceptable to the Corporation, of an amount equal to the interest otherwise payable on such interest payment date on the principal amount being converted; provided, however, that no such payment need be made if there shall exist at the time of conversion a default in the payment of interest on, the applicable series of Securities. An amount equal to such payment shall be paid by the Corporation on such interest payment date to the holder of such Security on such regular record date; provided, however, that if the Corporation shall default in the payment of interest on such interest payment date, such amount shall be paid to the person who made such required payment. Except as provided above in this Section, no adjustment shall he made for interest accrued on any Security converted or for dividends on any shares issued upon the conversion of such Security as provided in this Article.

Section 19.04. Cash Payments in Lieu of Fractional Shares. No fractional shares of Common Stock or scrip representing fractional shares of Common Stock shall be delivered upon conversion of Securities. If more than one Security shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock which shall be deliverable upon conversion shall be computed on the basis of the aggregate principal amount of the Securities (or specified portions thereof to the extent permitted hereby) so surrendered. Instead of any fraction of a share of Common Stock which would otherwise be deliverable upon the conversion of any Security, the Corporation shall pay to the holder of such Security an amount in cash (computed to the nearest cent, with one-half cent being rounded upward) equal to the same fraction of the closing price (determined in the manner provided in Section 19.05(a)(v)) of the Common Stock on the date of conversion or if such date is not a Trading Day (as defined in Section 19.05 (a)(v)) on the Trading Date next preceding the date of conversion.

Section 19.05. Conversion Price Adjustments; Effect of Reclassifications, Mergers, Consolidations and Sales of Assets. (a) The Conversion Price shall be adjusted from time to time as follows:

(i) In case the Corporation shall (x) pay a dividend or make a distribution on the Common Stock in shares of Common Stock, (y) subdivide the outstanding Common Stock into a greater number of shares or (z) combine the outstanding Common Stock into a smaller number of shares, the Conversion Price shall be adjusted so that the holder of any Security thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock of the Corporation which such holder would have owned or have been entitled to receive after the happening of any of the events described above had such Security been converted immediately prior to the record date in the case of a dividend or the effective date in the case of subdivision or combination. An adjustment made pursuant to this subparagraph (i) shall become effective immediately after the record date in the case of a dividend, except as provided in subparagraph (vii) below, and shall become effective immediately after the effective date in the case of a subdivision or combination.

(ii) In case the Corporation shall issue rights or warrants to all holders of shares of Common Stock entitling them (for a period expiring within 45 days after the record date mentioned below) to subscribe for or purchase shares of Common Stock at a price per share less than the current market price per share of Common Stock (as defined for purposes of this subparagraph (ii) in subparagraph (v) below), the Conversion Price in effect after the record date for the determination of stockholders entitled to receive such rights or warrants shall be determined by multiplying the Conversion Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding on such record date plus the number of shares of Common Stock which the aggregate offering price of the total number of shares of Common Stock so offered would purchase at such current market price, and the denominator of which shall be the number of shares of Common Stock outstanding on the record date for issuance of such rights or warrants plus the number of additional shares of Common Stock receivable upon exercise of such rights or warrants. Such adjustment shall be made successively whenever any such rights or warrants are issued, and shall become effective immediately, except as provided in subparagraph (vii) below, after such record date.

(iii) In case the Corporation shall distribute to all holders of Common Stock any shares of capital stock of the Corporation (other than Common Stock) or evidences of its indebtedness or assets (excluding cash dividends or distributions paid from retained earnings of the Corporation or dividends payable in Common Stock) or rights or warrants to subscribe for or purchase any of its securities (excluding those rights or warrants referred to in subparagraph (ii) above) (any of the foregoing being hereinafter in this subparagraph (iii) called the "Assets"), then, in each such case, the Conversion Price shall be adjusted so that the same shall equal the price determined by multiplying the Conversion Price in effect immediately prior to the record date for determination of stockholders entitled to receive such distribution by a fraction the numerator of which shall be the current market price per share (as defined for purposes of this subparagraph (iii) in subparagraph (v) below) of the Common Stock at such record date for determination of stockholders entitled to receive such distribution less the then fair market value (as determined by the Board of Directors, whose determination shall be conclusive) of the portion of the Assets so distributed applicable to one share of Common Stock, and the denominator of such shall be the current market price per share (as defined in subparagraph (v) below) of the Common Stock at such record date. Such adjustment shall become effective immediately, except as provided in subparagraph (vii) below, after the record date for the determination of stockholders entitled to receive such distribution.

(iv) If, pursuant to subparagraph (ii) or (iii) above, the number of shares of Common Stock into which a Security is convertible shall have been adjusted because the Corporation has declared a dividend, or made a distribution, on the outstanding shares of Common Stock in the form of any rights or warrant to purchase securities of the Corporation, or the Corporation has issued any such right or warrant, then, upon the expiration of any such unexercised right or unexercised warrant, the Conversion Price

shall forthwith be adjusted to equal the Conversion Price that would have applied had such right or warrant never been declared, distributed or issued.

(v) For the purpose of any computation under subparagraphs (ii) or (iii) above, the current market price per share of Common Stock on any date shall be deemed to be the average of the daily closing prices of the Common Stock for the shorter of (i) 30 consecutive Trading Days ending on the last full Trading Day on the exchange or market specified in the second following sentence prior to the Time of Determination or (ii) the period commencing on the date next succeeding the first public announcement of the issuance of such rights or warrants or such distribution through such last full Trading Day prior to the Time of Determination. The term "Time of Determination" as used herein shall be the time and date of the earlier of (x) the determination of stockholders entitled to receive such rights, warrants or distributions or (y) the commencement of "ex-dividend" trading in the Common Stock on the exchange or market specified in the following sentence. The closing price for each day shall be the reported last sales price, regular way, or, in case no sale takes place on such day, the average of the reported closing bid and asked prices, regular way, in either case as reported on the New York Stock Exchange Composite Tape or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange at such time, on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the National Market System of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if the Common Stock is not quoted on such National Market System, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for the Common Stock on each such day shall not have been reported through NASDAQ, the average of the bid and asked prices for such date as furnished by any New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Corporation or, if no such quotations are available, the fair market value of the Common Stock as determined by a New York Stock Exchange member firm regularly making a market in the Common Stock selected for such purpose by the Corporation. As used herein, the term "Trading Day" with respect to Common Stock means (x) if the Common Stock is listed or admitted for trading on the New York Stock Exchange or another national securities exchange, a day on which the New York Stock Exchange or such other national securities exchange, as the case may be, is open for business or (y) if the Common Stock is quoted on the National Market System of the NASDAQ, a day on which trades may be made on such National Market System or (z) otherwise, any day other than a Saturday or Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

(vi) No adjustment in the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such price; provided, however, that any adjustments which by reason of this subparagraph (vi) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 19.05(a) shall be made to the nearest cent or to the

nearest .01 of a share, as the case may be, with one-half cent and .005 of a share, respectively, being rounded upward. Anything in this Section 19.05(a) to the contrary notwithstanding, the Corporation shall be entitled to make such reductions in the Conversion Price, in addition to those required by this Section 19.05(a), as it in its discretion shall determine to be advisable in order that any stock dividend, subdivision of shares, distribution of rights or warrants to purchase stock or securities, or distribution of other assets (other that cash dividends) hereafter made by the Corporation to its stockholders shall not be taxable.

(vii) In any case in which this Section 19.05(a) provides that an adjustment shall become effective immediately after a record date for an event, the Corporation may defer until the occurrence of such event (x) issuing to the holder of any Security converted after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (y) paying to such holder any amount of cash in lieu of any fractional share of Common Stock pursuant to Section 19.04.

(viii) Whenever the Conversion Price is adjusted as herein provided, the Corporation shall file with the Trustee an Officers' Certificate, setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment; provided, however, that the failure of the Corporation to file such Officers' Certificate shall not affect the legality or validity of any corporate action by the Corporation.

(ix) Whenever the Conversion Price for any series of Securities is adjusted as provided in this Section 19.05(a), the Corporation shall cause to be mailed to each holder of Securities of such series at its then registered address by first-class mail, postage prepaid, a notice of such adjustment of the Conversion Price setting forth such adjusted Conversion Price and the effective date of such adjusted Conversion Price; provided, however, that the failure of the Corporation to give such notice shall not affect the legality or validity of any corporate action by the Corporation.

(b) (i) Notwithstanding any other provision herein to the contrary, if any of the following events occur, namely (x) any reclassification or change of outstanding shares of Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination of the Common Stock), (y) any consolidation, merger or combination of the Corporation with or into another corporation as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (z) any sale or conveyance of all or substantially all of the assets of the Corporation to any other entity as a result of which holders of Common Stock shall be entitled to receive stock, securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then appropriate provision shall be made so that (A) the holder of any outstanding Security that is convertible into Common Stock shall have the right to convert such Security into

the kind and amount of the shares of stock and securities or other property or assets (including cash) that would have been receivable upon such reclassification, change, consolidation, merger, combination, sale, or conveyance by a holder of the number of shares of Common Stock issuable upon conversion of such Security immediately prior to such reclassification, change, consolidation, merger, combination, sale, or conveyance and (B) the number of shares of any such other stock or securities into which such Security shall thereafter be convertible shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the terms of adjustment provided for in this Section, and Sections 19.02, 19.03, 19.04, 19.06, 19.07, 19.08 and 19.09 shall apply on like terms to any such other stock or securities.

(ii) In case of any reclassification or change of the Common Stock (other than a subdivision or combination of its outstanding Common Stock, or a change in par value, or from par value to no par value, or from no par value to par value), or of any consolidation, merger or combination of the Corporation with or into another corporation or of the sale or conveyance of all or substantially all of the assets of the Corporation, the Corporation shall cause to be filed with the Trustee and to be mailed to each holder of Securities that are convertible into shares of Common Stock at such holder's registered address, the date on which such reclassification, change, consolidation, merger, combination, sale or conveyance is expected to become effective, and the date as of which it is expected that holders of Common Stock shall be entitled to exchange their Common Stock for stock, securities or other property deliverable upon such reclassification, change, consolidation, merger, combination, sale or conveyance.

Section 19.06. Taxes on Shares Issued. The delivery of stock certificates upon conversions of Securities shall be made without charge to the holder converting a Security for any tax in respect of the issue thereof. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the delivery of stock registered in any name other than of the holder of any Security converted, and the Corporation shall not be required to deliver any such stock certificate unless and until the person or persons requesting the delivery thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

Section 19.07. Shares to be Fully Paid; Compliance with Governmental Requirements; Listing of Common Stock. The Corporation covenants that all shares of Common Stock which may be delivered upon conversion of Securities of any series which are convertible into Common Stock will upon delivery be fully paid and nonassessable by the Corporation and free from all taxes, liens and charges with respect to the issue thereof.

The Corporation covenants that if any shares of Common Stock to be provided for the purpose of conversion of Securities hereunder require registration with or approval of any governmental authority under any Federal or state law before such shares may be validly delivered upon conversion, the Corporation will in good faith and as expeditiously as possible endeavor to secure such registration or approval, as the case may be.

The Corporation further covenants that it will, if permitted by the rules of The New York Stock Exchange, Inc., list and keep listed for so long as the Common Stock shall be so listed on

such exchange, upon official notice of issuance, all Common Stock deliverable upon conversion of Securities of any series which are convertible into Common Stock.

Section 19.08. Responsibility of Trustee. Neither the Trustee nor any conversion agent shall at any time be under any duty or responsibility to any holder of Securities to determine whether any facts exist which may require any adjustment of the Conversion Price applicable to such Securities, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed, or herein or in any supplemental indenture provided to be employed, in making the same. Neither the Trustee nor any conversion agent shall be accountable with respect to the validity or value (or the kind or amount) of any shares of Common Stock, or of any securities or property, which may at any time be delivered upon the conversion of any Security; and neither the Trustee nor any conversion agent makes any representation with respect thereto. Neither the Trustee nor any conversion agent shall be responsible for any failure of the Corporation to deliver any shares of Common Stock or stock certificates or other securities or property or cash upon the surrender of any Security for the purpose of conversion or for any failure of the Corporation to comply with any of the covenants of the Corporation contained in this Article Nineteen.

Section 19.09. Covenant to Reserve Shares. The Corporation covenants that it will at all times reserve and keep available, free from pre-emptive rights, out of its authorized but unissued Common Stock, such number of shares of Common Stock as shall then be deliverable upon the conversion of all outstanding Securities of any series of Securities which are convertible into Common Stock.

Section 19.10. Other Conversions. If so provided in a Board Resolution with respect to the Securities of a series, the principal amount of the Securities of such series shall be convertible into or exchangeable for a principal amount of other securities of the Corporation (which other securities may be issued under this Indenture or otherwise), and the issuance of such securities upon any such conversion or exchange shall be made in accordance with the terms of such Board Resolution.

ARTICLE TWENTY
MISCELLANEOUS PROVISIONS.

Section 20.01. Provisions Binding on Corporation's Successors. All the covenants, stipulations, promises and agreements in this Indenture contained by the Corporation shall bind its successors and assigns whether so expressed or not.

Section 20.02. Official Acts by Successor Corporation. Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Corporation shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at the time be the lawful sole successor of the Corporation.

Section 20.03. Addresses for Notices, etc. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the holders of Securities on the Corporation may be given or served by being deposited postage prepaid in a post office box addressed (until another address is filed by the Corporation with the Trustee) to Chemical Banking Corporation, 270 Park Avenue, New York, N.Y. 10017, Attention: Secretary. Any notice, direction, request or demand by any Securityholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made in writing at the principal office of the Trustee, addressed to the attention of: Corporate Trust Administration.

Section 20.04. New York Contract. This Indenture and each Security shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be governed by and construed in accordance with the laws of said State.

Section 20.05. Evidence of Compliance with Conditions Precedent. Upon any application or demand by the Corporation to the Trustee to take any action under any of the provisions of this Indenture, the Corporation shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include (1) a statement that the person making such certificate or opinion has read such covenant or condition; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinion contained in such certificate or opinion are based; (3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Section 20.06. Legal Holidays. In any case where the date of maturity of interest on or principal of the Securities is not a business day, then, unless otherwise established pursuant to Section 3.01 with respect to Securities of any series, payment of such interest on or principal of the Securities need not be made on such date but may be made on the next succeeding business day with the same force and effect as if made on the date of maturity and no interest shall accrue for the period from and after such date of maturity. If the last day on which a Security may be converted into Common Stock or other securities of the Corporation is not a business day, such Security may be surrendered for conversion on the next succeeding day that is a business day.

Section 20.07. Trust Indenture Act to Control. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with another provision included in this Indenture which is required to be included in this Indenture by any of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

Section 20.08. Table of Contents, Headings, etc. The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 20.09. Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument. Morgan Guaranty Trust Company of New York, as Trustee, hereby accepts the trusts in this Indenture declared and provided, upon the terms and conditions hereinabove set forth.

Section 20.10. Securities Denominated in Foreign Currencies. Whenever this Indenture provides for any action by, or any distribution to, holders of Securities denominated in United States dollars and in any other currency or currencies, in the absence of any provision to the contrary in the form of Security of any particular series (or the terms thereof established pursuant to Section 3.01), any amount in respect of any Security denominated in a currency other than United States dollars shall be treated for purposes of such action or distribution as that amount of United States dollars that could be obtained for such amount on such reasonable basis of exchange and as of such date as the Corporation may specify in a written notice to the Trustee.

IN WITNESS WHEREOF, Chemical Banking Corporation has caused this Indenture to be signed in its corporate name and acknowledged by its Chairman of the Board, its President, a Vice Chairman of the Board, its Chief Financial Officer or its Treasurer or another executive officer, and its corporate seal to be affixed hereunto or impressed hereon, and the same to be attested by its Secretary or an Assistant Secretary, and Morgan Guaranty Trust Company of New York, Trustee, has caused this Indenture to be signed and acknowledged by one of its Vice Presidents, has caused its corporate seal to be affixed hereunto or impressed hereon, and the same to be attested by one of its Assistant Secretary, as of the day and year first written above.

CHEMICAL BANKING CORPORATION

By _____
Title:

[CORPORATE SEAL]

Attest: _____

MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Trustee

By _____
Title: Vice President

[CORPORATE SEAL]

Attest: _____
Assistant Secretary

Exhibit 4.3(b)

THE CHASE MANHATTAN CORPORATION,

AND

FIRST TRUST OF NEW YORK,
NATIONAL ASSOCIATION,
as Trustee

SECOND SUPPLEMENTAL INDENTURE
Dated as of October 8, 1996

to

INDENTURE

Dated as of April 1, 1987
Amended and Restated
as of
December 15, 1992

SECOND SUPPLEMENTAL INDENTURE, dated as of October 8, 1996, among THE CHASE MANHATTAN CORPORATION (formerly known as Chemical Banking Corporation), a Delaware corporation (the "Corporation"), and FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION (as successor to Morgan Guaranty Trust Company of New York), a national banking association organized under the laws of the United States (the "Trustee").

WHEREAS, the Corporation and the Trustee have heretofore executed and delivered a certain indenture, dated as of April 1, 1987 (the "Original Indenture"), providing for the issuance from time to time of unsecured subordinated debt securities of the Corporation (the "Securities");

WHEREAS, the Original Indenture was amended by the First Supplemental Indenture, dated as of October 27, 1988 (the "First Supplemental Indenture");

WHEREAS, the Original Indenture, as amended by the First Supplemental Indenture, was amended and restated as of December 15, 1992 (as so amended and restated, the "Indenture");

WHEREAS, on March 31, 1996, The Chase Manhattan Corporation, a Delaware corporation ("Old Chase"), merged with and into the Corporation, which thereupon changed its name to The Chase Manhattan Corporation, and in connection with such merger, the Corporation assumed all of the outstanding subordinated debt securities of Old Chase;

WHEREAS, Section 11.01(j) of the Indenture provides, among other things, that, without the consent of the holders of any Securities, the Corporation, when authorized by a resolution of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental to the Indenture to make such provisions in regard to matters or questions arising under the Indenture which the Board of Directors may deem necessary or desirable and which shall not adversely affect in any material respect the interest of the holders of the Securities;

WHEREAS, the Corporation desires and has requested that the Trustee join in the execution of this Second Supplemental Indenture for the purpose of amending certain provisions of the Indenture as hereinafter set forth;

WHEREAS, the execution and delivery of this Second Supplemental Indenture has been authorized by a Board Resolution of the Board of Directors of the Corporation; and

WHEREAS, all conditions precedent and requirements necessary to make this Second Supplemental Indenture a valid and legally binding instrument in accordance with its terms have been

complied with, performed and fulfilled and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and intending to be legally bound hereby, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Securities, as follows:

ARTICLE ONE

REPRESENTATIONS OF THE CORPORATION

The Corporation represents and warrants to the Trustee as follows:

SECTION 1.1. The Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

SECTION 1.2. The execution, delivery and performance by the Corporation of this Second Supplemental Indenture has been authorized and approved by all necessary corporate action on the part of the Corporation.

ARTICLE TWO

AMENDMENTS

SECTION 3.1. The definition of "Senior Indebtedness" contained in Section 1.01 of the Indenture is hereby amended in its entirety to read as follows:

"Senior Indebtedness:

The term "Senior Indebtedness" shall mean the principal of and premium, if any, and interest on (i) all indebtedness of the Corporation for money borrowed, whether outstanding on the date of execution of this Indenture or thereafter created, assumed or incurred, except (A) Securities (whether outstanding on October 8, 1996 or thereafter issued under this Indenture); (B) the Corporation's 6-1/2% Subordinated Debentures Due 2009, the Corporation's 7-7/8% Subordinated Debentures Due 2006, the Corporation's 7-1/8% Subordinated Debentures Due 2005, the Corporation's Floating Rate Notes Due 2003, the Corporation's 7-5/8% Subordinated Notes Due 2003, the Corporation's 8-1/2% Subordinated Notes Due 2002, the Corporation's 8-1/8% Subordinated Notes Due 2002, the

Corporation's 8-5/8% Subordinated Debentures Due 2002, the Corporation's 10-1/8% Subordinated Capital Notes Due 2000, the Corporation's 9-3/4% Subordinated Capital Notes Due 1999, the Corporation's 10-3/8% Subordinated Notes Due 1999, the Corporation's 8.50% Subordinated Capital Notes Due 1999, the Corporation's Floating Rate Subordinated Notes Due 1998 and the Corporation's Floating Rate Subordinated Notes Due 1997, all of which rank pari passu in right of payment with the Securities, subject to the subordination provisions set forth in Article Sixteen; (C) the Corporation's Floating Rate Subordinated Notes Due 2009, the Corporation's Floating Rate Subordinated Notes Due 2000 and the Corporation's Floating Rate Subordinated Notes Due 1997; all of which rank pari passu with the Securities, subject to the subordination provisions set forth in Article Sixteen; (D) all securities issued pursuant to that certain Amended and Restated Indenture, dated as of September 1, 1993, between the Corporation (as successor by merger to The Chase Manhattan Corporation) and First Trust of New York, National Association, as Trustee, as the same may be amended, supplemented or otherwise modified from time to time; all of which rank pari passu with the Securities, subject to the subordination provisions set forth in Article Sixteen; and (E) such other indebtedness of the Corporation as is by its terms expressly stated to be not superior in right of payment to the Securities or to rank pari passu in right of payment with the Securities, and (ii) any deferrals, renewals or extensions of any such Senior Indebtedness. The term "indebtedness of the Corporation for money borrowed" means any obligation of, or any obligation guaranteed by, the Corporation for the repayment of money borrowed, whether or not evidenced by bonds, debentures, notes or other written instruments, and any deferred obligation for payment of the purchase price of property or assets."

SECTION 3.2. Except as amended hereby, the Indenture and the Securities are in all respects ratified and confirmed and all the terms thereof shall remain in full force and effect and the Indenture, as so amended, shall be read, taken and construed as one and the same instrument.

ARTICLE FOUR

APPOINTMENT OF AUTHENTICATING AGENT

SECTION 4.1. Pursuant to Section 8.14 of the Indenture, the Trustee hereby appoints The Chase Manhattan Bank as an Authenticating Agent for all series of the Securities. The Chase Manhattan Bank shall have all powers and authority and be entitled to take all actions as set forth in Section 8.14 of the Indenture.

ARTICLE FIVE

MISCELLANEOUS

SECTION 5.1. The Trustee accepts the modification of the Indenture effected by this Second Supplemental Indenture, but only upon the terms and conditions set forth in the Indenture. Without limiting the generality of the foregoing, the Trustee assumes no responsibility for the correctness of the recitals herein contained, which shall be taken as the statements of the Corporation. The Trustee makes no representation and shall have no responsibility as to the validity and sufficiency of this Second Supplemental Indenture.

SECTION 5.2. If and to the extent that any provision of this Second Supplemental Indenture limits, qualifies or conflicts with another provision included in this Second Supplemental Indenture, or in the Indenture, which is required to be included in this Second Supplemental Indenture or the Indenture by any of the provisions of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, as amended, such required provision shall control.

SECTION 5.3. Nothing in this Second Supplemental Indenture is intended to or shall provide any rights to any parties other than those expressly contemplated by this Second Supplemental Indenture.

SECTION 5.4. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Indenture.

SECTION 5.5. THIS SECOND SUPPLEMENTAL INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 5.6. This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 5.7. Upon execution and delivery hereof by the parties hereto, this Second Supplemental Indenture shall become effective as of the date first above written.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested all as of the day and year first above written.

THE CHASE MANHATTAN CORPORATION

By/s/ DEBORAH L. DUNCAN

Name: Deborah L. Duncan
Title: Executive Vice President and Treasurer

(Corporate Seal)
Attest:

/s/ SUSAN S. SPAGNOLA
- ---

FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION, as Trustee

By/s/ ALFIA MONASTRA

Name: Alfia Monastra
Title: Assistant Vice President

(Corporate Seal)
Attest:

/s/ WARD SPOONER
- ---

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 17th day of October, 1996, before me, the undersigned officer, personally appeared Deborah L. Duncan, who acknowledged herself to be the Executive Vice President and Treasurer of THE CHASE MANHATTAN CORPORATION, a corporation, and that she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by herself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ JOSEPH R. BEATTIE

Notary Public

[SEAL]

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 17th day of October, 1996, before me, the undersigned officer, personally appeared Alfia Monastra, who acknowledged herself to be an Assistant Vice President of FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION, a national banking association, and that she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the association by herself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ JOANNE E. ILSE

Notary Public

[SEAL]

Exhibit 4.3(c)

THE CHASE MANHATTAN CORPORATION

AND

U.S. BANK TRUST NATIONAL ASSOCIATION,

as Trustee

THIRD SUPPLEMENTAL INDENTURE

Dated as of December 29, 2000

to

INDENTURE

Dated as of April 1, 1987
Amended and Restated
as of December 15, 1992, as amended

SUBORDINATED DEBT SECURITIES

THIRD SUPPLEMENTAL INDENTURE, dated as of December 29, 2000, between, THE CHASE MANHATTAN CORPORATION, a Delaware corporation (the "Corporation"), and U.S. BANK TRUST NATIONAL ASSOCIATION (formerly known as First Trust of New York, National Association), a national banking association, as successor to Morgan Guaranty Trust Company of New York, a New York banking corporation, as trustee (the "Trustee", which term shall include any successor trustee appointed pursuant to Article Eight of the Indenture hereafter referred to).

WHEREAS, the Corporation and the Trustee have heretofore executed and delivered a certain Indenture, dated as of April 1, 1987, as amended by a First Supplemental Indenture, dated as of October 27, 1988, as amended and restated as of December 15, 1992, and by a Second Supplemental Indenture, dated as of October 8, 1996 (as so amended, the "Indenture"; capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture), providing for the issuance from time to time of Securities;

WHEREAS, the Corporation and J.P. Morgan & Co. Incorporated ("J.P. Morgan") have entered into an Agreement and Plan of Merger, dated as of September 12, 2000 (the "Merger Agreement"), which contemplates the execution and filing of a Certificate of Merger on the date hereof providing for the merger (effective December 31, 2000) of J.P. Morgan with and into the Corporation, with the Corporation continuing its corporate existence under Delaware law under the name "J.P. Morgan Chase & Co.";

WHEREAS, Section 11.01(j) of the Indenture provides, among other things, that, without the consent of the holders of any Securities, the Corporation, when authorized by a resolution of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental to the Indenture to make such provisions in regard to matters or questions arising under the Indenture which the Board of Directors may deem necessary or desirable and which shall not adversely affect in any material respect the interests of the holders of the Securities;

WHEREAS, the Corporation desires and has requested that the Trustee join in the execution of this Third Supplemental Indenture for the purpose of amending certain provisions of the Indenture as hereinafter set forth;

WHEREAS, the execution and delivery of this Third Supplemental Indenture has been authorized by resolutions of the boards of directors of the Corporation; and

WHEREAS, all conditions precedent and requirements necessary to make this Third Supplemental Indenture a valid and legally binding instrument in accordance with its terms have been complied with, performed and fulfilled and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and intending to be legally bound hereby, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of Securities, as follows:

ARTICLE ONE

REPRESENTATIONS OF THE CORPORATION

The Corporation represents and warrants to the Trustee as follows:

SECTION 1.1. The Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

SECTION 1.2. The execution, delivery and performance by the Corporation of this Third Supplemental Indenture have been authorized and approved by all necessary corporate action on the part of it.

ARTICLE TWO

AMENDMENTS

SECTION 2.1. The definition of "Senior Indebtedness" contained in Section 1.01 of the Indenture is hereby amended in its entirety to read as follows:

> "'Senior Indebtedness' of the Corporation means the principal of, premium, if any, and interest on: (i) all indebtedness of the Corporation for money borrowed, whether outstanding on the date of execution of this Indenture or thereafter created, assumed or incurred, except (A) the Securities; (B) all securities issued pursuant to the Amended and Restated Indenture, dated as of September 1, 1993, as amended by the First Supplemental Indenture, dated as of March 29, 1996, the Second Supplemental Indenture, dated as of October 8, 1996, and the Third Supplemental Indenture, dated as of December 29, 2000, between the Corporation (as successor-by-merger to The Chase Manhattan Corporation, a Delaware corporation) and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), a national banking association, as successor to Chemical Bank, a New York banking corporation, as the same may be further amended, supplemented or otherwise modified from time to time; (C) all securities issued pursuant to the Indenture, dated as of March 1, 1993, as amended by the First Supplemental Indenture, dated as of December 29, 2000, between the Corporation (as successor-by-merger to J.P. Morgan & Co. Incorporated, a Delaware corporation) and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), a national banking association, as successor to Citibank, N.A., a national banking association, as the same may be further amended, supplemented or otherwise modified from time to time; (D) all securities issued pursuant to the Indenture, dated as of December 1, 1986, as amended by the First Supplemental Indenture, dated as of May 12, 1992, and the Second Supplemental Indenture, dated as of December 29, 2000, between the Corporation (as successor-by-merger to J.P. Morgan & Co. Incorporated, a Delaware corporation) and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), a national banking association, as successor to Citibank, N.A., a national banking association, as the same may be further amended, supplemented or otherwise modified from time to time; and (E) such other indebtedness as is by its terms expressly stated not to be superior in right of payment to, or to rank pari passu with, the Securities

or the other securities referred to in clauses (B) through (D); and (ii) any deferrals, renewals or extensions of any such Senior Indebtedness. The term "indebtedness of the Corporation for money borrowed" means any obligation of, or any obligation guaranteed by, the Corporation for the repayment of money borrowed, whether or not evidenced by bonds, debentures, notes or other written instruments, and any deferred obligation for the payment of the purchase price of property or assets. The Securities shall rank pari passu with the securities referred to in clauses (i)(B) through (i)(D) above, subject to the subordination provisions of Article Sixteen."

SECTION 2.2. Except as amended hereby, the Indenture and the Securities and Coupons are in all respects ratified and confirmed and all the terms thereof shall remain in full force and effect and the Indenture, as so amended, shall be read, taken and construed as one and the same instrument.

ARTICLE THREE

MISCELLANEOUS

SECTION 3.1. The Trustee accepts the modification of the Indenture effected by this Third Supplemental Indenture, but only upon the terms and conditions set forth in the Indenture. Without limiting the generality of the foregoing, the Trustee assumes no responsibility for the correctness of the recitals herein contained, which shall be taken as the statements of the Corporation. The Trustee makes no representation and shall have no responsibility as to the validity and sufficiency of this Third Supplemental Indenture.

SECTION 3.2. If and to the extent that any provision of this Third Supplemental Indenture limits, qualifies or conflicts with another provision included in this Third Supplemental Indenture or in the Indenture that is required to be included in this Third Supplemental Indenture or the Indenture by any of the provisions of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

SECTION 3.3. Nothing in this Third Supplemental Indenture is intended to or shall provide any rights to any parties other than those expressly contemplated by this Third Supplemental Indenture.

SECTION 3.4. This Third Supplemental Indenture shall be deemed to be a contract made under the laws of the State of New York, and for all purposes shall be governed by and construed in accordance with the laws of said State.

SECTION 3.5. This Third Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 3.6. This Third Supplemental Indenture shall become effective as of the Effective Time (as defined in the Merger Agreement).

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested all as of the day and year first above written.

THE CHASE MANHATTAN
CORPORATION

By_____
Name:
Title:

(Corporate Seal)

Attest:

_____
Assistant Secretary

U.S. BANK TRUST NATIONAL
ASSOCIATION, as Trustee

By_____
Name:
Title:

(Corporate Seal)

Attest:

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this ____ day of December, 2000, before me, the undersigned officer, personally appeared Marc J. Shapiro, who acknowledged himself to be the Vice Chairman, Finance, Risk Management and Administration of THE CHASE MANHATTAN CORPORATION, a Delaware corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this ___ day of December, 2000, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be _____ of U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the association by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

[SEAL]

Exhibit 4.4(a)

The Chase Manhattan Corporation,

to

Chemical Bank,
Trustee

AMENDED AND RESTATED INDENTURE

Dated as of September 1, 1993

(Including the Third Supplemental Indenture,
dated as of September 1, 1993)

Providing for the Issuance of Subordinated Debt Securities

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SUBORDINATION OF SECURITIES

INDENTURE, dated as of September 1, 1993 (the "Indenture"), among THE CHASE MANHATTAN CORPORATION, a Delaware corporation (hereinafter called the "Company"), having its principal office located at 1 Chase Manhattan Plaza, New York, New York 10081, and CHEMICAL BANK, a corporation organized and existing under the laws of the State of New York, as Trustee (hereinafter called the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its subordinated debt securities consisting of debentures, notes or other unsecured evidences of indebtedness (hereinafter called the "Securities"), to be issued in one or more series as provided in the Indenture.

The Company has heretofore executed and delivered an Indenture between the Company and the Trustee dated as of May 1, 1987 (the "Original Indenture") and supplements to the Original Indenture in the form of a First Supplemental Indenture, dated as of May 1, 1991 and a Second Supplemental Indenture, dated as of October 1, 1992 (such First and Second Supplemental Indentures, together with the Original Indenture, being referred to as the "Supplemented Indenture").

Section 901(3) of the Original Indenture provides that a supplemental indenture may be entered into by the Company and the Trustee without the consent of any Holders of Securities to add to or to change any of the provisions of the Original Indenture to permit or facilitate the issuance of Securities in bearer form.

Section 901(9) of the Original Indenture provides, inter alia that a supplemental indenture may be entered into by the Company and the Trustee without consent of any Holders of Securities to make provision with respect to matters or question arising under the Original Indenture, provided such action shall not adversely affect the interests of the Holders of Securities of any series in any material respect.

The Company deems it advisable to amend the Original Indenture pursuant to a Third Supplemental Indenture, dated as of September 1, 1993, the provisions of which shall be applicable only to Securities issued on or after September 1, 1993 (other than the provisions that reflect the requirements of the Trust Indenture Act). Also as of September 1, 1993, the Company restates this Indenture pursuant to the terms and provisions of this Indenture as supplemented by such First, Second and Third Supplemental Indentures, each difference between the Supplemented Indenture and the Indenture as restated herein being pursuant to the terms and provisions of said Third Supplemental Indenture.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof or Coupons (as herein defined) appertaining to the Securities of any series, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; and

(4) the words "herein", "hereof, "hereto" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

Certain terms, used principally in Article Six are defined in that Article.

"Act", when used with respect to any Holder, has the meaning specified in Section 104.

"Additional Amounts" means any additional amounts which are required hereby or by any Security, under circumstances specified herein or therein, to be paid by the Company in respect of certain taxes imposed on Holders specified therein and which are owing to such Holders.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or

indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have the meanings correlative to the foregoing.

"Applicable Percentage" has the meaning specified in Section 301(15).

"Authenticating Agent" means any Person authorized by the Trustee to act on behalf of the Trustee to authenticate Securities.

"Authorized Newspaper" means a newspaper, in an official language of the place of publication or in the English language, customarily published on each day that is a Business Day in the place of publication, whether or not published on days that are Legal Holidays in the place of publication, and of general circulation in each place in connection with which the term is used or in the financial community of each such place. Where successive publications are required to be made in Authorized Newspapers, the successive publications may be made in the same or in different newspapers in the same city meeting the foregoing requirements and in each case on any day that is a Business Day in the place of publication.

"Authorized Officer" means the Chairman of the Board, the President, any Vice Chairman of the Board or any Vice President, or the Treasurer, any Assistant Treasurer, the Secretary or any Associate Secretary or Assistant Secretary, of the Company.

"Available Funds" has the meaning specified in Section 1401.

"Bank" means The Chase Manhattan Bank (National Association), a national banking association incorporated under the laws of the United States and any successor thereto.

"Bearer Security" means any Security in the form established pursuant to Section 201 which is payable to bearer.

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of that board, and shall include, in connection with any action or matter arising hereunder, any one or more officers of the Company duly authorized by the board of directors of the Company or any such committee to act thereon.

"Board Resolution" means a copy of a resolution or document, certified by the Secretary, an Associate Secretary or an Assistant Secretary of the Company to have been duly adopted, approved or authorized by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" with respect to any Place of Payment means, except as otherwise specified in the terms of Securities of any series established as provided in Section 301, any day, other than a Saturday or Sunday, on which banking institutions in that Place of Payment are open for business.

"Capital Securities" means any securities issued by the Company which consist of any one of the following: (i) Common Stock, (ii) Perpetual Preferred Stock, or (iii) other securities which at the date of issuance constitute primary capital of the Company under regulations of or as determined by the Primary Federal Regulator, provided that if any securities under (iii) are (x) issued in exchange for Securities under this Indenture and (y) debt obligations for which Capital Securities are exchangeable, the Company shall have received the approval of the Primary Federal Regulator for such issuance. Capital Securities may have such terms, rights and preferences as may be determined by the Company.

"Capital Security Election Form" means a form substantially in the form included in Section 1307.

"Capital Stock of the Bank" means the capital stock, par value $15.00 per share, of the Bank as such capital stock exists on May 1, 1987 and such other shares of stock of the Bank as shall have ordinary power to vote for election of directors of the Bank and shall not have any preference as to distribution of assets upon any dissolution or winding up of the Bank.

"Cash Election Holders" means Holders who do not elect in accordance with the procedures described in this Indenture to receive Capital Securities and who are deemed to have elected to receive cash instead of such Capital Securities.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Common Depositary" has the meaning specified in Section 304.

"Common Stock" includes any stock of any class of the Company which has no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not subject to redemption by the Company.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor corporation.

"Company Request" or "Company Order" mean a written request or order signed in the name of the Company by its Chairman of the Board, its President, any Vice Chairman of the Board or any Vice President, and by its Treasurer, an Assistant Treasurer, an Associate Secretary, its Secretary or an Assistant Secretary, and delivered to the Trustee.

"Corporate Trust Office" means the principal office of the Trustee in the Borough of Manhattan, The City of New York, at which at any particular time its corporate trust business

shall be administered, which office, at the date of execution of this instrument, is located at 450 West 33rd Street, New York, New York 10001.

"Coupon" means any interest coupon appertaining to a Bearer Security.

"Currency" or "Money", with respect to any payment, deposit or other transfer in respect of the principal of or any premium or interest on or any Additional Amounts with respect to any Security, means the unit or units of legal tender for the payment of public and private debts (or any composite thereof) in which such payment, deposit or other transfer is required to be made by or pursuant to the terms hereof and, with respect to any other payment, deposit or transfer pursuant to or contemplated by the terms hereof, means Dollars.

"Currency Indexed Note" means any Security with the amount of principal payments determined by reference to an index Currency.

"Default" has the meaning specified in Section 503.

"Defaulted Interest" has the meaning specified in Section 307.

"Dollars" or "$" means a dollar or other equivalent unit of legal tender for payment of public or private debts in the United States of America except as may otherwise be provided in any Security.

"Event of Default" has the meaning specified in Section 501.

"Event Relating to Federal Income Taxes" has the meaning specified in Section 1302.

"Exchange Agent" means the Person or Persons appointed by the Company to give notices and to exchange Capital Securities for Securities of any series as specified in Article Thirteen.

"Exchange Date", when used with respect to Securities of any series, means the date on which Capital Securities are to be exchanged for Securities of such series in accordance with the terms of this Indenture and the terms of the Securities of such series and shall be (i) the Stated Maturity of Securities of such series, or (ii) any earlier date resulting from an acceleration of the date of any such exchange by the Company pursuant to the second paragraph of Section 1302, or (iii) the date of any such exchange established as provided in the third paragraph of Section 1302.

"Exchange Price", when used with respect to a Security of any series for which Capital Securities are to be exchanged, means the amount of Capital Securities to be exchanged for such Security pursuant to this Indenture or the aggregate sale price of such Capital Securities in the Secondary Offering for the account of the Holder of such Security, as the case may be.

"Global Exchange Date" has the meaning specified in Section 304.

"Holder" means, in the case of a Registered Security, a Person in whose name a Security is registered in the Security Register and, in the case of any Bearer Security or any Coupon, the bearer thereof.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and, shall include the terms of particular series of Securities established as provided in Section 301; provided, however, that, if at any time more than one Person is acting as Trustee under this instrument, "Indenture" shall mean, with respect to any one or more series of Securities for which such Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of the particular series of Securities for which such Person is Trustee established as contemplated by Section 301, exclusive, however, of any provisions or terms which relate solely to other series of Securities for which such Person is Trustee, regardless of when such terms or provisions were adopted, and exclusive of any provisions or terms adopted by means of one or more indentures supplemental hereto executed and delivered after such Person had become such Trustee but to which such Person, as such Trustee, was not a party.

"Independent Public Accountants" means accountants or a firm of accountants that, with respect to the Company and any other obligor under the Securities or the Coupons, are independent public accountants within the meaning of the Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission thereunder, who may be the independent public accountants regularly retained by the Company or who may be other independent public accountants. Such accountants or firm shall be entitled to rely upon any Opinion of Counsel as to the interpretation of any legal matters relating to the Indenture or certificates required to be provided hereunder.

"Indexed Security" means a Security the terms of which provide that the principal amount thereof payable at Stated Maturity may be more or less than the principal face amount thereof at original issuance.

"interest", when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity and, with respect to any Security which provides for the payment of Additional Amounts pursuant to Section 1008, includes such Additional Amounts.

"Interest Payment Date", when used with respect to any Security, means the Stated Maturity of an instalment of interest on such Security.

"Legal Holiday", except as may be provided herein or in any Security with respect to any Place of Payment or other location, means a Saturday, a Sunday or a day on which banking

institutions or trust companies in such Place of Payment or other location are not authorized or obligated to be open.

"Market Value" of any Capital Securities issued on any Exchange Date for Securities of any series shall be the sale price of such Capital Securities as are sold in the Secondary Offering for the account of the Holders of the Securities of such series. In the event no such Secondary Offering takes place, the Market Value of such Capital Securities shall be the fair value of such Capital Securities on such Exchange Date as determined by three independent nationally recognized investment banking firms selected by the Company.

"Maturity", when used with respect to any Security, means the date on which the principal of such Security or an instalment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Office or Agency", with respect to any Securities, means an office or agency of the Company maintained or designated in a Place of Payment for such Securities pursuant to Section 1002 or any other office or agency of the Company maintained or designated for such Securities pursuant to Section 1002 or, to the extent designated or required by Section 1002 in lieu of such office or agency, the Corporate Trust Office of the Trustee.

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the President, any Vice Chairman of the Board, or any Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary, an Associate Secretary or an Assistant Secretary of the Company, that complies with the requirements of Section 314(e) of the Trust Indenture Act, if applicable, and is delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may (except as otherwise expressly provided in this Indenture) be counsel for the Company or other counsel acceptable to the Trustee, that complies with the requirements of Section 314(e) of the Trust Indenture Act, if applicable.

"Optional Available Funds" has the meaning specified in Section 1310.

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502.

"Outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities for whose payment, redemption or exchange of Capital Securities therefor, Money and Capital Securities, in each case in the necessary amount, have been theretofore deposited with the Trustee or any Paying Agent (other than the Company) or any Exchange Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent or Exchange Agent) for the Holders of such Securities and any Coupons appertaining thereto, provided that, if such Securities are to be redeemed or Capital Securities are to be exchanged therefor, notice of such redemption or exchange has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities held by the Exchange Agent after Capital Securities have been exchanged therefor; and

(iv) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent, waiver or other action hereunder, or are present at a meeting of Holders of Securities for quorum purposes and for purposes of making the calculations required by Section 313 of the Trust Indenture Act, (i) the principal amount of an Original Issue Discount Security that may be counted in making such determination and that shall be deemed to be Outstanding for such purposes shall be equal to the amount of the principal thereof that would be due and payable upon a declaration of acceleration thereof pursuant to Section 502 at the time of such determination or calculation, and (ii) the principal amount of any Indexed Security that may be counted in making such determination and that shall be deemed Outstanding for such purpose shall be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided in or pursuant to this Indenture, and (iii) the principal amount of any Security denominated other than in Dollars that may be counted in making such determination or calculation and that shall be deemed Outstanding for such purpose shall be equal to the Dollar equivalent, determined by the Company as of the date such Security is originally issued by the Company, of the principal amount (or, in the case of an Original Issue Discount Security, the Dollar equivalent as of such date of original issuance of the amount determined as provided in clause (i) above) of such Security, and (iv) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor, other than Securities issued after May 1, 1991 purchased in connection with the distribution or trading thereof, shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver, or other action, or upon any such determination as to the

presence of a quorum, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on, or any Additional Amounts with respect to, any Security or any Coupon on behalf of the Company.

"Perpetual Preferred Stock" means any stock of any class of the Company which has a preference over Common Stock in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not mandatorily redeemable or repayable, or redeemable or repayable at the option of the Holder, otherwise than in shares of Common Stock or Perpetual Preferred Stock of another class or series or with the proceeds of the sale of Common Stock or Perpetual Preferred Stock.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Place of Payment", when used with respect to the Securities of any series, means the place or places where the principal of, (and premium, if any) and interest, if any, on, or any Additional Amounts with respect to, the Securities of that series are payable as specified as contemplated by Section 301.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security or any Security to which a mutilated, destroyed, lost or stolen Coupon appertains shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security or the Security to which a mutilated, destroyed, lost or stolen Coupon appertains.

"Primary Federal Regulator" means the Board of Governors of the Federal Reserve System of the United States or any successor United States governmental agency or instrumentality performing substantially the same regulatory function with respect to the Company and the adequacy of its capital as said Board of Governors performs on the date hereof.

"ranking on a parity with the Securities", when used with respect to any obligation of the Company, shall mean the Floating Rate Subordinated Notes Due 1995, the Floating Rate Subordinated Notes Due 1997, the Floating Rate Subordinated Notes Due 2000, the Floating Rate Subordinated Notes Due 2009, the 7 1/2% Subordinated Notes Due 1997, the 10%

Subordinated Notes Due 1999, the 8% Subordinated Notes Due 1999, the 7 3/4% Subordinated Notes due 1999, the Floating Rate Subordinated Notes Due 2000, the 9 3/8% Subordinated Notes Due 2001, the 9 3/4% Subordinated Notes Due 2001, the 7.50% Subordinated Notes Due 2003, the Floating Rate Subordinated Notes Due 2003, the 6.50% Subordinated Notes Due 2005, the Floating Rate Subordinated Notes Due August 1, 2003 and the 6.75% Subordinated Notes Due 2008, issued by the Company and any other obligation of the Company which (a) ranks equally with and not prior to the Securities in right of payment upon the happening of any event of the kind specified in the first sentence of the first paragraph of Section 1201, and (b) is specifically designated as ranking on a parity with the Securities by express provision in the instrument creating or evidencing such obligation.

"ranking junior to the Securities", when used with respect to any obligation of the Company, shall mean any obligation of the Company which (a) ranks junior to and not equally with or prior to the Securities (and any other obligations of the Company ranking on a parity with the Securities) in right of payment upon the happening of any event of the kind specified in the first sentence of the first paragraph of Section 1201, and (b) is specifically designated as ranking junior to the Securities by express provision in the instrument creating or evidencing such obligation.

The securing of any obligations of the Company, otherwise ranking on a parity with or junior to the Securities, shall not be deemed to prevent such obligations from constituting obligations ranking on a parity with or junior to the Securities.

"Redemption Date", when used with respect to any Security or portion thereof to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture or such Security.

"Redemption Price", when used with respect to any Security or portion thereof to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture or such Security.

"Registered Security" means any Security in the form established pursuant to Section 201 which is registered in the Security Register.

"Regular Record Date", for the interest payable on any Interest Payment Date on Registered Securities of any series, means the date specified for that purpose in the terms of the Securities of such series established as provided in Section 301.

"Responsible Officer", when used with respect to the Trustee, means the chairman of the board of directors, the chairman or the vice chairman of the executive committee of the board of directors, the president, any vice chairman, the chairman of the trust committee, any executive vice president, any senior vice president, any vice president, any assistant vice president, the secretary, any assistant secretary, the cashier, any trust officer, any assistant trust officer, or any other officer or assistant officer of the Trustee customarily performing functions

similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Secondary Offering", when used with respect to Capital Securities exchanged for Securities of any series, means the offering and sale by the Company of such Capital Securities for the account of Cash Election Holders.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture; provided, however, that, if at any time there is more than one Person acting as Trustee under this Indenture, "Securities", with respect to any such Person, shall mean Securities authenticated and delivered under this Indenture, exclusive, however, of Securities of any series as to which such Person is not Trustee.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 305.

"Senior Indebtedness of the Company" shall mean the obligations of the Company to its creditors other than the Holders of the Securities, whether outstanding on the date of execution of this Indenture or thereafter incurred, except obligations ranking on a parity with the Securities or ranking junior to the Securities.

"Special Record Date" for the payment of any Defaulted Interest on any Registered Security means a date fixed by the Trustee pursuant to Section 307.

"Stated Maturity", when used with respect to any Security or any instalment of principal thereof or interest thereon or any Additional Amounts with respect thereto, means the date specified in such Security or a Coupon representing such instalment of interest, as the date on which the principal of such Security or such instalment of principal or interest is or such Additional Amounts are due and payable.

"Subsidiary" or "subsidiary" means any corporation at least a majority of whose outstanding voting stock shall at the time be owned by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries. For this purpose "voting stock" of any corporation means stock of any class or classes (however designated), including any and all shares, interests, participations and other equivalents (however designated) of corporate stock, having ordinary voting power for the election of a majority of the directors of such corporation, other than stock having such power only by reason of the happening of a contingency.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such with respect to the Securities of one or more series pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is

more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to the Securities of that series.

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended, and any reference herein to the Trust Indenture Act or a particular provision thereof shall mean such Act or provision, as the case may be, as amended or replaced from time to time or as supplemented from time to time by rules or regulations adopted by the Commission under or in furtherance of the purposes of such Act or provision, as the case may be.

"United States", except as otherwise provided herein or in any Security, means the United States of America (including the states thereof and the District of Columbia), its territories and possessions and other areas subject to its jurisdiction.

"United States Alien", except as otherwise provided in or pursuant to this Indenture, means any Person who, for United States Federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States Federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

"U.S. Depository" means, with respect to the Securities of any series issuable or issued in whole or in part in the form of one or more global Securities, the Person designated as U.S. Depository by the Company pursuant to Section 301, which must be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and, if so provided pursuant to Section 301 with respect to the Securities of any series, any successor to such Person. If at any time there is more than one such Person, "U.S. Depository" shall mean, with respect to any series of Securities, the qualifying entity which has been appointed with respect to the Securities of that series.

"Vice President", when used with respect to the Company, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

Section 102. Compliance Certificates and Opinions.

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include

(1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing, or by any Person duly authorized by means of any written certification or other authorization furnished by a U.S. Depository. Any request, demand, authorization, direction, notice, consent, waiver or other action provided in or pursuant to this Indenture to be given or taken by Holders of Securities of any series may, alternatively, be embodied in and evidenced by the record of Holders of Securities of such series voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders of Securities of such series duly called and held in accordance with the provisions of Article Sixteen, or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders of Securities signing such instrument or instruments or, in the case of the U.S. Depository, furnishing the written certification or other authorization pursuant to which such instrument or instruments are signed, or so voting at any such meeting. Proof of execution of any such instrument, any writing appointing any such agent, or authorizing any such Person or any such written certification, or of the holding by any Person of a Security, shall be sufficient for any purpose of this Indenture and (subject to Section 315 of the Trust Indenture Act) conclusive in favor of the Trustee and the Company if made in the manner provided in this Section. The record of any meeting of Holders of Securities shall be proved in the manner provided in Section 1606.

Without limiting the generality of this Section 104, unless otherwise established in or pursuant to a Board Resolution or set forth or determined in an Officers' Certificate, or established in one or more indentures supplemental hereto, pursuant to Section 301, a Holder, including a U.S. Depository that is a Holder of a global Security, may make, give or take, by a proxy or proxies, duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in or pursuant to this Indenture to be made, given or taken by Holders, and a U.S. Depository that is a Holder of a global Security may provide its proxy or proxies to the beneficial owners of interests in any such global Security through such U.S. Depository's standing instructions and customary practices.

The Trustee shall fix a record date for the purpose of determining the Persons who are beneficial owners of interest in any permanent global Security held by a U.S. Depository entitled under the procedures of such U.S. Depository to make, give or take, by a proxy or proxies duly appointed in writing, any request, demand, authorization, direction, notice, consent, waiver or other action provided in or pursuant to this Indenture to be made, given or taken by Holders. If such a record date is fixed, the Holders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such request, demand,

authorization, direction, notice, consent, waiver or other action, whether or not such Holders remain Holders after such record date. No such request, demand, authorization, direction, notice, consent, waiver or other action shall be valid or effective if made, given or taken more than 90 days after such record date.

(b) The fact and date of the execution by any Person of any such instrument, writing or certification may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument, writing or certification acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership, principal amount and serial numbers of Registered Securities held by any Person, and the date of the commencement and the date of the termination of holding the same, shall be proved by the Security Register.

(d) The ownership, principal amount and serial numbers of Bearer Securities held by any Person, and the date of the commencement and the date of the termination of holding the same, may be proved by the production of such Bearer Securities or by a certificate executed, as depositary, by any bank, banker or other depositary reasonably acceptable to the Company, wherever situated, if such certificate shall be deemed by the Company and the Trustee to be satisfactory, showing that at the date therein mentioned such Person had on deposit with such depositary, or exhibited to it, the Bearer Securities therein described; or such facts may be proved by the certificate or affidavit of the Person holding such Bearer Securities, if such certificate or affidavit is deemed by the Trustee to be satisfactory. The Trustee and the Company may assume that such ownership of any Bearer Security continues until (1) another certificate or affidavit bearing a later date issued in respect of the same Bearer Security is produced, or (2) such Bearer Security is produced to the Trustee by some other Person, or (3) such Bearer Security is surrendered in exchange for a Registered Security, or (4) such Bearer Security is no longer Outstanding. The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Securities held by the Person so executing such instrument or writing and the date of commencement and the date of termination of holding the same may also be proved in any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section.

(e) If the Company shall solicit from the Holders of any Registered Securities any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may at its option (but is not obligated to), by Board Resolutions, fix in advance a record date for the determination of Holders of Registered Securities entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act. If such a record date is fixed,

such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of Registered Securities of record at the close of business on such record date shall be deemed to be Holders of Registered Securities for the purpose of determining whether Holders of the requisite proportion of Outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Registered Securities shall be computed as of such record date; provided that no such authorization, agreement or consent by the Holders of Registered Securities on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

(f) Any request, demand, authorization, direction, notice, consent, waiver or other action of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, any Security Registrar, any Paying Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

Section 105. Notices, Etc. to Trustee and Company.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trustee Administration Department or

(2) the Company by the Trustee or any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class mail, postage prepaid, to the Company addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company.

Section 106. Notice to Holders; Waiver.

Where this Indenture or the Securities provide for notice to Holders of any event, such notice shall be sufficiently given to Holders of Registered Securities or to the Holders of Bearer Securities who have filed their names and addresses with the Trustee within two years preceding the giving of such notice (unless otherwise expressly provided herein or in the Securities) if in writing and mailed, first-class postage prepaid, to each Holder of a Registered Security or to

each such Holder of such Bearer Security affected by such event, at his address as it appears in the Security Register or in such filing, as the case may be, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. Except as provided in the preceding sentence, such notice shall be sufficiently given to Holders of Bearer Securities and any Coupons appertaining thereto, if any, if published in an Authorized Newspaper in The City of New York and, if such Securities are then listed on any stock exchange outside the United States, in an Authorized Newspaper in such city as the Company shall advise the Trustee that such stock exchange so requires or if not practicable, elsewhere in Europe, on a Business Day at least twice, the first such publication to be not earlier than the earliest date and not later than the latest date prescribed for the giving of such notice.

In any case where notice to Holders of Registered Securities is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder of a Registered Security shall affect the sufficiency of such notice with respect to other Holders of Registered Securities or the sufficiency of any notice to Holders of Bearer Securities given as provided herein.

Where this Indenture or the Securities provide for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of Securities shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of publication of any Authorized Newspaper or by reason of any other cause, it shall be impossible or impracticable to make publication of any notice in an Authorized Newspaper or Authorized Newspapers when said notice is required to be published pursuant to any provision of this Indenture or of the Securities, then any manner of publication or notification as shall be satisfactory to the Trustee shall be deemed to be a sufficient publication of such notice.

In case, by reason of the suspension of or irregularities in regular mail service or by reason of any other cause, it shall be impossible or impracticable to mail notice of any event to Holders of Registered Securities when said notice is required to be given pursuant to any provision of this Indenture or of the Securities, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Section 107. Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with another provision hereof which is deemed to be incorporated in this Indenture by any of the provisions of the Trust Indenture Act, such incorporated provision shall control.

Section 108. Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

Section 110. Separability Clause.

In case any provision in this Indenture, any Security or any Coupon shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 111. Benefits of Indenture.

Except as otherwise provided in Article Twelve, nothing in this Indenture, any Security or any Coupon, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, the holders of Senior Indebtedness of the Company and the Holders of Securities or Coupons, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 112. Governing Law.

This Indenture, the Securities and any Coupons shall be governed by and construed in accordance with the laws of the State of New York.

Section 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, Exchange Date or Stated Maturity of any Securities of any series shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture, any Security or any Coupon other than a provision in any Security or Coupon that specifically states that such provision shall apply in lieu of this Section) payment of interest on or any Additional Amounts or principal of (and premium, if any, on) Securities or exchange of Capital Securities or cash for such Securities need not be made on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on such

Interest Payment Date, Redemption Date or Exchange Date or at such Stated Maturity, and no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date, Exchange Date or Stated Maturity, as the case may be.

Section 114. Language of Notices.

Any request, demand, authorization, direction, notice, consent, election or waiver required or permitted under this Indenture shall be in the English language, except that, if the Company so elects, any published notice may be in an official language of the country of publication.

ARTICLE TWO

SECURITIES FORMS

Section 201. Forms Generally.

Each Registered Security, Bearer Security, Coupon and temporary global Security shall be substantially in such form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities as evidenced by their execution of such Securities. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary, an Associate Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

Unless otherwise provided in or pursuant to this Indenture, the Securities shall be issuable in registered form without Coupons and Securities in bearer form shall have interest Coupons attached.

The definitive Securities and definitive Coupons shall be printed, lithographed or engraved on steel engraved borders or may be produced by any combination of these methods or in any other manner, all as determined by the officers executing such Securities or Coupons, as evidenced by their execution of such Securities or Coupons.

Section 202. Form of Trustee's Certificate of Authentication.

The Trustee's certificate of authentication on all Securities shall be substantially in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

CHEMICAL BANK,
as Trustee

By_____
Authorized Officer

Section 203. Securities in Global Form.

If Securities of a series shall be issuable in global form, any such Security may provide that it or any number of such Securities shall represent the aggregate amount of all Outstanding Securities of such series (or such lesser amount as is permitted by the terms thereof) from time to time endorsed thereon and may also provide that the aggregate amount of Outstanding Securities represented thereby may from time to time be increased or reduced to reflect exchanges. Any endorsement of any Security in global form to reflect the amount, or any increase or decrease in the amount, or changes in the rights of Holders, of Outstanding Securities represented thereby shall be made in such manner and by such Person or Persons as shall be specified therein or in the Company Order to be delivered pursuant to Section 303 or 304 with respect thereto. Subject to the provisions of Section 303 and, if applicable, Section 304, the Trustee shall deliver and redeliver any Security in permanent global form in the manner and upon instructions given by the Person or Persons specified therein or in the applicable Company Order. If a Company Order pursuant to Section 303 or 304 has been, or simultaneously is, delivered, any instructions by the Company with respect to a Security in global form shall be in writing but need not be accompanied by or contained in an Officers' Certificate and need not be accompanied by an Opinion of Counsel.

The provisions of the second to last sentence of Section 303 shall apply to any Security represented by a Security in global form if such Security was never issued and sold by the Company and the Company delivers to the Trustee the Security in global form together with written instructions (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) with regard to the reduction in the principal amount of Securities represented thereby, together with the written statement contemplated by the second to last sentence of Section 303.

Notwithstanding the provisions of Section 307, unless otherwise specified as contemplated by Section 301, payment of principal of and any premium and interest on any Security in permanent global form shall be made to the Person or Persons specified therein.

Notwithstanding the provisions of Section 308 and except as provided in the preceding paragraph, the Company, the Trustee and any agent of the Company and the Trustee shall treat as the Holder of such principal amount of Outstanding Securities represented by a permanent global Security (i) in the case of a permanent global Security in registered form, the Holder of such permanent global Security in registered form, or (ii) in the case of a permanent global Security in bearer form, the Person or Persons specified pursuant to Section 301.

ARTICLE THREE

THE SECURITIES

Section 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established by or pursuant to a Board Resolution and, subject to Section 303, set forth, or determined in the manner or method provided in an Officers' Certificate or in one or more indentures supplemental hereto prior to the issuance of Securities of each series:

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to Section 304, 305, 306, 906, 1107 or 1306);

(3) whether such Securities of the series are to be issuable as Registered Securities, as Bearer Securities or alternatively as Bearer Securities and Registered Securities, and whether the Bearer Securities are to be issuable with Coupons, without Coupons or both, and any restrictions applicable to the offer, sale or delivery of the Bearer Securities and the terms, if any, upon which Bearer Securities may be exchanged for Registered Securities; provided that if such Board Resolution shall fail to specify whether such Securities are to be issuable as Registered Securities, as Bearer Securities or alternatively as Bearer Securities and Registered Securities, such Securities shall be issued as Registered Securities.

(4) whether any of such Securities of the series are to be issuable initially in global form, when any of such Securities are to be issuable in global form and, if so, (i) whether beneficial owners of interests in any such global Security may exchange such interests for Securities of such series and of like tenor and of any authorized form and denomination and the circumstances under which any such exchanges may occur, If other than in the manner specified in Section 305, (ii) the name of the depository or the U.S. Depository, as the case may be, with respect to any global Security and (iii) the manner in which interest payable on a global Security will be paid;

(5) if any of such Securities are to be issuable as Bearer Securities or in global form, the date as of which any such Bearer Security or global Security shall be dated (if other than the date of original issuance of the first of such Securities to be issued);

(6) if any of such Securities are to be issuable as Bearer Securities, whether interest in respect of any portion of a temporary Bearer Security in global form (representing all of the Outstanding Bearer Securities of the series) payable in respect of an Interest Payment Date therefor prior to the exchange, if any, of such temporary Bearer Security for definitive Securities of the series shall be paid to any clearing organization with respect to the portion of such temporary Bearer Security held for its account and, in such event, the terms and conditions (including any certification requirements) upon which any such interest payment received by a clearing organization will be credited to the Persons entitled to interest payable on such Interest Payment Date;

(7) the date or dates on which the principal of the Securities of the series is payable;

(8) the rate or rates, or the method to be used in ascertaining the rate or rates, at which the Securities of the series shall bear interest, if any, the date or dates from which such interest shall accrue, the Interest Payment Dates on which such interest shall be payable and the Regular Record Date, if any, for the interest payable on Registered Securities on each Interest Payment Date, and whether and under what circumstances Additional Amounts on such Securities or any of them shall be payable and, if so, whether the Company has the option to redeem the affected Securities rather than pay such Additional Amounts;

(9) the place or places where the principal of (and premium, if any) and interest, if any, on or any Additional Amounts with respect to Securities of the series shall be payable;

(10) the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company;

(11) the period or periods within which and the terms and conditions, if any, upon which Securities of the series may be converted into other securities;

(12) the terms and conditions, if any, upon which Capital Securities shall be exchangeable for Securities of the series, including the place or places at which and the period or periods within which such Capital Securities shall be exchangeable for Securities of the series;

(13) the terms and conditions, if any, upon which the Company may designate Optional Available Funds for Securities of the series;

(14) the terms and conditions, if any, upon which the Company shall designate Available Funds for Securities of the series, including any covenant or option of the Company with respect thereto;

(15) if other than the principal amount thereof, the percentage, or the method to be used in calculating the percentage, of the principal amount of the Securities of the series to be applicable at any particular time for purposes of determining the amount of Capital Securities which shall be exchangeable for Securities of the series or the amount of cash which the Holders of Securities of the series shall be entitled to receive on account of principal (such percentage being herein referred to as the "Applicable Percentage");

(16) if other than denominations of $1,000 and any integral multiple thereof, the denominations in which Registered Securities of the series shall be issuable and the denominations in which Securities of the series that are Bearer Securities shall be issuable if other than the denomination of $5,000;

(17) if other than the principal amount thereof, the portion, or the method to be used in calculating the portion, of the principal amount of the Securities of the series at any particular time which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502;

(18) the Currency or Currencies, including any composite of Currencies, in which payment of the principal of (and premium, if any) or interest, if any, on or Additional Amounts with respect to the Securities of the series shall or may be payable (if other than Currency of the United States of America), in which case any references in this Indenture to "cash", "funds", "Money" or "sum" shall mean any such Currency or Currencies, including any composite of Currencies, as the context requires;

(19) if the principal of, any premium or interest on or any Additional Amounts with respect to any of such Securities are to be payable, at the election of the Company or a Holder thereof or otherwise in a Currency other than that in which such Securities are stated to be payable, the period or periods within which, and the other terms and

conditions upon which, such election may be made, and the time and manner of determining the exchange rate between the Currency in which such Securities are denominated or stated to be payable and the Currency in which such Securities or any of them are to be so payable;

(20) if the amount of payments of principal of (and premium, if any) or interest, if any, on or Additional Amounts with respect to the Securities of the series may be determined with reference to an index, the manner in which such amounts shall be determined;

(21) any Event of Default with respect to Securities of the series, if not set forth herein;

(22) any other terms of the Securities of the series that permit Securities of the series to qualify as primary capital of the Company under regulations of or as determined by the Primary Federal Regulator,

(23) whether there is more than one Trustee, the identity of the Trustee and, if not the Trustee, the identity of each Security Registrar, Paying Agent or Authenticating Agent with respect to such Securities; and

(24) any other terms of the Securities of the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Securities of any one series and all Coupons, if any, pertaining to Bearer Securities of such series shall be substantially identical except as to Currency of payment due thereunder, denomination and the rate or rates of interest, if any, and Stated Maturity, the date from which interest, if any, shall accrue and except as may otherwise be provided in or pursuant to such Board Resolution and (subject to Section 303) set forth, or determined in the manner or method provided, in such Officers' Certificate or in any such supplemental indenture hereto. All Securities of any one series issued after May 1, 1991 need not be issued at the same time, and unless otherwise provided, a series issued after May 1, 1991 may be reopened for issuances of additional Securities of such series or to establish additional terms of such series of Securities.

If any of the terms of the Securities of any series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be certified by the Secretary, an Associate Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificate.

Section 302. Denominations.

The Registered Securities of each series, if any, shall be issuable in registered form without Coupons in such denominations as shall be specified in the terms of the Registered

Securities of such series established as provided in Section 301. In the absence of any such provisions with respect to the Registered Securities of any series, the Registered Securities of such series shall be issuable in denominations of $1,000 and any integral multiple thereof. The Bearer Securities of each series, if any, shall be issued in such denominations as shall be specified in the terms of the Bearer Securities of such series established as provided in Section 301. In the absence of any such provision with respect to the Bearer Securities of any series, the Bearer Securities of such series shall be issuable in denominations of $5,000.

Section 303. Execution, Authentication, Delivery and Dating.

Securities shall be executed on behalf of the Company by any two of its Chairman of the Board, its President, any Vice Chairman of the Board, or any Vice President, under its corporate seal reproduced thereon. The signature of any of these officers on the Securities may be manual or facsimile. Coupons shall bear the facsimile signature of the Chairman of the Board or the President of the Company.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company and Coupons bearing the facsimile signatures of such individuals shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series, together with any Coupons appertaining thereto, executed by the Company, to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities; provided, however, that, in connection with its original issuance, no Bearer Security shall be mailed or otherwise delivered to any location in the United States, and provided, further, that a definitive Bearer Security may be delivered in connection with its original issuance only if the Trustee or its Authenticating Agent shall have received from the Person entitled to receive such Bearer Security a certificate in the form required by Section 311(a). In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities and any Coupons appertaining thereto, the Trustee shall be entitled to receive, and (subject to Sections 315(a), (b) and (d) of the Trust Indenture Act) shall be fully protected in relying upon:

(1) a copy of any Board Resolution or Board Resolutions relating thereto and, if applicable, an appropriate record of any action taken pursuant to any such Board Resolution;

(2) an executed supplemental indenture, if any; and

(3) an Opinion of Counsel stating that

(A) the forms of such Securities and Coupons, if any, have been established by or pursuant to a Board Resolution or by an indenture supplemental hereto as permitted by Section 201 in conformity with the provisions of this Indenture;

(B) the terms of such Securities and Coupons, if any, have been established by or pursuant to a Board Resolution or by an indenture supplemental hereto as permitted by Section 301 in conformity with the provisions of this Indenture; and

(C) such Securities and Coupons, if any, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and binding obligations of the Company entitled to the benefits of this Indenture, except to the extent that enforcement thereof may be limited by applicable bankruptcy, insolvency and other laws affecting creditors' rights generally, and except that enforcement thereof may be limited under general principles of equity, provided that such Opinion of Counsel need not express any opinion concerning the enforceability of the provisions of Article Thirteen (other than any obligation of the Company thereunder, to the extent applicable, to pay to the Holders of such Securities on the Exchange Date cash in an amount equal to the principal amount (or the Applicable Percentage thereof) of such Securities (and premium, if any, thereon) and interest, if any, accrued and unpaid thereon to the Exchange Date) or of the provisions of Article Fourteen or as to whether a court in the United States of America would render a money judgment in a Currency other than that of the United States of America.

Notwithstanding the provisions of Section 301 and the preceding paragraph, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officers' Certificate otherwise required pursuant to Section 301 or the Company Order and Opinion of Counsel otherwise required pursuant to such preceding paragraph at or prior to the time of authentication of each Security of such series if such documents are delivered at or prior to the time of authentication upon original issuance of the first Security of such series.

With respect to Securities of a series not to be originally issued at one time, the Trustee may rely, as to the authorization by the Company of any such Securities, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and other documents delivered pursuant to Sections 201 and 301 and this Section, as applicable, in connection with the first authentication of Securities of such series unless and until such opinion or other documents have been superseded or revoked.

Each Registered Security shall be dated the date of its authentication. Unless otherwise specified as contemplated by Section 301, each Bearer Security and any temporary Bearer Security in global form shall be dated as of the date of the original issuance of such Security.

No Security or Coupon appertaining thereto shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Security a

certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, unless otherwise specified as contemplated by Section 301, if any Security shall have been duly authenticated and delivered hereunder but never sold by the Company and the Company shall deliver to the Trustee and the Authenticating Agent a written statement (which need not comply with Section 102) signed by an Authorized Officer, specifically identifying such Security by series and number, and stating that such Security has never been sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder, shall never be entitled to the benefits of this Indenture and shall be disposed of by the Trustee as contemplated by the last paragraph of Section 309. Except as permitted by Section 306 or 307, the Trustee shall not authenticate and deliver any Bearer Security unless all Coupons appertaining thereto then matured have been detached and cancelled.

Section 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, the Company may execute and, upon Company Order, the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued in registered form, or, if authorized, in bearer from with one or more Coupons or without Coupons and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

Except in the case of temporary Securities in global form, which shall be exchanged in accordance with the provisions below, if temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the Office or Agency of the Company maintained for such purpose pursuant to Section 1002, without charge to the Holder thereof. Upon surrender for cancellation of any one or more temporary Securities of any series (accompanied by any unmatured Coupons appertaining thereto), the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of the same series of authorized denominations and containing identical terms and provisions; provided, however, that no definitive Bearer Security, except as provided in or pursuant to this Indenture, shall be delivered in exchange for a temporary Registered Security; and provided. further, that a definitive Bearer Security shall be delivered in exchange for a temporary Bearer Security only in compliance with the conditions set forth in or pursuant to this Indenture. Unless otherwise provided in or pursuant to this Indenture with respect to a temporary global Security,

until so exchanged the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series.

If temporary Securities of any series are issued outside the United States in global form, any such temporary global Security shall, unless otherwise provided in such temporary global Security, be delivered to the London office of a depositary or common depositary (the "Common Depositary"), for the benefit of the operator of the Euroclear System ("Euroclear") and CEDEL S.A., for credit to the respective accounts of the beneficial owners of such Securities (or to such other accounts as they may direct). Upon receipt of written instructions (which need not comply with Section 102) from an Authorized Officer acting pursuant to a Board Resolution, the Trustee or any Authenticating Agent, as the case may be, shall endorse such temporary global Security to reflect the initial principal amount, or an increase in the principal amount, of Outstanding Securities represented thereby. Until such initial endorsement, such temporary global Security shall not evidence any obligation of the Company. Such temporary global Security shall at any time represent the aggregate principal amount of Outstanding Securities theretofore endorsed thereon as provided above, subject to reduction to reflect exchanges as described below.

Unless otherwise specified in such temporary global Security, and subject to the second proviso in the immediately following paragraph, the interest of a beneficial owner of Securities of a series in a temporary global Security shall be exchanged for definitive Securities of such series and of like tenor following the Global Exchange Date (as defined below) when the account holder instructs Euroclear or CEDEL S.A., as the case may be, to request such exchange on his behalf and delivers to Euroclear or CEDEL S.A., as the case may be, a certificate in the form required by Section 311(a), dated no earlier than 15 days prior to the Global Exchange Date, copies of which certificate shall be available from the offices of Euroclear and CEDEL S.A., the Trustee, and any Authenticating Agent appointed for such series of Securities and each Paying Agent. Unless otherwise specified in such temporary global Security, any such exchange shall be made free of charge to the beneficial owners of such temporary Security, except that a Person receiving definitive Securities must bear the cost of insurance, postage, transportation and the like in the event that such person does not take delivery of such definitive Securities in person at the offices of Euroclear or CEDEL S.A.

Without unnecessary delay but in any event not later than the date specified in, or determined pursuant to the terms of, any such temporary global Security (the "Global Exchange Date"), the Company shall deliver to the Trustee or any Authenticating Agent, as shall be specified in, or determined pursuant to the terms of, such temporary global Security, definitive Securities in aggregate principal amount equal to the principal amount of the temporary global Security, executed by the Company. Unless otherwise specified as contemplated by Section 301, such definitive Securities shall be in the form of Bearer Securities, and if so specified as contemplated by Section 301, such definitive Securities shall be in the form of Registered Securities or shall be in the form of any combination of Bearer Securities and Registered Securities. On or after the Global Exchange Date such temporary global Security shall be surrendered by the Common Depositary to the Trustee or such Authenticating Agent, as the Company's agent for such purpose, to be exchanged, in whole or from time to time in part, for

definitive Securities without charge and the Trustee or such Authenticating Agent shall authenticate and deliver, in exchange for each portion of such temporary global Security, an equal aggregate principal amount of definitive Securities of the same series of authorized denominations and of like tenor as the portion of such temporary global Security to be exchanged, which, except as otherwise specified as contemplated by Section 301, shall be in the form of Bearer Securities; provided, however, that unless otherwise specified in such temporary global Security, upon such presentation by the Common Depositary, such temporary global Security is accompanied by a certificate dated the Global Exchange Date or a subsequent date and signed by Euroclear as to the portion of such temporary global Security held for its account then to be exchanged and a certificate dated the Global Exchange Date or a subsequent date and signed by CEDEL S.A., as to the portion of such temporary global Security held for Its account then to be exchanged, each in the form required by Section 311(b); and provided, further, that a definitive Bearer Security shall be delivered in exchange for a portion of a temporary global Security only in compliance with the conditions set forth in Section 303.

Upon any exchange of a portion of any such temporary global Security, such temporary global Security shall be endorsed by the Trustee or Authenticating Agent, as the case may be, to reflect the reduction of the principal amount evidenced thereby, whereupon its remaining principal amount shall be reduced for all purposes by the amount to be exchanged. Until so exchanged in full, such temporary global Security shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series authenticated and delivered hereunder, except that, unless otherwise specified as contemplated by Section 301, interest payable on such temporary global Security on an Interest Payment Date for Securities of such series occurring prior to the applicable Global Exchange Date for Securities of such series shall be payable, without interest, to each of Euroclear and CEDEL S.A., on such Interest Payment Date upon delivery by Euroclear and CEDEL S.A., to the Trustee or Authenticating Agent, as the case may be, of a certificate or certificates in the form required by Section 311(c), for credit on or after such Interest Payment Date to the respective accounts of the persons who are the beneficial owners of such temporary global Security on such Interest Payment Date and who have each delivered to Euroclear or CEDEL, S.A., as the case may be, a certificate in the form required by Section 311(d).

Section 305. Registration, Registration of Transfer and Exchange.

With respect to the Registered Securities of each series, the Company shall cause to be kept at an Office or Agency to be maintained by the Company in accordance with Section 1002 a register (herein sometimes referred to as the "Security Register" with respect to the Registered Securities of such series) in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of such Registered Securities and of transfers of such Registered Securities. Unless otherwise provided in a Board Resolution or indenture supplemental hereto with respect to the Registered Securities of any particular series, the Bank is hereby appointed "Security Registrar" for the purpose of registering Registered Securities and transfers of Registered Securities as herein provided.

Upon surrender for registration of transfer of any Registered Security of any series at the Office or Agency of the Company, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Securities of the same series, of any authorized denominations and of a like aggregate principal amount.

At the option of the Holder, Registered Securities of any series may be exchanged for other Registered Securities of the same series, of any authorized denominations and of a like aggregate principal amount, upon surrender of the Registered Securities to be exchanged at such Office or Agency. Whenever any Registered Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Registered Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Registered Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Security Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

At the option of the Holder, Bearer Securities of such series may be exchanged for Registered Securities of the same series, of any authorized denominations and of a like aggregate principal amount and tenor, upon surrender of the Bearer Securities to be exchanged at any Office or Agency for such series, with all unmatured Coupons and all matured Coupons in default thereto appertaining. If the Holder of a Bearer Security is unable to produce any such unmatured Coupon or Coupons or matured Coupon or Coupons in default, such exchange may be effected if the Bearer Securities are accompanied by payment in funds acceptable to the Company and the Trustee in an amount equal to the face amount of such missing Coupon or Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Company and the Trustee if there is furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Bearer Security shall surrender to any Paying Agent any such missing Coupon in respect of which such a payment shall have been made, such Holder shall be entitled to receive the amount of such payment; provided, however, that, except as otherwise provided in Section 1002, interest represented by Coupons shall be payable only upon presentation and surrender of those Coupons at an Office or Agency located outside the United States. Notwithstanding the foregoing, in case a Bearer Security of any series is surrendered at any such Office or Agency for such series in exchange for a Registered Security of the same series and like tenor after the close of business at such Office or Agency on (i) any Regular Record Date and before the opening of business at such Office or Agency on the relevant Interest Payment Date, or (ii) any Special Record Date

and before the opening of business at such Office or Agency on the related date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the Coupon relating to such Interest Payment Date or proposed date of payment, as the case may be (or, if such Coupon is so surrendered with such Bearer Security, such Coupon shall be returned to the Person so surrendering the Bearer Security), and interest or Defaulted Interest, as the case may be, shall not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of the Registered Security issued in exchange for such Bearer Security, but shall be payable only to the Holder of such Coupon when due in accordance with the provisions of this Indenture.

Whenever any Securities are surrendered for exchange as contemplated by the immediately preceding paragraph, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906, 1107 or 1306 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities of that series selected for redemption under Section 1103 and ending at the close of business on the day of such mailing, or (ii) to issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before the day of mailing of a notice of exchange of Capital Securities for Securities of that series selected for exchange of Capital Securities therefor under Section 1303(c) and ending at the close of business on the day of such mailing, or (iii) unless otherwise specified in the terms of the Securities of any series established as provided in Section 301, to register the transfer of or exchange any Security of such series so selected for redemption or for exchange of Capital Securities therefor in whole or in part, or (iv) to exchange any Bearer Security so selected for redemption except that such Bearer Security may be exchanged for a Registered Security of like tenor and the same series, provided that such Registered Security shall be immediately surrendered for redemption with written instruction for payment consistent with the provisions of this Indenture.

Notwithstanding the foregoing, except as otherwise specified as contemplated by Section 301, any global Security registered in the name of a U.S. Depositary or its nominee shall be exchangeable only if (i) the U.S. Depository is at any time unwilling or unable to continue as U.S. Depository and a successor depository is not appointed by the Company within 60 days of the receipt by the Company of notice to such effect from the U.S. Depository, (ii) the Company executes and delivers to the Trustee a Company Order to the effect that such global Security shall be so exchangeable, or (iii) an Event of Default has occurred and is continuing with respect to the Securities. If the beneficial owners of interests in such global Security are entitled to

exchange such interests for Securities of such series with the same terms and provisions and of like principal amount of any authorized form and denomination, as specified as contemplated by Section 301, then without unnecessary delay, the Company shall deliver to the Trustee or any Authenticating Agent definitive Securities of that series with the same terms and provisions in aggregate principal amount equal to the principal amount of such global Security, executed by the Company. On or after the earliest date on which such interests may be so exchanged, such global Security shall be surrendered from time to time by the U.S. Depository or such other depository as shall be specified in the Company Order with respect thereto, and in accordance with instructions given to the Trustee or any Authenticating Agent and the U.S. Depository or such other depository, as the case may be (which instructions shall be in writing but need not comply with Section 102 or be accompanied by an Opinion of Counsel), as shall be specified in the Company Order with respect thereto, to the Trustee, or any Authenticating Agent as the Company's agent for such purpose, to be exchanged, in whole or in part, for definitive Securities of the same series without charge. The Trustee or such Authenticating Agent shall authenticate and make available for delivery, in exchange for each portion of such surrendered global Security, a like aggregate principal amount of definitive Securities in the form in which the Securities are issuable, as specified as contemplated by Section 301, which (unless such Securities are not issuable both as Bearer Securities and as Registered Securities, in which case the definitive Securities exchanged for the global Security shall be issuable only in the form in which the Securities are issuable, as provided in or pursuant to this Indenture) shall be in the form of Bearer Securities or Registered Securities, or any combination thereof, as shall be specified by the beneficial owner thereof; provided, however, that no such exchanges may occur during a period beginning at the opening of business 15 days before any selection of Securities of that series to be redeemed and ending on the relevant Redemption Date; and provided, further, that (unless otherwise provided in or pursuant to this Indenture) no Bearer Security delivered in exchange for a portion of a global Security shall be mailed or otherwise delivered to any location in the United States. Promptly following any such exchange in part, such global Security shall be returned by the Trustee or the Authenticating Agent to such depository or the U.S. Depository, as the case may be, or such other depository or U.S. Depository referred to above in accordance with the instructions of the Company referred to above. If a Registered Security is issued in exchange for any portion of a global Security after the close of business at the Office or Agency where such exchange occurs on (i) any Regular Record Date and before the opening of business at such Office or Agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such Office or Agency on the related proposed date for payment of interest or Defaulted Interest, as the case may be, interest will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of such Registered Security, but will be payable on such Interest Payment Date or proposed date for payment, as the case may be, only to the Person to whom interest in respect of such portion of such global Security is payable in accordance with the provisions of this Indenture. None of the Company, the Trustee, any Paying Agent or the Securities Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Section 306. Mutilated, Destroyed, Lost and Stolen Securities.

If (i) any mutilated Security or a Security with a mutilated Coupon appertaining to it is surrendered to the Trustee, or the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security or Coupon, and (ii) there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security or Coupon has been acquired by a bona fide purchaser, the Company shall execute and, upon the Company's request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Security or in exchange for the Security to which a mutilated, destroyed, lost or stolen Coupon appertains (with all appurtenant Coupons not mutilated, destroyed, lost or stolen), a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding, with Coupons corresponding to the Coupons, if any, appertaining to such mutilated, destroyed, lost or stolen Security or to the Security to which such mutilated, destroyed, lost or stolen Coupon appertains.

In case any such mutilated, destroyed, lost or stolen Security or Coupon has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security or Coupon; provided, however, that payment of principal of, any premium or interest on or any Additional Amounts with respect to any Bearer Securities shall, except as otherwise provided in Section 1002, be payable only at an Office or Agency for such Securities located outside the United States.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series, with any Coupons appertaining thereto, issued pursuant to this Section in lieu of any destroyed, lost or stolen Security, or in exchange for a Security to which a destroyed, lost or stolen Coupon appertains, shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security and Coupons appertaining thereto or the destroyed, lost or stolen Coupon shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series and any Coupons, if any, duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or Coupons.

Section 307. Payment of Interest and Certain Additional Amounts; Rights to Interest and Certain Additional Amounts Preserved.

Interest on and any Additional Amounts with respect to any Registered Security which are payable, and are punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name such Security (or one or more Predecessor Securities) is registered as of the close of business on the Regular Record Date for such interest. In case a Bearer Security of any series is surrendered in exchange for a Registered Security after the close of business at an Office or Agency for such Security on any Regular Record Date therefor and before the opening of business at such Office or Agency on the next succeeding Interest Payment Date therefor, such Bearer Security shall be surrendered without the Coupon relating to such Interest Payment Date and interest shall not be payable on such Interest Payment Date in respect of the Registered Security issued in exchange for such Bearer Security, but shall be payable only to the Holder of such Coupon when due in accordance with the provisions of this Indenture.

Any interest on and any Additional Amounts with respect to any Registered Security of any series which are payable, but are not punctually paid or duly provided for, on any Interest Payment Date for such Registered Security (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder thereof on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Person in whose name the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Registered Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such Money when so deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Holder of such Registered Securities of such series at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose name the Registered Securities of such series (or their respective Predecessor Securities) are registered

at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2). In case a Bearer Security is surrendered at the Office or Agency for such Security in exchange for a Registered Security after the close of business at such Office or Agency on any Special Record Date and before the opening of business at such Office or Agency on the related proposed date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the Coupon relating to such proposed date of payment and Defaulted Interest shall not be payable on such proposed date of payment in respect of the Registered Security issued in exchange for such Bearer Security, but shall be payable only to the Holder of such Coupon when due in accordance with the provisions of this Indenture.

(2) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

If any instalment of interest whose Stated Maturity is on or prior to the Redemption Date for any Securities called for redemption pursuant to Article Eleven is not paid or duly provided for on or prior to the Redemption Date in accordance with the foregoing provisions of this Section, such interest shall be payable as part of the Redemption Price of such Securities.

Except as otherwise specified in the terms of the Securities of any series established as provided in Section 301, if any instalment of interest whose Stated Maturity is on or prior to the Exchange Date for Securities of such series for which a notice of exchange of Capital Securities therefor has been given pursuant to Article Thirteen is not paid or duly provided for on or prior to the Exchange Date in accordance with the foregoing provisions of this Section, such interest shall be payable concurrently with the payment of the Exchange Price of such Securities to the Persons to whom such Exchange Price shall be payable.

Subject to the foregoing provisions of this Section and Section 305, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 308. Persons Deemed Owners.

Title to any Bearer Security, any Coupons appertaining thereto and any temporary global Bearer Security shall pass by delivery.

Prior to due presentment of a Registered Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in

whose name such Registered Security is registered as the owner of such Registered Security for the purpose of receiving payment of principal of (and premium, if any), and (subject to Sections 305 and 307) interest on and any Additional Amounts with respect to such Registered Security and for all other purposes whatsoever, whether or not such Registered Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

The Company, the Trustee and any agent of the Company or the Trustee may treat the bearer of any Bearer Security or the bearer of any Coupon as the absolute owner of such Security or Coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not any payment with respect to such Security or Coupon shall be overdue, and neither the Company, nor the Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

No holder of any beneficial interest in any global Security held on its behalf by a depository shall have any rights under this Indenture with respect to such global Security, and such depository may be treated by the Company, the Trustee, and any agent of the Company or the Trustee as the owner of such global Security for all purposes whatsoever. None of the Company, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Section 309. Cancellation.

All Securities and Coupons surrendered for payment, redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee, and any such Securities and Coupons, as well as Securities and Coupons surrendered directly to the Trustee or the Security Registrar for any such purpose, shall be promptly cancelled by the Trustee or the Security Registrar, as the case may be. The Company may at any time deliver to the Trustee or the Security Registrar for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee or the Security Registrar, as the case may be. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities and Coupons held by the Trustee shall be disposed of by the Trustee in accordance with its customary procedures, unless by a Company Order the Company directs their return to it. The Trustee shall promptly notify the Company of all cancelled securities.

Each Security, together with Coupons appertaining thereto, if any, which, pursuant to Section 303, is deemed never to have been authenticated and delivered hereunder shall be delivered to the Trustee and disposed of by the Trustee; and the Trustee shall promptly notify

the Security Registrar that, pursuant to Section 303, such Security is deemed never to have been authenticated and delivered hereunder and shall instruct the Security Registrar to make or cause to be made the necessary notations in the Security Register to reflect the foregoing.

Section 310. Computation of Interest.

Except as otherwise specified in the terms of the Securities of any series established as provided in Section 301, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 311. Form of Certification by a Person Entitled to Receive a Bearer Security.

(a) Whenever any provision of this Indenture or the forms of Security contemplate that certification be given by a Person entitled to receive a Bearer Security, such certification shall be provided substantially in the form of the following certificate, with only such changes as shall be approved by the Company:

[FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER SECURITY]

CERTIFICATE

[Insert title or sufficient description
of Securities to be delivered]

This is to certify that none of the above-captioned Securities are being acquired by or on behalf of a United States person, or for offer to resell or for resale to a United States person or to a person within the United States, or, if a beneficial interest in any such Security is being acquired by or on behalf of a United States person, that such person is a financial institution or is acquiring through a financial institution and that such Security is held by a financial institution that has agreed in writing to comply with the requirements of Section 165 (j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. If this certificate is being provided by a clearing organization, it is based on statements provided to it by its member organizations. If the undersigned is a dealer, the undersigned agrees to obtain a similar certificate from each person entitled to delivery of any of the above-captioned Securities in bearer form purchased from it; provided, however, that, if the undersigned has actual knowledge that the information contained in such a certificate is false, the undersigned will not deliver any Security in temporary or definitive bearer form to the person who signed such certificate notwithstanding the delivery of such certificate to the undersigned.

As used herein, "United States person" means any citizen or resident of the United States, any corporation, partnership or other entity created or organized in or under the laws of the United States, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source, and "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

We undertake to advise you by telex if the above statement as to beneficial ownership is not correct on the date of delivery of the above-captioned Securities in bearer form as to all of such Securities.

We understand that this certificate is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy hereof to any interested party in such proceedings.

[Name of Person Entitled to Receive Bearer Security]

Dated: _____, 19__

_____
(Authorized Signatory)

Name:
Title:

(b) Whenever any provision of this Indenture or the forms of Security contemplate that certification be given by Euroclear or CEDEL S.A. in connection with the exchange of a portion of a temporary global Security, such certification shall be provided substantially in the form of the following certificate, with only such changes as shall be approved by the Company:

[FORM OF CERTIFICATE TO BE GIVEN BY EUROCLEAR OR CEDEL S.A. IN CONNECTION WITH EXCHANGE OF A PORTION OF A TEMPORARY GLOBAL SECURITY]

CERTIFICATE

[Insert title or sufficient description of Securities to be exchanged]

This is to certify with respect to $ ____ principal amount of the above-captioned Securities (i) that we have received from each of the persons appearing in our records as persons entitled to a portion of such principal amount (our "Qualified Account Holders") a certificate with respect to such portion substantially in the form attached hereto, and (ii) that we are not submitting herewith for exchange any portion of the temporary global Security representing the above-captioned Securities excepted in such certificates.

We further certify that as of the date hereof we have not received any notification from any of our Qualified Account Holders to the effect that the statements made by such Qualified Account Holders with respect to any portion of the part submitted herewith for exchange are no longer true and cannot be relied upon as of the date hereof.

Dated: _____, 19___
[To be dated no earlier than
the Global Exchange Date]

[MORGAN GUARANTY TRUST COMPANY OF
NEW YORK, Brussels Office, as Operator
of the Euroclear System]

[CEDEL S.A.]

By _____

(c) Whenever any provision of this Indenture or the forms of Security contemplate that certification be given by Euroclear of CEDEL S.A. in connection with payment of interest on a temporary global Security prior to the related Global Exchange Date, such certification shall be provided substantially in the form of the following certificate, with only such changes as shall be approved by the Company:

[FORM OF CERTIFICATE TO BE GIVEN BY
EUROCLEAR OR CEDEL S.A. TO OBTAIN INTEREST
PRIOR TO A GLOBAL EXCHANGE DATE]

CERTIFICATE

[Insert title or sufficient description of Securities]

This is to certify that, as of the Interest Payment Date on [insert date], the undersigned, which is a holder of an interest in the temporary global Security representing the above Securities, is not a United States person.

As used herein, "United States person" means any citizen or resident of the United States, any corporation, partnership or other entity created or organized in or under the laws of the United States, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source, and "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

We confirm that the interest payable on such Interest Payment Date will be paid to each of the persons appearing in our records as being entitled to interest to be paid on the above date from whom we have received a written certification dated not earlier than 15 days prior to such Interest Payment Date to the effect that the beneficial owner of such portion with respect to which interest is to be paid on such date either is not a United States person or is a United States person which is a financial institution which has provided an United States Internal Revenue Service Form W-9 or is an exempt recipient as defined in United States Treasury Regulation Section 1.6049-4(c)(l)(ii) under the United States Internal Revenue Code of 1986, as amended. We undertake to retain certificates received from our member organizations in connection herewith for four years from the end of the calendar year in which such certificates are received.

The foregoing reflects any advice received subsequent to the date of any certificates stating that the statements contained in such certificate are no longer correct.

Dated: _____, 19__
[To be dated on or after the relevant Interest Payment Date]

[MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Brussels Office, as Operator of the Euroclear System]

[CEDEL S.A.]

By _____

(d) Whenever any provision of the Indenture or the forms of Security contemplate that certification be given by a beneficial owner of a portion of a temporary global Security in

connection with payment of interest on a temporary global Security prior to the related Global Exchange Date, such certification shall be provided substantially in the form of the following certificate with only such changes as shall be approved by the Company:

[FORM OF CERTIFICATE TO BE GIVEN BY
BENEFICIAL OWNERS TO OBTAIN INTEREST
PRIOR TO A GLOBAL EXCHANGE DATE]

CERTIFICATE

[Insert title or sufficient description of Securities]

This is to certify that as of the date hereof, no portion of the temporary global Security representing the above-captioned Securities and held by you for our account is beneficially owned by a United States person or, if any portion thereof held by you for our account is beneficially owned by a United States person, such United States person is a financial institution within the meaning of Section 1.165-12T(c)(l)(v) of the United States Treasury regulations which hereby agrees to comply with Section 165(j)(3)(A),(B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, and certifies that either it has provided an Internal Revenue Service Form W-9 or is an exempt recipient as defined in United States Treasury Regulations Section 1.6049-4(c)(l)(ii) under the United States Internal Revenue Code of 1986, as amended.

As used herein, "United States person" means any citizen or resident of the United States, any corporation, partnership or other entity created or organized in or under the laws of the United States, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source, and "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

We undertake to advise you by telex if the above statement as to beneficial ownership is not correct on the Interest Payment Date on [Insert date] as to any such portion of such temporary global Security.

We understand that this certificate is required in connection with certain securities and tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: _____, 19__
[To be dated on or after the 15th day before the relevant Interest Payment Date]

[Name of Account Holder]

_____
(Authorized Signatory)

Name:
Title:

ARTICLE FOUR

SATISFACTION AND DISCHARGE

Section 401. Satisfaction and Discharge of Indenture

This Indenture shall cease to be of further effect (except as to any surviving rights to receive Capital Securities which are exchanged for Securities of any series or rights of registration of transfer or exchange of Securities herein expressly provided for and any right to receive Additional Amounts), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered and all Coupons appertaining thereto (other than (i) Coupons appertaining to Bearer Securities surrendered in exchange for Registered Securities and maturing after such exchange whose surrender is not required or has been waived as provided in Section 305, (ii) Securities and Coupons which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306, (iii) Coupons appertaining to Securities called for redemption and maturing after the relevant Redemption Date whose surrender has been waived as provided in Section 1106, and (iv) Securities and Coupons for whose payment Money and Capital Securities as required have theretofore been deposited in trust or segregated and held in trust by the

Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all such Securities and, in the case of (i) or (ii) below, any Coupons appertaining thereto not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount of Money (or in the case of (i) above, an amount of Money with the Trustee and Capital Securities and/or Money as required with the Exchange Agent) sufficient to pay and discharge the entire indebtedness on such Securities and any Coupons appertaining thereto not theretofore delivered to the Trustee for cancellation, for principal of (premium, if any) and interest on, and any Additional Amounts with respect to, such Securities and any Coupons appertaining thereto, to the date of such deposit (in the case of Securities which have become due and payable) or to the Redemption Date, Exchange Date or Stated Maturity Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Sections 607 and 1308 and to any Holder of a Security pursuant to Section 508 and Section 1308, the rights and remedies of the Trustee under Articles Five and Six with respect to the enforcement of Section 1308, the obligations of the Trustee to any Authenticating Agent under Section 612 and, if Money or Capital Securities shall have been deposited with the Trustee or the Exchange Agent pursuant to subclause (B) of Clause (1) of this Section, the obligations of the Trustee and the Exchange Agent under Section 402 and the last paragraph of Section 1003 shall survive.

Section 402. Application of Trust Money and Capital Securities.

Subject to the provisions of the last paragraph of Section 1003, all Money or Capital Securities deposited with the Trustee or the Exchange Agent pursuant to Section 401 shall be held in trust and applied by the Trustee or the Exchange Agent, as the case may be, in accordance with the provisions of the Securities, the Coupons and this Indenture, to the payment, directly, or in the case of Money, through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any), interest and Additional Amounts for whose payment such Money has or Capital Securities have been deposited with the Trustee or the Exchange Agent, as the case may be.

All Moneys deposited with the Trustee pursuant to Section 401 (and held by it or any Paying Agent) for the payment of Securities for which Capital Securities subsequently are exchanged shall be returned to the Company upon receipt by the Trustee of a Company Request.

ARTICLE FIVE

REMEDIES

Section 501. Events of Default.

"Event of Default", wherever used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) for Securities originally issued prior to October 1, 1992, the entry of a decree or order by a court having jurisdiction in the premises in respect of the Company under the Federal Bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; and for Securities originally issued on or after October 1, 1992, the entry of a decree or order by a court having jurisdiction in the premises in rest of the Company under the Federal Bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State bankruptcy insolvency or other similar law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or substantially all of its property (other than the appointment of a conservator with respect to the Bank or any other depository institution Subsidiary of the Company insured by the

Federal Deposit Insurance Corporation or any successor agency), or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(2) for Securities originally issued prior to October 1, 1992, the commencement by the Company of a voluntary case under the Federal Bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State bankruptcy, insolvency or other similar law, or the consent by it to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the failure by the Company to pay its debts generally as they become due; and for Securities originally issued on or after October 1, 1992, the commencement by the Company of a voluntary case under the Federal Bankruptcy laws, as now or hereafter constituted, or any other applicable Federal or State bankruptcy, insolvency or other similar law, or the consent by it to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or substantially all of its property (other than the appointment of a conservator with respect to the Bank or any other depository institution Subsidiary of the Company insured by the Federal Deposit Insurance Corporation or any successor agency), or the making by it of an assignment for the benefit of creditors; or

(3) any other Event of Default provided with respect to Securities of that series.

Section 502. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount (or, if the Securities of that Series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of all the Securities of that series, or such lesser amount as may be provided for in the Securities of such series, to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders), and upon any such declaration such principal or such lesser amount (or specified amount) shall become immediately due and payable in cash.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the Money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue instalments of interest on and Additional Amounts with respect to all Securities of that series and any Coupon appertaining thereto,

(B) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and interest thereon and any Additional Amounts with respect thereto at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest or Additional Amounts is lawful, interest upon overdue interest and Additional Amounts at the rate or rates prescribed therefor in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

and

(2) all Events of Default with respect to Securities of that series, other than the non-payment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 503. Collection of Indebtedness and Suits for Enforcement by Trustee.

Each of the following shall be a "Default" with respect to the Securities of any particular series:

(1) default in the payment of any instalment of interest on or any Additional Amounts with respect to any of the Securities of such series or any Coupon appertaining thereto when such interest or Additional Amounts becomes due and payable and continuance of such default for a period of 30 days, or

(2) default in the payment (including any obligation to exchange Capital Securities for Securities of such series pursuant to Article Thirteen) of the principal of (or premium, if any, on) any of the Securities of such series at the Maturity thereof, or

(3) failure on the part of the Company duly to observe or perform any of the other covenants or agreements on its part in this Indenture or in the terms of the Securities of such series (other than a covenant or agreement a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or a covenant or agreement which has been expressly included in this Indenture or in the Securities of any one or more other

series solely for the benefit of the Holders of Securities of such other series) and continuance of such failure for a period of 90 days after the date on which written notice of such failure, requiring the Company to remedy the same and stating that such notice is a "Notice of Default" hereunder, shall have been given by registered mail to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of such series.

The Company covenants that if a Default shall occur with respect to the Securities of any particular series, the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of Securities of such series and any Coupons appertaining thereto, the whole amount then due and payable on Securities of such series for principal (and premium, if any) and interest, if any (including the delivery of any Capital Securities then required to be delivered) and any Additional Amounts, if any, and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal (and premium, if any) and on any overdue interest or any Additional Amounts, at the rate or rates prescribed therefor in Securities of such series, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel. If Capital Securities are to be exchanged for Securities of any series and the Company shall fail to elect the type of Capital Securities to be exchanged for Securities of such series on or prior to the relevant Exchange Date or shall fail to issue or deliver such Capital Securities on or prior to such Exchange Date, the Company shall be liable to the Holders of any Securities of such series for which such Capital Securities were to be exchanged for the payment of the principal amount (or the Applicable Percentage thereof) of such Securities for which Capital Securities were to be exchanged in cash on the earlier of the relevant proposed Exchange Date or the Stated Maturity of Securities of such series.

If the Company fails to pay such amounts (including the delivery of any Capital Securities then required to be delivered) forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid (including an action to enforce the delivery of any Capital Securities then required to be delivered and not so delivered or an action for Moneys equal to the principal amount (or the Applicable Percentage thereof) then due in respect of Securities of such series), and may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon Securities of such series and any Coupons appertaining thereto and collect the Moneys (including Moneys equal to the principal amount (or the Applicable Percentage thereof) of any Securities of such series for which such Capital Securities were to be exchanged) adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon Securities of such series and any Coupons appertaining thereto, wherever situated.

If an Event of Default or Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series and any Coupons appertaining thereto by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce

any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 504. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities of any series or the property of the Company or such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of any overdue principal, (or premium, if any) interest or Additional Amounts) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount, or such lesser amount as may be provided for in the Securities of such series, of the principal (and premium, if any) interest and Additional Amounts owing and unpaid in respect of the Securities of any series and any Coupons appertaining thereto and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents or counsel) and of the Holders of Securities or any Coupons allowed in such judicial proceeding, and

(ii) to collect and receive any Moneys or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator or (other similar official) in any such judicial proceeding is hereby authorized by each Holder of Securities or any Coupons to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders of Securities or any Coupons, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 607.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder of a Security or any Coupon any plan of reorganization, arrangement, adjustment or composition affecting the Securities or Coupons or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder of a Security or any Coupon in any such proceeding.

Section 505. Trustee May Enforce Claims Without Possession of Securities or Coupons.

All rights of action and claims under this Indenture or any of the Securities or Coupons may be prosecuted and enforced by the Trustee without the possession of any of the Securities or Coupons or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery or judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of a Security or Coupon in respect of which such judgment has been recovered.

Section 506. Application of Money and Capitol Securities Collected.

Subject to the provisions of Article Twelve, any Money and Capital Securities collected by the Trustee pursuant to this Article in respect of the Securities of any series shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such Money and Capital Securities on account of principal (or premium, if any), interest or Additional Amounts, upon presentation of the Securities or Coupons, or both, as the case may be, in respect of which such Money and Capital Securities have been collected and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee and any predecessor Trustee under Section 607;

SECOND: In case the principal of the Outstanding Securities of such series shall not have become due and be unpaid, to the payment of interest and Additional Amounts on the Securities of such series and any Coupons, in the order of the maturity of the instalments of such interest and Additional Amounts, with interest and Additional Amounts (to the extent that such interest and Additional Amounts have been collected by the Trustee) upon the overdue instalments of interest and Additional Amounts at the rate or rates prescribed therefor in the Securities of such series, such payments to be made ratably to the persons entitled thereto;

THIRD: In case the principal of the Outstanding Securities of such series shall have become due by declaration or otherwise, to the payment of the whole amount then owing and unpaid upon the Securities of such series and any Coupons for principal (and premium, if any), interest and Additional Amounts, with interest on the overdue principal (and premium, if any) and Additional Amounts and (to the extent that such interest has been collected by the Trustee) upon overdue instalments of interest at the rate or rates prescribed therefor in the Securities of such series, and in case such Money and Capital Securities shall be insufficient to pay in full the whole amounts so due and unpaid upon the Securities of such Series and any Coupons, then to the payment of such principal (and premium, if any),

interest and Additional Amounts without preference or priority of any kind, ratably according to the aggregate of such principal (and premium, if any), accrued and unpaid interest and Additional Amounts.

Section 507. Limitations on Suits.

No Holder of any Security of any series or any Coupons appertaining thereto shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default or Default with respect to the Securities of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default or Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more Holders of the Securities of any series or any Coupons appertaining thereto shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other such Holders or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all such Holders.

Section 508. Unconditional Right of Holders to Receive Principal, Premium, Interest and Additional Amounts.

Notwithstanding any other provision in this Indenture, the Holder of any Security or Coupon shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Sections 305 and 307) interest, if any, on, and any Additional Amounts with respect to, such Security or payment of such Coupon, as the case may be, on the respective Stated Maturities expressed in such Security or Coupon (or, in the

case of redemption, on the Redemption Date or, in the case of repayment at the option of such Holder if provided in or pursuant to this Indenture, on the date such repayment is due), and, if applicable, to have delivered the Capital Securities to be exchanged for such Security pursuant to Article Thirteen and to have such Capital Securities sold in a Secondary Offering as provided in such Security and in Article Thirteen and to institute suit for the enforcement of any such payment, delivery or sale, and such rights shall not be impaired without the consent of such Holder.

Section 509. Restoration of Rights and Remedies.

If the Trustee or any Holder of a Security or a Coupon has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 510. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or Coupons in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders of a Security or a Coupon is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 511. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security or Coupon to exercise any right or remedy accruing upon any Event of Default or Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders of a Security or a Coupon may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 512. Control by Holders.

The Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series and any Coupons appertaining thereto, provided that

(1) such direction shall not be in conflict with any rule of law or with this Indenture and shall not involve the Trustee in personal liability, and

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 513. Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series and any Coupons appertaining thereto waive any past default hereunder with respect to the Securities of such series and its consequences, except a default

(1) in the payment (including any obligation to exchange Capital Securities for Securities of such series pursuant to Article Thirteen) of the principal of (or premium, if any) or interest, if any, on, or any Additional Amounts with respect to, any Security of such series or any Coupons appertaining thereto, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected thereby.

Upon any such waiver, such default shall cease to exist, and any Event of Default or Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 514. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Security or any Coupon appertaining thereto by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the

claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series, or to any suit instituted by any Holder for the enforcement of the payment (including any obligation to exchange Capital Securities for Securities of such series pursuant to Article Thirteen) of the principal of (or premium, if any) or interest, if any, on, or Additional Amounts with respect to, any Security on or after the Stated Maturity or Maturities expressed in such Security or on the Exchange Date, as the case may be (or, in the case of redemption, on or after the Redemption Date).

Section 515. Waiver of Stay or Extension Laws.

The Company covenants that (to the extent that it may lawfully do so) it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 516. Certain Outstanding Securities.

Notwithstanding anything in the Indenture to the contrary, if a Default or an Event of Default has occurred with respect to certain Securities of a series that were originally issued prior to October 1, 1992 but has not occurred with respect to other Securities of such series that were originally issued on or after October 1, 1992 as a result of those provisions of Section 501 which relate only to Securities issued prior to October 1, 1992 or the provisions of Section 1005, which is applicable only to Securities issued prior to October 1, 1992, then solely for the purposes of Articles Five and Six of the Indenture or any other provisions of the Indenture relating to Defaults or Events of Default, those Securities of such series with respect to which such Default or Event of Default has occurred and is continuing shall constitute a separate series of Securities under the Indenture.

ARTICLE SIX

THE TRUSTEE

Section 601. Certain Duties and Responsibilities.

(a) With respect to the Securities of any particular series, except during the continuance of an Event of Default or Default with respect to the Securities of such series,

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default or Default has occurred with respect to the Securities of any particular series and is continuing, the Trustee shall, with respect to the Securities of such series, exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Securities of any series relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Securities of such series; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

Section 602. Notice of Defaults.

Within 90 days after the occurrence of any default hereunder with respect to the Securities of any series, the Trustee shall transmit by mail to all Holders of Securities of such series, entitled to receive reports pursuant to Section 703(c), notice of such default hereunder known to the Trustee, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment (including any obligation to exchange Capital Securities for any Security of such series pursuant to Article Thirteen) of the principal of (or premium, if any), or interest, if any, on, or Additional Amounts with respect to, any Security of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Securities and Coupons of such series; and provided, further, that in the case of any default of the character specified in Section 501(3) or Section 503(3) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default or Default with respect to Securities of such series.

Section 603. Certain Rights of Trustee.

Except as provided in Section 601:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness, Coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or a Company Order (in each case, other than delivery of any Security, together with any Coupons appertaining thereto, to the Trustee for authentication and delivery pursuant to Section 303 which shall be sufficiently evidenced as provided therein) and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action

hereunder, the Trustee (unless other evidence shall be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Securities of any series or any Coupons appertaining thereto pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, other evidence of indebtedness, Coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(h) the Trustee shall not be liable for any action taken or omitted by it in good faith or believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

Section 604. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities and any Coupons and in any documents relating to any Secondary Offering, except the Trustee's certificates of authentication, shall be taken as the statements of the Company and the Trustee or any Authenticating Agent assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities or the Coupons or any Capital Securities. The Trustee or any Authenticating Agent shall not be accountable for the use or application by the Company of the Securities or the proceeds thereof.

Section 605. May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar, any Exchange Agent or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities or Coupons and, subject to Sections 310(a)(5), 310(b) and 311 of the Trust Indenture Act, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar, Exchange Agent or such other agent.

Section 606. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any Money received by it hereunder except as otherwise agreed with the Company.

Section 607. Compensation and Reimbursement.

The Company agrees:

(1) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Trustee's negligence or bad faith; and

(3) to indemnify the Trustee for, and to hold them harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As security for the performance of the obligations of the Company under this Section, the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (and premium, if any) or interest on or any Additional Amounts with respect to particular Securities or any Coupons appertaining thereto.

Section 608. Corporate Trustee Required; Eligibility. Conflict of Interest.

There shall at all times be a Trustee hereunder that is a corporation permitted by the Trust Indenture Act to act as trustee under an indenture qualified under the Trust Indenture Act and that has a combined capital and surplus (computed in accordance with Section 310(a)(2) of the Trust Indenture Act) of at least $5,000,000. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

To the extent permitted by the Trust Indenture Act, the Trustee shall not be deemed to have a conflicting interest with respect to the Securities of any series by virtue of being Trustee with respect to the Securities of any particular series of Securities other than that series or by virtue of being trustee under the Indenture, dated as of November 1, 1983, under which the Company's Floating Rate Subordinated Notes Due 1995 are outstanding.

Section 609. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 610.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 610 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series, delivered to the Trustee and the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with the obligations imposed upon it under Section 310(b) of the Trust Indenture Act with respect to Securities of any series after written request therefor by the Company or by any Holder of a Security of such series who has been a bona fide Holder of a Security of such series for at lent six months, or

(2) the Trustee shall cease to be eligible under Section 608 and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove the Trustee with respect to all Securities or (ii) subject to Section 315(e) of the Trust Indenture Act, any Holder of a Security who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, with respect to the Securities of one or more series, the Company, by a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 610. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 610, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders of Securities and accepted appointment in the manner required by Section 610, any Holder of a Security who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series by mailing written notice of such event by first-class mail, postage prepaid, to Holders of Registered Securities, if any, of such series as their names and addresses appear in the Security Register, if Securities of such series are issued as Bearer Securities, by publishing notice of such event once in an Authorized Newspaper in each Place of Payment located outside the United States, and if any Holders of Bearer Securities have filed their names and addresses with the Trustee within two years preceding the giving of such notice, by mailing written notice of such event by first-class mail, postage prepaid, to all such Holders as their names and addresses appear in such tiling. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

Section 610. Acceptance of Appointment by Successor.

(a) Upon the appointment hereunder of any successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and Money held by such retiring Trustee hereunder, subject nevertheless to its claim, if any, provided for in Section 607.

(b) In the case of the appointment hereunder of any successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees as co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and Money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, subject nevertheless to the lien, if any, of the retiring Trustee provided for in Section 607.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all

such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 611. Merger, Conversion, Consolidation or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

Section 612. Appointment of Authenticating Agent.

The Trustee may (and, if provided pursuant to Section 301 with respect to Securities of any series, shall) appoint an Authenticating Agent or Authenticating Agents with respect to Securities of a series which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue, exchange, registration of transfer or partial redemption or upon exchange of Capital Securities for a portion of any Security, or pursuant to Section 306, and, if the Trustee is required to appoint one or more Authenticating Agents with respect to Securities of any series, to authenticate Securities of such series upon original issue and to take such other actions as are specified in Sections 303, 304, 309, 1107 and 1306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then, for the purposes of this Section, the combined capital and surplus of

such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall (i) mail written notice of such appointment by first-class mail, postage prepaid, to all Holders of Registered Securities, if any, of the series with respect to which such Authenticating Agent will serve, as their names and addresses appear in the Security Register, (ii) if Securities of the series are issued as Bearer Securities, publish notice of such appointment at least once in an Authorized Newspaper in the place where such successor Authenticating Agent has its principal office if such office is located outside the United States, and (iii) if any Holders of Bearer Securities of such series have filed their names and addresses with the Trustee within two years preceding the giving of such notice, mail written notice of such appointment by first-class mail, postage prepaid, to all such Holders of such series, as their names and addresses appear in such filing. Any successor Authenticating Agent, upon acceptance of its appointment hereunder, shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay each Authenticating Agent from time to time reasonable compensation for its services under this Section.

The provisions of Sections 308, 604 and 605 shall be applicable to each Authenticating Agent.

Unless otherwise provided with respect to Securities of any series as contemplated by Section 301, the Bank is hereby initially appointed Authenticating Agent for the purpose of authenticating each series of Securities issued under this Indenture as herein provided, and the Trustee shall incur no liability for such appointment or for any misconduct or negligence of such

Authenticating Agent, including without limitation, its authentication of Securities upon original issuance or pursuant to Section 306. In the event that the Trustee does incur liability for any such misconduct or negligence of such Authenticating Agent, the Company agrees to indemnify the Trustee for, and hold it harmless against, any such liability, including the costs and expenses of defending itself against any liability in connection with such misconduct or negligence of such Authenticating Agent.

If an appointment with respect to the Securities of one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

This is one of the Securities of the series designated herein referred to in the within-mentioned Indenture.

CHEMICAL BANK,
as Trustee

By _____
Authenticating Agent

By _____
Authorized Signatory

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

Section 701. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee

(a) not more than 15 days after each September 1 and March 1, a list, in such form as the Trustee may reasonably require, containing all the information in the possession or control of the Company, or any of its Paying Agents, other than the Trustee, as to the names and addresses of the Holders of Securities as of the preceding September 1 or March 1, as the case may be, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished;

excluding from any such list, if the Trustee shall then be Security Registrar, names and addresses received by the Trustee in its capacity as Security Registrar.

Section 702. Preservation of Information: Communications to Holders.

The Trustee shall comply with the obligations imposed upon it pursuant to Section 312 of the Trust Indenture Act.

Every Holder of Securities or Coupons, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company, the Trustee, any Paying Agent nor any Security Registrar shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders of Securities in accordance with Section 312 of the Trust Indenture Act, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made pursuant to Section 312(b) of the Trust Indenture Act.

Section 703. Reports by Trustee.

(a) Within 60 days after May 15 of each year, commencing with the year 1988, if required by Section 313(a) of the Trust Indenture Act, the Trustee shall transmit, pursuant to Section 313(c) of the Trust Indenture Act, a brief report dated as of such May 15 with respect to any of the events specified in said Section 313(a) which may have occurred since the immediately preceding May 15.

(b) The Trustee shall transmit the reports required by Section 313(b) of the Trust Indenture Act at the times specified therein.

(c) Reports pursuant to this Section shall be transmitted in the manner and to the Persons required by Sections 3 13(c) and 3 13(d) of the Trust Indenture Act.

Section 704. Reports by Company.

The Company shall:

(1) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the

Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit in the manner and to the extent provided in Section 313(c) of the Trust Indenture Act, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be tiled by the Company pursuant to paragraphs (I) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE EIGHT

CONSOLIDATION, MERGER, CONVEYANCE OR TRANSFER

Section 801. Company May Consolidate, Etc., only on Certain Terms.

The Company shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(1) the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America or any State or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest on and any Additional Amounts with respect to all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default or Default, and no event which, after notice or lapse of time, or both, would become an Event of Default or Default, shall have happened and be continuing; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transactions have been complied with.

Section 802. Successor Corporation Substituted.

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor corporation formed by such consolidation or into which the Company is merged or to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor corporation had been named as the Company herein; and in the event of any such conveyance or transfer, the Company (which term shall for this purpose mean the Person named as the Company in the first paragraph of this Indenture or any successor corporation which shall theretofore have become such in the manner prescribed in this Article) shall be discharged from all liability under this Indenture and in respect of the Securities and Coupons and may be dissolved and liquidated.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders of Securities or Coupons, the Company, when authorized by a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another corporation to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities contained; or

(2) to add to the covenants of the Company such further covenants, restrictions or conditions for the protection of the Holders of all or any series of the Securities as the Board of Directors and the Trustee shall consider to be for the protection of the Holders of all the Securities or any such series of the Securities, as the case may be (and if such

covenants are to be for the benefit of fewer than all series of Securities, stating that such covenants are expressly being included solely for the benefit of Holders of Securities of one or more particular series), or to surrender any right or power conferred upon the Company in this Indenture with respect to one or more particular series of Securities, or to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions an Event of Default or Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default; or

(3) to add to or change any of the provisions of this Indenture to provide that Bearer Securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal of, any premium or interest on or any Additional Amounts with respect to Securities, to permit Registered Securities to be exchanged for Bearer Securities, to permit Bearer Securities to be exchanged for Bearer Securities of other authorized denominations or to permit or facilitate the issuance of Securities in uncertificated form, provided any such action shall not adversely affect the interests of the Holders of Securities of any series or any Coupons appertaining thereto in any material respect; or

(4) to change or eliminate any of the provisions of this Indenture, provided that any such change or elimination shall become effective only when there is no Outstanding Security of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or

(5) to secure the Securities; or

(6) to establish the form or terms of Securities of any series and any Coupons appertaining thereto as permitted by Sections 201 and 301; or

(7) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 610(b); or

(8) to add to or change any of the provisions of this Indenture to such extent as shall be necessary to provide for or facilitate the issuance of Securities convertible into or exchangeable for other securities; or

(9) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interests of the Holders of Securities of any series or any Coupons appertaining thereto in any material respect.

Section 902. Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than 66 2/3% in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Stated Maturity of the principal of, or any instalment of principal of or interest on or any Additional Amounts with respect to, any Security, or reduce the principal amount thereof or change the rate or rates of interest thereon or any Additional Amounts with respect thereto (except as provided herein or in such Security), as the case may be, or any premium payable upon the redemption thereof, or change the obligation of the Company to pay Additional Amounts pursuant to Section 1008 (except as contemplated by Section 801(1) and permitted by Section 901(1)), or reduce the portion of the principal amount of an Original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, or change any place where, or the coin or Currency in which, the principal amount of any Security or any premium or interest thereon or any Additional Amount with respect thereto, is payable, or impair any right to institute suit for the enforcement of any right to receive payment of the principal of (and premium, if any) and (subject to 307) interest and/or Additional Amounts, if any, on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) or, if applicable, to have delivered Capital Securities to be exchanged for such Security pursuant to Article Thirteen and to have such Capita] Securities sold in a Secondary Offering as provided in such Security and in Article Thirteen, or modify the provisions of this Indenture with respect to the subordination of the Securities in a manner adverse to the Holders, or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences)

provided for in this Indenture or reduce the requirements of Section 1604 for quorums or voting, or

(3) modify any of the provisions of this Section, Section 513 or Section 1007, except to increase any such percentage or to provide that certain other provisions of this indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section, or the deletion of this proviso, in accordance with the requirements of Sections 610(b) and 901(7), or

(4) impair the right of any Holder of Securities of any series, subject to the provisions of this Indenture and of Securities of such series, to receive on any Exchange Date for Securities of such series, Capital Securities with a Market Value equal to the amount established with respect to the Securities of such series held by such Holder.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders of Securities under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 903. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trust created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 315 of the Trust Indenture Act) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this indenture or otherwise.

Section 904. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of a Security theretofore or thereafter

authenticated and delivered hereunder and of any Coupon appertaining thereto shall be bound thereby.

Section 905. Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

Section 906. Reference in Securities to Supplemental indentures.

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

COVENANTS

Section 1001. Payment of Principal, Premium, Interest and Additional Amounts.

The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay the principal of (and premium, if any) and interest, if any, on and any Additional Amounts with respect to the Securities of that series in accordance with the terms of such Securities, any Coupons appertaining thereto and this Indenture. Unless otherwise specified as contemplated by Section 301 with respect to any series of Securities, any interest due on any Bearer Security on or before the Maturity thereof, and any Additional Amounts payable with respect to such interest, shall be payable only upon presentation and surrender of the Coupons appertaining thereto as they severally mature. For all purposes of this Indenture, the exchange for Securities of any series of Capital Securities with the Market Value established for the Securities of such series shall constitute full payment of the entire principal amount of the Securities of such series for which Capital Securities are so exchanged on any Exchange Date therefor, without prejudice to any Holder's rights pursuant to Sections 502, 503, 1304 and 1308.

Section 1002. Maintenance of Office or Agency.

The Company will maintain in the Borough of Manhattan, The City of New York and in each Place of Payment for each series of Securities an Office or Agency where Securities of such series (but not Bearer Securities, except as otherwise provided below, unless such Place of Payment is located outside the United States) may be presented or surrendered for payment (including exchange of Capital Securities therefor), where Securities of such series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company and any Capital Security Election Forms in respect of the Securities of such series and this Indenture may be served. If Securities of a series are issuable as Bearer Securities, the Company shall maintain, subject to any laws or regulations applicable thereto, an Office or Agency in a Place of Payment for such series which is located outside the United States where Securities of such series and any Coupons appertaining thereto may be presented and surrendered for payment (including payment of any Additional Amounts payable on Securities of such series pursuant to Section 1008); provided, however, that if the Securities of such series are listed on The Stock Exchange of the United Kingdom and the Republic of Ireland or the Luxembourg Stock Exchange or any other stock exchange located outside the United States and such stock exchange shall so require, the Company shall maintain a Paying Agent in London, Luxembourg or any other required city located outside the United States, as the case may be, so long as the Securities of such series are listed on such exchange. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of any such Office or Agency. If at any time the Company shall fail to maintain any such required Office or Agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices, demands and Capital Security Election Forms may be made or served at the Corporate Trust Office, except that Bearer Securities of such series and any Coupons appertaining thereto may be presented and surrendered for payment (including payment of any Additional Amounts payable on Securities of that series pursuant to Section 1008) at the place specified for the purpose with respect to such Securities as provided in or pursuant to this Indenture, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices, demands and Capital Security Election Forms.

Except as otherwise provided in or pursuant to this Indenture, no payment of principal, premium, interest on or Additional Amounts with respect to Bearer Securities shall be made at any Office or Agency in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States; provided, however, if amounts owing with respect to any Bearer Securities shall be payable in Dollars, payment of principal of, any premium or interest on and any Additional Amounts with respect to any such Security may be made at the Corporate Trust Office of the Trustee or any Office or Agency designated by the Company in the Borough of Manhattan, The City of New York, if (but only if) payment of the full amount of such principal, premium, interest or Additional Amounts at all offices outside the United States maintained for such purpose by the Company in accordance with this Indenture is illegal or effectively precluded by exchange controls or other similar restrictions.

The Company may also from time to time designate one or more other Offices or Agencies where the Securities of one or more series or any Capital Security Election Forms applicable thereto may be presented, surrendered or served for any or all such purposes and may constitute and appoint one or more Paying Agents for the payment of the Securities of any series and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any manner relieve the Company of its obligation to maintain an Office or Agency in each Place of Payment for Securities of any series or, with respect to Registered Securities, in the Borough of Manhattan, The City of New York, for such purposes. The Company will give prompt written notice to the Trustee of any such designation, appointment or rescission and of any change in the location of any such other Office or Agency. Unless otherwise provided in or pursuant to this Indenture, the Company hereby designates as the Place of Payment for each series of Registered Securities the Borough of Manhattan, The City of New York, and initially appoints the principal office of the Bank in the Borough of Manhattan, The City of New York, at which, at any particular time, its corporate trust business is administered as its Office or Agency for such purposes set forth in the first sentence of this Section. Pursuant to Section 301(9) of this Indenture, the Company may subsequently appoint one or more other place or places in the Borough of Manhattan, The City of New York, where such Securities may be payable. The Company may subsequently appoint one or more other place or places where Capital Security Election Forms with respect to Securities of one or more series may be presented or served.

Section 1003. Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to any series of Securities, it will, on or before each due date of the principal of, (and premium, if any) or interest on or Additional Amounts with respect to any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal (and premium, if any) or interest or Additional Amounts so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, prior to each due date of the principal of (and premium, if any) or interest on or any Additional Amounts with respect to any Securities of that series, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest or Additional Amounts so becoming due, such sum to be held in trust for the benefit of the Persons entitled thereto, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest on or any Additional Amounts with respect to Securities of that series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of that series) in the making of any payment of principal (and premium, if any) or interest on or any Additional Amounts with respect to the Securities of that series; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such Money.

Any Money deposited with the Trustee or any Paying Agent, or then held by the Company in trust for the payment of the principal of (and premium, if any) or interest on or any Additional Amounts with respect to any Security of any series and remaining unclaimed for two years after such principal (and premium, if any) or interest or any such Additional Amounts has become due and payable shall be paid to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security or any Coupon appertaining thereto shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent, with respect to such trust Money and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in an Authorized Newspaper in each Place of Payment with respect to such Security, notice that such Money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such Money then remaining will be repaid to the Company.

Section 1004. Corporate Existence.

So long as any of the Securities shall be Outstanding, the Company will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and will comply with all laws applicable to it; provided, however, that nothing in this Section shall prevent (i) any consolidation, merger or conveyance or transfer of the properties of the

Company substantially as an entirety as permitted by Article Eight, or (ii) the dissolution and liquidation of the Company after any such conveyance or transfer.

Section 1005. Restrictions on Disposition of Capital Stock of Bank.

So long as any of the Securities shall be Outstanding, the Company will not create any security interest in more than 20% of the shares of Capital Stock of the Bank, or permit more than 20% of such shares (exclusive of directors' qualifying shares) to be held directly or indirectly by any Person other than the Company or a corporation which is wholly-owned (except for directors' qualifying shares) by the Company. This Section applies only to Securities originally issued prior to October 1, 1992.

Section 1006. Statement as to Compliance.

The Company will deliver to the Trustee, within 120 days after the end of each fiscal year, a written statement signed by the Chairman of the Board, the President, any Vice Chairman of the Board or any Vice President, and by the Treasurer, an Assistant Treasurer, the Secretary, an Associate Secretary or an Assistant Secretary, of the Company (at least one of which foregoing officers shall be the principal executive officer, the principal financial officer or the principal accounting officer of the Company), stating, as to each signer thereof, that

(1) a review of the activities of the Company during such year and of its performance under this Indenture has been made under his supervision, and

(2) to the best of his knowledge, based on such review, the Company has fulfilled all its obligations and has complied with all conditions and covenants under this Indenture throughout such year, or, if there has been a default in the fulfillment of any such obligation, condition or covenant, specifying each such default known to him and the nature and status thereof.

For purposes of this Section 1006, compliance shall be determined without regard to any grace period or requirement of notice provided pursuant to the terms of this Indenture.

Section 1007. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any covenant or condition set forth in Section 1004 or Section 1005 with respect to the Securities of any series if before the time for such compliance the Holders of at least 66 2/3% in principal amount of the Outstanding Securities of such series shall, by Act of such Holders, either waive such compliance in such instance or generally waived compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

Section 1008. Additional Amounts.

If any Securities of a series provide for the payment of Additional Amounts, the Company agrees to pay to the Holder of any such Security or any Coupon appertaining thereto Additional Amounts as provided therein. Whenever in this Indenture there is mentioned, in any context, the payment of the principal of (or premium, if any) or interest on, or in respect of, any Security of any series or any Coupon or the net proceeds received on the sale or exchange of any Security of any series, such mention shall be deemed to include mention of the payment of Additional Amounts provided by the terms of such series established hereby or pursuant hereto to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to such terms, and express mention of the payment of Additional Amounts (if applicable) in any provision hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made.

Except as otherwise provided in or pursuant to this Indenture, if the Securities of a series provide for the payment of Additional Amounts, at least 10 days prior to the first Interest Payment Date with respect to such series of Securities (or if the Securities of such series shall not bear interest prior to Maturity, the first day on which a payment of principal is made), and at least 10 days prior to each date of payment of principal (or premium, if any) or interest if there has been any change with respect to the matters set forth in the below-mentioned Officers' Certificate, the Company shall furnish to the Trustee and the principal Paying Agent or Paying Agents, if other than the Trustee, an Officers' Certificate instructing the Trustee and such Paying Agent or Paying Agents whether such payment of principal of (and premium, if any) or interest on the Securities of such series shall be made to Holders of Securities of such series or the Coupons appertaining thereto who are United States Aliens without withholding for or on account of any tax, assessment or other governmental charge described in the Securities of such series. If any such withholding shall be required, then such Officers' Certificate shall specify by country the amount, if any, required to be withheld on such payments to such Holders of Securities or Coupons, and the Company agrees to pay to the Trustee or such Paying Agent the Additional Amounts required by the terms of such Securities or this Section. The Company covenants to indemnify the Trustee and any Paying Agent for, and to hold them harmless against, any loss, liability or expense reasonably incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any Officers' Certificate furnished pursuant to this Section.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

Section 1101. Applicability of Article.

Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified in the terms of the Securities of any series established as provided in Section 301) in accordance with this Article.

Section 1102. Election to Redeem; Notice to Bank and Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution. In case of any redemption at the election of the Company of (a) less than all the Securities of any series or (b) all of the Securities of any series with the same terms and provisions, the Company shall, at least 75 days prior to the Redemption Date fixed by the Company (or, in the case of a redemption pursuant to Section 1108 of Securities of any series for which Capital Securities are exchangeable, at least 105 days prior to the Redemption Date) (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee and the Bank in writing of such Redemption Date. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

Section 1103. Selection by Bank of Securities to be Redeemed.

If less than all of the Securities are to be redeemed, the Company shall select the series to be redeemed. If less than all the Securities of any series with the same terms and provisions are to be redeemed, the particular Securities of such series to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Bank, from the Outstanding Securities of such series not previously called for redemption, by such method as it shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of such series or any integral multiple thereof) of the principal amount of Registered Securities of such series of a denomination larger than the minimum authorized denomination for Securities of that series; provided, that in the case of a redemption pursuant to Section 1108 of Securities of any series for which Capital Securities are exchangeable, (1) the particular Securities of such series to be so redeemed shall be so selected not less than 105 days nor more than 120 days prior to the Redemption Date, or (ii) if particular Securities of such series have been selected in accordance with Section 1303(c) for exchange of Capital Securities therefor pursuant to the third paragraph of Section 1302 (and the Securities so selected for purposes of such exchange constitute less than all of the Securities of such

series), the particular Securities of such series to be so redeemed shall be all of the Securities of such series not so selected for exchange of Capital Securities therefor.

The Bank shall promptly notify the Company and the Trustee in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

Section 1104. Notice of Redemption.

Notice of redemption shall be given in the manner provided in Section 106 to the Holder of Securities to be redeemed not less than 30 nor more than 60 days prior to the Redemption Date (or, in the case of a redemption pursuant to Section 1108 of Securities of any series for which Capital Securities are exchangeable, not less than 60 days nor more than 90 days prior to the Redemption Date), unless a different period is specified as contemplated by Section 301 for Securities of any series to be redeemed.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price,

(3) if less than all the Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Securities to be redeemed,

(4) that, on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(5) the place or places where such Securities, together (in the case of Bearer Securities) with all Coupons appertaining thereto, if any, maturing after the Redemption Date, are to be surrendered for payment of the Redemption Price and any accrued interest and Additional Amounts pertaining thereto,

(6) if Bearer Securities are to be redeemed, that, unless otherwise specified in such notice, Bearer Securities surrendered for redemption must be accompanied by all Coupons maturing subsequent to the date fixed for redemption or the amount of any

such missing Coupon or Coupons will be deducted from the Redemption Price, unless security or indemnity satisfactory to the Company, the Trustee and any Paying Agent is furnished, and

(7) if Bearer Securities of any series are to be redeemed and any Registered Securities of such series are not to be redeemed, and if such Bearer Securities may be exchanged for Registered Securities not subject to redemption on the Redemption Date pursuant to Section 305 or otherwise, the last date, as determined by the Company, on which such exchanges may be made.

Notice of redemption of Securities to be redeemed shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

Section 1105. Deposit of Redemption Price.

Prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount sufficient to pay the Redemption Price of all the Securities or portions thereof which are to be redeemed on that date.

Section 1106. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after the Redemption Date (unless the Company shall default in the payment of the Redemption Price) such Securities shall cease to bear interest and the Coupons for such interest appertaining to any Bearer Securities so to be redeemed, except to the extent provided below, shall be void. Upon surrender of any such Security for redemption in accordance with said notice, together with all Coupons, if any, appertaining thereto maturing after the Redemption Date, such Security shall be paid by the Company at the Redemption Price; provided, however, that instalments of interest on Bearer Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable only upon presentation and surrender of Coupons for such interest (at an Office or Agency located outside the United States except as otherwise provided in Section 1002), and provided, further, that instalments of interest on Registered Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Regular Record Dates according to their terms and the provisions of Section 307.

If any Bearer Security surrendered for redemption shall not be accompanied by all appurtenant Coupons maturing after the Redemption Date, such Security may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing

Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Company and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing Coupon in respect of which a deduction shall have been made from the Redemption Price, such Holder shall be entitled to receive the amount so deducted; provided, however, that any interest or Additional Amounts represented by Coupons shall be payable only upon presentation and surrender of those Coupons at an Office or Agency for such Security located outside of the United States except as otherwise provided in Section 1002.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in such Security.

Section 1107. Securities Redeemed in Part.

Any Registered Security (including any global Security) which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee or the Authenticating Agent shall authenticate and deliver to the Holder of such Security without service charge, a new Registered Security or Securities of the same series of any authorized denomination as requested by such Holder and of like tenor, as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

If a Security in global form is so surrendered, the Company shall execute, and the Trustee shall authenticate and deliver to the U.S. Depository or other depository for such Security in global form as shall be specified in the Company Order with respect thereto to the Trustee, without service charge, a new Security in global form in a denomination equal to and in exchange for the unredeemed portion of the principal of the Security in global form so surrendered; provided that in the case of such surrender of any Security which is to be redeemed only in part pursuant to Section 1108, the Company shall execute, the Trustee or the Authenticating Agent shall authenticate and there shall be delivered (or, if not delivered, there shall be deemed to be delivered), on behalf of the Holder of such Security (without service charge), to the Exchange Agent for purposes of exchange of Capital Securities therefor pursuant to the third paragraph of Section 1302, a new Security or Securities of the same series, of any authorized denomination selected by the Bank, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered, and such new Security or Securities when so delivered (or deemed to be delivered) shall be deemed to be surrendered on the Exchange Date in accordance with Section 1304(e) for exchange of Capital Securities therefor pursuant to the third paragraph of Section 1302.

Section 1108. Special Cash Redemption.

If so specified in the terms of the Securities of any series established as provided in Section 301, in case an Event Relating to Federal Income Taxes shall occur, the Securities of such series shall be subject to redemption at any time, at the option of the Company, in accordance with the following provisions: (i) Securities of any series for which Capital Securities are exchangeable will be subject to redemption from Optional Available Funds or from other sources approved for such purpose by the Primary Federal Regulator; provided that less than all of the Securities of such series may be so redeemed only if notice shall have been given in accordance with Section 1302 that Capital Securities are to be exchanged as provided in the third paragraph of Section 1302 for all of the Securities of such series which are not to be so redeemed and (ii) Securities of any series for which Capital Securities are not exchangeable will be subject to redemption, as a whole but not in part, from Available Funds or from other sources approved for such purpose by the Primary Federal Regulator. Any such redemption shall be made only upon written notice given in the manner provided in Section 106 to the Holders of the Securities to be so redeemed not less than 60 days nor more than 90 days prior to the Redemption Date in the case of any redemption referred to in clause (i) above and not less than 30 days nor more than 60 days prior to the Redemption Date in the case of any redemption referred to in clause (ii) above.

Unless otherwise specified in the terms of the Securities of any series established as provided in Section 301, Securities of such series which are redeemed for cash in accordance with the preceding paragraph shall be redeemed at a Redemption Price equal to 100% of the principal amount thereof (or the Applicable Percentage thereof), together with accrued and unpaid interest, if any, to the Redemption Date (subject to Sections 307 and 1106).

Prior to the giving of any notice of redemption as provided in this Section, the Company shall deliver to the Trustee a certificate of an officer of the Company (which need not comply with Section 102) to the effect that the Company has complied with the provisions of this Section relating to such redemption and that the Company has received an opinion of independent counsel to the effect that the Company's determination that an Event Relating to Federal Income Taxes has occurred is proper.

In the event that the Company shall give notice as provided above to Holders of Securities of any series that are to be redeemed, the Company will redeem the Securities of such series for cash from Optional Available Funds or Available Funds, as the case may be, or from other sources approved for such purpose by the Primary Federal Regulator. The Securities of such series may be redeemed for cash pursuant to this Section 1108 only if, at the time that notice of such redemption is given to the Holders of the Securities of such series, (a) there shall be sufficient Optional Available Funds or Available Funds, as the case may be, to redeem all of the Securities of such series to be redeemed or (b) such other sources for redemption shall have been approved by the Primary Federal Regulator.

ARTICLE TWELVE

SUBORDINATION OF SECURITIES

Section 1201. Agreement to Subordinate.

The Company, for itself, its successors and assigns, covenants and agrees, and each Holder of a Security likewise covenants and agrees by his acceptance thereof, that the obligation of the Company to make any payment on account of the principal of (and premium, if any), interest on and Additional Amounts with respect to each and all of the Securities shall be subordinate and junior in right of payment to the Company's obligations to the holders of Senior Indebtedness of the Company, in that in the case of any insolvency, receivership, conservatorship, reorganization, readjustment of debt, marshalling of assets and liabilities or similar proceedings or any liquidation or winding-up of or relating to the Company as a whole, whether voluntary or involuntary, all obligations of the Company to holders of Senior Indebtedness of the Company shall be entitled to be paid in full before any payment shall be made on account of the principal of (or premium, if any), interest on or Additional Amounts with respect to the Securities. In the event of any such proceeding, after payment in full of all sums owing with respect to Senior Indebtedness of the Company, the Holders of the Securities and any Coupons appertaining thereto, together with the holders of any obligations of the Company ranking on a parity with the Securities, shall be entitled to be paid from the remaining assets of the Company the amounts at the time due and owing on account of unpaid principal of (and premium, if any), interest on and Additional Amounts with respect to the Securities before any payment or other distribution, whether in cash, property or otherwise, shall be made on account of any capital stock or any obligations of the Company ranking junior to the Securities. In addition, in the event of any such proceeding, if any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Company being subordinated to the payment of the Securities, shall be received by the Trustee or the Holders of the Securities or Coupons before all Senior Indebtedness of the Company is paid in full, such payment or distribution shall be held in trust for the benefit of and shall be paid over to the holders of such Senior Indebtedness of the Company or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness of the Company may have been issued, ratably, for application to the payment of all Senior Indebtedness of the Company remaining unpaid until all such Senior Indebtedness of the Company shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness of the Company. The obligations of the Company in respect of the Securities of each series shall rank on a parity with the Floating Rate Subordinated Notes Due 1995, the Floating Rate Subordinated Notes Due 1997, the Floating Rate Subordinated Notes Due 2000, the Floating Rate Subordinated Notes Due 2009, the 7 1/2% Subordinated Notes Due 1997, the 10% Subordinated Notes Due 1999, the 8% Subordinated Notes Due 1999, the 7 3/4% Subordinated Notes due 1999, the Floating Rate Subordinated Notes Due 2000, the 9 3/8% Subordinated Notes Due 2001, the 9 3/4% Subordinated Notes Due

2001, the 7.50% Subordinated Notes Due 2003, the Floating Rate Subordinated Notes Due 2003, the 6.50% Subordinated Notes Due 2005, the Floating Rate Subordinated Notes Due August 1, 2003 and the 6.75% Subordinated Notes Due 2008 issued by the Company, the Securities of each other series and any other obligations of the Company ranking on a parity with the Securities.

The subordination provisions of the foregoing paragraph shall not be applicable to amounts at the time due and owing on the Securities on account of the unpaid principal of (or premium, if any), interest on or Additional Amounts with respect to the Securities for the payment of which funds have been deposited in trust with the Trustee or any Paying Agent, or Capital Securities and/or funds as required have been deposited with the Exchange Agent, or funds and/or Capital Securities have been set aside by the Company in trust in accordance with the provisions of this Indenture; nor shall such provisions impair any rights, interests, remedies or powers of any secured creditor of the Company in respect of any security the creation of which is not prohibited by the provisions of this Indenture.

The securing of any obligations of the Company, otherwise ranking on a parity with the Securities or ranking junior to the Securities, shall not be deemed to prevent such obligations from constituting obligations ranking on a parity with the Securities or ranking junior to the Securities.

The Company shall give prompt written notice to the Trustee of any insolvency, receivership, conservatorship, reorganization, readjustment of debt, marshalling of assets and liabilities or similar proceedings or any liquidation or winding-up of or relating to the Company as a whole, whether voluntary or involuntary. The Trustee, subject to the provisions of Section 601, shall be entitled to assume that, and may act as if, no such event has occurred unless a Responsible Officer of the Trustee assigned to the Trustee's Corporate Trustee Administration Department has received at the Corporate Trust Office from the Company or any one or more holders of Senior Indebtedness of the Company or any trustee therefor (who shall have been certified or otherwise established to the satisfaction of the Trustee to be such a holder or trustee) written notice thereof. Upon any distribution of assets of the Company referred to in this Article, the Trustee and the Holders of the Securities and Coupons shall be entitled to rely upon any order or decree of a court of competent jurisdiction in which proceedings relating to any event specified in the first sentence of this paragraph are pending for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon, and all other facts pertinent thereto or to this Article, and the Trustee, subject to the provisions of Article Six, and the Holders of the Securities and Coupons shall be entitled to rely upon a certificate of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the Holders of the Securities or Coupons for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article. In the absence of any such liquidating trustee, agent or other Person, the Trustee shall be entitled to rely upon a written

notice by a Person representing himself to be a holder of Senior Indebtedness of the Company (or a trustee or representative on behalf of such holder) as evidence that such Person is a holder of such Senior Indebtedness of the Company (or is such a trustee or representative). In the event that the Trustee determines, in good faith, that further evidence is required with respect to the right of any Person, as a holder of Senior Indebtedness of the Company, to participate in any payment or distribution pursuant to this Section, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of such Senior Indebtedness of the Company held by such Person, as to the extent to which such Person is entitled to participation in such payment or distribution, and as to other facts pertinent to the rights of such Person under this Section, and if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

Section 1202. Obligation of the Company Unconditional.

Nothing contained in this Article or elsewhere in this Indenture is intended to or shall impair, as between the Company and the Holders of the Securities and Coupons, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities and Coupons the principal of (and premium, if any), interest on, and any Additional Amounts with respect to, the Securities when, where and as the same shall become due and payable, all in accordance with the terms of the Securities and Coupons, or is intended to or shall affect the relative rights of the Holders of the Securities and Coupons and creditors of the Company other than the holders of the Senior Indebtedness of the Company, nor shall anything herein or therein prevent the Trustee or the Holder of any Security or Coupon, from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness of the Company in respect of cash, property, or securities of the Company received upon the exercise of any such remedy.

Section 1203. Limitations on Duties to Holders of Senior Indebtedness of the Company.

With respect to the holders of Senior Indebtedness of the Company, the Trustee undertakes to perform or to observe only such of its covenants and obligations as are specifically set forth in this Article, and no implied covenants or obligations with respect to the holders of Senior Indebtedness of the Company shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness of the Company, except with respect to Moneys held in trust pursuant to the first paragraph of Section 1201.

Section 1204. Notice to Trustee and Exchange Agent of Facts Prohibiting Payments and Deliveries.

Notwithstanding any of the provisions of this Article or any other provision of this Indenture, the Trustee shall not at any time be charged with knowledge of the existence of any facts which would prohibit the making of any payment of Moneys to or by the Trustee unless and until a Responsible Officer of the Trustee assigned to its Corporate Trustee Administration Department shall have received at the Corporate Trust Office written notice thereof from the Company or from one or more holders of Senior Indebtedness of the Company or from any trustee therefor who shall have been certified by the Company or otherwise established to the reasonable satisfaction of the Trustee to be such a holder or trustee; and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Section 601, shall be entitled in all respects to assume that no such facts exist; provided, however, that, if prior to the fifth Business Day preceding the date upon which by the terms hereof any such Moneys may become payable for any purpose, or in the event of the execution of an instrument pursuant to Section 401 acknowledging satisfaction and discharge of this Indenture, then if prior to the second Business Day preceding the date of such execution, the Trustee shall not have received with respect to such Moneys the notice provided for in this Section, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such Moneys and/or apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such date; provided, however, that no such application shall affect the obligations under this Article of the Persons receiving such Moneys from the Trustee.

Notwithstanding any of the provisions of this Article or any other provision of this Indenture, no Exchange Agent which shall have made the designation referred to below in the instrument referred to in Section 1305 shall at any time be charged with knowledge of the existence of any facts which would prohibit the making of any delivery or payment of Capital Securities or Moneys, as the case may be, to or by such Exchange Agent unless and until one or more officers as may be designated by such Exchange Agent in the instrument referred to in Section 1305 shall have received, at such office as may be designated by such Exchange Agent in such instrument, written notice thereof from the Company or from one or more holders of Senior Indebtedness of the Company or from any trustee therefor who shall have been certified by the Company or otherwise established to the reasonable satisfaction of such Exchange Agent to be such a holder or trustee; and, prior to the receipt of any such written notice, such Exchange Agent shall be entitled in all respects to assume that no such facts exist; provided, however, that, if prior to the fifth Business Day preceding the date upon which by the terms hereof any such Capital Securities or Moneys may become deliverable or payable, as the case may be, for any purpose, or in the event of the execution of an instrument pursuant to Section 401 acknowledging satisfaction and discharge of this Indenture, then if prior to the second Business Day preceding the date of such execution, such Exchange Agent shall not have received with respect to such Capital Securities or Moneys the notice provided for in this Section, then, anything herein contained to the contrary notwithstanding, such Exchange Agent shall have full power and authority to receive such Capital Securities or Moneys and/or apply the same to the

purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such date; provided, however, that no such application shall affect the obligations under this Article of the Persons receiving such Capital Securities or Moneys from such Exchange Agent.

Section 1205. Application by Trustee or Agent of Money or Capital Securities.

Anything in this Indenture to the contrary notwithstanding, any deposit of Moneys or Capital Securities by the Company with the Trustee or any agent (whether or not in trust) for any payment of the principal of (or premium, if any), interest on or Additional Amounts with respect to any Securities shall, except as provided in Section 1204, be subject to the provisions of Section 1201.

Section 1206. Subrogation.

Subject to the payment in full of all Senior Indebtedness of the Company, the Holders of the Securities and Coupons shall be subrogated to the rights of the holders of such Senior Indebtedness of the Company to receive payments or distributions of assets of the Company applicable to such Senior Indebtedness of the Company until all of the Securities shall be paid in full and none of the payments or distributions to the holders of such Senior Indebtedness of the Company to which the Holders of all of the Securities and Coupons or the Trustee would be entitled except for the provisions of this Article or of payments over, pursuant to the provisions of this Article, to the holders of such Senior Indebtedness of the Company by the Holders of the Securities and Coupons or the Trustee shall, as between the Company, its creditors other than the holders of such Senior Indebtedness of the Company, and the Holders of the Securities and Coupons, be deemed to be a payment by the Company to or on account of such Senior Indebtedness of the Company; it being understood that the provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities and Coupons, on the one hand, and the holders of the Senior Indebtedness of the Company, on the other hand.

Section 1207. Subordination Rights Not impaired by Acts or Omissions of Company or Holders of Senior Indebtedness of the Company.

No right of any present or future holders of any Senior Indebtedness of the Company to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with. The holders of Senior Indebtedness of the Company may, at any time or from time to time and in their absolute discretion, change the

manner, place or terms of payment, change or extend the time of payment of, or renew or alter, any such Senior Indebtedness of the Company, or amend or supplement any instrument pursuant to which any such Senior Indebtedness of the Company is issued or by which it may be secured, or release any security therefor, or exercise or refrain from exercising any other of their rights under the Senior Indebtedness of the Company including, without limitation, the waiver of any default thereunder, all without notice to or assent from the Holders of the Securities or Coupons or the Trustee and without affecting the obligations of the Company, the Trustee or the Holders of the Securities or Coupons under this Article.

Section 1208. Authorization of Trustee to Effectuate Subordination of Securities.

Each Holder of a Security or Coupon, by his acceptance thereof, authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate, as between the Holders of Securities and Coupons and the holders of Senior Indebtedness of the Company, the subordination provided in this Article. If, in the event of any proceeding or other action relating to the Company referred to in the first sentence of Section 1201, a proper claim or proof of debt in the form required in such proceeding or action is not filed by or on behalf of the Holders of the Securities of any series or Coupons appertaining thereto prior to 15 days before the expiration of the time to file such claim or claims, then the holder or holders of Senior Indebtedness of the Company shall have the right to file and are hereby authorized to file an appropriate claim for and on behalf of the Holders of the Securities of such series or Coupons appertaining thereto.

Section 1209. Right of Trustee to Hold Senior Indebtedness of the Company.

The Trustee shall be entitled to all of the rights set forth in this Article in respect of any Senior Indebtedness of the Company at any time held by it in its individual capacity to the same extent as any other holder of such Senior Indebtedness of the Company, and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder.

Section 1210. Article Twelve Not to Prevent Events of Default or Defaults.

The failure to make a payment pursuant to the Securities by reason of any provision in this Article shall not be construed as preventing the occurrence of an Event of Default or a Default.

ARTICLE THIRTEEN

EXCHANGE OF CAPITAL SECURITIES FOR SECURITIES

Section 1301. Applicability of Article.

If the terms of the Securities of any series established as provided in Section 301 shall provide that Capital Securities are exchangeable for the Securities of such series, the Company shall exchange Capital Securities for the Securities of such series in accordance with their terms and (except as otherwise specified in the terms of the Securities of such series established as provided in Section 301) in accordance with this Article on a date not later than the Stated Maturity of the Securities of such series.

Section 1302. Exchange of Capital Securities.

The amount of Capital Securities which shall be exchangeable for each Security of any series for which Capital Securities are exchangeable shall be Capital Securities with a Market Value equal to the principal amount of such Security or the Applicable Percentage of such principal amount, as established in or pursuant to a Board Resolution or indenture supplemental hereto as provided in Section 301 or, if not so established, shall be Capital Securities with a Market Value equal to the principal amount of such Security.

Except as otherwise provided in this Section 1302, unless the Company's obligation to exchange Capital Securities for Securities of any series for which Capital Securities are exchangeable has been revoked as provided in Section 1309 or the Securities of such series are redeemed as provided in Article Eleven, on the Exchange Date for the Securities of such series, the Company shall (i) exchange for all or part of the Securities of such series Capital Securities with the Market Value established for the Securities of such series as provided in Section 301, or (ii) if so specified in the terms of the Securities of such series established as provided in Section 301, at the Company's option, pay the principal amount (or the Applicable Percentage thereof) of all or part of the Securities of such series from Optional Available Funds (or funds from any other source to the extent approved by the Primary Federal Regulator), and, in either case, the Company shall pay or cause to be paid on the Exchange Date to the Persons entitled thereto accrued and unpaid interest to the Exchange Date. The notice prescribed in Section 1303(a) shall be given in the manner provided in Section 1303(a) not less than 90 days nor more than 120 days prior to the Exchange Date for the Securities of any series for which Capital Securities are exchangeable. At the Company's option, the Exchange Date may be accelerated to a date not more than 60 days prior to the Stated Maturity of the Securities of such series by a notice given by the Company in the manner provided in Section 1303(b) not less than three Business Days prior to the accelerated Exchange Date.

If so specified in the terms of the Securities of any series for which Capital Securities are exchangeable established as provided in Section 301 and except as otherwise provided in this Section 1302, unless the Company's obligation to exchange Capital Securities for Securities of

such series has been revoked as provided in Section 1309 or the Securities of such series are redeemed as provided in Article Eleven, the Company may, at any time at the Company's option, exchange for all or part of the Securities of such series Capital Securities with the Market Value established for the Securities of such series as provided in Section 301, upon not less than 90 days' nor more than 120 days' written notice mailed to the Holders thereof, if the Company shall determine that it is not, or that there is a substantial probability that it will not be, allowed to deduct under Section 163(a) of the Internal Revenue Code of 1986 or any similar successor provision, payments of interest to Holders of the Securities of such series as a result of (a) any change in, or amendment to, or officially proposed change in, or amendment to, the laws (or any regulations, revenue rulings or revenue procedures promulgated thereunder) of the United States or any change in, or officially proposed change in, operation or official interpretation of such laws, rulings or regulations, or (b) any action taken by a taxing authority of the United States on or after the original issue date of the Securities of such series, which action is generally applied or which is taken with respect to the Company, or (c) a decision rendered by a court of competent jurisdiction in the United States on or after the original issue date of the Securities of such series, whether or not such decision was rendered with respect to the Company, or (d) a technical advice memorandum or ruling issued by the United States Internal Revenue Service on substantially the same facts as those affecting the Company (each of the foregoing an "Event Relating to Federal Income Taxes"). In the case of any such exchange of Capital Securities for Securities of any such series, the Company shall pay or cause to be paid on the Exchange Date to the Persons entitled thereto accrued and unpaid interest on such Securities to the Exchange Date. Prior to the mailing of any notice of such exchange, the Company shall deliver to the Trustee a certificate of an officer of the Company (which need not comply with Section 102) to the effect that the Company has complied with the provisions of this Section relating to such exchange and that the Company has received an opinion of independent counsel to the effect that the Company's determination that an Event Relating to Federal Income Taxes has occurred is proper. If Capital Securities are to be exchanged for the Securities of any series pursuant to this paragraph, prior to the time notice of the Company's election to effect such exchange is given to the Holders thereof, the Company shall have appointed an Exchange Agent and deposited with the Exchange Agent in trust or, if the Company shall be the Exchange Agent, segregated and held in trust, for the benefit of the Persons entitled thereto, certificates for the Capital Securities issuable upon such exchange and an amount in cash which together are sufficient to pay the Exchange Price of and (subject to Section 307) accrued and unpaid interest to the Exchange Date on all of the Securities of such series or portions thereof for which Capital Securities are to be exchanged on the Exchange Date, plus an amount in cash in lieu of any fractional Capital Securities. Upon the deposit of such certificates and cash with the Exchange Agent, the Exchange Agent shall notify the Trustee in writing of such deposit, and the Trustee shall be protected in relying on such notice, subject to Section 601, for all purposes of this Indenture, including, but not limited to, Section 401. Capital Securities may be so exchanged for less than all of the Securities of any series only if all of the Securities of such series for which Capital Securities are not so exchanged are to be redeemed as provided in Section 1108 and, prior to the time notice of such exchange is given, the Company shall have given irrevocable instructions to the Trustee to give on behalf of the Company notice of such redemption to Holders of the Securities to be so redeemed as provided

in Sections 1104 and 1108, and the Company shall have irrevocably given to the Bank and the Trustee the notice provided in Section 1102 with respect to such redemption. The notice of exchange given to Holders of Securities of any series as provided in this paragraph shall (x) be given in the manner provided in Section 1303(a), (y) set forth the Exchange Date and state that each Holder of Securities of such series for which Capital Securities are being exchanged will receive on such Exchange Date accrued and unpaid interest to such Exchange Date in cash (subject to Section 307) and (z) except as otherwise specified in the terms of the Securities of such series established as provided in Section 301, include statements to the effect set forth in Sections 1303(a) (2), (4), (7) and (11). Except as otherwise specified in the terms of the Securities of any series established as provided in Section 301, (i) the following provisions of this Article Thirteen shall apply to the exchange of Capital Securities for Securities of such series pursuant to this paragraph (unless the context of any such provision otherwise requires): Section 1301; the first, third, fourth and fifth paragraphs of this Section 1302; Section 1303(b) (to the extent applicable to any notice given pursuant to Section 1309); Sections 1303(c) and 1304(e) and (f); the second paragraph (including clauses (1), (2) and (3)) of Section 1305; the third paragraph of Section 1305; and Sections 1306, 1308(a), 1309, 1310, 1311 and 1312; and (ii) the remaining provisions of this Article Thirteen shall not apply to such exchange. Subject to Sections 502 and 503, no Holder of a Security for which Capital Securities are exchanged pursuant to this paragraph shall be entitled to receive any cash from the Company on the Exchange Date established pursuant to this paragraph or at the Stated Maturity of the Securities of such series, except: (A) as provided herein, in lieu of any fractional Capital Securities and (subject to Section 307) for accrued and unpaid interest, and (B) as otherwise specified in the terms of the Securities of such series established as provided in Section 301. Any additional terms and conditions which may apply to such an exchange of Capital Securities for the Securities of any series upon an Event Relating to Federal Income Taxes shall be specified in the terms of the Securities of such series established as provided in Section 301.

No fractional Capital Securities shall be issued upon any exchange of Capital Securities for Securities of any series. If more than one Security of any series shall be surrendered for purposes of such exchange at one time by the same Holder, the amount of all Capital Securities which shall be issuable upon such exchange shall be computed on the basis of the aggregate principal amount of such Securities so surrendered. In lieu of issuing any fractional Capital Security, the Company shall pay a cash adjustment in respect of such fraction in an amount equal to the same fraction of the Market Value of the Capital Security.

The Company shall not be obligated to deliver Capital Securities to any Holder of a Security of any series to the extent that the Company elects to apply Optional Available Funds (or funds from any other source to the extent approved by the Primary Federal Regulator) to pay such Security in cash. The Company shall not be obligated to apply Available Funds or Optional Available Funds to the payment of any Securities of any series.

Section 1303. Notices of Exchange.

(a) Each notice in accordance with this Section 1303(a) shall be given to the Holders of Securities of any series for which Capital Securities are to be exchanged by first-class mail, postage prepaid, to their addresses as they shall appear in the Security Register (a copy of which shall promptly be delivered to the Trustee and the Exchange Agent) and shall:

(1) state the Exchange Date and that it is subject to acceleration in the manner provided in the second paragraph of Section 1302;

(2) state the type of Capital Securities to be exchanged for the Securities of such series on such Exchange Date;

(3) contain or be accompanied by a Capital Security Election Form;

(4) if Capital Securities are to be exchanged for less than all of the Outstanding Securities of such series on such Exchange Date, state the identification (and, in the case of exchange of Capital Securities for less than the whole principal amounts of Securities of such series, the principal amounts) of the particular Securities for which Capital Securities are to be exchanged;

(5) state that each Holder of Securities of such series for which Capital Securities are being exchanged will receive on such Exchange Date accrued and unpaid interest to such Exchange Date in cash (subject to Section 307) and may elect to receive Capital Securities with a Market Value equal to the principal amount (or the Applicable Percentage thereof) of such Securities registered in the name of such Holder by returning such Capital Security Election Form on or before the date set forth therein (which shall be the date 30 days subsequent to the giving of the notice prescribed in this Section 1303(a) and shall not be less than 60 days prior to the Stated Maturity of the Securities of such series);

(6) state that, in the absence of the election specified in (5) above, such Holder shall be deemed to have received Capital Securities on the Exchange Date and to have elected to have such Capital Securities sold by the Company in the related Secondary Offering and the proceeds thereof, together with accrued and unpaid interest (subject to Section 307), delivered to such Holder on the Exchange Date; provided, however, that in the event that the Company does not effect the Secondary Offering and the Company has not elected to apply Optional Available Funds (or funds from any other source to the extent approved by the Primary Federal Regulator) to the payment of the Securities of such series, such Holder will receive on or after the Exchange Date the Capital Securities described in the notice and not cash (other than cash in lieu of fractional Capital Securities and for accrued and unpaid interest (subject to Section 307));

(7) state that on such Exchange Date the Exchange Price will become due and payable, whether in cash or Capital Securities, with respect to each such Security of such series for which Capital Securities are to be exchanged and that interest thereon will cease to accrue on and after such Exchange Date;

(8) state that if there is a Secondary Offering, the Market Value of any Capital Securities issued on the Exchange Date will be equal to the sale price of such Capital Securities as are sold in the Secondary Offering and that because such sale price will be determined prior to the Exchange Date, Holders of Securities who elect to receive Capital Securities on the Exchange Date will bear the market risk with respect to the value of the Capital Securities to be received from the date such sale price is determined to the Exchange Date;

(9) state that each Holder for whom Capital Securities are being offered in the Secondary Offering shall be deemed to have appointed the Company such Holder's attorney-in-fact to execute any and all documents and agreements which the Company deems necessary or appropriate to effect such Secondary Offering on the terms set forth in the notice;

(10) state that (i) unless, within 30 days following the giving of the notice prescribed in this Section 1303(a), the Company shall be advised to the contrary in writing by the Holder, the Company will be entitled to assume for purposes of such Secondary Offering that the Capital Securities are to be offered for the account of such Holder, that such Holder has not held any position, office or other material relationship with the Company within three years preceding the Secondary Offering, that the Holder owns no such Capital Securities which are held other than in the name of the Holder and that after completion of the Secondary Offering the Holder will own less than 1% of the class of such Capital Securities, (ii) if any of these assumptions is not correct, the Holder shall promptly, but in any event within such 30-day period, so advise the Company, and (iii) a failure on the part of such Holder to advise the Company promptly, but in any event within such 30-day period, of the incorrectness of any of such assumptions will expose such Holder to liability to the Company, the Trustee, the Exchange Agent, other Holders of Securities of such series and underwriters, agents and other similar Persons to the extent set forth in Section 1304(d) and exonerate the Company from liability to such Holder to the extent set forth in Section 1308(c); and

(11) state the place or places where such Securities are to be surrendered for exchange of Capital Securities therefor.

(b) Each notice in accordance with this Section 1303(b) shall be given to the Holders of Securities of any series for which Capital Securities are to be exchanged by first-class mail, postage prepaid, to their addresses as they shall appear in the Security Register and shall be published in an Authorized Newspaper. The Company shall promptly deliver a copy of each such notice to the Trustee and the Exchange Agent. In the event that there has been a Secondary

Offering, notice shall be given not less than three Business Days prior to the Exchange Date of the amount of Capital Securities to be exchanged for each $1,000 principal amount of Securities of such series in the manner provided in this Section 1303(b).

(c) If Capital Securities are to be exchanged for less than all of the Securities of any series on any Exchange Date, the Company shall, at least 15 days prior to the giving of the notice prescribed in Section 1303(a) (unless a shorter notice shall be satisfactory to the Bank), notify the Bank and the Trustee of the Exchange Date and of the principal amount of Securities of such series for which Capital Securities are to be exchanged, and the particular Securities of such series for which Capital Securities are to be exchanged shall be selected, not less than 105 days prior to the Exchange Date, by the Bank, from the Outstanding Securities of such series, by such method as the Bank shall deem fair and appropriate and which may provide for the selection for such purpose of portions (equal to the minimum authorized denomination for Securities of that series or any integral multiple thereof) of the principal amount of Securities of such series of a denomination larger than the minimum authorized denomination for Securities of that series; provided that in the case of an exchange of Capital Securities for the Securities of any series pursuant to the third paragraph of Section 1302, if particular Securities of such series have been selected in accordance with Section 1103 for redemption pursuant to Section 1108 (and the Securities so selected for such redemption constitute less than all of the Securities of such series), the particular Securities of such series for which Capital Securities are to be so exchanged shall be all of the Securities of such series not so selected for redemption. The Bank shall promptly notify the Company, the Trustee and the Exchange Agent in writing of the Securities selected for such purpose and, in the case of any Securities so selected in part, the principal amount thereof for which Capital Securities are to be exchanged.

Section 1304. Rights and Duties of Holders of Securities for which Capital Securities are to Be Exchanged.

(a) Each Holder of Securities of any series for which Capital Securities are to be exchanged will receive on the Exchange Date accrued and unpaid interest to such Exchange Date in cash (subject to Section 307) and may elect to receive Capital Securities with a Market Value equal to the principal amount (or the Applicable Percentage thereof) of such Securities registered in the name of such Holder by returning the Capital Security Election Form specified in Section 1307 not later than the date set forth therein (which shall be the date 30 days subsequent to the giving of the notice prescribed in Section 1303(a) and shall not be less than 60 days prior to the Stated Maturity of the Securities of such series). All Capital Security Election Forms may be delivered to the office of the Exchange Agent at the address specified in such form or to any Office or Agency maintained for such purpose as provided in Section 1002 or, if the Company shall fail to maintain such Office or Agency, to the Corporate Trust Office. If any such Holder shall fail to make the election specified in the first sentence of this Section 1304(a) on or before the last day provided therein for making such election, such Holder shall be deemed to have received Capital Securities on the Exchange Date and to have elected to have such Capital Securities sold by the Company in the related Secondary Offering and the proceeds thereof,

together with accrued and unpaid interest (subject to Section 307), delivered to such Holder on the Exchange Date (such Holder being thereby deemed to be a Cash Election Holder).

Subject to Sections 502 and 503, and without prejudice to the rights pursuant to Section 1308 of Holders of Securities of any series for which Capital Securities are exchangeable, no Holder of a Security of any series for which Capital Securities are exchanged in accordance with the provisions of this Article and the terms of the Securities of such series shall be entitled to receive any cash from the Company on the Exchange Date for, or at the Stated Maturity of, the Securities of such series, except: (i) from the proceeds of the sale of Capital Securities in the related Secondary Offering or from Optional Available Funds (or funds from any other source to the extent approved by the Primary Federal Regulator) which the Company has elected to apply to the payment of Securities of such series, and (ii) as provided herein, in lieu of any fractional Capital Securities and (subject to Section 307) for accrued and unpaid interest.

Cash Election Holders of Securities of any series will receive any Optional Available Funds (or funds from any other source to the extent approved by the Primary Federal Regulator) which the Company elects to apply to the payment of Securities of such series up to the principal amount (or the Applicable Percentage thereof) of such Holders' Securities of such series.

If the Company does not sell in a Secondary Offering with respect to the Securities of any series a sufficient amount of Capital Securities so that the sale proceeds thereof, when added to any Optional Available Funds (or funds from any other source to the extent approved by the Primary Federal Regulator) which the Company elects to apply to the payment of the Securities of such series, are sufficient to satisfy the cash elections of the Cash Election Holders of the Securities of such series, the Exchange Agent will allocate Capital Securities, the proceeds of such Secondary Offering and such Optional Available Funds (or funds from any other source to the extent approved by the Primary Federal Regulator) among such Cash Election Holders pro rata based upon the respective principal amounts of the Securities of such series held by such Cash Election Holders to the extent practicable or by such other means as the Exchange Agent deems fair and appropriate and, in any event, in such manner as may be required by applicable law. To the extent that such Cash Election Holders do not receive cash, they will receive whole Capital Securities for the balance and cash in lieu of any fractional Capital Securities. In the event that such Cash Election Holders receive Capital Securities in accordance with the foregoing sentence, the delivery of such Capital Securities together with the proceeds of such Secondary Offering and such Optional Available Funds (or funds from any other source to the extent approved by the Primary Federal Regulator) shall constitute payment in full of the principal of such Cash Election Holders' Securities, and the Company shall have no further obligation to effect such Secondary Offering, without prejudice to such Cash Election Holders' rights pursuant to Section 1308.

In the event that the Company does not effect a Secondary Offering to provide cash to the Cash Election Holders of the Securities of any series on the Exchange Date and the Company has not elected to apply any Optional Available Funds (or funds from any other source to the extent approved by the Primary Federal Regulator) to the payment of the Securities of such

series, such Holders shall receive on or after the Exchange Date the Capital Securities described in the notice prescribed in Section 1303(a), with the Market Value determined pursuant to the terms of the Securities of such series, and not cash (other than cash in lieu of fractional Capital Securities and for accrued and unpaid interest (subject to Section 307)), and the Company shall have no further obligation to effect such Secondary Offering, without prejudice to such Cash Election Holders' rights pursuant to Section 1308.

(b) Each Holder for whom Capital Securities are offered in a Secondary Offering shall be deemed to have appointed the Company such Holder's attorney-in-fact to execute any and all documents and agreements which the Company deems necessary or appropriate to effect such Secondary Offering on the terms set forth in the notice prescribed in Section 1303(a).

(c) Unless, within 30 days following the giving of the notice prescribed in Section 1303(a), the Company shall be advised to the contrary in writing by any Holder for whom Capital Securities are offered in a Secondary Offering, the Company shall be entitled to assume for purposes of such Secondary Offering that the Capital Securities are to be offered for the account of such Holder, that such Holder has not held any position, office or other material relationship with the Company within three years preceding the Secondary Offering, that such Holder owns no such Capital Securities which are held other than in the name of the Holder and that after completion of the Secondary Offering such Holder will own less than 1% of the class of such Capital Securities.

(d) Each Holder for whom Capital Securities are offered in the Secondary Offering agrees to indemnify and hold harmless the Company, the Trustee, the Exchange Agent, any other Holder and any underwriter, agent or other similar Person from and against any and all losses, claims, damages and liabilities resulting from or based upon any untrue statement or alleged untrue statement of any material fact contained in any notice of exchange, any offering memorandum or selling document or registration statement relating to the Secondary Offering, any preliminary prospectus or prospectus contained therein, or any amendment thereof or supplement thereto, or resulting from or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, which untrue statement, alleged untrue statement, omission or alleged omission is made therein (i) in reliance upon and in conformity with any written information furnished to the Company by or on behalf of such Holder specifically for use in connection with the preparation thereof or (ii) because of such Holder's failure to advise the Company in writing that any of the assumptions described in the Company's notice pursuant to Section 1303(a)(10) is incorrect.

(e) In order to receive the Exchange Price of any Security for which Capital Securities are to be exchanged, together with accrued and unpaid interest thereon plus an amount in cash in lieu of any fractional Capital Securities, the Holder of such Security shall surrender such Security (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by,

the Holder thereof or his attorney duly authorized in writing) to the Exchange Agent at the place or places specified in the notice prescribed in Section 1303(a).

(f) Capital Securities shall be deemed to be exchanged for Securities of any series for which Capital Securities are to be exchanged, effective on the Exchange Date therefor, in accordance with the provisions of this Article and the terms of the Securities of such series, and at such time the rights of the Holders of such Securities as such Holders shall cease (subject to any additional terms of the Securities of any series established as provided in Section 301) and the Person or Persons entitled to receive Capital Securities issuable upon such exchange shall be treated for all purposes as the record holder or holders of such Capital Securities at such time. The Company shall cause the Exchange Agent to deliver, on and after the Exchange Date upon surrender of any Security for purposes of exchange in accordance with Section 1304(e), a certificate or certificates for the Capital Securities issuable upon such exchange, together with an amount in cash in lieu of any fractional Capital Securities and (subject to Section 307) accrued and unpaid interest.

Section 1305. Deposit of Exchange Price.

At least 90 days prior to the Exchange Date for the Securities of any series for which Capital Securities are to be exchanged, the Company shall appoint an Exchange Agent and, on or prior to the Exchange Date for the Securities of such series, the Company shall deposit with the Exchange Agent in trust or, if the Company shall be the Exchange Agent, segregate and hold in trust, for the benefit of the Persons entitled thereto, certificates for the Capital Securities issuable upon such exchange and an amount in cash which together are sufficient to pay the Exchange Price of and (subject to Section 307) accrued and unpaid interest to the Exchange Date on all of the Securities of such series or portions thereof for which Capital Securities are to be exchanged on the Exchange Date, plus an amount in cash in lieu of any fractional Capital Securities. Upon the deposit of such certificates and cash with the Exchange Agent, the Exchange Agent shall notify the Trustee in writing of such deposit, and the Trustee shall be protected in relying on such notice, subject to Section 601, for all purposes of this Indenture, including, but not limited to, Section 401.

The Company will cause the Exchange Agent to execute and deliver to the Trustee an instrument in which such Exchange Agent shall agree with the Trustee, or if the Trustee shall be the Exchange Agent, the Trustee hereby agrees that, subject to the provisions of this Section, such Exchange Agent will:

(1) hold all certificates for Capital Securities and all amounts of cash held by it for delivery and payment pursuant to this Article in trust for the benefit of the Persons entitled thereto until such certificates shall be delivered and such cash shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of such series) in the making of any such deposit; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith deliver to the Trustee all certificates for Capital Securities and pay to the Trustee all amounts of cash so held pursuant to this Article in trust by such Exchange Agent.

Such instrument may also designate one or more officers of the Exchange Agent to receive notices pursuant to the second paragraph of Section 1204 and the office of the Exchange Agent at which such notices shall be received.

Any certificates for Capital Securities or amounts of cash deposited with the Exchange Agent pursuant to this Article in trust as hereinabove provided which (i) shall not be delivered and paid to the Holders of any Security because the Company shall not be obligated to make or cause to be made the delivery or payment thereof pursuant to the terms of this Indenture or if such Security shall be delivered or repaid, as the case may be, to the Company on Company Request or (ii) shall remain unclaimed by the Holder of any Security for two years after the same shall have been so deposited with the Exchange Agent shall be delivered or repaid, as the case may be, to the Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security who was entitled thereto shall thereafter look only to the Company for delivery or payment thereof, and all liability of the Trustee or the Exchange Agent (other than the Company) with respect to such certificates or cash, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or the Exchange Agent, before being required to make any such delivery or repayment, may at the expense of the Company cause to be published once, in an Authorized Newspaper, notice that such certificates or cash remain unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such certificates or cash then remaining will be delivered or repaid, as the case may be, to the Company.

Section 1306. Securities Due on Exchange Date; Securities Exchanged in Part.

The Securities of any series for which Capital Securities are to be exchanged shall, on the Exchange Date for the Securities of such series, become due and payable at the Exchange Price therein specified, and from and after the Exchange Date (unless the Company shall default in the payment of the Exchange Price and accrued and unpaid interest) such Securities or portions thereof for which Capital Securities are to be exchanged shall cease to bear interest. Upon surrender of any such Security for purposes of such exchange, such Security shall be paid by the Company, or Capital Securities shall be exchanged therefor, at the Exchange Price, together with accrued and unpaid interest to the Exchange Date (subject to Section 307), plus an amount in cash in lieu of any fractional Capital Securities.

If any Security of any series for which the notice prescribed in Section 1303(a) is duly given shall not be so paid, or if Capital Securities shall not be exchanged therefor, upon surrender thereof for purposes of such exchange, the principal shall, until paid, or until Capital

Securities shall be exchanged for such principal, bear interest from the Exchange Date at the rate prescribed therefor in such Security.

Upon surrender to the Exchange Agent in accordance with Section 1304(e) of any Security for which Capital Securities are to be exchanged only in part, the Company shall execute, the Trustee shall authenticate and there shall be delivered to the Holder of such Security without service charge, a new Security or Securities of the same series, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the portion of the principal of the Security so surrendered for which Capital Securities have not been exchanged; provided that in the case of such surrender of any Security for which Capital Securities are to be exchanged only in part pursuant to the third paragraph of Section 1302, the Company shall execute, the Trustee shall authenticate and there shall be delivered (or, if not delivered, there shall be deemed to be delivered), on behalf of the Holder of such Security (without service charge), to a place where Securities of such series may be surrendered for redemption pursuant to Section 1108, a new Security or Securities of the same series, of any authorized denomination selected by the Bank, in aggregate principal amount equal to and in exchange for the portion of the principal of the Security so surrendered for which Capital Securities have not been exchanged, and such new Security or Securities when so delivered (or deemed to be delivered) shall be deemed to be surrendered on the Redemption Date in accordance with Section 1106 or 1107 for redemption pursuant to Section 1108.

Section 1307. Form of Capital Security Election Form.

The form of Capital Security Election Form shall be substantially as follows, with such additions, deletions or changes thereto as may be approved by the Company.

CAPITAL SECURITY ELECTION FORM

To: [Insert Name and Address of Exchange Agent]

The undersigned Holder of [Insert title of Securities] ("Securities") of The Chase Manhattan Corporation hereby elects to receive on the Exchange Date determined pursuant to the Amended and Restated Indenture dated as of September 1, 1993 ("Indenture") between The Chase Manhattan Corporation and Chemical Bank, Trustee, and referred to in the notice of exchange delivered to the undersigned with this Capital Security Election Form, Capital Securities (as defined in the Indenture), registered in the name of the undersigned Holder, in exchange for all, or the portion of the principal stated below, of such Securities. As stated in the notice of exchange delivered to the undersigned Holder, (i) Capital Securities are to be exchanged for [Company to insert appropriate portion of principal amount if partial exchange] of the principal amount of the Securities held by the undersigned Holder and (ii) the undersigned Holder shall receive Capital Securities with a Market Value (as defined in the Indenture) equal to [Company to insert 100% of the principal amount or the Applicable Percentage thereof] of the Securities for which Capital Securities are being exchanged. Unless this Capital

Security Election Form is received by the Exchange Agent named above at the address shown above (or at any Office or Agency maintained for such purpose as provided in Section 1002 of the Indenture or, if the Company shall fail to maintain such office or agency, at the Corporate Trust Office) on or prior to , 19 [the date 30 days subsequent to the giving of the notice prescribed in Section 1303(a)], the undersigned Holder will be deemed to have elected to participate in the sale of the Holder's Capital Securities in the Secondary Offering and, as provided in the above-mentioned notice of exchange, will receive cash on the Exchange Date in an amount equal to [Company to insert 100% of the principal amount or the Applicable Percentage thereof] of all Securities for which Capital Securities are being exchanged owned by the Holder. All terms used herein and not otherwise defined herein shall have the meanings specified in the Indenture.

Dated . . . .
Name of Holder

Section 1308. Covenants of the Company.

(a) The Company agrees that all Capital Securities issued in exchange for Securities will upon issuance be duly and validly issued and, if applicable, fully paid and nonassessable. If any Capital Securities to be exchanged for Securities hereunder require registration with or approval of any governmental authority under any Federal or State law, or listing on any national securities exchange, before such Capital Securities may be issued, the Company shall use its best efforts to cause such Capital Securities to be duly registered or approved or listed, as the case may be. The Company will pay any and all transfer, stamp or similar taxes that may be payable in respect of the issue or delivery of Capital Securities in exchange for Securities pursuant hereto to the same Holder.

(b) The Company unconditionally undertakes to sell, or cause to be sold, in a Secondary Offering all Capital Securities to be exchanged for Securities of any series held by Cash Election Holders of Securities of such series (and to bear all expenses of such Secondary Offering, including underwriting discounts and commissions and transfer, stamp and similar taxes) at the times and in the manner required by this Indenture unless all Holders of the Securities of such series have elected to receive Capital Securities on the related Exchange Date or the amount of Optional Available Funds (and funds from any other source to the extent approved by the Primary Federal Regulator) which the Company has elected to apply to the payment of Securities of such series is sufficient to pay the principal of all of the Securities of such series held by all Cash Election Holders of the Securities of such series. The Company will effect each Secondary Offering such that the closing of such Secondary Offering will occur on or before the relevant Exchange Date.

(c) The Company agrees to indemnify and hold harmless any Holder for the account of whom Capital Securities are being offered and sold in connection with any Secondary Offering and the Trustee, the Exchange Agent and any underwriter, agent or other similar Person from and against any and all losses, claims, damages and liabilities resulting from or based upon any untrue statement or alleged untrue statement of any material fact contained in any notice of exchange, any offering memorandum or selling document or registration statement relating to the Secondary Offering, any preliminary prospectus or prospectus contained therein, or any amendment thereof or supplement thereto, or resulting from or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or resulting from the Company's failure to comply with Section 1308(a); provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any such untrue statement, alleged untrue statement, omission or alleged omission made therein (i) in reliance upon and in conformity with written information furnished to the Company by or on behalf of such Holder specifically for use in connection with the preparation thereof or (ii) because of such Holder's failure to advise the Company in writing that any assumption described in the Company's notice pursuant to Section 1303(a)(10) is incorrect. In connection with any Secondary Offering, the Company agrees to obtain usual and appropriate indemnification of any Holder for the account of whom Capital Securities are being offered and sold in any Secondary Offering from any underwriter, agent or other similar Person.

Section 1309. Revocation of Obligation to Exchange Capital Securities for Securities.

The Company's obligation to exchange Capital Securities for Securities of any series as provided in Section 1301 is absolute and unconditional; provided, however, that such obligation may be revoked at the option of the Company at any time on not less than 60 days' prior notice given in the manner provided in Section 1303(b) to the Holders of Securities of such series, the Trustee and the Exchange Agent, if the Company shall determine that the Securities of such series do not constitute primary capital of the Company under applicable regulations of the Primary Federal Regulator or if the Securities of such series shall cease being treated as primary capital of the Company by the Primary Federal Regulator or if approval of the Primary Federal Regulator is obtained for such revocation and, in any such case, the Company shall deliver to the Trustee a certificate of an officer of the Company (which need not comply with Section 102) to the effect that the Company has received an opinion of independent counsel to such effect.

In the event that such obligation is revoked,

(a) the Company will pay the Securities of such series in cash from any source at the principal amount thereof at the Stated Maturity thereof, plus accrued and unpaid interest to the date of payment (subject to Section 307), and

(b) the Company may, at any time when pursuant to their terms the Securities of such series are redeemable, on not less than 30 days' nor more than 60 days' prior notice, redeem the Securities of such series, in whole or in part, in accordance with Article Eleven and the terms of the Securities of such series, for cash from any source at the Redemption Price for the Securities of such series, plus accrued and unpaid interest to the Redemption Date (subject to Sections 307 and 1106).

Section 1310. Optional Available Funds.

(a) With respect to the Securities of any series for which Capital Securities are exchangeable, the Company may elect to create and establish an identifiable fund on its books and records for certain funds of the same character referred to in clauses (i), (ii) and (iii) of Section 1401 ("Optional Available Funds") which at any time may be designated by the Company and used, as provided in this Indenture or in the terms of the Securities of such series established as provided in Section 301, to pay the principal of the Securities of such series. The Company shall have no obligation (A) to create and establish such a fund or (B) to designate the proceeds of the issuance of any Capital Securities as Optional Available Funds or (C) to issue any Capital Securities for such purpose or (D) to apply any Optional Available Funds to the payment of any Securities. Notwithstanding any provision to the contrary contained in this Indenture or in the Securities of any series, neither funds designated as Optional Available Funds nor any other property from time to time held as Optional Available Funds shall be deemed to be for any purpose property of the Holders of any Securities or trust funds and Optional Available Funds shall not constitute security for the payment of any Securities.

(b) In lieu of, or in addition to, any exchange of Capital Securities for Securities of any series, or any other payment of the principal of the Securities of any series from Optional Available Funds (or funds from any other source to the extent approved by the Primary Federal Regulator), which may be made in accordance with the provisions of this Article, the Company may, at any time when pursuant to their terms the Securities of such series are redeemable, redeem the Securities of such series, in whole or in part, in accordance with Article Eleven and the terms of the Securities of such series, for cash from funds designated as Optional Available Funds for the Securities of such series (or with funds from any other source to the extent approved by the Primary Federal Regulator) at the Redemption Price for the Securities of such series, plus accrued and unpaid interest to the Redemption Date (subject to Sections 307 and 1106).

(c) Any Optional Available Funds remaining after redemption of all of the Securities of the series for which such Optional Available Funds have been designated or after payment (including the delivery of any Capital Securities exchanged for the Securities of such series) in full of the principal of (and premium, if any) and interest on all of the Securities of such series (or provision for the payment thereof as provided in Article Four) shall be released from such designation.

Section 1311. Provision in Case of Consolidation, Merger, Conveyance or Transfer.

In case of any consolidation of the Company with, or merger of the Company into, any other corporation (other than a consolidation or merger in which the Company is the continuing corporation), or in case of any conveyance or transfer of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the corporation formed by such consolidation or the corporation into which the Company shall have been merged or the corporation which shall have acquired by conveyance or transfer the property and assets of the Company substantially as an entirety, as the case may be, shall execute and deliver to the Trustee an indenture supplemental hereto providing that the Holder of each Security of any series for which Capital Securities are exchangeable then Outstanding shall have the right thereafter to receive, in accordance with the provisions of this Article Thirteen and the terms of the Securities of such series, Capital Securities of such corporation on the Exchange Date for such Security with a Market Value equal to the principal amount (or the Applicable Percentage thereof) of such Security, together with such amounts in cash as are provided in this Article Thirteen and the terms of the Securities of such series. The above provisions of this Section shall similarly apply to successive consolidations, mergers, conveyances or transfers.

Section 1312. Responsibility of Trustee.

The Trustee shall not at any time be under any duty or responsibility to any Holder of Securities of any series for which Capital Securities are to be exchanged to determine the Market Value of any Capital Securities delivered in exchange for Securities of such series and may rely on and shall be entitled to receive prior to any Exchange Date for Securities of such series an Officers' Certificate of the Company as to the Market Value of the Capital Securities being exchanged for the Securities of such series and the amount of Capital Securities being exchanged for each $1,000 principal amount of Securities of such series and stating that such Capital Securities qualify as Capital Securities under the definition thereof contained in this Indenture. The Trustee shall not be accountable with respect to the validity or value (or the kind or amount) of any Capital Securities which may at any time be issued or delivered in exchange for any Security; and the Trustee does not make any representation with respect thereto. The Trustee shall not be responsible for any failure of the Company to issue, transfer or deliver any Capital Securities or Capital Security certificates or other securities or property upon the surrender of any Security for the purpose of exchange or to comply with any of the covenants of the Company contained in this Article.

ARTICLE FOURTEEN

AVAILABLE FUNDS

Section 1401. Available Funds.

"Available Funds" will consist of amounts equal to (i) the net proceeds from the sale for cash from time to time of Capital Securities, (ii) the market value, as determined by the Company, of Capital Securities issued from time to time in exchange for other property, less the expenses to effect any such exchanges and (iii) other funds which the regulations or other criteria of the Primary Federal Regulator then permit in determining primary capital of the Company, provided that (x) the Company has designated such amounts as Available Funds on its books and records in the manner required by the Primary Federal Regulator, and (y) there shall be deducted from Available Funds an amount equal to the amount of any funds used to redeem or repay the Securities for which Available Funds are required to be designated. Notwithstanding any provision to the contrary contained in this Indenture or in the Securities of any series, neither funds designated as Available Funds nor any other property from time to time held as Available Funds shall be deemed to be for any purpose property of the Holders of any Securities or trust funds and Available Funds shall not constitute security for the payment of any Securities.

Section 1402. Covenant of Company to Obtain Available Funds.

The Company hereby covenants and agrees with regard to the Securities of any series for which Available Funds are required to be designated that (i) by the Interest Payment Date which occurs on or next preceding the date when one-third of the period from the original issue date of the Securities of such series to their Stated Maturity has elapsed, it will have obtained Available Funds in an amount that will equal at least one-third of the original aggregate principal amount of the Securities of such series which, at such date, may be treated for United States bank regulatory purposes as primary capital of the Company (or such lesser amount as the Primary Federal Regulator may permit from time to time), and will have delivered to the Trustee an Officers' Certificate to the foregoing effect, (ii) by the Interest Payment Date which occurs on or next preceding the date when two-thirds of the Period from the original issue date of the Securities of such series to their Stated Maturity has elapsed, it will have obtained Available Funds in an amount that will equal at least two-thirds of the original aggregate principal amount of the Securities of such series which, at such date, may be treated for United States bank regulatory purposes as primary capital of the Company (or such lesser amount as the Primary Federal Regulator may permit from time to time), and will have delivered to the Trustee an Officers' Certificate to the foregoing effect, and (iii) by 60 days prior to the Stated Maturity of the Securities of such series, it will have obtained Available Funds in an amount that will equal not less than the original aggregate principal amount of the Securities of such series which, at such date, may be treated for United States bank regulatory purposes as primary capital of the Company (or such lesser amount as the Primary Federal Regulator may permit from time to time), and will have delivered to the Trustee an Officers' Certificate to the foregoing effect; provided, however, that such covenant and agreement shall be cancelled, and any amounts

theretofore designated as Available Funds with regard to the Securities of such series shall be released from such designation, in the event and to the extent that the Primary Federal Regulator shall determine that any portion of the indebtedness represented by the Securities of such series previously treated as primary capital of the Company for United States bank regulatory purposes may not thereafter be so treated or in the event and to the extent that the Company shall have redeemed Securities of such series pursuant to the terms of Securities of such series from a source other than amounts designated as Available Funds.

Section 1403. Release of Available Funds upon Redemption or Payment.

Any Available Funds remaining after redemption of all of the Securities of the series for which such Available Funds have been designated or after payment in full of the principal of (and premium, if any) and interest on all of the Securities of such series (or provision for the payment thereof as provided in Article Four) shall be released from such designation.

ARTICLE FIFTEEN

REPAYMENT OPTION

Section 1501. Applicability of Article.

Securities of any series which are repayable at the option of the Holders thereof before their Stated Maturity shall be repaid in accordance with the terms of the Securities of such series. The repayment of any principal amount of Securities pursuant to such option of the Holder to require repayment of Securities before their Stated Maturity, for purposes of Section 309, shall not operate as a payment, redemption or satisfaction of the indebtedness represented by such Securities unless and until the Company, at its option, shall deliver or surrender the same to the Trustee with a directive that such Securities be cancelled. Notwithstanding anything to the contrary contained in this Article Fifteen, in connection with any repayment of Securities, the Company may arrange for the purchase of any Securities by an agreement with one or more investment bankers or other purchasers to purchase such Securities by paying to the Holders of such Securities on or before the close of business on the repayment date an amount not less than the repayment price payable by the Company on repayment of such Securities, and the obligation of the Company to pay the repayment price of such Securities shall be satisfied and discharged to the extent such payment is so paid by such purchasers.

ARTICLE SIXTEEN

MEETINGS OF HOLDERS OF SECURITIES

Section 1601. Purposes for Which Meetings May Be Called.

A meeting of Holders of Securities of any series may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series.

Section 1602. Call, Notice and Place of Meetings.

(a) The Trustee may at any time call a meeting of Holders of Securities of any series for any purpose specified in Section 1601, to be held at such time and at such place in the Borough of Manhattan, The City of New York, or in London or in such place outside the United States as the Trustee shall determine. Notice of every meeting of Holders of Securities of any series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 106, not less than 21 nor more than 180 days prior to the date fixed for the meeting.

(b) In case at any time the Company (by a Board Resolution) or the Holders of at least 10% in principal amount of the Outstanding Securities of any series shall have requested the Trustee to call a meeting of the Holders of Securities of such series for any purpose specified in Section 1601, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the first publication of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company or the Holders of Securities of such series in the amount above specified, as the case may be, may determine the time and the place in the Borough of Manhattan, The City of New York, or in London for such meeting and may call such meeting for such purposes by giving notice thereof as provided in subsection (a) of this Section.

Section 1603. Persons Entitled to Vote at Meetings.

To be entitled to vote at any meeting of Holders of Securities of any series, a Person shall be (1) a Holder of one or more Outstanding Securities of such series, or (2) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series by such Holder or Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders of Securities of any series shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

Section 1604. Quorum; Action.

The Persons entitled to vote a majority in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of Securities of such series; provided, however, that if any action is to be taken at such meeting with respect to a consent or waiver which this Indenture expressly provides may be given by the Holders of not less than 66 2/3% in principal amount of the Outstanding Securities of a series, the Persons entitled to vote 66 2/3% in principal amount of the Outstanding Securities of such series shall constitute a quorum. In the absence of a quorum within 30 minutes after the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 1602(a), except that such notice need be given only once not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

Except as limited by the proviso to Section 902, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted only by the affirmative vote of the Holders of a majority in principal amount of the Outstanding Securities of that series; provided, however, that any resolution with respect to any consent or waiver which this Indenture expressly provides may be given by the Holders of not less than 66 2/3% in principal amount of the Outstanding Securities of a series may be adopted at a meeting or an adjourned meeting duly convened and at which a quorum is present as aforesaid only by the affirmative vote of the Holders of 66 2/3% in principal amount of the Outstanding Securities of that series; and provided, further, that any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of a series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Securities of such series.

Any resolution passed or decision taken at any meeting of Holders of Securities of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series and the Coupons appertaining thereto, whether or not such Holders were present or represented at the meeting.

Section 1605. Determination of Voting Rights; Conduct and Adjournment of Meetings.

(a) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities of any series in regard to proof of the holding of Securities of such series and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 104 and the appointment of any proxy shall be proved in the manner specified in Section 104 or by having the signature of the person executing the proxy witnessed or guaranteed by any trust company, bank or banker authorized by Section 104 to certify to the holding of Bearer Securities. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 104 or other proof.

(b) The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders of Securities as provided in Section 1602(b), in which case the Company or the Holders of Securities of the series calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting.

(c) At any meeting of Holders of Securities of any series, each Holder of a Security of such series or proxy shall be entitled to one vote for each $1,000 principal amount of Securities of such series held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security of such series or proxy.

(d) Any meeting of Holders of Securities of any series duly called pursuant to Section 1602 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting; and the meeting may be held as so adjourned without further notice.

Section 1606. Counting Votes and Recording Action of Meetings.

The vote upon any resolution submitted to any meeting of Holders of Securities of any series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such series or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities of such series held or represented by them. The

permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in triplicate of all votes cast at the meeting. A record, at least in triplicate, of the proceedings of each meeting of Holders of Securities of any series shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 1602 and, if applicable, Section 1604. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to the Company, and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

ARTICLE SEVENTEEN

MISCELLANEOUS PROVISIONS

Section 1701. Securities in Foreign Currencies.

Whenever this Indenture provides for any distribution to Holders of Securities, in the absence of any provision to the contrary in the form of Security of any particular series, any amount in respect of any Security denominated in a Currency other than Dollars shall be treated for the purpose of any such distribution as that amount of Dollars that could be obtained for such amount on such reasonable basis of exchange and as of the record date with respect to Registered Securities of such series (if any) for such distribution (or, if there shall be no applicable record date, such other date reasonably proximate to the date of such action, determination of rights or distribution) as the Company may specify in a written notice to the Trustee or, in the absence of such written notice, as the Trustee may determine.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

The Trustee hereby accepts the trusts in this Indenture declared and provided upon the terms and conditions set forth herein.

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture, dated as of September 1, 1993, and restatement of the Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

[SEAL] The Chase Manhattan Corporation

Attest:

/s/ [Illegible] By /s/ Arjun K. Mathrani
- ---------- ----------
Name: Arjun K. Mathrani
Title: Executive Vice President
and Treasurer

[SEAL] Chemical Bank,
as Trustee

Attest:

/s/ [Illegible] By /s/ P.J. Gilkeson
- ---------- ----------
Name: P.J. Gilkeson
Title: Vice President

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

On the 31st day of August, 1993, before me personally came Arjun K. Mathrani to me known, who, being by me duly sworn, did depose and say that he is a Executive Vice President and Treasurer of The Chase Manhattan Corporation, a State of Delaware corporation, one of the persons described in and who executed the foregoing instrument; that he knows the seal of said Corporation; that the seal affixed to said instrument is such Corporation's seal; that it was so affixed by authority of the Board of Directors of said Corporation; and that he signed his name thereto by like authority.

/s/ May Derzie

Notary Public

[NOTARIAL SEAL]

MAY DERZIE
Notary Public, State of New York
No. 4973471
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires Oct. [Illegible]

STATE OF NEW YORK)
: SS.:
COUNTY OF NEW YORK)

On the 31st day of August, 1993, before me personally came P.J. Gilkeson to me known, who, being by me duly sworn, did depose and say that he is a Vice President of Chemical Bank, a banking corporation organized and existing under the laws of State of New York, one of the persons described in and who executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporation's seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

/s/ Annabelle DeLuca

Notary Public

[NOTARIAL SEAL]

ANNABELLE DeLUCA
Notary Public, State of New York
No. 01DE5013759
Qualified in Kings County
Certificate Filed in New York County
Commission Expires July 15, 1995

Exhibit 4.4(b)

CHEMICAL BANKING CORPORATION,

THE CHASE MANHATTAN CORPORATION,

CHEMICAL BANK, as Resigning Trustee

AND

FIRST TRUST OF NEW YORK,
NATIONAL ASSOCIATION,
as Successor Trustee

FIRST SUPPLEMENTAL INDENTURE
Dated as of March 29, 1996

to

AMENDED AND RESTATED INDENTURE
Dated as of September 1, 1993

FIRST SUPPLEMENTAL INDENTURE, dated as of March 29, 1996, among CHEMICAL BANKING CORPORATION, a Delaware corporation ("Successor"), THE CHASE MANHATTAN CORPORATION, a Delaware corporation ("Chase"), CHEMICAL BANK, a banking corporation duly organized and existing under the laws of the State of New York, as trustee ("Resigning Trustee"), and FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION, an association duly organized and existing under the federal laws of the United States ("Successor Trustee").

WHEREAS, Chase and Resigning Trustee have heretofore executed and delivered a certain indenture, dated as of May 1, 1987 (the "Original Indenture"), authorizing the issuance from time to time of subordinated debt securities of Chase (the "Securities"), and supplements to the Original Indenture in the form of a First Supplemental Indenture, dated as of May 1, 1991, a Second Supplemental Indenture, dated as of October 1, 1992, and a Third Supplemental Indenture, dated as of September 1, 1993, the provisions of which Third Supplemental Indenture are applicable only to Securities issued on or after September 1, 1993 (other than the provisions that reflect the requirements of the Trust Indenture Act) (the Original Indenture, as so supplemented by the First, Second and Third Supplemental Indentures, the "Original Supplemented Indenture");

WHEREAS, as of September 1, 1993, Chase and Resigning Trustee restated the Original Supplemented Indenture pursuant to the terms thereof (the Original Supplemented Indenture, as so restated, the "Indenture");

WHEREAS, Chase and Successor have entered into an Agreement and Plan of Merger, dated as of August 27, 1995 (the "Merger Agreement"), which contemplates the execution and filing of a Certificate of Merger, dated as of March 29, 1996 (the "Certificate of Merger"), providing for the merger (effective March 31, 1996) of Chase with and into Successor (the "Merger"), with Successor continuing its corporate existence under Delaware law under the name "The Chase Manhattan Corporation";

WHEREAS, Section 801 of the Indenture provides, among other things, that Chase shall not merge into any other corporation unless the corporation into which Chase is merged shall expressly assume, by an indenture supplemental to the Indenture, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest on and any Additional Amounts with respect to all the Securities and the performance of every covenant of the Indenture on the part of Chase to be performed or observed;

WHEREAS, upon effectiveness of the Merger, Resigning Trustee shall become a subsidiary of the issuer of the Securities

under the Indenture and accordingly Resigning Trustee desires to resign pursuant to Section 609(b) of the Indenture and Successor Trustee is willing to accept appointment as successor Trustee under the Indenture;

WHEREAS, Sections 901(1) and 901(7), respectively, of the Indenture provide, among other things, that, without the consent of the Holders, Chase, when authorized by a Board Resolution of Chase, and the Trustee, at any time and from time to time, may enter into an indenture supplemental to the Indenture, in form satisfactory to the Trustee, for the purposes of (i) evidencing the succession of Successor to Chase, and the assumption by Successor of the covenants of Chase contained in the Indenture and the Securities and (ii) evidencing and providing for the acceptance of appointment under the Indenture by a successor Trustee;

WHEREAS, Successor and Chase desire and have requested that Resigning Trustee and Successor Trustee join in the execution of this First Supplemental Indenture for the purpose of (i) evidencing the succession and assumption by Successor to Chase and the assumption by Successor of the covenants of Chase contained in the Indenture and the Securities, (ii) evidencing the resignation of the Resigning Trustee, (iii) appointing Successor Trustee with respect to all Securities and evidencing acceptance of such appointment by Successor Trustee and (iv) amending certain provisions of the Indenture in connection with such succession and assumption, and such appointment and acceptance, as hereinafter set forth;

WHEREAS, the execution and delivery of this First Supplemental Indenture has been authorized by Board Resolutions of the Boards of Directors of Chase and Successor and have been duly authorized by all necessary action on the part of Resigning Trustee and Successor Trustee; and

WHEREAS, all conditions precedent and requirements necessary to make this First Supplemental Indenture a valid and legally binding instrument in accordance with its terms have been complied with, performed and fulfilled and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and intending to be legally bound hereby, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Securities, as follows:

ARTICLE ONE

REPRESENTATIONS AND COVENANTS OF RESIGNING TRUSTEE

SECTION 1.1. Pursuant to Section 609(b) of the Indenture, Resigning Trustee hereby notifies Chase that Resigning Trustee is hereby resigning as Trustee under the Indenture.

SECTION 1.2. Resigning Trustee hereby represents and warrants to Successor Trustee that:

(a) No covenant or condition contained in the Indenture has been waived by Resigning Trustee or, to the best of the knowledge of the Responsible Officers assigned to Resigning Trustee's Corporate Trustee Administration Department, by the Holders of the percentage in aggregate principal amount of Securities of any series required by the Indenture to effect any such waiver.

(b) There is no action, suit or proceeding pending or, to the best of the knowledge of the Responsible Officers assigned to Resigning Trustee's Corporate Trustee Administration Department, threatened against Resigning Trustee before any court or any governmental authority arising out of any action or omission by Resigning Trustee as Trustee under the Indenture.

(c) To the best of the knowledge of the Responsible Officers assigned to the Resigning Trustee's Corporate Trustee Administration Department, no event has occurred and is continuing which is, or after notice or lapse of time or both would become, an Event of Default under Section 501 of the Indenture.

SECTION 1.3. Resigning Trustee hereby assigns, transfers, delivers and confirms to Successor Trustee all right, title and interest of Resigning Trustee in and to the trust under the Indenture; all the rights, powers, trusts and duties of the Trustee under the Indenture; and all property and money held by Resigning Trustee under the Indenture, subject nevertheless to Resigning Trustee's lien, if any, provided for in Section 607 of the Indenture. Resigning Trustee shall execute and deliver such further instruments and shall do such other things as Successor Trustee may reasonably require so as to more fully and certainly vest and confirm in Successor Trustee all the rights, trusts, powers and duties hereby assigned, transferred, delivered and confirmed to Successor Trustee.

ARTICLE TWO

REPRESENTATIONS OF AND ACCEPTANCE BY SUCCESSOR TRUSTEE

SECTION 2.1. Successor Trustee hereby represents and warrants to Resigning Trustee and to Chase and Successor that Successor Trustee is not disqualified under the provisions of Section 608 of the Indenture and is eligible under the provisions of Section 609 of the Indenture to act as Trustee under the Indenture.

SECTION 2.2. Successor Trustee hereby accepts its appointment as successor Trustee under the Indenture and accepts the rights, powers, trusts, duties and obligations of Resigning Trustee as Trustee under the Indenture, upon the terms and conditions set forth therein, with like effect as if originally named as Trustee under the Indenture.

ARTICLE THREE

REPRESENTATIONS AND COVENANTS OF CHASE AND SUCCESSOR

SECTION 3.1. Each of Chase and Successor represents and warrants to Resigning Trustee and Successor Trustee as follows:

(a) It is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) The execution, delivery and performance by it of this First Supplemental Indenture have been authorized and approved by all necessary corporate action on the part of it.

(c) Upon the filing of the Certificate of Merger with the Secretary of State of the State of Delaware or at such other time thereafter as is provided in the Certificate of Merger (the "Effective Time"), the Merger will be effective in accordance with the terms of the Merger Agreement and Delaware law.

(c) Immediately after the Merger, no Event of Default or Default, and no event which, after notice or lapse of time, or both, would become an Event of Default or Default, shall have happened and be continuing.

SECTION 3.2 Each of Chase and Successor hereby appoints Successor Trustee as Trustee under the Indenture to succeed to, and hereby vests Successor Trustee with, all the rights, powers, trusts, duties and obligations of Resigning

Trustee under the Indenture with like effect as if originally named as Trustee in the Indenture.

SECTION 3.3. Promptly after the effectiveness of this First Supplemental Indenture, Successor shall, in accordance with the provisions of Section 609(f) of the Indenture, cause a notice, substantially in the form of Exhibit A annexed hereto, (i) to be sent to each Holder of Registered Securities, (ii) to be published in an Authorized Newspaper in each Place of Payment located outside of the United States with respect to Bearer Securities and (iii) if any Holder of Bearer Securities has filed its name and address with the Trustee within the two years preceding the issuance of such notice, to be sent to such Holder as its name and address appears in such filing.

SECTION 3.4. Notwithstanding the resignation, appointment and acceptance effected by this First Supplemental Indenture, Successor shall remain obligated under Section 607 of the Indenture to compensate, reimburse and indemnify Resigning Trustee in connection with its trusteeship under the Indenture.

ARTICLE FOUR

ASSUMPTION BY SUCCESSOR

SECTION 4.1. Successor hereby expressly assumes the due and punctual payment of the principal of, premium, if any, and interest on and any Additional Amounts with respect to all the Securities and the performance of every covenant of the Indenture to be performed or observed by Chase.

SECTION 4.2. The Securities may bear a notation concerning the assumption of the Indenture and the Securities by Successor.

SECTION 4.3. Successor shall succeed to and be substituted for Chase under the Indenture, with the same effect as if Successor had been named as the "Company" therein.

ARTICLE FIVE

AMENDMENTS

SECTION 5.1. (a) The reference in the first paragraph of the Indenture to "THE CHASE MANHATTAN CORPORATION, a Delaware corporation (hereinafter called the "Company") having its principal office at 1 Chase Manhattan Plaza, New York, New York 10081" is hereby amended to read "THE CHASE MANHATTAN CORPORATION, formerly known as Chemical Banking Corporation, a Delaware corporation (hereinafter called the "Company") having its principal office at 270 Park Avenue, New York, New York

10017" and each other reference therein to "The Chase Manhattan Corporation" shall be amended to read "The Chase Manhattan Corporation, formerly known as Chemical Banking Corporation"; (b) the reference in the first paragraph of the Indenture to "CHEMICAL BANK, a corporation organized and existing under the laws of the State of New York" is hereby amended to read "FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION, a national association organized and existing under the federal laws of the United States" and each other reference therein to "Chemical Bank" shall be amended to read "First Trust of New York, National Association"; (c) the reference to "450 West 33rd Street, New York, New York 10001" in the definition of "Corporate Trust Office" in Section 101 of the Indenture is hereby amended to read "100 Wall Street, Suite 1600, New York, New York 10005"; and (d) the reference to "Corporate Trustee Administration Department" in clause (1) of Section 105 of the Indenture is hereby amended to read "Corporate Trust Administration".

SECTION 5.2. Except as amended hereby, the Indenture and the Securities are in all respects ratified and confirmed and all the terms thereof shall remain in full force and effect and the Indenture, as so amended, shall be read, taken and construed as one and the same instrument.

ARTICLE SIX

MISCELLANEOUS

SECTION 6.1. Resigning Trustee and Successor Trustee each accepts the modification of the Indenture effected by this First Supplemental Indenture, but only upon the terms and conditions set forth in the Indenture. Without limiting the generality of the foregoing, neither Resigning Trustee nor Successor Trustee assumes any responsibility for the correctness of the recitals herein contained, which shall be taken as the statements of Chase and Successor. Neither Resigning Trustee nor Successor Trustee makes any representation and shall have no responsibility as to the validity and sufficiency of this First Supplemental Indenture, other than Articles One and Two hereof, as applicable.

SECTION 6.2. If and to the extent that any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision included in this First Supplemental Indenture, or in the Indenture, which is required to be included in this First Supplemental Indenture or the Indenture by any of the provisions of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, as amended, such required provision shall control.

SECTION 6.3. Nothing in this First Supplemental Indenture is intended to or shall provide any rights to any parties other than those expressly contemplated by this First Supplemental Indenture.

SECTION 6.4. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Indenture.

SECTION 6.5. This First Supplemental Indenture shall be construed in accordance with and governed by the laws of the State of New York.

SECTION 6.6. This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 6.7. This First Supplemental Indenture shall become effective as of March 31, 1996.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested all as of the day and year first above written.

THE CHASE MANHATTAN
CORPORATION

By /s/ Arjun K. Mathrani

Name: Arjun K. Mathrani
Title: Executive Vice
President and
Chief Financial
Officer

(Corporate Seal)
Attest:

/s/ Ronald C. Mayer

Secretary

CHEMICAL BANKING CORPORATION

By /s/ John B. Wynne

Name: John B. Wynne
Title: Secretary

(Corporate Seal)
Attest:

/s/ Jean E. Rugani

Assistant Secretary

CHEMICAL BANK,
as Resigning Trustee

By /s/ P.J. Gilkeson

Name: P.J. Gilkeson
Title: Vice President

(Corporate Seal)
Attest:

- ---

FIRST TRUST OF NEW YORK,
NATIONAL ASSOCIATION,
as Successor Trustee

By /s/ Alfia Monastra

Name: Alfia Monastra
Title: Assistant Vice
President

(Corporate Seal)
Attest:

/s/ Catherine F. Donohue
- ---

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 22d day of March, 1996, before me, the undersigned officer, personally appeared Arjun K. Mathrani, who acknowledged himself to be the Executive Vice President and Chief Financial Officer of THE CHASE MANHATTAN CORPORATION, a corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ Kevin F. Carey

Notary Public

[SEAL]

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 22nd day of March, 1996, before me, the undersigned officer, personally appeared John B. Wynne, who acknowledged himself to be the Secretary of CHEMICAL BANKING CORPORATION, a corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ Heather L.B. Lehne

Notary Public

[SEAL]

Exhibit 4.4(c)

THE CHASE MANHATTAN CORPORATION,

AND

FIRST TRUST OF NEW YORK,
NATIONAL ASSOCIATION,
as Trustee

SECOND SUPPLEMENTAL INDENTURE
Dated as of October 8, 1996

to

AMENDED AND RESTATED INDENTURE

Dated as of September 1, 1993

SECOND SUPPLEMENTAL INDENTURE, dated as of October 8, 1996, among THE CHASE MANHATTAN CORPORATION, a Delaware corporation (the "Company"), and FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION (as successor to Chemical Bank), a national banking association organized under the laws of the United States (the "Trustee").

WHEREAS, the Company and the Trustee have heretofore executed and delivered a certain amended and restated indenture dated as of September 1, 1993 (the "Indenture") providing for the issuance from time to time of unsecured subordinated debt securities of the Company (the "Securities");

WHEREAS, the Indenture was amended by the First Supplemental Indenture, dated as of March 29, 1996;

WHEREAS, on March 31, 1996, The Chase Manhattan Corporation ("Old Chase") merged with and Chemical Banking Corporation, which thereupon changed its name to The Chase Manhattan Corporation, and in connection with such merger assumed all of the outstanding subordinated debt securities of Old Chase, including the Securities;

WHEREAS, Section 901(9) of the Indenture provides, among other things, that, without the consent of the holders of any Securities, the Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental to the Indenture to make any provisions with respect to matters or questions arising under the Indenture, provided such action shall not adversely affect the interests of the Holders of the Securities of any series or any Coupons appertaining thereto in any material respect;

WHEREAS, the Company desires and has requested that the Trustee join in the execution of this Second Supplemental Indenture for the purpose of amending certain provisions of the Indenture as hereinafter set forth;

WHEREAS, the execution and delivery of this Second Supplemental Indenture has been authorized by a Board Resolution of the Board of Directors of the Company; and

WHEREAS, all conditions precedent and requirements necessary to make this Second Supplemental Indenture a valid and legally binding instrument in accordance with its terms have been complied with, performed and fulfilled and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and intending to be legally bound hereby, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of the Securities, as follows:

ARTICLE ONE

REPRESENTATIONS OF THE COMPANY

The Company represents and warrants to the Trustee as follows:

SECTION 1.1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

SECTION 1.2. The execution, delivery and performance by the Company of this Second Supplemental Indenture has been authorized and approved by all necessary corporate action on the part of the Company.

ARTICLE TWO

AMENDMENTS

SECTION 3.1. The definition of "Senior Indebtedness" contained in Section 101 of the Indenture is hereby amended in its entirety to read as follows:

"'Senior Indebtedness of the Company' shall mean the obligations of the Company to its creditors other than the Holders of the Securities, whether outstanding on the date of execution of this Indenture or thereafter incurred, except obligations ranking on a parity with the Securities (which Securities so ranking on a parity shall include, without limitation, all CBC Subordinated Indebtedness and all MHC Subordinated Indebtedness) or ranking junior to the Securities.'

SECTION 3.2. Section 101 of the Indenture is hereby amended to insert, in the appropriate alphabetical order, the following new definitions:

"'CBC Subordinated Indebtedness' shall mean all securities issued pursuant to that certain Indenture, dated as of April 1, 1987, as amended and restated as of December 15, 1992, and as further amended, supplemented or otherwise modified from time to time, between the Company and First Trust of New York, National Association (as successor to Morgan Guaranty Trust Company of New York), as trustee, and all other securities that, pursuant to the terms of such indenture, rank on a parity with such securities."

"'MHC Subordinated Indebtedness' shall mean all securities issued pursuant to that certain Indenture, dated as of

June 1, 1985, as amended, supplemented or otherwise modified from time to time, between the Company (as successor by merger to Manufacturers Hanover Trust Company) and IBJ Schroder Bank & Trust Company, as trustee, and all other securities that, pursuant to the terms of such indenture, rank on a parity with such securities."

SECTION 3.3. Except as amended hereby, the Indenture and the Securities are in all respects ratified and confirmed and all the terms thereof shall remain in full force and effect and the Indenture, as so amended, shall be read, taken and construed as one and the same instrument.

ARTICLE FOUR

APPOINTMENT OF AUTHENTICATING AGENT

SECTION 4.1. Pursuant to Section 612 of the Indenture, the Trustee hereby appoints The Chase Manhattan Bank as an Authenticating Agent for all series of the Securities. The Chase Manhattan Bank shall have all powers and authority and be entitled to take all actions as set forth in Section 612 of the Indenture.

ARTICLE FIVE

MISCELLANEOUS

SECTION 5.1. The Trustee accepts the modification of the Indenture effected by this Second Supplemental Indenture, but only upon the terms and conditions set forth in the Indenture. Without limiting the generality of the foregoing, the Trustee assumes no responsibility for the correctness of the recitals herein contained, which shall be taken as the statements of the Company. The Trustee makes no representation and shall have no responsibility as to the validity and sufficiency of this Second Supplemental Indenture.

SECTION 5.2. If and to the extent that any provision of this Second Supplemental Indenture limits, qualifies or conflicts with another provision included in this Second Supplemental Indenture, or in the Indenture, which is required to be included in this Second Supplemental Indenture or the Indenture by any of the provisions of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, as amended, such required provision shall control.

SECTION 5.3. Nothing in this Second Supplemental Indenture is intended to or shall provide any rights to any parties other than those expressly contemplated by this Second Supplemental Indenture.

SECTION 5.4. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Indenture.

SECTION 5.5. THIS SECOND SUPPLEMENTAL INDENTURE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 5.6. This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 5.7. Upon execution and delivery hereof by the parties hereto, this Second Supplemental Indenture shall become effective as of the date first above written.

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested all as of the day and year first above written.

THE CHASE MANHATTAN
CORPORATION

By/s/ DEBORAH L. DUNCAN

Name: Deborah L. Duncan
Title: Executive Vice
President and
Treasurer

(Corporate Seal)
Attest:

/s/ SUSAN SPAGNOLA
- ---

FIRST TRUST OF NEW YORK,
NATIONAL ASSOCIATION,
as Trustee

By/s/ ALFIA MONASTRA

Name: Alfia Monastra
Title: Assistant Vice
President

(Corporate Seal)
Attest:

/s/ WARD SPOONER
- ---

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 17th day of October, 1996, before me, the undersigned officer, personally appeared Deborah L. Duncan, who acknowledged herself to be the Executive Vice President and Treasurer of THE CHASE MANHATTAN CORPORATION, a corporation, and that she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by herself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ ROBERT C. CARROLL

Notary Public

[SEAL]

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On this 17th day of October, 1996, before me, the undersigned officer, personally appeared Alfia Monastra, who acknowledged herself to be an Assistant Vice President of FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION, a national banking association, and that she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the association by herself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ Joanne E. Ilse

Notary Public

[SEAL]

Exhibit 4.4(d)

THE CHASE MANHATTAN CORPORATION

AND

U.S. BANK TRUST NATIONAL ASSOCIATION,

as Trustee

THIRD SUPPLEMENTAL INDENTURE

Dated as of December 29, 2000

to

AMENDED AND RESTATED INDENTURE

dated as of
September 1, 1993, as amended

SUBORDINATED DEBT SECURITIES

THIRD SUPPLEMENTAL INDENTURE, dated as of December 29, 2000, between, THE CHASE MANHATTAN CORPORATION, a Delaware corporation (the "Company"), and U.S. BANK TRUST NATIONAL ASSOCIATION (formerly known as First Trust of New York, National Association), a national banking association, as successor to Chemical Bank, a New York banking corporation, as trustee (the "Trustee", which term shall include any successor trustee appointed pursuant to Article Six of the Indenture hereafter referred to).

WHEREAS, the Company and the Trustee have heretofore executed and delivered a certain Amended and Restated Indenture, dated as of September 1, 1993, as amended by a First Supplemental Indenture, dated as of March 29, 1996, and a Second Supplemental Indenture, dated as of October 8, 1996 (as so amended, the "Indenture"; capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture), providing for the issuance from time to time of Securities;

WHEREAS, the Company and J.P. Morgan & Co. Incorporated ("J.P. Morgan") have entered into an Agreement and Plan of Merger, dated as of September 12, 2000 (the "Merger Agreement"), which contemplates the execution and filing of a Certificate of Merger on the date hereof providing for the merger (effective December 31, 2000) of J.P. Morgan with and into the Company, with the Company continuing its corporate existence under Delaware law under the name "J.P. Morgan Chase & Co.";

WHEREAS, Section 901(9) of the Indenture provides, among other things, that, without the consent of the holders of any Securities, the Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental to the Indenture to make any provisions with respect to matters or questions arising under the Indenture, provided such action shall not adversely affect the interests of the holders of the Securities of any series or any Coupons appertaining thereto in any material respect;

WHEREAS, the Company desires and has requested that the Trustee join in the execution of this Third Supplemental Indenture for the purpose of amending certain provisions of the Indenture as hereinafter set forth;

WHEREAS, the execution and delivery of this Third Supplemental Indenture has been authorized by a Board Resolution of the Company; and

WHEREAS, all conditions precedent and requirements necessary to make this Third Supplemental Indenture a valid and legally binding instrument in accordance with its terms have been complied with, performed and fulfilled and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, THIS THIRD SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and intending to be legally bound hereby, it is mutually covenanted and agreed, for the equal and proportionate benefit of all holders of Securities, as follows:

ARTICLE ONE

REPRESENTATIONS OF THE COMPANY

The Company represents and warrants to the Trustee as follows:

SECTION 1.1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

SECTION 1.2. The execution, delivery and performance by the Company of this Third Supplemental Indenture have been authorized and approved by all necessary corporate action on the part of the Company.

ARTICLE TWO

AMENDMENTS

SECTION 2.1. The definition of "Senior Indebtedness" contained in Section 101 of the Indenture is hereby amended in its entirety to read as follows:

> "'Senior Indebtedness of the Company' shall mean the obligations of the Company to its creditors other than the Holders of the Securities, whether outstanding on the date of the execution of this Indenture or thereafter incurred, except obligations ranking on a parity with the Securities (which Securities so ranking on a parity shall include, without limitation, all CBC Subordinated Indebtedness, all MHC Subordinated Indebtedness and all JPM Subordinated Indebtedness) or ranking junior to the Securities."

SECTION 2.2. Section 1.01 of the Indenture is hereby amended to insert, in the appropriate alphabetical order, the following new definition:

> "'JPM Subordinated Indebtedness' shall mean (i) all securities issued pursuant to (A) the Indenture, dated as of March 1, 1993, as amended by the First Supplemental Indenture, dated as of December 29, 2000, between the Corporation (as successor-by-merger to J.P. Morgan & Co. Incorporated, a Delaware corporation) and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), a national banking association, as successor to Citibank, N.A., a national banking association, as the same may be further amended, supplemented or otherwise modified from time to time or (B) the Indenture, dated as of December 1, 1986, as amended by the First Supplemental Indenture, dated as of May 12, 1992, and the Second Supplemental Indenture, dated as of December 29, 2000, between the Corporation (as successor-by-merger to J.P. Morgan & Co. Incorporated, a Delaware corporation) and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), a national banking association, as successor to Citibank, N.A., a national banking association, as the same may be further amended, supplemented or otherwise modified from time to time; and (ii) all other securities that, pursuant to the terms of the

aforementioned indentures and securities, rank on a parity with such securities referred to in clause (i)."

SECTION 2.3. Except as amended hereby, the Indenture and the Securities and Coupons are in all respects ratified and confirmed and all the terms thereof shall remain in full force and effect and the Indenture, as so amended, shall be read, taken and construed as one and the same instrument.

ARTICLE THREE

MISCELLANEOUS

SECTION 3.1. The Trustee accepts the modification of the Indenture effected by this Third Supplemental Indenture, but only upon the terms and conditions set forth in the Indenture. Without limiting the generality of the foregoing, the Trustee assumes no responsibility for the correctness of the recitals herein contained, which shall be taken as the statements of the Company. The Trustee makes no representation and shall have no responsibility as to the validity and sufficiency of this Third Supplemental Indenture.

SECTION 3.2. If and to the extent that any provision of this Third Supplemental Indenture limits, qualifies or conflicts with another provision included in this Third Supplemental Indenture or in the Indenture that is required to be included in this Third Supplemental Indenture or in the Indenture by any of the provisions of Sections 310 to 317, inclusive, of the Trust Indenture Act, such required provision shall control.

SECTION 3.3. Nothing in this Third Supplemental Indenture is intended to or shall provide any rights to any parties other than those expressly contemplated by this Third Supplemental Indenture.

SECTION 3.4. This Third Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 3.5. This Third Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 3.6. This Third Supplemental Indenture shall become effective as of the Effective Time (as defined in the Merger Agreement).

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested all as of the day and year first above written.

THE CHASE MANHATTAN
CORPORATION

By_____
Name:
Title:

(Corporate Seal)

Attest:

_____
Assistant Secretary

U.S. BANK TRUST NATIONAL
ASSOCIATION, as Trustee

By_____
Name:
Title:

(Corporate Seal)

Attest:

_____

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this ____ day of December, 2000, before me, the undersigned officer, personally appeared Marc J. Shapiro, who acknowledged himself to be the Vice Chairman, Finance, Risk Management and Administration of THE CHASE MANHATTAN CORPORATION, a Delaware corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this ___ day of December, 2000, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be _____ of U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the association by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

[SEAL]

Exhibit 4.5(a)

J.P. MORGAN & CO. INCORPORATED

AND

MANUFACTURERS HANOVER TRUST COMPANY, TRUSTEE

INDENTURE

DATED AS OF AUGUST 15, 1982

CROSS REFERENCE SHEET*

Between provisions of Trust Indenture Act of 1939 and Indenture to be dated as of August 15, 1982 between J. P. MORGAN & CO. INCORPORATED and MANUFACTURERS HANOVER TRUST COMPANY, Trustee:

Section of the Act	Section of Indenture
310(a)(1) and (2)	6.9
310(a)(3) and (4)	Inapplicable
310(b)	6.8 and 6.10(a), (b) and (d)
310(c)	Inapplicable
311(a)	6.13(a) and (c)(1) and (2)
311(b)	6.13(b)
311(c)	Inapplicable
312(a)	4.1 and 4.2(a)
312(b)	4.2(b) and (b)(i) and (ii)
312(c)	4.2(c)
313(a)	4.4(a)(i), (ii), (iii), (iv), (v) and (vi)
313(b)(1)	Inapplicable
313(b)(2)	4.4
313(c)	4.4
313(d)	4.4
314(a)	4.3
314(b)	Inapplicable
314(c)(1) and (2)	11.5
314(c)(3)	Inapplicable
314(d)	Inapplicable
314(e)	11.5
314(f)	Inapplicable
315(a), (c) and (d)	6.1
315(b)	5.11
315(e)	5.12
316(a)(1)	5.9
316(a)(2)	Not required
316(a) (last sentence)	7.4
316(b)	5.7
317(a)	5.2
317(b)	3.4(a) and (b)
318(a)	11.7

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* This Cross Reference sheet is not part of the Indenture.

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THIS INDENTURE, dated as of August 15, 1982 between J.P. MORGAN & CO. INCORPORATED, a Delaware corporation (the "Issuer"), and MANUFACTURERS HANOVER TRUST COMPANY, a New York corporation (the "Trustee"),

W I T N E S S E T H :

WHEREAS, the Issuer has duly authorized the issue from time to time of its unsecured debentures, notes or other evidences of indebtedness to be issued in one or more series (the "Securities") up to such principal amount or amounts as may from time to time be authorized in accordance with the terms of this Indenture and to provide, among other things, for the authentication, delivery and administration thereof, the Issuer has duly authorized the execution and delivery of this Indenture; and

WHEREAS, all things necessary to make this Indenture a valid indenture and agreement according to its terms, have been done;

NOW, THEREFORE:

In consideration of the premises and the purchases of the Securities by the holders thereof, the Issuer and the Trustee mutually covenant and agree for the equal and proportionate benefit of the respective holders from time to time of the Securities as follows:

ARTICLE ONE

DEFINITIONS

SECTION 1.1. Certain Terms Defined. The following terms (except as otherwise expressly provided or unless the context otherwise clearly requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section. All other terms used in this Indenture that are defined in the Trust Indenture Act of 1939 or the definitions of which in the Securities Act of 1933 are referred to in the Trust Indenture Act of 1939 (except as herein otherwise expressly provided or unless the context otherwise clearly requires), shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of this Indenture. All accounting terms used herein and not expressly defined shall have the meanings assigned to such terms in accordance with generally accepted accounting principles, and the term "generally accepted accounting principles" means such accounting principles as are generally accepted at the time of any computation. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular.

"Board of Directors" means either the Board of Directors of the Issuer or any committee of such Board duly authorized to act hereunder.

"Business Day" means, unless otherwise specified pursuant to Section 2.3, with respect to any Security, a day that in the city (or in any of the cities, if more than one) in which amounts are payable, as specified in the form of such Security, is not a day on which banking institutions are authorized or required by law or regulation to close.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or if at any time after the execution and delivery of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

"Corporate Trust Office" means the office of the Trustee at which the corporate trust business of the Trustee shall, at any particular time, be principally administered, which office is, at the date as of which this Indenture is dated, located at 600 Fifth Avenue, New York, New York 10020.

"Event of Default" means any event or condition specified as such in Section 5.1.

"Holder", "holder of Securities", "Securityholder" or other similar terms mean the registered holder of any Security.

"Indenture" means this instrument as originally executed and delivered or, if amended or supplemented as herein provided, as so amended or supplemented, or both, and shall include the forms and terms of particular series of Securities established as contemplated hereunder.

"interest" means where used with respect to non-interest bearing securities, interest payable after maturity.

"Issuer" means (except as otherwise provided in Article Six) J.P. Morgan & Co. Incorporated, a Delaware corporation, and, subject to Article Nine, its successors and assigns.

"Officers' Certificate" means a certificate signed by the chairman of the Board of Directors, the president, the chairman of the executive committee, any vice chairman of the Board of Directors, or any vice president and by the treasurer or any assistant treasurer, the secretary or any assistant secretary of the Issuer and delivered to the Trustee. Each such certificate shall include the statements provided for in Section 11.5.

"Opinion of Counsel" means an opinion in writing signed by legal counsel who may be an employee of or counsel to the Issuer and who shall be satisfactory to the Trustee. Each such opinion shall include the statements provided for in Section 11.5, if and to the extent required hereby.

"Original issue date" of any Security (or portion thereof) means the earlier of (a) the date of such Security or (b) the date of any Security (or portion thereof) for which such Security was issued (directly or indirectly) on registration of transfer, exchange or substitution.

"Original Issue Discount Security" means any Security that provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof pursuant to Section 5.1.

"Outstanding" (except as otherwise provided in Section 6.8), when used with reference to Securities, shall, subject to the provisions of Section 7.4, mean, as of any particular time, all Securities authenticated and delivered by the Trustee under this Indenture, except:

(a) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for the payment or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Issuer) or shall have been set aside, segregated and held in trust by the Issuer for the holders of such securities (if the Issuer shall act as its own paying agent), provided that if such Securities, or portions thereof, are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as herein provided, or provision satisfactory to the Trustee shall have been made for giving such notice; and

(c) Securities in substitution for which other Securities shall have been authenticated and delivered, or which shall have been paid, pursuant to the terms of Section 2.9 (except with respect to any such Security as to which proof satisfactory to the Trustee is presented that such Security is held by a person in whose hands such Security is a legal, valid and binding obligation of the Issuer).

In determining whether the Holders of the requisite principal amount of Outstanding Securities of any or all series have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the maturity thereof pursuant to Section 5.1.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"principal" whenever used with reference to the Securities or any Security or any portion thereof shall be deemed to include "and premium, if any".

"Responsible Officer" when used with respect to the Trustee means the chairman of the Board of Directors, any vice chairman of the Board of Directors, the chairman of the trust committee, the chairman of the executive committee, any vice chairman of the executive committee, the president, any vice president, the cashier, the secretary, the treasurer, any trust officer, any assistant trust officer, any assistant vice president, any assistant cashier, any assistant secretary, any assistant treasurer, or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall

be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Security" or "Securities" (except as otherwise provided in Section 6.8) has the meaning stated in the first recital of this Indenture, or, as the case may be, Securities that have been authenticated and delivered under this Indenture.

"Trustee" means the Person identified as "Trustee" in the first paragraph hereof and, subject to the provisions of Article Six, shall also include any successor trustee.

"Trust Indenture Act of 1939" (except as otherwise provided in Sections 8.1 and 8.2) means the Trust Indenture Act of 1939 as in force at the date as of which this Indenture was originally executed.

"vice president" when used with respect to the Issuer or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title of "vice president".

"Yield to Maturity" means the yield to maturity on a series of Securities, calculated at the time of issuance of such series, or, if applicable, at the most recent redetermination of interest on such series, and calculated in accordance with accepted financial practice.

ARTICLE TWO

SECURITIES

SECTION 2.1. Forms Generally. The Securities of each series shall be substantially in such form (not inconsistent with this Indenture) as shall be established by or pursuant to a resolution of the Board of Directors or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto, or with any rules of any securities exchange or to conform to general usage, all as may be determined by the officers executing such Securities, as evidenced by their execution of the Securities.

The definitive Securities shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 2.2. Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication on all Securities shall be in substantially the following form:

This is one of the Securities of the series designated herein and referred to in the within-mentioned Indenture.

MANUFACTURERS HANOVER TRUST COMPANY,
as Trustee

By_____
Authorized Officer

SECTION 2.3. Amount Unlimited; Issuable in Series. The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a resolution of the Board of Directors and set forth in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);

(2) any limit upon the aggregate principal amount of the Securities of the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 2.8, 2.9, 2.11 or 12.3);

(3) the date or dates on which the principal of the Securities of the series is payable or the method by which such date or dates shall be determined;

(4) the rate or rates at which the Securities of the series shall bear interest, if any, or the method by which such rate or rates shall be determined, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable and the record dates for the determination of Holders to whom interest is payable;

(5) the place or places where the principal of and any interest on Securities of the series shall be payable;

(6) the price or prices at which, the period or periods within which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Issuer, pursuant to any sinking fund or otherwise;

(7) the obligation, if any, of the Issuer to redeem, purchase or repay Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the price or prices at which and the period or periods within which and the terms and conditions upon which Securities of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligation;

(8) if other than denominations of U.S. $1,000 and any multiple thereof, the denominations in which Securities of the series shall be issuable;

(9) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 5.1 or provable in bankruptcy pursuant to Section 5.2;

(10) any authenticating or paying agents, transfer agents or registrars or any other agents with respect to the Securities of such series;

(11) if other than such coin or currency of the United States of America as at the time of payment is legal tender for payment of public or private debts, the coin or currency in which payment of the principal of and interest, if any, on the Securities of that series shall be payable;

(12) if the principal of or interest, if any, on the Securities of that series are to be payable, at the election of the Issuer or a holder thereof, in a coin or currency other than that in which the Securities are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;

(13) if the amount of payments of principal of or interest, if any, on the Securities of the series may be determined with reference to an index, formula or other method based on a coin or currency other than that in which the Securities are stated to be payable, the manner in which such amounts shall be determined; and

(14) any other terms of the series, including provisions for payment by wire transfers if any, or modifications of the definition of Business Day (which terms shall not be inconsistent with the provisions of this Indenture).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such resolution of the Board of Directors or in any such indenture supplemental hereto.

SECTION 2.4. Authentication and Delivery of Securities. At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Securities of any series executed by the Issuer to the Trustee for authentication. Except as otherwise provided in this Section, the Trustee shall thereupon authenticate and deliver such Securities to or upon the written order of the Issuer, signed by both (a) the chairman of its Board of Directors, its president, or the chairman of its executive committee, any vice chairman of its Board of Directors or any vice president and (b) by its treasurer or any assistant treasurer, without any further action by the Issuer. In authenticating such Securities and accepting the additional responsibilities under this Indenture in relation to such Securities the Trustee shall be entitled to receive, and (subject to Section 6.1) shall be fully protected in relying upon:

(1) a certified copy of any resolution or resolutions of the Board of Directors authorizing the action taken pursuant to the resolution or resolutions delivered under clause (2) below;

(2) a copy of any resolution or resolutions of the Board of Directors relating to such series, in each case certified by the Secretary or an Assistant Secretary of the Issuer;

(3) an executed supplemental indenture, if any;

(4) an Officers' Certificate setting forth the form and terms of the Securities as required pursuant to Sections 2.1 and 2.3, respectively and prepared in accordance with Section 11.5;

(5) an Opinion of Counsel, prepared in accordance with Section 11.5, which shall state

(a) that the form or forms and terms of such Securities have been established by or pursuant to a resolution of the Board of Directors or by a supplemental indenture as permitted by Sections 2.1 and 2.3 in conformity with the provisions of this Indenture;

(b) that such Securities, when authenticated and delivered by the Trustee and issued by the Issuer in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and binding obligations of the Issuer;

(c) that all laws and requirements in respect of the execution and delivery by the Issuer of the Securities have been complied with; and

(d) such other matters as the Trustee may reasonably request.

The Trustee shall have the right to decline to authenticate and deliver any Securities under this Section if the Trustee, being advised by counsel, determines that such action may not lawfully be taken by the Issuer or if the Trustee in good faith by its board of directors, executive committee, or a trust committee of directors and/or Responsible Officers shall determine that such action would expose the Trustee to personal liability to existing Holders.

SECTION 2.5. Execution of Securities. The Securities shall be signed on behalf of the Issuer by the chairman of its Board of Directors, its president, or the chairman of its executive committee, any vice chairman of its Board of Directors or any vice president under its corporate seal attested by its secretary or any assistant secretary. Such signatures may be the manual or facsimile signatures of the present or any future such officers. The seal of the Issuer may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Securities. Typographical and other minor errors or defects in any such reproduction of the seal or any such signature shall not affect the validity or enforceability of any Security that has been duly authenticated and delivered by the Trustee.

In case any officer of the Issuer who shall have signed any of the Securities shall cease to be such officer before the Security so signed shall be authenticated and delivered by the Trustee or disposed of by the Issuer, such Security nevertheless may be authenticated and delivered or disposed of as though the person who signed such Security had not ceased to be

such officer of the Issuer; and any Security may be signed on behalf of the Issuer by such persons as, at the actual date of the execution of such Security, shall be the proper officers of the Issuer, although at the date of the execution and delivery of this Indenture any such person was not such an officer.

SECTION 2.6. Certificate of Authentication. Only such Securities as shall bear thereon a certificate of authentication substantially in the form hereinbefore recited, executed by the Trustee by the manual signature of one of its authorized officers, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee upon any Security executed by the Issuer shall be conclusive evidence that the Security so authenticated has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Indenture.

SECTION 2.7. Denomination and Date of Securities; Payments of Interest. The Securities shall be issuable as registered securities without coupons and in denominations as shall be specified as contemplated by Section 2.3. In the absence of any such specification with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of U.S. $1,000 and any multiple thereof. The Securities shall be numbered, lettered, or otherwise distinguished in such manner or in accordance with such plan as the officers of the Issuer executing the same may determine as evidenced by the execution and authentication thereof.

Each Security shall be dated the date of its authentication, shall bear interest, if any, from the date and shall be payable on the dates, in each case, which shall be specified as contemplated by Section 2.3.

The person in whose name any Security of any series is registered at the close of business on any record date applicable to a particular series with respect to any interest payment date for such series shall be entitled to receive the interest, if any, payable on such interest payment date notwithstanding any transfer or exchange of such Security subsequent to the record date and prior to such interest payment date, except if and to the extent the Issuer shall default in the payment of the interest due on such interest payment date for such series, in which case such defaulted interest shall be paid to the persons in whose names outstanding Securities for such series are registered at the close of business on a subsequent record date (which shall be not less than ten business days prior to the date of payment of such defaulted interest) established by notice given by mail by or on behalf of the Issuer to the holders of Securities not less than 15 days preceding such subsequent record date. The term "record date" as used with respect to any interest payment date (except a date for payment of defaulted interest) shall mean the date specified as such in the terms of the Securities of any particular series, or, if no such date is so specified, if such interest payment date is the first day of a calendar month, the fifteenth day of the next preceding calendar month or, if such interest payment date is the fifteenth day of a calendar month, the first day of such calendar month, whether or not such record date is a Business Day.

SECTION 2.8. Registration, Transfer and Exchange. The Issuer will keep at an office or agency to be maintained for the purpose as provided in Section 3.2 a register or registers for each series of Securities issued hereunder (collectively, the "Security register") in

which, subject to such reasonable regulations as it may prescribe, it will register, and will register the transfer of, Securities as in this Article provided. Such register shall be in written form or the English language or in any other form capable of being converted into such form within a reasonable time. At all reasonable times such register or registers shall be open for inspection by the Trustee.

Upon due presentation for registration of transfer of any Security of any series at an office or agency to be maintained for the purpose as provided in Section 3.2, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Security or Securities of the same series in authorized denominations for a like aggregate principal amount.

Any Security or Securities of any series may be exchanged for a Security or Securities of the same series in other authorized denominations, in an equal aggregate principal amount. Securities of any series to be exchanged shall be surrendered at an office or agency to be maintained by the Issuer for the purpose as provided in Section 3.2, and the Issuer shall execute and the Trustee shall authenticate and deliver in exchange therefor the Security or Securities of the same series which the Securityholder making the exchange shall be entitled to receive, bearing numbers not contemporaneously outstanding.

All Securities presented for registration of transfer, exchange, redemption or payment shall (if so required by the Issuer or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Holder or his attorney duly authorized in writing.

The Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Securities. No service charge shall be made for any such transaction.

The Issuer shall not be required to exchange or register a transfer of (a) any Securities of any series for a period of 15 days next preceding the first mailing of notice of redemption of Securities of such series to be redeemed, or (b) any Securities selected, called or being called for redemption except, in the case of any Security where public notice has been given that such Security is to be redeemed in part, the portion thereof not so to be redeemed.

All Securities issued upon any transfer or exchange of securities shall be valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such transfer or exchange.

SECTION 2.9. Mutilated, Defaced, Destroyed, Lost and Stolen Securities. In case any temporary or definitive Security shall become mutilated, defaced or be destroyed, lost or stolen, the Issuer in its discretion may execute, and upon the written request of any officer of the Issuer, the Trustee shall authenticate and deliver, a new Security of the same series, bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Security, or in lieu of and substitution for the Security so destroyed, lost or stolen. In every case the applicant for a substitute Security shall furnish to the Issuer and to the Trustee and any agent of the Issuer or the Trustee such security or indemnity as may be required by them to

indemnify and defend and to save each of them harmless and, in every case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Security and of the ownership thereof.

Upon the issuance of any substitute Security, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith. In case any Security which has matured or is about to mature or has been called for redemption in full shall become mutilated or defaced or be destroyed, lost or stolen, the Issuer may, instead of issuing a substitute Security, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated or defaced Security), if the applicant for such payment shall furnish to the Issuer and to the Trustee and any agent of the Issuer or the Trustee such security or indemnity as any of them may require to save each of them harmless, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Issuer and the Trustee and any agent of the Issuer or the Trustee evidence to their satisfaction of the destruction, loss or theft of such Security and of the ownership thereof.

Every substitute Security of any series issued pursuant to the provisions of this Section by virtue of the fact that any such Security is destroyed, lost or stolen shall constitute an additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone and shall be entitled to all the benefits of (but shall be subject to all the limitations of rights set forth in) this Indenture equally and proportionately with any and all other Securities of such series duly authenticated and delivered hereunder. All Securities shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, defaced or destroyed, lost or stolen Securities and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 2.10. Cancellation of Securities; Destruction Thereof. All Securities surrendered for payment, retirement, redemption, registration of transfer or exchange, or for credit against any payment in respect of a sinking or analogous fund, if surrendered to the Issuer or any agent of the Issuer or the Trustee, shall be delivered to the Trustee for cancellation or, if surrendered to the Trustee, shall be cancelled by it; and no Securities shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall destroy cancelled Securities held by it and deliver a certificate of destruction to the Issuer. If the Issuer shall acquire any of the Securities, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are delivered to the Trustee for cancellation.

SECTION 2.11. Temporary Securities. Pending the preparation of definitive Securities for any series, the Issuer may execute and the Trustee shall authenticate and deliver temporary Securities for such series (printed, lithographed, typewritten or otherwise reproduced, in each case in form satisfactory to the Trustee). Temporary Securities of any series shall be issuable as registered Securities without coupons, of any authorized denomination, and substantially in the form of the definitive Securities of such series but with such omissions,

insertions and variations as may be appropriate for temporary Securities, all as may be determined by the Issuer with the concurrence of the Trustee. Temporary Securities may contain such reference to any provisions of this Indenture as may be appropriate. Every temporary Security shall be executed by the Issuer and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Securities. Without unreasonable delay the Issuer shall execute and shall furnish definitive Securities of such series and thereupon temporary Securities of such series may be surrendered in exchange therefor without charge at the office or agency to be maintained by the Issuer for that purpose pursuant to Section 3.2, and the Trustee shall authenticate and deliver in exchange for such temporary Securities of such series a like aggregate principal amount of definitive Securities of the same series of authorized denominations. Until so exchanged, the temporary Securities of any series shall be entitled to the same benefits under this Indenture as definitive Securities of such series.

SECTION 2.12. Computation of Interest. Except as otherwise specified as contemplated by Section 2.3 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE THREE

COVENANTS OF THE ISSUER

SECTION 3.1. Payment of Principal and Interest. The Issuer covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay or cause to be paid the principal of, and interest on, each of the Securities of such series at the place or places, at the respective times and in the manner provided in such Securities. Each installment of interest on the Securities of any series may be paid by mailing checks for such interest payable to or upon the written order of the holders of Securities entitled thereto as they shall appear on the registry books of the Issuer. If so provided in the resolutions or supplemental indenture referred to in Section 2.3, payment of principal of or interest on the Securities may be made by wire transfer of funds in the manner set forth in such resolutions or supplemental indenture.

SECTION 3.2. Offices for Payments, etc. So long as any of the Securities remain outstanding, the Issuer will maintain in the Borough of Manhattan, The City of New York, the following for each series: an office or agency (a) where the Securities may be presented for payment, (b) where the Securities may be presented for registration of transfer and for exchange as in this Indenture provided and (c) where notices and demands to or upon the Issuer in respect of the Securities or of this Indenture may be served. The Issuer will give to the Trustee written notice of the location of any such office or agency and of any change of location thereof. With respect to each series of Securities whose terms are established pursuant to Section 2.3, the Issuer hereby designates its office or agency specified in accordance with Section 2.3 as the initial office to be maintained by it for each such purpose. In case the Issuer shall fail to maintain any such office or agency or shall fail to give such notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the Corporate Trust Office.

SECTION 3.3. Appointment to Fill a Vacancy in Office of Trustee. The Issuer, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 6.10, a Trustee, so that there shall at all times be a Trustee with respect to each series of Securities hereunder.

SECTION 3.4. Paying Agents. Whenever the Issuer shall appoint a paying agent other than the Trustee with respect to the Securities of any series, it will cause such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section,

(a) that it will hold all sums received by it as such agent for the payment of the principal of or interest on the Securities of such series (whether such sums have been paid to it by the Issuer or by any other obligor on the Securities of such series) in trust for the benefit of the holders of the Securities of such series or of the Trustee, and

(b) that it will give the Trustee notice of any failure by the Issuer (or by any other obligor on the Securities of such series) to make any payment of the principal of or interest on the Securities of such series when the same shall be due and payable.

The Issuer will, prior to each due date of the principal of or interest on the Securities of such series, deposit with the paying agent a sum or sums in the required currencies sufficient to pay such principal or interest so becoming due, and (unless such paying agent is the Trustee) the Issuer will promptly notify the Trustee of any failure to take such action.

If the Issuer shall act as its own paying agent with respect to the Securities of any series, it will, on or before each due date of the principal of or interest on the Securities of such series, set aside, segregate and hold in trust for the benefit of the holders of the Securities of such series a sum sufficient to pay such principal or interest so becoming due. The Issuer will promptly notify the Trustee of any failure to take such action.

Anything in this Section to the contrary notwithstanding, the Issuer may at any time, for the purpose of obtaining a satisfaction and discharge with respect to one or more or all series of Securities hereunder, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust for any such series by the Issuer or any paying agent hereunder, as required by this Section, such sums to be held by the Trustee upon the trusts herein contained.

Anything in this Section to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section is subject to the provisions of Sections 10.3 and 10.4.

SECTION 3.5. Written Statement to Trustee. The Issuer will deliver to the Trustee on or before August 1 in each year (beginning with the August 1 next succeeding execution of the Indenture) a written statement, signed by two of its officers (which need not comply with Section 11.5), stating that in the course of the performance of their duties as officers of the Issuer they would normally have knowledge of any default by the Issuer in the performance of any covenants contained in this Indenture, stating whether or not they have knowledge of any such default and, if so, specifying each such default of which the signers have knowledge and the nature thereof.

ARTICLE FOUR

SECURITYHOLDERS' LISTS AND REPORTS BY THE ISSUER AND THE TRUSTEE

SECTION 4.1. Issuer to Furnish Trustee Information as to Names and Addresses of Securityholders. The Issuer covenants and agrees that it will furnish or cause to be furnished to the Trustee a list in such form as the Trustee may reasonably require of the names and addresses of the holders of the Securities of each series:

(a) not more than 15 days after each record date for the payment of interest on such Securities, as hereinabove specified, as of such record date and on dates to be determined pursuant to Section 2.3 for non-interest bearing Securities in each year, and

(b) at such other times as the Trustee may request in writing, within 30 days after receipt by the Issuer of any such request as of a date not more than 15 days prior to the time such information is furnished,

provided that if and so long as the Trustee shall be the Security registrar for such series, such list shall not be required to be furnished.

SECTION 4.2. Preservation and Disclosure of Securityholders' Lists. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of each series of Securities contained in the most recent list furnished to it as provided in Section 4.1 or maintained by the Trustee in its capacity as Security registrar for such series, if so acting. The Trustee may destroy any list furnished to it as provided in Section 4.1 upon receipt of a new list so furnished.

(b) In case three or more holders of Securities (hereinafter referred to as "applicants") apply in writing to the Trustee and furnish to the Trustee reasonable proof that each such applicant has owned a Security for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of Securities of a particular series (in which case the applicants must all hold Securities of such series) or with Holders of all Securities with respect to their rights under this Indenture or under such Securities and such application is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five Business Days after the receipt of such application, at its election, either

(i) afford to such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section, or

(ii) inform such applicants as to the approximate number of holders of Securities of such series or all Securities, as the case may be, whose names and addresses appear in the information preserved at the time by the Trustee, in accordance with the provisions of subsection (a) of this Section, and as to the approximate cost of mailing to such Securityholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford to such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Securityholder of such series or all Securities, as the case may be, whose name and address appears in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender, the Trustee shall mail to such applicants and file with the Commission together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of Securities of such series or all Securities, as the case may be, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met, and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Securityholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Each and every holder of Securities, by receiving and holding the same, agrees with the Issuer and the Trustee that neither the Issuer nor the Trustee nor any agent of the Issuer or the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the holders of Securities in accordance with the provisions of subsection (b) of this Section, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under such subsection (b).

SECTION 4.3. Reports by the Issuer. The Issuer covenants:

(a) to file with the Trustee, within 15 days after the Issuer is required to file the same with the Commission, copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Issuer may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, or if the Issuer is not required to file information, documents, or reports pursuant to either of such Sections, then to file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents, and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934, in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(b) to file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents, and reports with respect to compliance by the Issuer with the conditions and

covenants provided for in this Indenture as may be required from time to time by such rules and regulations; and

(c) to transmit by mail to the holders of Securities, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Issuer pursuant to subsections (a) and (b) of this Section as may be required to be transmitted to such Holders by rules and regulations prescribed from time to time by the Commission.

SECTION 4.4. Reports by the Trustee. (a) On or before July 15 in each year following the date hereof, so long as any Securities are outstanding hereunder, the Trustee shall transmit by mail as provided below to the Securityholders of each series, as hereinafter in this Section provided, a brief report dated as of the preceding May 15 with respect to:

(i) its eligibility under Section 6.9 and its qualification under Section 6.8, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under such Sections, a written statement to such effect;

(ii) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities of any series, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than 1/2 of 1% of the principal amount of the Securities of any series Outstanding on the date of such report;

(iii) the amount, interest rate, and maturity date of all other indebtedness owing by the Issuer (or by any other obligor on the Securities) to the Trustee in its individual capacity on the date of such report, with a brief description of any property held as collateral security therefor, except any indebtedness based upon a creditor relationship arising in any manner described in Section 6.13(b)(2), (3), (4) or (6);

(iv) the property and funds, if any, physically in the possession of the Trustee (as such) on the date of such report;

(v) any additional issue of Securities which the Trustee has not previously reported; and

(vi) any action taken by the Trustee in the performance of its duties under this Indenture which it has not previously reported and which in its opinion materially affects the Securities, except action in respect of a default, notice of which has been or is to be withheld by it in accordance with the provisions of Section 5.11.

(b) The Trustee shall transmit to the Securityholders of each series, as provided in subsection (c) of this Section, a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee as such since the date of the last report transmitted pursuant to the

provisions of subsection (a) of this Section (or if no such report has yet been so transmitted, since the date of this Indenture) for the reimbursement of which it claims or may claim a lien or charge prior to that of the Securities of such series on property or funds held or collected by it as Trustee and which it has not previously reported pursuant to this subsection (b), except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% or less of the principal amount of Securities of such series outstanding at such time, such report to be transmitted within 90 days after such time.

(c) Reports pursuant to this Section shall be transmitted by mail to all registered holders of Securities, as the names and addresses of such holders appear upon the security register of the Issuer.

(d) A copy of each such report shall, at the time of such transmission to Securityholders, be furnished to the Issuer and be filed by the Trustee with each stock exchange upon which the Securities of any applicable series are listed and also with the Commission. The Issuer agrees to notify the Trustee with respect to any series when and as the Securities of such series become admitted to trading on any stock exchange.

ARTICLE FIVE

REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS ON EVENT OF DEFAULT

SECTION 5.1. Event of Default Defined; Acceleration of Maturity; Waiver of Default. "Event of Default" with respect to Securities of any series wherever used herein, means each one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any installment of interest upon any of the Securities of such series as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or

(b) default in the payment of all or any part of the principal on any of the Securities of such series as and when the same shall become due and payable either at maturity, upon redemption, by declaration or otherwise; or

(c) default in the payment of any sinking fund installment as and when the same shall become due and payable by the terms of a Security of such series; or

(d) default in the performance, or breach, of any covenant or warranty of the Issuer in respect of the Securities of such series (other than a covenant or warranty in respect of the Securities of such series a default in whose performance or whose breach is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail,

to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of such series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(e) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Issuer in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Issuer or for any substantial part of its property or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or

(f) the Issuer shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Issuer or for any substantial part of its property, or make any general assignment for the benefit of creditors.

If an Event of Default described in clause (a), (b), (c) or (d) above (if the Event of Default under clause (d) is with respect to less than all series of Securities then Outstanding) occurs and is continuing, then, and in each and every such case, unless the principal of all of the Securities of such series shall have already become due and payable, either the Trustee or the holders of not less than 25% in aggregate principal amount of the Securities of all series affected thereby then Outstanding hereunder (each such series voting as a separate class in the case of an Event of Default under clause (a), (b) or (c) and all such series voting as one class in the case of an Event of Default under clause (d)), by notice in writing to the Issuer (and to the Trustee if given by Securityholders), may declare the entire principal (or, if the Securities of such series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of such series) of all Securities affected thereby and the interest accrued thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable. If an Event of Default described in clause (d), (e) or (f) above (if the Event of Default under clause (d) is with respect to all the Securities at the time Outstanding) occurs and is continuing, then and in each and every such case, unless the principal of all the Securities shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of all the Securities then Outstanding hereunder (treated as one class), by notice in writing to the Issuer (and to the Trustee if given by Securityholders), may declare the entire principal (or, if any Securities are Original Issue Discount Securities, such portion of the principal as may be specified in the terms thereof) of all the Securities then outstanding and interest accrued thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable.

The foregoing provisions, however, are subject to the condition that if, at any time after the principal (or, if the Securities are Original Issue Discount Securities, such portion of the Principal as may be specified in the terms thereof) of the Securities of any series (or of all the Securities affected, or of all the Securities, as the case may be) shall have been so declared due

and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Issuer shall pay or shall deposit with the Trustee a sum sufficient to pay all matured instalments of interest upon all the Securities of such series (or of all the Securities affected, or of all the Securities, as the case may be) and the principal of any and all Securities of such series (or of all the Securities affected, or of all the Securities, as the case may be) which shall have become due otherwise than by acceleration (with interest upon such principal and, extent that payment of such interest is enforceable under applicable law, on overdue instalments of interest, at the same rate as the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) specified in the securities of such series (or at the respective rates of interest or Yields to Maturity of all the Securities affected or all the Securities, as the case may be) to the date of such payment or deposit) and such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of negligence or bad faith, and if any and all Events of Default under the Indenture, other than the non-payment of the principal of Securities which shall have become due by acceleration, shall have been cured, waived or otherwise remedied as provided herein--then and in every such case the holders of a majority in aggregate principal amount of the Securities of such series (or of all the Securities affected, or of all the Securities, as the case may be) then outstanding, by written notice to the Issuer and to the Trustee, may waive all defaults with respect to such series (or of all the Securities affected, or with respect to all Securities, as the case may be--in such case, treated as a single class) and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

For all purposes under this Indenture, if a portion of the principal of any Original Issue Discount Securities shall have been accelerated and declared due and payable pursuant to the provisions hereof, then, from and after such declaration, unless such declaration has been rescinded and annulled, the principal amount of such Original Issue Discount Securities shall be deemed, for all purposes hereunder, to be such portion of the principal thereof as shall be due and payable as a result of such acceleration, and payment of such portion of the principal thereof as shall be due and payable as a result of such acceleration, together with interest, if any, thereon and all other amounts owing thereunder, shall constitute payment in full of such Original Issue Discount Securities.

SECTION 5.2. Collection of Indebtedness by Trustee; Trustee May Prove Debt. The Issuer covenants that (a) in case the default shall be made in the payment of any instalment of interest on any of the Securities of any series when such interest shall have become due and payable, and such default shall have continued for a period of 30 days or (b) in case default shall be made in the payment of all or any part of the principal or any part of the Securities of any series when the same shall have become due and payable, whether upon maturity of the Securities of such series or upon any redemption or by declaration or otherwise--then upon demand of the Trustee, the Issuer will pay to the Trustee for the benefit of the Holders of the Securities of such series the whole amount that then shall have become due and payable on all Securities of such series for principal or interest, as the case may be (with interest to the date of such payment upon the overdue principal and, to the extent that payment of such interest is enforceable under applicable law, on overdue instalments of interest at the same rate as the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) specified in the

Securities of such series); and in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Trustee and each predecessor Trustee, their respective agents, attorneys and counsel, and any expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of its negligence or bad faith.

Until such demand is made by the Trustee, the Issuer may pay the principal of and interest on the Securities of any series to the registered holders, whether or not the principal of and interest, if any, on the Securities of such series be overdue.

In case the Issuer shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Issuer or other obligor upon such Securities and collect in the manner provided by law out of the property of the Issuer or other obligor upon such Securities, wherever situated, the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings relative to the Issuer or any other obligor upon the Securities of any series under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor, or in case of any other comparable judicial proceedings relative to the Issuer or other obligor upon the Securities of any series, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of any Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(a) to file and prove a claim or claims for the whole amount of principal and interest (or, if the Securities of any series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of such series) owing and unpaid in respect of the Securities of any series, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence or bad faith) and of the Securityholders allowed in any judicial proceedings relative to the Issuer or other obligor upon the Securities of any series, or to the creditors or property of the Issuer or such other obligor,

(b) unless prohibited by applicable law and regulations, to vote on behalf of the holders of the Securities of any series in any election of a trustee or a standby trustee in arrangement, reorganization, liquidation or other bankruptcy or insolvency proceedings or person performing similar functions in comparable proceedings, and

(c) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Securityholders and of the Trustee on their behalf; and any trustee, receiver, or liquidator, custodian or other similar official is hereby authorized by each of the Securityholders to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the Securityholders, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith, and all other amounts due the Trustee and each predecessor Trustee pursuant to Section 6.6.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities of any series or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

All rights of action and of asserting claims under this Indenture, or under any of the Securities, may be enforced by the Trustee without the possession of any of the Securities or the production thereof on any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the ratable benefit of the holders of the Securities in respect of which such action was taken.

In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Securities in respect of which such action was taken, and it shall not be necessary to make any holders of such Securities parties to any such proceedings.

SECTION 5.3. Application of Proceeds. Any moneys collected by the Trustee pursuant to this Article in respect of any series shall be applied in the following order at the date or dates fixed by the Trustee and, in case of the distribution of such moneys on account of principal or interest, upon presentation of the several Securities in respect of which moneys have been collected and stamping (or otherwise noting) thereon the payment, or issuing Securities of such series in reduced principal amounts in exchange for the presented Securities of such series if only partially paid, or upon surrender thereof if fully paid:

FIRST: To the payment of costs and expenses applicable to such series in respect of which moneys have been collected, including reasonable compensation to the Trustee and each predecessor Trustee and their respective agents and attorneys and of all expenses and liabilities incurred, and all advances made, by the Trustee and each

predecessor Trustee except as a result of negligence or bad faith, and all other amounts due to the Trustee or any predecessor Trustee pursuant to Section 6.6;

SECOND: In case the principal of the Securities in respect of which moneys have been collected shall not have become and be then due and payable, to the payment of interest on the Securities of such series in default in the order of the maturity of the instalments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue instalments of interest at the same rate as the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) specified in such Securities, such payments to be made ratably to the persons entitled thereto, without discrimination or preference;

THIRD: In case the principal of the Securities in respect of which moneys have been collected shall have become and shall be then due and payable, to the payment of the whole amount then owing and unpaid upon all the Securities of such series for principal and interest, with interest upon the overdue principal, and (to the extent that such interest has been collected by the Trustee) upon overdue instalments of interest at the same rate as the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) specified in the Securities of such series; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the Securities of such series, then to the payment of such principal and interest, without preference or priority of principal over interest, or of interest over principal, or of any instalment of interest over any other instalment of interest, or of any Security of such series over any other Security of such series, ratably to the aggregate of such principal and accrued and unpaid interest; and

FOURTH: To the payment of the remainder, if any, to the Issuer or any other person lawfully entitled thereto.

SECTION 5.4. Suits for Enforcement. In case an Event of Default has occurred, has not been waived and is continuing, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

SECTION 5.5. Restoration of Rights on Abandonment of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer and the Trustee shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Issuer, the Trustee and the Securityholders shall continue as though no such proceedings had been taken.

SECTION 5.6. Limitations on Suits by Securityholders. No holder of any Security of any series shall have any right by virtue or by availing of any provision of this Indenture to institute any action or proceeding at law or in equity or in bankruptcy or otherwise upon or under or with respect to this Indenture, or for the appointment of a trustee, receiver, liquidator, custodian or other similar official or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of default and of the continuance thereof, as hereinbefore provided, and unless also the Holders of not less than 25% in aggregate principal amount of the Securities of such series then Outstanding shall have made written request upon the Trustee to institute such action or proceedings in its own name as trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 5.9; it being understood and intended, and being expressly covenanted by the taker and Holder of every Security with every other taker and Holder and the Trustee, that no one or more Holders of Securities of any series shall have any right in any manner whatever by virtue or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of Securities of that or any other series, or to obtain or seek to obtain priority over or preference to any other such Holder or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Securities of the applicable series. For the protection and enforcement of the provisions of this Section, each and every Securityholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

SECTION 5.7. Unconditional Right of Securityholders to Institute Certain Suits. Notwithstanding any other provision in this Indenture and any provision of any Security, the right of any Holder of any Security to receive payment of the principal of and interest on such Security on or after the respective due dates expressed in such Security, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 5.8. Powers and Remedies Cumulative; Delay or Omission Not Waiver of Default. Except as provided in Section 5.6, no right or remedy herein conferred upon or reserved to the Trustee or to the Securityholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No delay or omission of the Trustee or of any Securityholder to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and, subject to Section 5.6, every power and remedy given by this Indenture or by law to the Trustee or to the Securityholders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the Securityholders.

SECTION 5.9. Control by Securityholders. The Holders of a majority in aggregate principal amount of the Securities of each series affected (with each series voting as a separate class) at the time Outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Securities of such series by this Indenture; provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture and provided further that (subject to the provisions of Section 6.1) the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by counsel, shall determine that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors, the executive committee, or a trust committee of directors or Responsible Officers of the Trustee shall determine that the action or proceedings so directed would involve the Trustee in personal liability or if the Trustee in good faith shall so determine that the actions or forebearances specified in or pursuant to such direction would be unduly prejudicial to the interests of Holders of the Securities of all series so affected not joining in the giving of said direction, it being understood that (subject to Section 6.1) the Trustee shall have no duty to ascertain whether or not such actions or forebearances are unduly prejudicial to such Holders.

Nothing in this Indenture shall impair the right of the Trustee in its discretion to take any action deemed proper to the Trustee and which is not inconsistent with such direction or directions by Securityholders.

SECTION 5.10. Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the Securities of any series as provided in Section 5.1, the Solders of a majority in aggregate principal amount of the Securities of such series at the time Outstanding may on behalf of the Holders of all the Securities of such series waive any past default or Event of Default described in clause (d) of Section 5.1 (if such default or Event of Default under clause (d) is with respect to less than all the Securities then Outstanding) or, in the case of an event specified in clause (d), (e) or (f) of Section 5.1 (if such default or Event of Default under clause (d) is with respect to all the Securities then Outstanding), the Holders of Securities of a majority in principal amount of all the Securities then outstanding (voting as one class) may waive any such default or Event of Default, and its consequences except a default in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Holder of each Security affected. In the case of any such waiver, the Issuer, the Trustee and the Holders of the Securities of such series shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Upon any such waiver, such default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured, and not to have occurred for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

SECTION 5.11. Trustee to Give Notice of Default, But May Withhold in Certain Circumstances. The Trustee shall transmit to the Securityholders of any series, as the names and addresses of such Holders appear on the registry books, notice by mail of all defaults which have

occurred with respect to such series known to the Trustee, such notice to be transmitted within 90 days after the occurrence thereof, unless such defaults shall have been cured before the giving of such notice (the term "default" or "defaults" for the purposes of this Section being hereby defined to mean any event or condition which is, or with notice or lapse of time or both would become, an Event of Default); provided that, except in the case of default in the payment of the principal of or interest on any of the Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or trustees and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Securityholders of such series.

SECTION 5.12. Right of Court to Require Filing of Undertaking to Pay Costs. All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Securityholder or group of Securityholders of any series holding in the aggregate more than 10% in aggregate principal amount of the Securities of such series (or, in the case of any suit relating to or arising under clause (d) (if the suit under clause (d) relates to all the Securities then Outstanding), (e) or (f) of Section 5.1, 10% in aggregate principal amount of all Securities) Outstanding, or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of or interest on any Security on or after the due date expressed in such Security.

ARTICLE SIX.

CONCERNING THE TRUSTEE

SECTION 6.1. Duties and Responsibilities of the Trustee; During Default; Prior to Default. With respect to the Holders of any series of Securities issued hereunder, the Trustee, prior to the occurrence of an Event of Default with respect to the Securities of a particular series and after the curing or waiving of all Events of Default which may have occurred with respect to such series undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default with respect to the Securities of a series has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(a) prior to the occurrence of an Event of Default with respect to the Securities of any series and after the curing or waiving of all such Events of Default with respect to such series which may have occurred:

(i) The duties and obligations of the Trustee with respect to the Securities of any series shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any statements, certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such statements, certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible officer or Responsible Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders pursuant to Section 5.9 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there shall be reasonable ground for believing that the repayment of such funds or adequate indemnity against such liability is not reasonably assured to it.

SECTION 6.2. Certain Rights of the Trustee. Subject to Section 6.1:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, note, coupon, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Issuer mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of

Directors may be evidenced to the Trustee by a copy thereof certified by the secretary or an assistant secretary of the Issuer;

(c) the Trustee may consult with counsel and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby;

(e) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture;

(f) prior to the occurrence of an Event of Default hereunder and after the curing or waiving of all Events of Default, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, bond, debenture, note, coupon, security, or other paper or document unless requested in writing so to do by the holders of not less than a majority in aggregate principal amount of the Securities of all series affected then Outstanding; provided that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to proceeding; the reasonable expenses of every such investigation shall be paid by the Issuer or, if paid by the Trustee or any predecessor trustee, shall be repaid by the Issuer upon demand; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys not regularly in its employ and the Trustee shall not be responsible for any misconduct or negligence on the part of any such agent or attorney appointed with due care by it hereunder.

SECTION 6.3. Trustee Not Responsible for Recitals, Disposition of Securities or Application of Proceeds Thereof. The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representation as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Issuer of any of the Securities or of the proceeds thereof.

SECTION 6.4. Trustee and Agents May Hold Securities; Collections, etc. The Trustee or any agent of the Issuer or the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities with the same rights it would have if it were not the Trustee or such agent and, subject to Sections 6.8 and 6.13, if operative, may otherwise deal with the Issuer and receive, collect, hold and retain collections from the Issuer with the same rights it would have if it were not the Trustee or such agent.

SECTION 6.5. Moneys Held by Trustee. Subject to the provisions of Section 10.4 hereof, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law. Neither the Trustee nor any agent of the Issuer or the Trustee shall be under any liability for interest on any moneys received by it hereunder except such as it may agree with the Issuer to pay thereon.

SECTION 6.6. Compensation and Indemnification of Trustee and Its Prior Claim. The Issuer covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and the Issuer covenants and agrees to pay or reimburse the Trustee and each predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by or on behalf of it in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Issuer also covenants to indemnify the Trustee and each predecessor Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder and its duties hereunder, including the costs and expenses of defending itself against or investigating any claim of liability in the premises. The obligations of the Issuer under this Section to compensate and indemnify the Trustee and each predecessor Trustee and to pay or reimburse the Trustee and each predecessor Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture. Such additional indebtedness shall be a senior claim to that of the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Securities, and the Securities are hereby subordinated to such senior claim.

SECTION 6.7. Right of Trustee to Rely on Officers' Certificate, etc. Subject to Sections 6.1 and 6.2, whenever in the administration of the trusts of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof.

SECTION 6.8. Qualification of Trustee; Conflicting Interests. (a) If the Trustee has or shall acquire any conflicting interest, as defined in this Section, it shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign in the manner and with the effect specified in this Indenture.

(b) In the event that the Trustee shall fail to comply with the provisions of subsection (a) of this Section, the Trustee shall, within 10 days after the expiration of such 90 day period, transmit by mail notice of such failure to the Securityholders at their last addresses as they appear on the Security register.

(c) For the purposes of this Section, the Trustee shall be deemed to have a conflicting interest with respect to Securities of any series if

(i) the Trustee is trustee under this Indenture with respect to the outstanding Securities of any other series or is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the Issuer are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Securities issued under this Indenture; provided that there shall be excluded from the operation of this paragraph the indenture dated as of June 16, 1972 between J.P. Morgan Overseas Capital Corporation and J.P. Morgan & Co. Incorporated, as Guarantor and the Trustee, under which the 4 1/4% Convertible Guaranteed Debentures Due 1987 of J.P. Morgan Overseas Capital Corporation, guaranteed as to principal and interest by the Issuer, are outstanding and this Indenture with respect to the Securities of any other series and there shall also be so excluded any other indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Issuer are outstanding if (i) this Indenture, with respect to Securities of such series, and, if applicable, this Indenture with respect to such other series issued pursuant to this Indenture and such other indenture or indentures are wholly unsecured, and such other indenture or indentures are hereafter qualified under the Trust Indenture Act of 1939, unless the Commission shall have found and declared by order pursuant to Section 305(b) or Section 307(c) of such Trust Indenture Act of 1939 that differences exist between the provisions of this Indenture with respect to Securities of such series and one or more other series, or the provisions of this Indenture and the provisions of such other indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to Securities of such series and such other series, or under this Indenture or such other indenture or indentures, or (ii) the Issuer shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under this Indenture with respect to Securities of such series and such other series, or under this Indenture and such other indenture or indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to Securities of such series and such other series, or under this Indenture and such other indentures;

(ii) the Trustee or any of its directors or executive officers is an obligor upon the Securities of any series issued under this Indenture or an underwriter for the Issuer;

(iii) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Issuer or an underwriter for the Issuer;

(iv) the Trustee or any of its directors or executive officers is a director, officer, partner, employee, appointee, or representative of the Issuer, or of an underwriter (other than the Trustee itself) for the Issuer who is currently engaged in the business of underwriting, except that (x) one individual may be a director or an executive officer, or both, of the Trustee and a director or an executive officer, or both, of the Issuer, but may not be at the same time an executive officer of both the Trustee and the Issuer; (y) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director or an executive officer, or both, of the Trustee and a director of the Issuer; and (z) the Trustee may be designated by the Issuer or by any underwriter for the Issuer to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent, or depositary, or in any other similar capacity, or, subject to the provisions of subsection (c)(i) of this Section, to act as trustee, whether under an indenture or otherwise;

(v) 10% or more of the voting securities of the Trustee is beneficially owned either by the Issuer or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Issuer or by any director, partner, or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(vi) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, (x) 5% or more of the voting securities or 10% or more of any other class of security of the Issuer, not including the Securities issued under this Indenture and securities issued under any other indenture under which the Trustee is also trustee, or (y) 10% or more of any class of security of an underwriter for the Issuer;

(vii) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Issuer;

(viii) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default, 10% or more of any class of security of any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Issuer; or

(ix) the Trustee owns on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a

specified percentage of which would have constituted a conflicting interest under Section 6.8(c)(vi), (vii) or (viii). As to any such securities of which the Trustee acquired ownership through becoming executor, administrator, or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after May 15 in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Issuer fails to make payment in full of principal of or interest on any of the Securities when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above-mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of subsections (c)(vi), (vii) and (viii) of this Section.

The specification of percentages in subsections (c)(v) to (ix) inclusive of this Section shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of subsections (c)(iii) or (vii) of this Section.

For the purposes of subsections (c)(vi), (vii), (viii) and (ix), of this Section, only,

(i) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies, or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness;

(ii) an obligation shall be deemed to be in default when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and

(iii) the Trustee shall not be deemed to be the owner or holder of (x) any security which it holds as collateral security, as trustee or otherwise, for an obligation which is not in default as defined in clause (ii) above, or (y) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (z) any security which it holds as agent for collection, or as custodian, escrow agent, or depositary, or in any similar representative capacity.

Except as provided above, the word "security" or "securities" as used in this Section shall mean any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral rights, or, in general, any interest or instrument commonly known as a "security", or any

certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

(d) For purposes of this Section:

(i) the term "underwriter" when used with reference to the Issuer shall mean every person who, within three years prior to the time as of which the determination is made, has purchased from the Issuer with a view to, or has offered or sold for the Issuer in connection with, the distribution of any security of the Issuer outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission;

(ii) the term "director" shall mean any director of a corporation or any individual performing similar functions with respect to any organization whether incorporated or unincorporated;

(iii) the term "person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, an unincorporated organization, or a government or political subdivision thereof; as used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security;

(iv) the term "voting security" shall mean any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person;

(v) the term "Issuer" shall mean any obligor upon the Securities; and

(vi) the term "executive officer" shall mean the president, every vice president, every trust officer, the cashier, the secretary, and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

(e) The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(i) a specified percentage of the voting securities of the Trustee, the Issuer or any other person referred to in this Section (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitles the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person;

(ii) a specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding;

(iii) the term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares, and the number of units if relating to any other kind of security;

(iv) the term "outstanding" means issued and not held by or for the account of the issuer; the following securities shall not be deemed outstanding within the meaning of this definition:

(A) securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(B) securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(C) securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise; and

(D) securities held in escrow if placed in escrow by the issuer thereof;

provided, that any voting securities of an issuer shall be deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof; and

(v) a security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided, that, in the case of secured evidences of indebtedness, all of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes and provided, further, that, in the case of unsecured evidences of indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

SECTION 6.9. Persons Eligible for Appointment as Trustee. The Trustee for each series of Securities hereunder shall not all times be a corporation organized and doing business under the laws of the United States of America or of any state or the District of Columbia having a combined capital and surplus of at least $5,000,000, and which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by Federal, State or District of Columbia authority. Such corporation shall have its principal place of business in the Borough of Manhattan, The City of New York, if there be such a corporation in such location willing to act upon reasonable and customary terms and conditions. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any

time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 6.10.

SECTION 6.10. Resignation and Removal; Appointment of Successor Trustee. (a) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign with respect to one or more or all series of Securities by giving written notice of resignation to the Issuer and by mailing notice thereof by first class mail to holders of the applicable series of Securities at their last addresses as they shall appear on the Security register. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor trustee or trustees with respect to the applicable series by written instrument in duplicate, executed by authority of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee or trustees. If no successor trustee shall have been so appointed with respect to any series and have accepted appointment within 30 days after the mailing of such notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Securityholder who has been a bona fide holder of a Security or Securities of the applicable series for at least six months may, subject to the provisions of Section 5.12, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) the Trustee shall fail to comply with the provisions of Section 6.8 with respect to any series of Securities after written request therefor by the Issuer or by any Securityholder who has been a bona fide holder of a Security or Securities of such series for at least six months; or

(ii) the Trustee shall cease to be eligible in accordance with the provisions of Section 6.9 and shall fail to resign after written request therefor by the Issuer or by any Securityholder; or

(iii) the Trustee shall become incapable of acting with respect to any series of Securities, or shall be adjudged a bankrupt or insolvent, or a receiver or liquidator of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, the Issuer may remove the Trustee with respect to the applicable series of Securities and appoint a successor trustee for such series by written instrument, in duplicate, executed by order of the Board of Directors of the Issuer, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 5.12, any Securityholder who has been a bona fide holder of a Security or Securities of such series for at least six months may on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee with respect to such series. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Securities of each series at the time outstanding may at any time remove the Trustee with respect to Securities of such series and appoint a successor trustee with respect to the Securities of such series by delivering to the Trustee so removed, to the successor trustee so appointed and to the Issuer the evidence provided for in Section 7.1 of the action in that regard taken by the Securityholders.

(d) Any resignation or removal of the Trustee with respect to any series and any appointment of a successor trustee with respect to such series pursuant to any of the provisions of this Section 6.10 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 6.11.

SECTION 6.11. Acceptance of Appointment by Successor Trustee. Any successor trustee appointed as provided in Section 6.10 shall execute and deliver to the Issuer and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee with respect to all or any applicable series shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all rights, powers, duties and obligations with respect to such series of its predecessor hereunder, with like effect as if originally named as trustee for such series hereunder; but, nevertheless, on the written request of the Issuer or of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall, subject to Section 10.4, pay over to the successor trustee all moneys at the time held by it hereunder and shall execute and deliver an instrument transferring to such successor trustee all such rights, powers, duties and obligations. Upon request of any such successor trustee, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a prior claim upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 6.6.

If a successor trustee is appointed with respect to the Securities of one or more (but not all) series, the Issuer, the predecessor Trustee and each successor trustee with respect to the Securities of any applicable series shall execute and deliver an indenture supplemental hereto which shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor Trustee with respect to the Securities of any series as to which the predecessor Trustee is riot retiring shall continue to be vested in the predecessor Trustee, and shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such trustees co-trustees of the same trust and that each such trustee shall be trustee of a trust or trusts under separate indentures.

No successor trustee with respect to any series of Securities shall accept appointment as provided in this Section 6.11 unless at the time of such acceptance such successor trustee shall be qualified under the provisions of Section 6.8 and eligible under the provisions of Section 6.9.

Upon acceptance of appointment by any successor trustee as provided in this Section, the Issuer shall mail notice thereof by first-class mail to the Holders of Securities of any

series for which such successor trustee is acting as trustee at their last addresses as they shall appear in the Security register. If the acceptance of appointment is substantially contemporaneous with the resignation, then the notice called for by the preceding sentence may be combined with the notice called for by Section 6.10. If the Issuer fails to mail such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Issuer.

SECTION 6.12. Merger, Conversion, Consolidation or Succession to Business of Trustee. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided that such corporation shall be qualified under the provisions of Section 6.8 and eligible under the provisions of Section 6.9, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Securities of any series shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee and deliver such Securities so authenticated; and, in case at that time any of the Securities of any series shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor Trustee; and in all such cases such certificate shall have the full force which it is anywhere in the Securities of such series or in this Indenture provided that the certificate of the Trustee shall have; provided, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities of any series in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 6.13. Preferential Collection of Claims Against the Issuer. (a) Subject to the provisions of this Section, if the Trustee shall be or shall become a creditor, directly or indirectly, secured or unsecured, of the Issuer within four months prior to a default, as defined in subsection (c) of this Section, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the holders of the Securities and the holders of other indenture securities (as defined in this Section):

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such four months' period and valid as against the Issuer and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in subsection (a)(2) of this Section, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Issuer upon the date of such default; and

(2) all property received by the Trustee in respect of any claim as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such four months' period, or an amount equal to the

proceeds of any such property, if disposed of, subject, however, to the rights, if any, of the Issuer and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee:

(A) to retain for its own account (i) payments made on account of any such claim by any person (other than the Issuer) who is liable thereon, (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Issuer in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11 of the United States Code or applicable state law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four months' period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four months' period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default as defined in subsection (c) of this Section would occur within four months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in such paragraph (B) or (C), as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C) and (D), property substituted after the beginning of such four months' period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any preexisting claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned between the Trustee, the Securityholders and the holders of other indenture securities in such manner that the Trustee, such Securityholders, and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Issuer in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11 of the United States Code or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the

Issuer of the funds and property in such special account and before crediting to the respective claims of the Trustee, such Securityholders and the holders of other indenture securities dividends on claims filed against the Issuer in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11 of the United States Code or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or in proceedings for reorganization pursuant to Title 11 of the United States Code or applicable State law, whether such distribution is made in cash, securities or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership or proceeding for reorganization is pending shall have jurisdiction (i) to apportion between the Trustee, such Securityholders and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and the proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee, such Securityholders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee who has resigned or been removed after the beginning of such four months' period shall be subject to the provisions of this subsection (a) as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such four months' period, it shall be subject to the provisions of this subsection (a) if and only if the following conditions exist:

(i) the receipt of property or reduction of claim which would have given rise to the obligation to account, if such Trustee had continued as trustee, occurred after the beginning of such four months' period; and

(ii) such receipt of property or reduction of claim occurred within four months after such resignation or removal.

(b) There shall be excluded from the operation of this Section a creditor relationship arising from

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by this Indenture for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advance and of the circumstances

surrounding the making thereof is given to the Securityholders at the time and in the manner provided in this Indenture;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depositary, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented or an indebtedness created as a result of goods or securities sold in a cash transaction as defined in subsection (c)(3) below;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Issuer; or

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper as defined in subsection (c)(4) of this Section.

(c) As used in this Section:

(1) the term "default" shall mean any failure to make payment in full of the principal of or interest upon any of the Securities or upon the other indenture securities when and as such principal or interest becomes due and payable;

(2) the term "other indenture securities" shall mean securities upon which the Issuer is an obligor (as defined in the Trust Indenture Act of 1939) outstanding under any other indenture (i) under which the Trustee is also trustee, (ii) which contains provisions substantially similar to the provisions of subsection (a) of this Section, and (iii) under which a default exists at the time of the apportionment of the funds and property held in said special account;

(3) the term "cash transaction" shall mean any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) the term "self-liquidating paper" shall mean any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Issuer for the purpose of financing the purchase, processing, manufacture, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the Issuer arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation; and

(5) the term "Issuer" shall mean any obligor upon the Securities.

ARTICLE SEVEN

CONCERNING THE SECURITYHOLDERS

SECTION 7.1. Evidence of Action Taken by Securityholders. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by a specified percentage in principal amount of the Securityholders of any or all series may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such specified percentage of Securityholders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee. Proof of execution of any instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Sections 6.1 and 6.2) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Article.

SECTION 7.2. Proof of Execution of Instruments and of Holding of Securities. Subject to Sections 6.1 and 6.2, the execution of any instrument by a Securityholder or his agent or proxy may be proved in accordance with such reasonable rules and regulations as may be prescribed by the Trustee or in such manner as shall be satisfactory to the Trustee. The holding of Securities shall be proved by the Security register or by a certificate of the registrar thereof.

SECTION 7.3. Holders to be Treated as Owners. The Issuer, the Trustee and any agent of the Issuer or the Trustee may deem and treat the person in whose name any Security shall be registered upon the Security register for such series as the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of and, subject to the provisions of this Indenture, interest on such Security and for all other purposes; and neither the Issuer nor the Trustee nor any agent of the Issuer or the Trustee shall be affected by any notice to the contrary. All such payments so made to any such person, or upon his order, shall be valid, and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Security.

SECTION 7.4. Securities Owned by Issuer Deemed Not Outstanding. In determining whether the Holders of the requisite aggregate principal amount of Outstanding Securities of any or all series have concurred in any direction, consent or waiver under this Indenture, Securities which are owned by the Issuer or any other obligor on the Securities with respect to which such determination is being made or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or any other obligor on the Securities with respect to which such determination is being made shall be disregarded and deemed not to be outstanding for the purpose of any such determination, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver only Securities which the Trustee knows are so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Issuer or any other obligor upon the Securities or any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or any other obligor on the Securities. In case of a

dispute as to such right, the advice of counsel shall be full protection in respect of any decision made by the Trustee in accordance with such advice. Upon request of the Trustee, the Issuer shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Securities, if any, known by the Issuer to be owned or held by or for the account of any of the above-described persons; and, subject to Sections 6.1 and 6.2, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Securities not listed therein are Outstanding for the purpose of any such determination.

SECTION 7.5. Right of Revocation of Action Taken. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 7.1, of the taking of any action by the Holders of the percentage in aggregate principal amount of the Outstanding Securities of any or all series, as the case may be, specified in this Indenture in connection with such action, any Holder of a Security the serial number of which is shown by the evidence to be included among the serial numbers of the Securities the Holders of which have consented to such action may, by filing written notice at the Corporate Trust Office and upon proof of holding as provided in this Article, revoke such action so far as concerns such security. Except as aforesaid any such action taken by the Holder of any Security shall be conclusive and binding upon such Holder and upon all future Holders and owners of such security and of any Securities issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon any such Security. Any action taken by the Holders of the percentage in aggregate principal amount of the Securities of any or all series, as the case may be, specified in this Indenture in connection with such action shall be conclusively binding upon the Issuer, the Trustee and the Holders of all the Securities affected by such action.

ARTICLE EIGHT

SUPPLEMENTAL INDENTURES

SECTION 8.1. Supplemental Indentures Without Consent of Securityholders. The Issuer, when authorized by a resolution of its Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act of 1939 as in force at the date of the execution thereof) for one or more of the following purposes:

(a) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Securities of one or more series any property or assets;

(b) to evidence the succession of another corporation to the Issuer, or successive successions, and the assumption by the successor corporation of the covenants agreements and obligations of the Issuer pursuant to Article Nine;

(c) to add to the covenants of the Issuer such further covenants, restrictions, conditions or provisions as its Board of Directors and the Trustee shall consider to be for the protection of the Holders of Securities, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions

an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, that in respect of any such additional covenant, restriction, condition or provision such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the remedies available to the Trustee upon such an Event of Default or may limit the right of the Holders of a majority in aggregate principal amount of the Securities of affected series to waive such an Event of Default;

(d) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture; or to make such other provisions in regard to matters or questions arising under this Indenture or under any supplemental indenture as the Board of Directors may deem necessary or desirable and which shall not materially and adversely affect the interests of the Holders of the Securities;

(e) to provide for the issuance under this Indenture of Securities in coupon form (including Securities registrable as to principal only) and to provide for exchangeability of such Securities with Securities issued hereunder in fully registered form, and to make all appropriate changes for such purpose;

(f) to establish the form or terms of Securities of any series as permitted by Sections 2.1 and 2.3; and

(g) to evidence and provide for the acceptance of appointment hereunder by a successor trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Section 6.11.

The Trustee is hereby authorized to join with the Issuer in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section may be executed without the consent of the Holders of any of the Securities at the time outstanding, notwithstanding any of the provisions of Section 8.2.

SECTION 8.2. Supplemental Indentures With Consent of Securityholders. With the consent (evidenced as provided in Article Seven) of the Holders of not less than 66 2/3% in aggregate principal amount of the Securities at the time outstanding of all series affected by such supplemental indenture (voting as one class), the Issuer, when authorized by a resolution of its Board of Directors, and the Trustee may, from time to time and at any time, enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust

Indenture Act of 1939 as in force at the date of execution thereof) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities of each such series; provided, that no such supplemental indenture shall (a) extend the final maturity of any Security, or reduce the principal amount thereof or the method in which amounts of payments of principal or interest thereon are determined, or reduce the rate or extend the time of payment of interest thereon, or change the currency of payment thereof, or the method in which amounts of payments of principal or interest thereon are determined, or reduce any amount payable on redemption thereof or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity thereof pursuant to Section 5.1 or the amount thereof provable in bankruptcy pursuant to Section 5.2, or impair or affect the right of any Securityholder to institute suit for the payment thereof or, if the Securities provide therefor, any right of repayment at the option of the Securityholder without the consent of the Holder of each Security so affected, or (b) reduce the aforesaid percentage of Securities of any series, the consent of the Holders of which is required for any such supplemental indenture, without the consent of the Holders of each Security so affected. A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision shall be deemed not to affect the rights under this Indenture of the Holder of any other series.

Upon the request of the Issuer, accompanied by a copy of a resolution of the Board of Directors certified by the secretary or an assistant secretary of the Issuer authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Securityholders as aforesaid and other documents, if any, required by Section 7.1, the Trustee shall join with the Issuer in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Securityholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to the provisions of this Section, the Issuer shall mail a notice thereof by first-class mail to the Holders of Securities of each series affected thereby at their addresses as they shall appear on the registry books of the Issuer, setting forth in general terms the substance of such supplemental indenture. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 8.3. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Issuer and the Holders of Securities of each series affected thereby shall thereafter be determined, exercised and

enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 8.4. Documents to Be Given to Trustee. The Trustee, subject to the provisions of Sections 6.1 and 6.2, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to this Article 8 complies with the applicable provisions of this Indenture.

SECTION 8.5. Notation on Securities in Respect of Supplemental Indentures. Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article may bear a notation in form approved by the Trustee for such series as to any matter provided for by such supplemental indenture or as to any action taken at any such meeting. If the Issuer or the Trustee shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may be prepared by the Issuer, authenticated by the Trustee and delivered in exchange for the Securities of such series then outstanding.

ARTICLE NINE

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

SECTION 9.1. Issuer May Consolidate, etc., on Certain Terms. The Issuer covenants that it will not merge or consolidate with any other corporation or sell or convey all or substantially all of its assets to any Person, unless (i) either the Issuer shall be the continuing corporation, or the successor corporation (if other than the Issuer) shall be a corporation organized under the laws of the United States of America or any State thereof and shall expressly assume the due and punctual payment of the principal of and interest on all the Securities, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed or observed by the Issuer, by supplemental indenture satisfactory to the Trustee, executed and delivered to the Trustee by such corporation, and (ii) the Issuer or such successor corporation, as the case may be, shall not, immediately after such merger, consolidation, or such sale or conveyance, be in default in the performance of any such covenant or condition.

SECTION 9.2. Successor Corporation to be Substituted. In case of any such consolidation, merger, sale or conveyance, other than a conveyance by way of lease, and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for the Issuer, with the same effect as if it had been named herein as the Issuer, and the Issuer shall thereupon be released from all obligations hereunder and under the Securities and the Issuer as the predecessor corporation may thereupon or at any time thereafter be dissolved, wound up or liquidated. Such successor corporation thereupon may cause to be signed, and may issue either in its own name or in the name of J. P. Morgan & Co. Incorporated any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Issuer and delivered to the Trustee; and, upon the order of such successor corporation instead

of the Issuer and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities which previously shall have been signed and delivered by the officers of the Issuer to the Trustee for authentication, and any Securities which such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All of the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate.

SECTION 9.3. Opinion of Counsel to Trustee. The Trustee, subject to the provisions of Sections 6.1 and 6.2, may receive an Opinion of Counsel, prepared in accordance with Section 11.5, as conclusive evidence that any such consolidation, merger, sale or conveyance, and any such assumption complies with the applicable provisions of Article Nine.

ARTICLE TEN

SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS.

SECTION 10.1. Satisfaction and Discharge of Indenture. If at any time (a) the Issuer shall have paid or caused to be paid the principal of and interest on all the Securities theretofore authenticated hereunder (other than Securities which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.9 and other than Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by any paying agent and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 10.4), as and when the same shall have become due and payable, or (b) the Issuer shall have delivered to the Trustee for cancellation, all Securities of any series theretofore authenticated (other than any Securities of such series which shall have been destroyed, lost or stolen and which shall have been replaced or paid as provided in Section 2.9) or (c) (i) all the Securities of any series not theretofore delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and (ii) the Issuer shall have irrevocably deposited or caused to be deposited with the Trustee as trust funds the entire amount in cash (other than moneys repaid by the Trustee or any paying agent to the Issuer in accordance with Section 10.4) sufficient to pay at maturity or upon redemption all Securities of such series not theretofore delivered to the Trustee for cancellation, including principal and interest due or to become due to such date of maturity as the case may be, and if, in any such case, the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer with respect to Securities of such series, then this Indenture shall cease to be of further effect with respect to Securities of such series (except as to (i) rights of registration of transfer and exchange, and the Issuer's right of optional redemption, (ii) substitution of mutilated, defaced, destroyed, lost or stolen Securities, (iii) rights of holders to receive payments of principal thereof and interest thereon, and remaining rights of the holders to

receive mandatory sinking fund payments, if any, (iv) the rights, obligations and immunities of the Trustee hereunder and (v) the rights of the Securityholders, of such series as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or any of them), and the Trustee, on demand of the Issuer accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Issuer, shall execute proper instruments acknowledging such satisfaction of and discharging this Indenture with respect to such series; provided, that the rights of holders of the Securities to receive amounts in respect of principal of and interest on the Securities held by them shall not be delayed longer than required by then applicable mandatory rules or policies of any securities exchange upon which the Securities are listed. The Issuer agrees to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred and to compensate the Trustee for any services thereafter reasonably and properly rendered by the Trustee in connection with this Indenture or the Securities of such series.

SECTION 10.2. Application by Trustee of Funds Deposited for Payment of Securities. Subject to Section 10.4, all moneys deposited with the Trustee pursuant to Section 10.1 shall be held in trust and applied by it to the payment, either directly or through any paying agent (including the Issuer acting as its own paying agent), to the Holders of the particular Securities of such series for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest; but such money need not be segregated from other funds except to the extent required by law.

SECTION 10.3. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture with respect to Securities of any series, all moneys then held by any paying agent under the provisions of this Indenture with respect to such series of Securities shall, upon demand of the Issuer, be repaid to it or paid to the Trustee and thereupon such paying agent shall be released from all further liability with respect to such moneys.

SECTION 10.4. Return of Moneys Held by Trustee and Paying Agent Unclaimed for Three Years. Any moneys deposited with or paid to the Trustee or any paying agent for the payment of the principal of or interest on any Security of any series and not applied but remaining unclaimed for three years after the date upon which such principal or interest shall have become due and payable, shall, upon the written request of the Issuer and unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be repaid to the Issuer by the Trustee for such series or such paying agent, and the Holder of the Security of such series shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to the Issuer for any payment which such Holder may be entitled to collect, and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease; provided, the Trustee or such paying agent, before being required to make any such repayment, may at the Issuer's expense cause to be mailed to all Holders of the Securities of such series at their addresses as set forth in the Security register notice that such moneys have not been so applied and that after a date named in such notice any unclaimed balance of such moneys then remaining will be returned to the Issuer.

ARTICLE ELEVEN

MISCELLANEOUS PROVISIONS

SECTION 11.1. Incorporators, Stockholders, Officers and Directors of Issuer Exempt from Individual Liability. No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any Security, or because of any indebtedness evidenced thereby, shall be had against any incorporator, as such or against any past, present or future stockholder, officer or director, as such, of the Issuer or of any successor, either directly or through the Issuer or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Securities by the holders thereof and as part of the consideration for the issue of the Securities.

SECTION 11.2. Provisions of Indenture for the Sole Benefit of Parties and Securityholders. Nothing in this Indenture or in the Securities, expressed or implied, shall give or be construed to give to any person, firm or corporation, other than the parties hereto and their successors and the holders of the Securities, any legal or equitable right, remedy or claim under this Indenture or under any covenant or provision herein contained, all such covenants and provisions being for the sole benefit of the parties hereto and their successors and of the holders of the Securities.

SECTION 11.3. Successors and Assigns of Issuer Bound by Indenture. All the covenants, stipulations, promises and agreements in this Indenture contained by or in behalf of the Issuer shall bind its successors and assigns, whether so expressed or not.

SECTION 11.4. Notices and Demands on Issuer, Trustee and Securityholders. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders of Securities to or on the Issuer may be given or served by being deposited postage prepaid, first class mail (except as otherwise specifically provided herein) addressed (until another address of the Issuer is filed by the Issuer with the Trustee) to J.P. Morgan & Co. Incorporated, 23 Wall Street, New York, N.Y. 10015, Attention: Secretary. Any notice, direction, request or demand by the Issuer or any Securityholder to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made at the Corporate Trust Office marked to the attention of the Corporate Trust Department.

Where this Indenture provides for notice to Holders, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first class postage prepaid, to each Holder entitled thereto, at his last address as it appears in the Security register. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impracticable to mail notice to the Issuer and Securityholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

SECTION 11.5. Officers' Certificates and Opinions of Counsel; Statements to Be Contained Therein. Upon any application or demand by the Issuer to the Trustee to take any action under any of the provisions of this Indenture, the Issuer shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent provided for in this Indenture relating to the proposed action have been complied and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or demand, no additional certificate or opinion need be furnished.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person making such certificate or opinion has read such covenant or condition, (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, (c) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with and (d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Any certificate, statement or opinion of an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous. Any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters, information with respect to which is in the possession of the Issuer, upon the certificate, statement or opinion of or representations by an officer of officers of the Issuer, unless such counsel knows that the certificate, statement or opinion or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous.

SECTION 11.6. Payments Due on Saturdays, Sundays and Holidays. If the date of maturity of interest on or principal of the Securities of any series or the date fixed for redemption or repayment of any such Security shall not be a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 11.7. Conflict of Any Provision of Indenture with Trust Indenture Act of 1939. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with

another provision included in this Indenture which is to be included herein by any of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

SECTION 11.8. New York Law to Govern. This Indenture and each Security shall be deemed to be a contract under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of such State, except as may otherwise be required by mandatory provisions of law.

SECTION 11.9. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 11.10. Effect of Headings. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 11.11. Securities in Foreign Currencies. Whenever this Indenture provides for any action by, or the determination of any of the rights of, or any distribution to, holders of Securities denominated in United States dollars and in any other currency, in the absence of any provision to the contrary in the form of Security of any particular series, any amount in respect of any Security denominated in a currency other than United States dollars shall be treated for any such action or distribution as that amount of United States dollars that could be obtained for such amount on such reasonable basis of exchange and as of such date as the Issuer may specify in a written notice to the Trustee or in the absence of such written notice, as the Trustee may determine.

ARTICLE TWELVE

REDEMPTION OF SECURITIES AND SINKING FUNDS

SECTION 12.1. Applicability of Article. The provisions of this Article shall be applicable to the Securities of any series which are redeemable before their maturity or to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 2.3 for Securities of such series.

SECTION 12.2. Notice of Redemption; Partial Redemptions. Notice of redemption to the holders of Securities of any series to be redeemed as a whole or in part at the option of the Issuer shall be given by mailing notice of such redemption by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to such holders of Securities of such series at their last addresses as they shall appear upon the registry books. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives the notice. Failure to give notice by mail, or any defect in the notice to the Holder of any Security of a series designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security of such series.

The notice of redemption to each such Holder shall specify the principal amount of each Security of such series held by such Holder to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of such Securities, that such redemption is pursuant to the mandatory or optional sinking fund, or both, if such be the case, that interest accrued to the date fixed for redemption will be paid as specified in such notice and that on and after said date interest thereon or on the portions thereof to be redeemed will cease to accrue. In case any Security of a series is to be redeemed in part, only the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon surrender of such Security, a new Security or Securities of such series in principal amount equal to the unredeemed portion thereof will be issued.

The notice of redemption of Securities of any series to be redeemed at the option of the Issuer shall be given by the Issuer or, at the Issuer's request, by the Trustee in the name and at the expense of the Issuer.

At least one Business Day prior to the redemption date specified in the notice of redemption given as provided in this Section, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in Section 3.4) an amount of money sufficient to redeem on the redemption date all the Securities of such series so called for redemption at the appropriate redemption price, together with accrued interest to the date fixed for redemption. If less than all the outstanding Securities of a series are to be redeemed, the Issuer will deliver to the Trustee at least 60 days prior to the date fixed for redemption, an Officers' Certificate stating the aggregate principal amount of Securities to be redeemed.

If less than all the Securities of a series are to be redeemed, the Trustee shall select, in such manner as it shall deem appropriate and fair, Securities of such series to be redeemed in whole or in part. Securities may be redeemed in part in multiples equal to the minimum authorized denomination for Securities of such series or any multiple thereof. The Trustee shall promptly notify the Issuer in writing of the Securities of such series selected for redemption and, in the case of any Securities of such series selected for partial redemption, the principal amount thereof to be redeemed. For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities of any series shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

SECTION 12.3. Payment of Securities Called for Redemption. If notice of redemption has been given as above provided, the Securities or portions of Securities specified in such notice shall become due and payable on the date and at the place stated in such notice at the applicable redemption price, together with interest accrued to the date fixed for redemption, and on and after said date (unless the Issuer shall default in the payment of such Securities at the redemption price, together with interest accrued to said date) interest on the Securities or portions of Securities so called for redemption shall cease to accrue and, except as provided in Sections 6.5 and 10.4, such Securities shall cease from and after the date fixed for redemption to be entitled to any benefit or security under this Indenture, and the holders thereof shall have no right in respect of such Securities except the right to receive the redemption price thereof and

unpaid interest to the date fixed for redemption. On presentation and surrender of such Securities at a place of payment specified in said notice, said Securities or the specified portions thereof shall be paid and redeemed by the Issuer at the applicable redemption price, together with interest accrued thereon to the date fixed for redemption; provided that any payment of interest becoming due on the date fixed for redemption shall be payable to the Holders of such Securities registered as such on the relevant record date subject to the terms and provisions of Section 2.4 hereof.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the date fixed for redemption at the rate of interest or Yield to Maturity (in the case of an Original Issue Discount Security) borne by the Security.

Upon presentation of any Security redeemed in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to or on the order of the Holder thereof, at the expense of the Issuer, a new Security or Securities of such series, of authorized denominations, in principal amount equal to the unredeemed portion of the Security so presented.

SECTION 12.4. Exclusion of Certain Securities from Eligibility for Selection for Redemption. Securities shall be excluded from eligibility for selection for redemption if they are identified by registration and certificate number in a written statement signed by an authorized officer of the Issuer and delivered to the Trustee at least 30 days prior to the last date on which notice of redemption may be given as being owned of record and/or beneficially by, and not pledged or hypothecated by either (a) the Issuer or (b) an entity specifically identified in such written statement directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer.

SECTION 12.5. Mandatory and Optional Sinking Funds. The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". The date on which a sinking fund payment is to be made is herein referred to as the "sinking fund payment date".

In lieu of making all or any part of any mandatory sinking fund payment with respect to any series of Securities in cash, the Issuer may at its option (a) deliver to the Trustee Securities of such series theretofore purchased or otherwise acquired (except upon redemption pursuant to the mandatory sinking fund) by the Issuer or receive credit for Securities of such series (not previously so credited) theretofore purchased or otherwise acquired (except as aforesaid) by the Issuer and delivered to the Trustee for cancellation pursuant to Section 2.10, (b) receive credit for optional sinking fund payments (not previously so credited) made pursuant to this Section, or (c) receive credit for Securities of such series (not previously so credited) redeemed by the Issuer through any optional redemption provision contained in the terms of such series. Securities so delivered or credited shall be received or credited by the Trustee at the sinking fund redemption price specified in such Securities.

On or before the sixtieth day next preceding each sinking fund payment date for any series, the Issuer will deliver to the Trustee a written statement (which need not contain the statements required by Section 11.5) signed by an authorized officer of the Issuer (a) specifying the portion of the mandatory sinking fund payment to be satisfied by payment of cash and the portion to be satisfied by credit of Securities of such series, (b) stating that none of the Securities of such series has theretofore been so credited, (c) stating that no defaults in the payment of interest or Events of Default with respect to such series have occurred (which have not been waived or cured) and are continuing and (d) stating whether or not the Issuer intends to exercise its right to make an optional sinking fund payment with respect to such series and, if so, specifying the amount of such optional sinking fund payment which the Issuer intends to pay on or before the next succeeding sinking fund payment date. Any Securities of such series to be credited and required to be delivered to the Trustee in order for the Issuer to be entitled to credit therefor as aforesaid which have not theretofore been delivered to the Trustee shall be delivered for cancellation pursuant to Section 2.10 to the Trustee with such written statement (or reasonably promptly thereafter if acceptable to the Trustee). Such written statement shall be irrevocable and upon its delivery the Issuer shall become unconditionally obligated to make all the cash payments or payments therein referred to, if any, on or before the next succeeding sinking fund payment date. Failure of the Issuer, on or before any such sixtieth day, to deliver such written statement and Securities specified in this paragraph, if any, shall not constitute a default but shall constitute, on and as of such date, the irrevocable election of the Issuer (i) that the mandatory sinking fund payment for such series due on the next succeeding sinking fund payment date shall be paid entirely in cash without the option to deliver or credit Securities of such series in respect thereof and (ii) that the Issuer will make no optional sinking fund payment with respect to such series as provided in this Section.

If the sinking fund payment or payments (mandatory or optional or both) to be made in cash on the next succeeding sinking fund payment date plus any unused balance of any preceding sinking fund payments made in cash shall exceed $50,000 (or a lesser sum if the Issuer shall so request) with respect to the Securities of any particular series, such cash shall be applied on the next succeeding sinking fund payment date to the redemption of Securities of such series at the sinking fund redemption price together with accrued interest to the date fixed for redemption. If such amount shall be $50,000 or less and the Issuer makes no such request then it shall be carried over until a sum in excess of $50,000 is available. The Trustee shall select, in the manner provided in Section 12.2, for redemption on such sinking fund payment date a sufficient principal amount of Securities of such series to absorb said cash, as nearly as may be, and shall (if requested in writing by the Issuer) inform the Issuer of the serial numbers of the Securities of such series (or portions thereof) so selected. Securities of any series which are (a) owned by the Issuer or an entity known by the Trustee to be directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer, as shown by the Security register, and not known to the Trustee to have been pledged or hypothecated by the Issuer or any such entity or (b) identified in an Officers' Certificate at least 60 days prior to the sinking fund payment date as being beneficially owned by, and not pledged or hypothecated by, the Issuer or an entity directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer shall be excluded from Securities of such series eligible for selection for redemption. The Trustee, in the name and at the expense of the Issuer (or the Issuer, if it shall so request the Trustee in writing) shall cause notice of redemption of the Securities of such series to be given in substantially the manner provided in Section 12.2 (and

with the effect provided in Section 12.3) for the redemption of Securities of such series in part at the option of the Issuer. The amount of any sinking fund payments not so applied or allocated to the redemption of Securities of such series shall be added to the next cash sinking fund payment for such series and, together with such payment, shall be applied in accordance with the provisions of this Section. Any and all sinking fund moneys held on the stated maturity date of the Securities of any particular series (or earlier, if such maturity is accelerated), which are not held for the payment or redemption of particular Securities of such series shall be applied, together with other moneys, if necessary, sufficient for the purpose, to the payment of the principal of, and interest on, the Securities of such series at maturity.

At least one Business Day before each sinking fund payment date, the Issuer shall pay to the Trustee in cash or shall otherwise provide for the payment of all interest accrued to the date fixed for redemption on Securities to be redeemed on the next following sinking fund payment date.

The Trustee shall not redeem or cause to be redeemed any Securities of a series with sinking fund moneys or mail any notice of redemption of Securities for such series by operation of the sinking fund during the continuance of a default in payment of interest on such Securities or of any Event of Default except that, where the mailing of notice of redemption of any Securities shall theretofore have been made, the Trustee shall redeem or cause to be redeemed such Securities, provided that it shall have received from the Issuer a sum sufficient for such redemption. Except as aforesaid, any moneys in the sinking fund for such series at the time when any such default or Event of Default shall occur, and any moneys thereafter paid into the sinking fund, shall, during the continuance of such default or Event of Default, be deemed to have been collected under Article Five and held for the payment of all such Securities. In case such Event of Default shall have been waived as provided in Section 5.10 or the default cured on or before the sixtieth day preceding the sinking fund payment date in any year, such moneys shall thereafter be applied on the next succeeding sinking fund payment date in accordance with this Section to the redemption of such Securities.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of August 15, 1982.

J.P. MORGAN & CO. INCORPORATED

By_____

(CORPORATE SEAL]

Attests

By_____

STATE OF New York)
) ss.:
COUNTY OF New York)

On this _____ day of _____before me personally came to me personally known, who, being by me duly sworn, did depose and say that he resides at ; that he is a of Manufacturers Hanover Trust Company, one of the corporations described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

[NOTARIAL SEAL]

_____
Notary Public

MANUFACTURERS HANOVER TRUST
COMPANY

By_____
Vice President

[CORPORATE SEAL]

Attest:

By_____
Trust Officer

STATE OF New York)
) ss.:
COUNTY OF New York)

On this day of before me personally came , to me personally known, who, being by me duly sworn, did depose and say that he resides at ; that he is a of J. P. Morgan Co. Incorporated, one of the corporations described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

[NOTARIAL SEAL]

_____
Notary Public

Exhibit 4.5(b)

FIRST SUPPLEMENTAL INDENTURE, dated as of May 5, 1986, between J. P. MORGAN & CO. INCORPORATED, a corporation duly organized and existing under the laws of the State of Delaware (hereinafter called the "Company") and MANUFACTURERS HANOVER TRUST COMPANY, a corporation duly organized and existing under the laws of the State of New York, as Trustee (hereinafter called the "Trustee", which term shall include any successor trustee appointed pursuant to Article Six of the Indenture hereinafter referred to).

WITNESSETH:

WHEREAS, the Company and the Trustee have heretofore executed and delivered the Indenture, dated as of August 15, 1982 (hereinafter called the "Indenture"), providing for the issuance from time to time of one or more series of Securities evidencing unsecured indebtedness of the Company (hereinafter called "Securities"); and

WHEREAS, terms used in this First Supplemental Indenture which are defined in the Indenture shall have the meanings assigned to them in the Indenture; and

WHEREAS, pursuant to Section 8.1(d) and (e) of the Indenture, this First Supplemental Indenture (hereinafter sometimes referred to as this "Instrument") amends the Indenture in order to permit the principal of, premium, if any, and interest on Securities issued after the date hereof to be denominated or payable in units based on or relating to currencies including European currency Units ("ECU"; references herein to coin or currency to include, unless otherwise specified or unless the context otherwise requires, ECU) and to permit the Securities to be issuable in either registered form or in bearer form with or without Coupons attached;

NOW, THEREFORE;

For and in consideration of the premises and the purchase of the Securities by the holders thereof, the Company covenants and agrees, for the equal and proportionate benefit of the respective holders from time to time hereafter of the Securities, as follows:

ARTICLE ONE

SECTION 1.01. Amendment of Recitals. The last paragraph in the Recitals is amended to read as follows:

> In consideration of the premises and the purchases of the Securities by the holders thereof, the Issuer and the Trustee mutually covenant and agree for the equal and proportionate benefit of the respective holders from time to time of the Securities and of the Coupons, if any, appertaining thereto as follows:

SECTION 1.02. Amendment of Section 1.1. (a) The following definition of "Authorized Newspaper" is inserted immediately before the definition of "Board of Directors":

> "Authorized Newspaper" means a newspaper (which, in the case of the United Kingdom, will, if practicable, be the Financial Times (London Edition) and, in the

case of Luxembourg, will, if practicable, be the Luxemburger Wort) published in an official language of the country of publication customarily published at least once a day for at least five days in each calendar week and of general circulation in the United Kingdom or in Luxembourg, as applicable. If it shall be impractical in the opinion of the Trustee to make any publication of any notice required hereby in an Authorized Newspaper, any publication or other notice in lieu thereof which is made or given with the approval of the Trustee shall constitute a sufficient publication of such notice.

(b) The following phrase is added at the end of the definition of "Business Day":

"or a day on which transactions in the currency in which the Securities are payable are not conducted."

(c) The following definitions of "Coupon", "ECU", "EMS" and "European communities" are inserted between the definitions of "Corporate Trust Office" and "Event of Default":

"Coupon" means any interest coupon appertaining to an Unregistered Security.

"ECU" means the European Currency Unit as define and revised from time to time by the Council of European Communities.

"EMS" means the European Monetary System.

"European Communities" means the European Economic Community (the "EEC"), the European Coal and Steel Community and Euratom.

(d) The definition of "Holder" is amended to read in full as follows:

"Holder", "holder of Securities", "Securityholder" or other similar terms mean (a) in the case of any Registered Security, the Person in whose name such Security is registered in the security register kept by the Issuer for that purpose in accordance with the terms hereof, and (b) in the case of any Unregistered Security, the of such Security, or any Coupon appertaining hereto, as the case may be.

(e) The following definition of "Registered security" is inserted between the definitions of "principal" and "Responsible Officer":

"Registered Security" means any Security registered on the Security register of the Issuer.

(f) The following definition of "Unregistered Security" is inserted between the definitions of "Trust Indenture Act of 1939" and "vice president":

"Unregistered Security" means any Security other than a Registered Security.

SECTION 1.03. Amendment of Section 2.1. (a) The first sentence of Section 2.1 shall be amended to read in full as follows:

> The Securities of each series and the Coupons, if any, to be attached thereto shall be substantially in such form (not inconsistent with this Indenture) as shall be established by or pursuant to a resolution of the Board of Directors or in one or more indentures supplemental hereto, in each case with such variations as are required or permitted by this Indenture and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules of any securities exchange or to conform to general usage, all as may be determined by the officers executing such Securities and coupons, if any, as evidenced by their execution of the Securities and Coupons.

(b) The phrase "and Coupons" shall be added after the word "Securities" in the second paragraph of Section 2.1.

SECTION 1.04. Amendment of Section 2.3. (a) Paragraph (8) of Section 2.3 is amended to read as follows:

> (8) if other than denominations of U.S. $1,000 and any integral multiple thereof, in the case of Registered Securities, or U.S. $1,000 in the case of the Unregistered Securities, such denominations in which Securities of the series shall be issuable;

(b) Paragraphs (11), (12) and (13) of Section 2.3 of the Indenture are amended to read in full as follows:

> (11) if other than such coin or currency of the United States of America as at the time of payment is legal tender for payment of public or private debts, the coin or currency or units based on or relating to currencies (including ECU) in which payment of the principal of and interest on the Securities of that series shall be payable;
>
> (12) if the principal of or interest, if any, on the Securities of that series are to be payable, at the election of the Issuer or a holder thereof, in a coin or currency or units based on or relating to currencies (including ECU) other than that in which the Securities are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;
>
> (13) if the amount of payments of principal of or interest, if any, on the Securities of the series may be determined with reference to an index, formula or other method based on a coin or currency or units based on or relating to currencies (including ECU) other than that in which the Securities are stated to be payable, the manner in which such amounts shall be determined;

(c) Paragraph (14) shall be renumbered to be paragraph (17).

(d) The following new paragraphs (14), (15) and (16) are inserted between paragraphs (13) and (17):

(14) whether the Securities of the series will be issuable as Registered Securities or Unregistered Securities (with or without Coupons), or both, any restrictions applicable to the offer, sale or delivery of Unregistered Securities and, if other than as provided in Section 2.8, the terms upon which Unregistered Securities of any series may be exchanged for Registered Securities of such series and the terms upon which Registered Securities may be exchanged for Unregistered Securities of such series;

(15) whether and under what circumstances the Issuer will pay additional amounts on the Securities of the series held by a Person who is not a U.S. person in respect of any tax, assessment or governmental charge withheld or deducted and, if so, whether the Issuer will have the option to redeem such Securities rather than pay such additional amounts;

(16) if the Securities of such series are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, then the form and terms of such certificates, documents or conditions; and

SECTION 1.05. Amendment of Section 2.4. (a) he phrase "having attach-ed thereto appropriate Coupons, if any," shall be inserted after the word "series" appearing in the first sentence of Section 2.4.

(b) The phrase "and Coupons, if any," shall be inserted after the word "Securities" in each place in which it appears in Section 2.4.

SECTION 1.06. Amendment of Section 2.5. (a) The phrase "and, if applicable, each Coupon appertaining thereto" shall be inserted after the word "Securities" in the first and third sentences of the first paragraph in Section 2.5.

(b) The phrase "or Coupon" shall be inserted after the word "Security" in each place in which the word "Security" appears in the second paragraph of Section 2.5.

(c) The phrase "or Coupons" shall be inserted after the word "Securities" in each place in which the word "Securities" appears in the second paragraph of section 2.5.

(d) The phrase "(or the Security to which the coupon so signed appertains)" shall be inserted after the word "signed" and before the word "shall" appearing in the second paragraph of Section 2.5.

SECTION 1.07. Amendment of Section 2.6. The following sentence shall be inserted after the first sentence in Section 2.6:

No Coupon shall be entitled to the benefits of this Indenture or shall be valid or obligatory for any purpose until such certificate by the Trustee shall have become duly executed on the Security to which such Coupon appertains.

SECTION 1.08. Amendment of Section 2.7. (a) The first two sentences appearing in Section 2.7 are hereby amended to read in full as follows:

The Securities shall be issuable as Registered Securities or Unregistered Securities in such denominations as shall be specified as contemplated by Section 2.3. In the absence of any such specifications with respect to the Registered Securities of any series, Registered Securities shall be issued in denomination of U.S. $1,000 and any integral multiples thereof. In the absence of any such specifications with respect to the Unregistered Securities, Unregistered Securities shall be issued in denomination of U.S. $1,000.

(b) The second paragraph of Section 2.7 is hereby amended to read in full as follows:

Each Registered Security shall be dated the date to its authentication. Each Unregistered Security shall be dated as provided in the resolution or resolutions of the Board of Directors of the Issuer or the supplemental indenture referred to in Section 2.3. The Securities of each series shall bear interest, if any, from the date, and such interest shall be payable on the dates, established as contemplated by Section 2.3.

(c) The word "Registered" shall be inserted before the words "Security" and "Securities" in each place in which the words "Security" and "Securities" appear in the third paragraph of Section 2.7.

(d) The following paragraph shall be inserted after the last paragraph appearing in Section 2.7:

Any defaulted interest payable in respect of any Unregistered Security shall be payable pursuant to such procedures as may be satisfactory to the Trustee in such manner that there is no discrimination as between the holders of Registered securities and Unregistered Securities of the same series and notice of the payment date therefor shall be given by the Trustee in the name and at the expense of the Company by publication at least once in an Authorized Newspaper. In case an Unregistered Security is surrendered for exchange for a Registered Security after the close of business on any record date for the payment of defaulted interest and before the opening of business on the proposed date of payment of such defaulted interest, the Coupon appertaining to such surrendered Unregistered Security and due for payment on such proposed date of payment will not be surrendered with such surrendered Unregistered Security and interest payable on such proposed date of payment will be made only to the holder of such Coupon on such proposed date.

SECTION 1.09. Amendment of Section 2.8. (a) The first sentence of the first paragraph of Section 2.8 is hereby amended to read in full as follows:

The issuer will keep or cause to be kept at an office or agency to be maintained for the purpose as provided in Section 3.2 a register or registers for each series of Securities issued hereunder (collectively, the "Security Register") in which, subject to such reasonable regulations as it may prescribe, it will register, and will register the transfer of, or cause the registration of the transfer of, Registered Securities as in this Article provided.

(b) The word "Registered" shall be inserted before the words "Security" or "Securities" in each place in which the words "Security" or "Securities" appear in the second paragraph of Section 2.8.

(c) The following paragraph shall be inserted between the second and third paragraphs of Section 2.8:

Unregistered Securities (except for any temporary Unregistered Securities) and Coupons (except for Coupons attached to any temporary Unregistered Securities) shall be transferable by delivery.

(d) The word "Registered" shall be inserted before the words "Security" or "Securities" in each place in which the words "Security" or "Securities" appear in the paragraph beginning "Any Security".

(e) The following shall be inserted after the last sentence in the paragraph beginning "Any Security":

If the Securities of any series are issued in both registered and unregistered form, except as otherwise specified pursuant to Section 2.3, at the option of the Holder thereof, Unregistered Securities of any series may be exchanged for Registered Securities of such series, maturity date and interest rate of any authorized denominations and of a like aggregate principal amount, upon surrender of such Unregistered Securities to be exchanged at the agency of the Issuer that shall be maintained for such purpose in accordance with Section 3.2, with, in the case of Unregistered Securities that have Coupons attached, all unmatured Coupons and all matured Coupons in default appertaining thereto, and upon payment, if the Issuer shall so require, of the charges hereinafter provided. At the option of the Holder thereof, if Unregistered Securities of any series, maturity date, interest rate and original issue date are issued in more than one authorized denomination, except as otherwise specified pursuant to Section 2.3, such Unregistered securities may be exchanged for Unregistered Securities of such series, maturity date, interest rate and original issue date of other authorized denominations and of a like aggregate principal amount, upon surrender of such Unregistered Securities to be exchanged at the agency of the Issuer that shall be maintained for such purpose in accordance with Section 3.2 or as specified pursuant to Section 2.3, with, in the case of Unregistered Securities that have Coupons attached, all unmatured Coupons and all matured Coupons in default thereto appertaining, and upon payment, if the Issuer shall so require, of the charges hereinafter provided. Unless otherwise specified pursuant to Section 2.3, Registered Securities of any

series may not be exchanged for unregistered Securities of such series. whenever any Securities and the Coupons appertaining thereto, if any, are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Securities and the Coupons appertaining thereto, if any, which the Holder making the exchange is entitled to receive.

Notwithstanding the foregoing, in case an Unregistered Security of any series is surrendered at any such office or agency in exchange for a Registered Security of the same series after the close of business at such office or agency on any record date and before the opening of business at such office or agency on the relevant interest payment date, such Unregistered Security shall be surrendered without the Coupon relating to such interest payment date or proposed date of payment, as the case may be.

(f) The word "Registered" shall be inserted before the word "Securities" in the paragraph beginning with the word "All".

(g) The following phrase shall be inserted at the end of the sixth paragraph of Section 2.8:

and except that an Unregistered security may be exchanged for a Registered Security of the same series if such Registered Securities is immediately surrendered for redemption.

(h) The following paragraph shall be inserted as the last paragraph in Section 2.8:

Notwithstanding anything herein or in the terms of any series of Securities to the contrary, neither the Issuer nor the Trustee (which shall rely on an Officers' Certificate and an Opinion of Counsel) shall be required to exchange any Unregistered Security for a Registered Security if such exchange would result in adverse Federal income tax consequences to the Issuer (including, without limitation, the inability of the Issuer to deduct from its income, as computed for Federal income tax purposes, the interest payable on the Unregistered Securities) under then applicable United States Federal income tax laws.

SECTION 1.10. Amendment of Section 2.9. (a) The phrase "or any Coupon appertaining to any Security" shall be inserted after the word "Security" appearing in the first sentence of Section 2.0.

(b) The following phrase shall be inserted after the phrase "so destroyed, lost or stolen" appearing in the first sentence of section 2.9:

with Coupons corresponding to the Coupons appertaining to the security so mutilated, defaced, destroyed, lost or stolen, or in exchange or substitution for the Security to which such mutilated, defaced, destroyed, lost or stolen Coupon appertained, with Coupons appertaining thereto corresponding to the Coupons so mutilated, defaced, destroyed, lost or stolen.

(c) The phrase "or Coupon" shall be inserted after the word "Security" appearing in the second sentence of the first paragraph of Section 2.9.

(d) In the second and third paragraphs of Section 2.9, the phrase "or Coupon" shall be inserted after the word "Security" in each place in which the word "Security" appears and the phrase "or Coupons" shall be inserted after the word "Securities" in each place in which the word "Securities" appears.

(e) In the second paragraph of Section 2.9, the phrase 11, as the case may bell shall be inserted between the words "redemption" and "in".

SECTION 1.11. Amendment of Section 2.10. (a) The phrase "and Coupons" shall be inserted after the word "Securities" where the word "Securities" first appears in the first sentence of Section 2.10.

(b) In the second sentence of Section 2.10, the phrase "or Coupons" shall be inserted after the word "Securities" in each place in which the word "Securities" appears in Section 2.10.

SECTION 1.12. Amendment of Section 2.11. (a) The second sentence of Section 2.11 shall be amended to read as follows:

> Temporary Securities of any series shall be issuable as Registered Securities without Coupons, or as Unregistered Securities with or without Coupons attached thereto, of any authorized denomination, and substantially in the form of the definitive Securities of such series but with such omissions, insertions and variations as may be appropriate for temporary Registered Securities, all as may be determined by the Issuer with the concurrence of the Trustee.

(b) The fifth sentence of Section 2.11 shall be amended to read as follows:

> Without unreasonable delay the Issuer shall execute and shall furnish definitive Securities of such series and thereupon temporary Registered securities of such series may be surrendered in exchange therefor without charge at each office or agency to be maintained by the Issuer for that purpose pursuant to Section 3.2 and in the case of Unregistered Securities together with any unmatured coupons and any matured Coupons in default appertaining thereto, at any agency maintained by the Issuer for such purpose as specified pursuant to Section 2.3, and the Trustee shall authenticate and deliver in exchange for such temporary Securities of such series a like aggregate principal amount of definitive Securities of the same series of authorized denominations and, in the case of Unregistered Securities, having attached thereto any appropriate Coupons.

(c) In the sixth sentence of Section 2.11, the phrase "and any unmatured Coupons appertaining thereto" shall be inserted after the word "series" in each place in which the word "series" appears.

(d) The following sentences shall be inserted after the sixth sentence of Section 2.11:

The provisions of this Section are subject to any restrictions or limitations an the issue and delivery of temporary Unregistered Securities of any series that may be established pursuant to Section 2.3 (including any provision that Unregistered Securities of such series initially be issued in the form of a single global Unregistered Security to be delivered to a depositary or agency of the Issuer located outside the United States and the procedures pursuant to which definitive Unregistered Securities of such series would be issued in exchange for such temporary global Unregistered Security).

SECTION 1.13. Amendment of Section 3.1. (a) The following sentences shall be inserted after the first sentence of Section 3.1:

The interest on Unregistered Securities with Coupons attached (together with any additional amounts payable pursuant to the terms of such Unregistered Securities) shall be payable only upon presentation and surrender of the several Coupons for such interest installments as are evidenced thereby as they severally mature. Except as specified as contemplated in Section 2.3, the interest on any temporary Unregistered Securities (together with any additional amounts payable pursuant to the terms of such temporary Unregistered Securities) shall be paid, as to the installments of interest evidenced by Coupons attached thereto, if any, only upon presentation and surrender thereof, and, as to the other installments of interest, if any, only upon presentation of such Securities for notation thereon of the payment of such interest.

(b) The word "Registered" shall be inserted before the word "Securities" in the sentence beginning with the words "Each installment".

SECTION 1.14. Amendment of Section 3.2. (a) The word "Registered" shall be inserted before the word "Securities" in clauses (a), (b) and (c) of the first sentence of Section 3.2.

(b) The second sentence of Section 3.2 shall begin as a new paragraph.

(c) The following paragraph shall be inserted after the first paragraph of Section 3.2:

The Issuer will maintain one or more agencies in a city or cities located outside the United States (including any city in which such an agency is required to be maintained under the rules of any stock exchange on which the Securities of such series are listed) where the Unregistered securities, if any, of each series and coupons, if any, appertaining thereto may be presented and surrendered for payment. No payment on any Unregistered Security or Coupon will be made upon presentation of such Unregistered Security or Coupon at an agency of the Issuer within the United States nor will any payment be made by transfer to an account in, or by mail to an address in, the United States unless pursuant to applicable United States laws and regulations then in effect,

such payment can be made without adverse tax consequences to the Issuer. Notwithstanding the foregoing, payments in U.S. dollars on Unregistered Securities of any series and Coupons appertaining thereto which are denominated in U.S. dollars may be made at an agency of the Issuer maintained in the Borough of Manhattan, The City of New York if such payment in U.S. dollars at each agency maintained by the Issuer outside the United States for payment on such Unregistered Securities is illegal or effectively precluded by exchange controls or other similar restrictions.

(d) The phrase "and Coupons" shall be inserted after the word "Securities" in the third paragraph of Section 3.2.

SECTION 1.15. Amendment of Section 3.4. The phrase "or the Coupons appertaining thereto," shall be inserted after the word "series" where it last appears in clause (a) of the first paragraph of Section 3.4 and in the third paragraph of Section 3.4.

SECTION 1.16. Addition of New Section 3.6. The following Section 3.6 shall be inserted after Section 3.5:

SECTION 3.6. Luxembourg Publications. In the event of the publication of any notice pursuant to Section 5.11, 6.10(a), 6.11, 8.2, 10.4 or 12.2, the party making such publication in London shall also, to the extent that notice is required to be given to Holders of Securities of any series by applicable Luxembourg law or stock exchange regulation, as evidenced by an officers' Certificate delivered to such party, make a similar publication in Luxembourg.

SECTION 1.17. Amendment of Section 4.1.

The phrase "and all of the Securities of any series are Registered Securities," shall be inserted after the word "series" appearing in the proviso of Section 4.1.

SECTION 1.18. Amendment of Section 4.2. (a) "(i)" shall be inserted between the words "Securities" and "contained" in the first sentence of paragraph (a) of Section 4.2.

a comma shall be inserted after 114.111 appearing in the first sentence of paragraph (a) of Section 4.2 and the remainder of such sentence shall be replaced by the following:

(ii) received by it in the capacity of Security registrar for such series, if so acting and (iii) filed with it within the two preceding years pursuant to 4.4 (c) (ii).

(b) The phrase "and Coupons" shall be inserted after the word "Securities" where it first appears in clause (c) of Section 4.2.

SECTION 1.19. Amendment of Section 4.4. Clause (c) of Section 4.4 shall be amended to read in full as follows:

(c) Reports pursuant to this Section shall be transmitted by mail:

(i) to all registered Holders of securities, as the names and addresses of such Holders appear upon the registry books of the Issuer;

(ii) to such other Holders of Securities as have, within two years preceding such transmission, filed their names and addresses with the Trustee for that purpose; and

(iii) except in the case of reports pursuant to subsection-(b), to each Holder of a Security whose name and address are preserved at the time by the Trustee as provided in Section 4.2(a).

SECTION 1.20. Amendment of Section 5.2. (a) The phrase ", and such Coupons, if any" shall be inserted after the phrase "on all Securities of such series" appearing in the first paragraph of Section 5.2.

(b) The word "registered" shall be deleted in the second paragraph of Section 5.2.

(c) The phrase "or Coupons appertaining to such Securities" shall be inserted after the word "series" appearing in the fourth paragraph of Section 5.2.

(d) The phrase "or Coupons appertaining to such Securities," shall be inserted after the word "Securities" in each place in which the word "Securities" appears in the fifth and sixth paragraphs of Section 5.2.

SECTION 1.21. Amendment of Section 5.3. The phrase "and Coupons appertaining to such securities" shall be inserted after the word "Securities" where it first appears in the first paragraph of Section 5.3.

SECTION 1.22. Amendment of Section 5.6. (a) The phrase "or of any Coupon appertaining thereto" shall be inserted after the word "series" where it first appears in Section 5.6.

(b) The phrase "or Coupon" shall be inserted after the word "Security" and the phrase "or Coupons appertaining to such Securities" shall be inserted after the word "series" in each place in which the words "Security" or "series", as the case may be, appear after the semi-colon in the first sentence of Section 5.6.

SECTION 1.23. Amendment of Section 5.7. The phrase "or Coupon" shall be inserted after the word "Security" in each place in which the word "Security" appears in Section 5.7.

SECTION 1.24. Amendment of Section 5.11. (a) The portion of the first sentence of Section 5.11 beginning with the first word appearing therein through and including the word "thereof" shall be deleted and replaced by the following:

> The Trustee shall, within 90 days after the occurrence of a default with respect to the Securities of any series known to the Trustee, provide notice to the Holders of

Securities of such series and Coupons appertaining thereto, if any, (i) if any Unregistered Securities of that series are then Outstanding, to the Holders thereof, by publication at least once in an Authorized Newspaper in London (and, if required by Section 3.6, at least once in an Authorized Newspaper in Luxembourg), (ii) if any Unregistered Securities of that series are then outstanding, to all Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii), by mailing such notice to such Holders at such addresses and (iii) to all Holders of then Outstanding Registered Securities of that series, by mailing such notice to such Holders at their addresses as they shall appear in the registry books,

SECTION 1.25. Amendment of Section 5.12. The phrase "or Coupon" shall be inserted after the word "Security" in each place in which the word "Security" appears in Section 5.12.

SECTION 1.26. Amendment of Section 6.3. The phrase "or Coupons" shall be inserted after the word "Securities" in each place in which the word "Securities" appears in the first and second sentences of Section 6.3.

SECTION 1.27. Amendment of Section 6.4. The phrase "or Coupons" shall be inserted after the word "Securities" appearing in section 6.4 and in the heading thereto.

SECTION 1.28. Amendment of Section 6.6. The phrase "or Coupons" shall be inserted after the word "Securities" in each place in which it appears in the last sentence of Section 6.6.

SECTION 1.29. Amendment of Section 6.8. Paragraph (b) of Section 6.8 is amended to read in full as follows:

In the event that the Trustee shall fail to comply with the provisions of subsection (a) of this Section, the Trustee shall, within 10 days after the expiration of such 90 day period, provide notice of such failure to the Securityholders in the manner and to the extent required by Section 4.4(c)

SECTION 1.30. Amendment of Section 6.10. The following shall be inserted after the word "and" and before the word "by" appearing in the first sentence of the first paragraph of Section 6.10:

(i) if any Unregistered Securities of a series affected are then Outstanding, by giving notice of such resignation to the Holders thereof, by publication at least once in an Authorized Newspaper in London (and, if required by Section 3.6, at least once in an Authorized Newspaper in Luxembourg), (ii) if any Unregistered Securities of a series affected are then Outstanding, by mailing notice of such resignation to the Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii) at such addresses as were so furnished to the Trustee and (iii) if any Registered Securities of a series affected are then outstanding,

SECTION 1.31. Amendment of Section 6.11. (a) The word "the" immediately preceding the word "Holders" appearing in the first sentence of the fourth paragraph of Section 6.11 shall be changed to the word "such".

(b) The following shall be inserted after the word "thereof" and before the word "by" appearing in the first sentence of the fourth paragraph of Section 6.11:

> (a) if any Unregistered Securities of a series affected are then Outstanding, to the Holders thereof, by publication of such notice at least once in an Authorized Newspaper in London (and, if required by Section 3.8, at least once in an Authorized Newspaper in Luxembourg), (b) if any Unregistered Securities of a series affected are then Outstanding, to the Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii), by mailing such notice to such Holders at such addresses as were so furnished to the Trustee (and the Trustee shall make such information available to the Issuer for such purpose) and (c) if any Registered Securities of a series affected are then outstanding, to the Holders of Registered Securities of each series affected,

SECTION 1.32. Amendment of Section 7.2. Section 7.2 is amended to read in full as follows:

> Subject to Sections 6.1 and 6.2, the fact and date of the execution of any instrument by a Securityholder or his agent or proxy and the amount and numbers of Securities of any series held by the person so executing any instrument by a Securityholder or his agent or proxy and the amount and numbers of any Security or Securities for such series may also be proven in accordance with such reasonable rules and regulations as may be prescribed by the Trustee for such series or in any other manner which the Trustee for such series may deem sufficient.

SECTION 1.33. Amendment of Section 7.3. (a) The following sentence shall be inserted after the first sentence of Section 7.3:

> The Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Holder of any Unregistered Security and the Holder of any Coupon as the absolute owner of such Unregistered Security or Coupon (whether or not such Unregistered Security or Coupon shall be overdue) for the purpose of receiving payment thereof or on account thereof and for all other purposes and neither the Issuer, the Trustee, nor any agent of the Issuer or the Trustee shall be affected by any notice to the contrary.

(b) The phrase "or Coupon" shall be inserted after the word "Security" appearing in the last sentence of Section 7.3.

SECTION 1.34. Amendment of Section 8.1. (a) The phrase "or Coupons" shall be inserted after the word "Securities" where it first appears in clause (c) of Section 8.1.

(b) Clause (e) of Section 8.1 shall be deleted; clause (f) shall become clause (e) and clause (g) shall become clause (f).

(c) The phrase "or of the Coupons appertaining to such Securities" shall be inserted after the word "series" in clause (e) of Section 8.1.

SECTION 1.35. Amendment of Section 8.2. (a) The phrase "or the Coupons appertaining to such Securities" shall be inserted following the phrase "such series" appearing before the proviso in the first sentence of Section 8.2.

(b) The clause "or change the currency of payment thereof" shall be replaced by the clause "or change the coin or currency or units based on or related to currencies (including ECU) of payment thereof".

(c) "(i)" shall be inserted in the fourth paragraph of Section 8.2 between the words "thereof" and "by";

(d) the phrase "Holders of Securities" appearing in the fourth paragraph of Section 8.2 shall be replaced by the phrase "Holders of then Outstanding Registered Securities";

(e) the phrase "setting forth in general terms the substance of such supplemental indenture" appearing in the fourth paragraph of Section 8.2 shall be replaced by the following:

> , (ii) 46f any Unregistered Securities of a series affected thereby are then Outstanding, to the Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii), by mailing a notice thereof by first-class mail to such Holders at such addresses as were so furnished to the Trustee and (iii) if any Unregistered Securities of a series affected thereby are then Outstanding, to all Holders thereof, by publication of a notice thereof at least once in an Authorized Newspaper in London (and, if required by Section 3.6, at least once in an Authorized Newspaper in Luxembourg), and in each case such notice shall set forth in general terms the substance of such supplemental indenture.

SECTION 1.36. Amendment of Section 9.1. The phrase "and Coupons" shall be inserted after the word "Securities" appearing in Section 9.1.

SECTION 1.37. Amendment of Section 9.2. (a) The phrase ",together with any Coupons appertaining thereto," shall be inserted after the phrases "under the Securities", "Securities issuable hereunder", "deliver any Securities", "and any Securities" and "Securities so issued" appearing in the first paragraph of Section 9.2.

(b) The phrase "and Coupons" shall be inserted after the word "Securities" appearing in the last sentence of the first paragraph of Section 9.2 and in the second paragraph of Section 9.2.

SECTION 1.38. Amendment of Section 10.1. (a) The phrase "and all unmatured coupons appertaining thereto" shall be inserted after the phrases "authenticated hereunder", "theretofore authenticated", any Securities of such series", "all Securities of such series", and "any series" appearing in Section 10.1.

(b) The phrase "and Coupons appertaining thereto" shall be inserted following the phrases "(other than Securities", and "Securities of such series". I

(c) The phrase "or Coupons" shall be inserted following the phrase "Stolen Securities" appearing in clause (ii) of Section 10.1.

(d) The word "Securityholders" shall be replaced with the phrase "Holders of Securities of such series and Coupons appertaining thereto".

(e) The phrase "and Coupons" shall be inserted following the word "Securities" in each place in which the word "Securities" appears in the proviso of the first sentence of Section 10.1.

SECTION 1.39. Amendment of Section 10.2. The phrase "and of Coupons appertaining thereto" shall be inserted after the word "series" appearing in Section 10.2.

SECTION 1.40. Amendment of Section 10.4. (a) That portion of the paragraph beginning "may at the Issuer's expense . . . 11 through the end of such paragraph shall be deleted and replaced with the following:

> with respect to moneys deposited with it for any payment (a) in respect of Registered Securities of any series, shall at the expense of the Issuer, mail by first-class mail to Holders of such Securities at their addresses as they shall appear on the Security register, and (b) in respect of Unregistered Securities of any series, shall at the expense of the Issuer cause to be published once, in an Authorized Newspaper in London (and if required by Section 3.6, once in an Authorized Newspaper in Luxembourg), notice, that such moneys remain and that, after a date specified therein, which shall not be less than thirty days from the date of such mailing or publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

SECTION 1.41. Amendment of Section 11.1. The phrase "and the Coupons appertaining thereto" shall be inserted after the word "Securities" in each place in which the word "Securities" appears in Section 11.1.

SECTION 1.42. Amendment of Section 11.2. (a) The phrase "Securityholders" appearing in the heading of Section 11.2 shall be replaced by the phrase "Holders of Securities and Coupons".

(b) The phrase "or in the Coupons appertaining thereto" shall be inserted after the word "Securities" and before the word "expressed" appearing in Section 11.2.

(c) The phrase "or Coupons" shall be inserted after the word "Securities" and before the word "any" appearing in Section 11.2.

SECTION 1.43. Amendment of Section 11.4. (a) in the heading and the text of Section 11.4, the word "Securityholders" shall be replaced by the phrase "Holders of Securities and Coupons".

(b) The phrase "or Coupons" shall be inserted after the word "Securities" appearing in the first sentence of Section 11.4.

SECTION 1.44. Amendment of Section 11.6. The phrase "or any Coupons appertaining thereto" shall be inserted after the word "series" appearing in section 11.6.

SECTION 1.45. Amendment of Section 11.8. The phrase "and Coupon" shall be inserted after the word "Security" appearing in Section 11.8.

SECTION 1.46. Amendment of Section 11.11. Section 11.11 is amended to read in full as follows:

SECTION 11.11 Securities in Foreign currencies or in ECU. Whenever this Indenture provides for any action by, or the determination of any of the rights of, or any distribution to, Holders of Securities denominated in United States dollars and in any other currency or currency unit (including ECU), in the absence of any provision to the contrary in the form of Security of any particular series, any amount in respect of any Security denominated in a currency or currency unit (including ECU) other than United States dollars shall be treated for any such action or distribution as that amount of United States dollars that could be obtained for such amount on such reasonable basis of exchange and as of such date as the Issuer may specify in a written notice to the Trustee or in the absence of such written notice, as the Trustee shall so determine.

SECTION 1.47. Amendment of Section 12.2 .(a) The word "Registered" shall be inserted immediately preceding the word "Securities" where it first appears in Section 12.2.

(b) The following shall be inserted between the first and second sentences of Section 12.2:

Notice of redemption to the Holders of Unregistered Securities to be redeemed as a whole or in part, who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii), shall be given by mailing notice of such redemption, by first class mail, postage prepaid, at least thirty days and not more than sixty prior to the date fixed for redemption, to such Holders at such addresses as were so furnished to the Trustee (and, in the case of any such notice given by the Issuer, the Trustee shall make such information available to the Issuer for such purpose). Notice of redemption to all other holders of Unregistered Securities shall be published in an Authorized Newspaper in London (and, if required by Section 3.6, in an Authorized Newspaper in Luxembourg), in each case, once in

each of two successive calendar weeks, the first publication to be not less than thirty nor more than sixty days prior to the date fixed for redemption.

(c) The following clause shall be inserted after the phrases "surrender of such Securities" and "surrender of such Security" appearing in the second paragraph of Section 12.2:

and, in the case of Securities with Coupons attached thereto, of all Coupons appertaining thereto maturing after the date fixed for redemption

SECTION 1.48. Amendment of Section 12.4. (a)The phrase "or Coupons, as the case may be," shall be inserted after the phrase "new Security or Securities" appearing in the last sentence of Section 12.2.

SECTION 1.49. Amendment of Section 12.3. (a) The phrase "and the unmatured Coupons, if any, appertaining thereto shall be void", shall be inserted after the word "accrue", appearing in the first sentence of the first paragraph of Section 12.3

(b) The phrase "together with all Coupons, if any, appertaining thereto maturing after the date fixed for redemption", shall be inserted between the words "notice," and "said" appearing in the second sentence of the first paragraph of Section 12.3.

(c) The phrase "with, in the case of any Unregistered Securities that have Coupons attached, all matured Coupons in default appertaining thereto" shall be inserted between the words "Securities" and "or" appearing in the second sentence of the first paragraph of Section 12.3.

(d) The following phrase shall be inserted between the words "payable" and "to" in the proviso of the first paragraph of Section 12.3:

in the case of Securities with Coupons attached thereto, to the bearers of the Coupons for such interest upon surrender thereof, and in the case of Registered Securities,

(e) The following paragraph shall be inserted immediately following the second paragraph which begins "If any Security called":

If any Security with Coupons attached thereto is surrendered for redemption and is not accompanied by all appurtenant Coupons maturing after the date fixed for redemption, the surrender of such missing Coupon or Coupons may be waived by the Issuer and the Trustee, if there be furnished to each of them such security or indemnity as they may require to save each of them harmless.

(f) The phrase "or Coupons appertaining thereto" shall be inserted after the word "Security" in each place in which the word "Security" appears in the last paragraph of Section 12.3.

(g) The phrase "together with all Coupons, is any, appertaining thereto" shall be inserted after the word "series" appearing in the last paragraph of Section 12.3.

SECTION 1.50. Amendment of Section 12.4. (a) The phrase "At least one Business Day immediately preceding before each sinking fund payment date, the Issuer shall pay to the Trustee in cash or" shall be inserted immediately preceding the word "shall" where it first appears on the last page of the Indenture.

(b) The phrase "mail any" appearing in the first sentence of the last paragraph of Section 12.4 shall be replaced by the word "provide".

(c) The phrase "or publication" shall be inserted between the words "'mailing" and "of" appearing in the first sentence of the last paragraph of Section 12.4.

ARTICLE TWO

. This First Supplemental Indenture shall be effective as of the opening of business on the date first above written upon the execution and delivery hereof by each of the parties hereto.

. This Instrument shall be governed by and construed in accordance with the laws of the jurisdiction which govern the Indenture and its construction.

. This Instrument may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

J. P. MORGAN & CO. INCORPORATED

By_____

ATTEST:

_____
Secretary

MANUFACTURERS HANOVER TRUST
COMPANY, Trustee

By_____
Vice President

ATTEST:

_____
Trust Officer

ARTICLE TWO

SECTION 2.01. This First Supplemental Indenture shall be effective as of the opening of business on the date first above written upon the execution and delivery hereof by each of the parties hereto.

SECTION 2.02. This Instrument shall be governed by and construed in accordance with the laws of the jurisdiction which govern the Indenture and its construction.

SECTION 2.03. This Instrument may be executed in any number of counterparts each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

J. P. MORGAN & CO. INCORPORATED

By_____

ATTEST:

_____
Secretary

MANUFACTURERS HANOVER TRUST COMPANY, Trustee

By_____
Vice President

ATTEST:

_____
Trust Officer

STATE OF NEW YORK)
: ss.:
COUNTY OF NEW YORK)

On the __ day of August 1986, before me personally came _____,to me known, who, being by me duly sworn, did depose and say that he is a _____ of J. P. MORGAN & CO. INCORPORATED, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

_____
Notary Public

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Exhibit 4.5(c)

J. P. MORGAN & CO. INCORPORATED

AND

FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION,
as Trustee

SECOND SUPPLEMENTAL INDENTURE

Dated as of February 27, 1996

SECOND SUPPLEMENTAL INDENTURE dated as of February 27, 1996 (this "Supplemental Indenture"), between J. P. MORGAN & CO. INCORPORATED, a corporation duly organized and existing under the laws of the State of Delaware (the "Company") and FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION, successor to Chemical Bank (formerly Manufacturers Hanover Trust Company), a national banking association, as Trustee (hereinafter called the "Trustee", which term shall include any successor trustee appointed pursuant to Article Six of the Basic Indenture hereinafter referred to).

WHEREAS the Company and the Trustee have entered into an Indenture, dated as of August 15, 1982, as amended by supplemental indentures, including a First Supplemental Indenture, dated as of May 5, 1986 (as so amended, the "Basic Indenture"), providing for the issuance from time to time of one or more series of Securities (as such term is defined in the Basic Indenture) evidencing unsecured indebtedness of the Company;

WHEREAS the Company proposes to issue one or more series of "Mandatorily Exchangeable Debt Securities sm" (each such series of Securities being referred to herein as "MEDS sm"), the principal amount at Maturity of which is mandatorily exchangeable into securities or obligations (the "Exchange Issuer Securities") of J.P. Morgan or other persons (collectively, the "Exchange Issuers") or, at the option of the Company, payable in cash, in either case at an Exchange Rate as described herein;

WHEREAS Sections 8.1(f) and (d) of the Basic Indenture provide that without the consent of the Holders of Securities, the Company, when authorized by a resolution of its Board of Directors, and the Trustee may enter into one or more indentures supplemental to the Basic Indenture (a) to establish the form or terms of Securities of any series as permitted by Sections 2.1 and 2.3 thereof and (b) to cure any ambiguity or to correct or supplement any provision contained in the Basic Indenture or any supplemental indenture which may be defective or inconsistent with any other provision of the Basic Indenture or any supplemental indenture or to make such other provisions in regard to matters or questions arising under the Basic Indenture or any supplemental indenture as the Board of Directors may deem necessary or desirable and which shall not materially and adversely affect the interests of the Holders of the Securities;

WHEREAS the entry into this Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Basic Indenture; and

WHEREAS all things necessary to make this Supplemental Indenture a valid agreement of the Company in accordance with its terms have been done.

NOW, THEREFORE, for and in consideration of the premises and purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders, without preference, priority or distinction of any of the Securities over any of the others by reason of difference in series or priority in time of issuance, negotiation or maturity thereof, or otherwise except as otherwise provided in the Basic Indenture or this Supplemental Indenture, as follows:

ARTICLE I

Amendments to the Basic Indenture

The Basic Indenture is amended as set forth below:

SECTION 1.01. Amendment to Section 2.3. The Basic Indenture is hereby amended by amending Section 2.3 of the Basic Indenture by (i) adding as a new paragraph (17) the following:

> "(17) the terms and conditions, if any, upon which the Securities of such series may or shall be convertible into or exchangeable or exercisable for or payable in, among other things, other securities (whether or not issued by, or the obligation of, the Company), instruments, contracts, currencies, commodities or other forms of property, rights or interests or any combination of the foregoing; and";

and by (ii) renumbering current paragraph (17) of Section 2.3 to paragraph (18).

SECTION 1.02. Amendments to Authorize MEDS. The Basic Indenture is hereby amended, solely with respect to one or more series of Securities that consist of MEDS, as follows:

(a) By amending Section 1.1 to add new definitions thereto, in the appropriate alphabetical sequence, as follows:

"Closing Price" has the meaning specified in Section 13.1.

"Conversion Premium", with respect to any issuance of MEDS, shall be equal to the quotient of (i) the Threshold Appreciation Price less the Initial price, divided by (ii) the Initial Price.

"Exchange Issuer" means the Company or other persons into whose securities or obligations the principal amount of the MEDS are mandatorily exchangeable at Maturity, at the option of the Company.

"Exchange Issuer Securities" means the securities or obligations of the Exchange Issuer into which the principal amount of the MEDS are mandatorily exchangeable at Maturity, at the option of the Company.

"Exchange Rate" has the meaning specified in Section 13.1.

"Extraordinary Cash Dividend" has the meaning specified in Section 13.3.

"Initial Price", with respect to any issuance of MEDS, shall have the meaning set forth in the applicable Prospectus Supplement.

"Maturity", when used with respect to any Security, means the date on which the principal of such Security (or any installment of principal) becomes due and payable as

therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

"Maturity Price" has the meaning specified in Section 13.1.

"MEDS" means any series of "Mandatorily Exchangeable Debt SecuritiesSM" of the Company, the principal amount at Maturity of which is mandatorily exchangeable into the Exchange Issuer Securities of the Exchange Issuers at the option of the Company.

"NYSE" has the meaning specified in Section 13.1.

"Prospectus Supplement" means any prospectus of the Company, whether or not filed pursuant to Rule 424(b) of the Securities Act of 1933, as amended, providing for the issuance of a series of MEDS.

"Reorganization Event" has the meaning specified in Section 13.3.

"Stated Maturity", when used with respect to any Security, or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security, or such installment of principal or interest, is due and payable.

"Threshold Appreciation Price", with respect to any issuance of MEDS, shall have the meaning set forth in the applicable Prospectus Supplement.

"Trading Day" has the meaning specified in Section 13.1.

"Transaction Value" has the meaning specified in Section 13.3.

(b) By amending Section 6.1 of the Basic Indenture by (i) deleting the word "and" at the end of clause (b); (ii) replacing the period at the end of clause (c) with "; and" ; and (iii) adding as a new clause (d) the following:

"(d) the Trustee shall not at any time be under any duty or responsibility to any Holder of a Security that may or shall be convertible into or exchangeable or exercisable for or payable in, among other things, other securities, instruments, contracts, currencies, commodities or other forms of property, rights or interests or any combination of the foregoing, (A) to make or cause to be made any adjustment of the amount of, among other things, the securities, instruments, contracts, currencies, commodities or other forms of property, rights or interests or any combination of the foregoing that may be issued, transferred or delivered to such Holder, or to determine whether any facts exist which may require any such adjustment, or with respect to the nature or extent of any such adjustment when made, or with respect to any method employed in making the same, (B) to account for the validity or value (or the kind or amount) of, among other things, the securities, instruments, contracts, currencies, commodities or other forms of property, rights or interests or any combination of the foregoing that may at any time be issued, transferred or delivered to such Holder or (C) with respect to the failure of the Company to issue, transfer or deliver, among other things, any

securities, instruments, contracts, currencies, commodities or other forms of property, rights or interests or any combination of the foregoing pursuant to the terms of such Security."

(c) By amending Section 8.2 of the Basic Indenture by deleting at the end of proviso (a) thereof, the words "without the consent of the Holder of each Security so affected, or" and inserting in place thereof the following: "or change the terms or conditions of any Securities so as to adversely affect the terms or conditions upon which such Securities are convertible into or exchangeable or exercisable for or payable in, among other things, other securities, instruments, contracts, currencies, commodities or other forms of property, rights or interests or any combination of the foregoing without, in each case, the consent of the Holder of each Security so affected, or".

(d) By adding the following Article Thirteen:

"ARTICLE THIRTEEN

Exchange of MEDS

SECTION 13.1. Exchange at Maturity. At Maturity, the principal amount payable with respect to each series of MEDS shall be automatically and mandatorily exchanged into a number of securities ("Exchange Issuer Securities") of the Exchange Issuer at the applicable Exchange Rate (as defined below). The "Exchange Rate" with respect to each series of MEDS shall be equal to, subject to adjustment as a result of certain dilution events relating to the Issuer Exchange Securities as provided for in Section 13.3, (a) if the Maturity Price (as defined below) is greater than or equal to the "Threshold Appreciation Price" (as set forth in the applicable Prospectus Supplement), a number of Exchange Issuer Securities equal to a fraction, the numerator of which is one and the denominator of which is the sum of one and the Conversion Premium, (b) if the Maturity Price is less than the Threshold Appreciation Price but is greater than the Initial Price, a fractional Exchange Issuer Security per MEDS so that the value of such fractional Exchange Issuer Security (determined at the Maturity Price) is equal to the Initial Price (such fractional share being calculated to the nearest 1/10,000th of a share or, if there is not a nearest 1/10,000th of a share, to the next highest 1/10,000th of a share) and (c) if the Maturity Price is less than or equal to the Initial Price, one Exchange Issuer Security per MEDS. No fractional Exchange Issuer Securities will be issued at Maturity as provided in Section 13.2. Notwithstanding the foregoing, the Company may, at its option in lieu of delivering Exchange Issuer Securities, deliver cash in an amount (calculated to the nearest 1/100th of a dollar per MEDS or, if there is not a nearest 1/100th of a dollar, then to the next higher 1/100th of a dollar) equal to the value of such number of Exchange Issuer Securities at the Maturity Price. In determining the amount of cash deliverable in exchange for the MEDS in lieu of Exchange Issuer Securities pursuant to the immediately preceding sentence hereof, if more than one MEDS shall be surrendered for exchange at one time by the same Holder, the amount of cash which shall be delivered upon exchange shall be computed on the basis of the aggregate number of MEDS so surrendered at Maturity.

The "Maturity Price" is defined as the average Closing Price per Exchange Issuer Security on the number of Trading Days specified in the applicable Prospectus Supplement

immediately prior to, but not including, the Maturity date. The "Closing Price" of any security on any date of determination means the closing sale price (or, if no closing price is reported, the last reported sale price) of such security on the New York Stock Exchange (the "NYSE") on such date or, if such security is not listed for trading on the NYSE on any such date, as reported in the composite transactions for the principal United States securities exchange on which such security is so listed, or if such security is not so listed on a United States national or regional securities exchange, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System, or, if such security is not so reported, the last quoted bid price for such security in the over-the-counter market as reported by the National Quotation Bureau or similar organization, or, if such bid price is not available, the market value of such security on such date as determined by a nationally recognized independent investment banking firm retained for such purpose by the Company. A "Trading Day" is defined as a day on which the security the Closing Price of which is being determined (A) is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and (B) has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for trading of such security

SECTION 13.2. No Fractional Securities. No fractional securities or scrips representing fractional Exchange Issuer Securities shall be issued or delivered upon the exchange at Maturity of any MEDS. If more than one MEDS of any series shall be surrendered for exchange at one time by the same Holder, the number of full Exchange Issuer Securities which shall be delivered upon exchange, in whole or in part, as the case may be, shall be computed on the basis of the aggregate number of MEDS so surrendered at Maturity. Instead of any fractional Exchange Issuer Security which would otherwise be deliverable upon exchange of any MEDS at Maturity, the Company, through any applicable paying agent, shall make a cash payment in respect of such fractional interest in an amount equal to the value of such fractional Exchange Issuer Security at the Maturity Price. The Company shall, upon exchange of any MEDS, provide cash to any applicable paying agent in an amount equal to the cash payable with respect to any fractional Exchange Issuer Securities deliverable upon exchange of such MEDS in lieu of such fractional Exchange Issuer Securities.

SECTION 13.3. Adjustment of Exchange Rate. (a) Adjustment for Distributions, Reclassifications, etc. The Exchange Rate shall be subject to adjustment from time to time as follows:

(i) If an Exchange Issuer shall:

(A) pay a dividend or make a distribution with respect to the Exchange Issuer Securities in such securities;

(B) subdivide or split the outstanding Exchange Issuer Securities into a greater number of securities;

(C) combine the outstanding Exchange Issuer Securities into a smaller number of securities; or

(D) issue by reclassification of Exchange Issuer Securities any other securities of the Exchange Issuer;

then, in any such event, the Exchange Rate in effect immediately prior to such event shall each be adjusted so that the holder of any MEDS of the relevant series shall thereafter be entitled to receive, upon mandatory exchange of the principal amount of such MEDS at Maturity, as set forth in Section 13.1, the number of Exchange Issuer Securities which such holder would have owned or been entitled to receive immediately following any event described above had such MEDS been exchanged immediately prior to such event or any record date with respect thereto. Each such adjustment shall become effective at the opening of business on the Business Day next following the record date for determination of holders of Exchange Issuer Securities entitled to receive such dividend or distribution in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, split, combination or reclassification. Each such adjustment shall be made successively.

(ii) If an Exchange Issuer shall, after the date hereof, issue rights or warrants to all holders of Exchange Issuer Securities entitling them to subscribe for or purchase Exchange Issuer Securities (other than rights to purchase Exchange Issuer Securities pursuant to a plan for the reinvestment of dividends or interest) at a price per security less than the market price of Exchange Issuer Securities (determined for purposes of this clause (ii) as the average Closing Price per share of such Exchange Issuer Securities on the number of Trading Days specified in the applicable Prospectus Supplement immediately prior to the date such rights or warrants are issued), then in each case the Exchange Rate for the relevant series of MEDS shall be adjusted by multiplying the Exchange Rate in effect immediately prior to the date of issuance of such rights or warrants by a fraction, the numerator of which shall be the number of Exchange Issuer Securities outstanding on the date of issuance of such rights or warrants, immediately prior to such issuance, plus the number of additional Exchange Issuer Securities offered for subscription or purchase pursuant to such rights or warrants, and the denominator of which shall be the number of Exchange Issuer Securities outstanding on the date of issuance of such rights or warrants, immediately prior to such issuance, plus the number of additional Exchange Issuer Securities which the aggregate offering price of the total number of Exchange Issuer Securities so offered for subscription or purchase pursuant to such rights or warrants would purchase at such market price (calculated as the average Closing Price per security of Exchange Issuer Securities on the number of Trading Days specified in the applicable Prospectus Supplement immediately prior to the date such rights or warrants are issued), which shall be determined by multiplying such total number of securities by the exercise price of such rights or warrants and dividing the product so obtained by such market price. Such adjustment shall become effective at the opening of business on the Business Day next following the record date for the determination of stockholders entitled to received such rights or warrants. To the extent that Exchange Issuer Securities are not delivered after the expiration of such rights or warrants, the Exchange Rate for the relevant series of MEDS shall be readjusted to the Exchange Rate which would then be in effect had such adjustments for the issuance of such rights or warrants been made upon the basis of delivery of only the number of

Exchange Issuer Securities actually delivered. Each such adjustment shall be made successively.

(iii) If an Exchange Issuer shall pay a dividend or make a distribution to all holders of Exchange Issuer Securities of evidences of its indebtedness or other assets (excluding any dividends or distributions referred to in subparagraph (i) above and any cash dividends that do not constitute Extraordinary Cash Dividends (as defined in clause (vi) below)) or shall issue to all holders of Exchange Issuer Securities rights or warrants to subscribe for or purchase any of its securities (other than those referred to in subparagraph (ii) above), then in each such case, the Exchange Rate for the relevant series of MEDS shall be adjusted by multiplying the Exchange Rate in effect on the record date mentioned below by a fraction, the numerator of which shall be the market price per Exchange Issuer Security on the record date for the determination of securityholders entitled to receive such dividend or distribution (such market price being the average Closing Price per security of the Exchange Issuer Securities on the 20 Trading Days immediately prior to such record date), and the denominator of which shall be such market price per Exchange Issuer Security less the fair market value (as determined by a nationally recognized independent investment banking firm retained for such purpose by the Company) as of such record date of the portion of the assets or evidences of indebtedness so distributed or of such subscription rights or warrants applicable to one Exchange Issuer Security. Each such adjustment shall become effective on the opening of business on the Business Day next following the record date for the determination of securityholders entitled to receive such dividend or distribution. Each such adjustment shall be made successively.

(iv) Any Exchange Issuer Securities issuable in payment of a dividend shall be deemed to have been issued immediately prior to the close of business on the record date for such dividend for purposes of calculating the number of outstanding Exchange Issuer Securities under subparagraph (ii) above.

(v) All adjustments to the Exchange Rate shall be calculated to the nearest 1/10,000th of an Exchange Issuer Security (or if there is not a nearest 1/10,000th of a security, to the next lower 1/10,000th of a security). No adjustment in the Exchange Rate shall be required unless such adjustment would require an increase or decrease of at least one percent therein; provided, however, that any adjustments which by reason of this subparagraph are not required to be made shall be carried forward and taken into account in any subsequent adjustment. If an adjustment is made to the Exchange Rate pursuant to subparagraph (i), (ii) or (iii) of this Section 13.3(a), an adjustment shall also be made to the Maturity Price solely to determine which of paragraphs (a), (b) or (c) of the definition of Exchange Rate in Section 13.1 will apply at Maturity. The required adjustment shall be determined by multiplying the Maturity Price by the number determined under subparagraph (i), (ii) or (iii) by which the then existing Exchange Rate was multiplied to adjust such rate. This subparagraph (v) shall be so used to adjust the definition of Maturity Price only as such term is used for the first time in each of subparagraphs (a), (b) and (c) of the definition of Exchange Rate.

(vi) For purposes of the foregoing, the term "Extraordinary Cash Dividend" shall mean, with respect to any one-year period, all cash dividends with respect to the Exchange Issuer Securities during such period to the extent such dividends exceed on a per security basis 10% of the average of the Closing Prices per security of the Exchange Issuer Securities over such one-year period, and for purposes of applying the formula set forth in clause (iii) above, the fair market value of such dividends being calculated pursuant to such clause (iii) shall be equal to (x) the aggregate amount of all such cash dividends occurring in such period minus (y) the aggregate amount of such other cash dividends occurring in such period for which a prior adjustment in the Exchange Rate was previously made under this Section 13.3(a). In making the determinations required by the foregoing sentence, the amount of cash dividends paid on a per security basis shall be appropriately adjusted to reflect the occurrence during such period of any event described in Section 13.3(a).

(b) Adjustment for Consolidation, Merger or Other Reorganization Event. In the event of (i) any consolidation or merger of an Exchange Issuer, or any surviving entity or subsequent surviving entity of an Exchange Issuer (an "Exchange Issuer Successor"), with or into another entity (other than a merger or consolidation in which such Exchange Issuer is the continuing corporation and in which the Exchange Issuer Securities outstanding immediately prior to the merger or consolidation are not exchanged for cash, securities or other property of such Exchange Issuer or another corporation), (ii) any sale, transfer, lease or conveyance to another corporation of the property of such Exchange Issuer or any Exchange Issuer Successor as an entirety or substantially as an entirety, (iii) any statutory exchange of securities of such Exchange Issuer or any Exchange Issuer Successor with another corporation (other than in connection with a merger or acquisition) or (iv) any liquidation, dissolution or winding up of such Exchange Issuer or any Exchange Issuer Successor (any such event, a "Reorganization Event"), the Exchange Rate used to determine the amount payable upon exchange at Maturity for each MEDS of the relevant series will be adjusted to provide that each holder of MEDS of such series will receive at Maturity cash in an amount equal to (a) if the Transaction Value (as defined below) is greater than or equal to the Threshold Appreciation Price, the product of (I) a fraction, the numerator of which is one and the denominator of which is the sum of one and the Conversion Premium and (II) the Transaction Value, (b) if the Transaction Value is less than the Threshold Appreciation Price but greater than the Initial Price, the Initial Price and (c) if the Transaction Value is less than or equal to the Initial Price, the Transaction Value. "Transaction Value" means (x) for any cash received in any such Reorganization Event, the amount of cash received per Exchange Issuer Security, (y) for any property other than cash or securities received in any such Reorganization Event, an amount equal to the market value at Maturity of such property received per Exchange Issuer Security as determined by a nationally recognized independent investment banking firm retained for such purpose by the Company and (z) for any securities received in any such Reorganization Event, an amount equal to the average Closing Price per security of such securities on the 20 Trading Days immediately prior to Maturity, multiplied by the number of such securities received for each Exchange Issuer Security. Notwithstanding the foregoing, in lieu of delivering cash as provided above, the Company may at its option deliver an equivalent value of securities or other property received in such Reorganization Event, determined in accordance with clause (y) or (z) above, as applicable. The kind and amount of securities into which the MEDS of the relevant series shall be

exchangeable after consummation of such transaction shall be subject to adjustment as described in paragraph (a) above following the date of consummation of such transaction.

SECTION 13.4. Notice of Adjustments and Certain Other Events. (a) Whenever the Exchange Rate for any series of MEDS is adjusted as herein provided, the Company shall:

(i) forthwith compute the adjusted Exchange Rate in accordance with Section 13.3 and prepare a certificate signed by an officer of the Company setting forth the adjusted Exchange Rate, the method of calculation thereof in reasonable detail, and the facts requiring such adjustment and upon which such adjustment is based, which certificate shall be conclusive, final and binding evidence of the correctness of the adjustment, and file such certificate forthwith with the Trustee; and

(ii) within 10 Business Days following the occurrence of an event that permits or requires an adjustment to the Exchange Rate pursuant to Section 13.3 (or if the Company is not aware of such occurrence, as soon as practicable after becoming so aware), provide written notice to the Trustee and to the Holders of the outstanding MEDS of the relevant series of the occurrence of such event and a statement in reasonable detail setting forth the method by which the adjustment to the Exchange Rate was determined and setting forth the revised Exchange Rate per MEDS of such series.

(b) In case at any time while any of the MEDS of any series are outstanding the Company receives notice that:

(i) an Exchange Issuer shall declare a dividend (or any other distribution) on or in respect of the Exchange Issuer Securities to which Section 13.3(a)(i) or (ii) shall apply (other than any cash dividends and distributions, if any, paid from time to time by such Exchange Issuer that do not constitute Extraordinary Cash Dividends);

(ii) an Exchange Issuer shall authorize the issuance to all holders of Exchange Issuer Securities of rights or warrants to subscribe for or purchase Exchange Issuer Securities or of any other subscription rights or warrants;

(iii) there shall occur any conversion or reclassification of Exchange Issuer Securities (other than a subdivision or combination of outstanding shares of such Exchange Issuer Securities) or any consolidation, merger or reorganization to which such Exchange Issuer is a party and for which approval of any securityholders of such Exchange Issuer is required, or the sale or transfer of all or substantially all of the assets of an Exchange Issuer; or

(iv) there shall occur the voluntary or involuntary dissolution, liquidation or winding up of an Exchange Issuer;

then the Company shall promptly cause to be delivered to the Trustee and any applicable paying agent and filed at the office or agency maintained for the purpose of exchanging the MEDS of the relevant series at Maturity in the Borough of Manhattan, in The City of New York by the Trustee (or any applicable paying agent), and shall promptly cause to be mailed to the Holders of MEDS of the relevant series at their last addresses as they shall appear upon

the registration books of the Trustee (or any applicable note registrar), at least 10 days before the date hereinafter specified (or the earlier of the dates hereinafter specified, in the event that more than one is specified), a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution or grant of rights or warrants, or, if a record is not to be taken, the date as of which the holders of the Exchange Issuer Securities of record to be entitled to such dividend, distribution or grant of rights or warrants are to be determined, or (y) the date, if known by the Company, on which such reclassification, consolidation, merger, sale, transfer, dissolution, liquidation or winding up is expected to become effective.

(c) On or prior to seven Business Days preceding the Stated Maturity of the MEDS of any series, the Company will provide notice to the Holders of record of the MEDS of such series and to the Trustee and will provide such other notice as specified in the applicable Prospectus Supplement stating whether the Company has irrevocably elected to deliver Exchange Issuer Securities or cash (or any other property or securities that may be delivered pursuant to Section 13.3(b)) upon the mandatory exchange of the principal amount of the MEDS of such series in accordance with Section 13. 1.

SECTION 13.5. Shares Free and Clear. The Company hereby warrants that upon exchange of MEDS at Maturity pursuant to this Indenture, the Holder of MEDS shall receive all rights held by the Company in the Exchange Issuer Securities for which such MEDS are at such time exchangeable pursuant to this Indenture, free and clear of any and all liens, claims, charges and encumbrances other than any liens, claims, charges and encumbrances which may have been placed on any Exchange Issuer Securities by the prior owner thereof, prior to the time such Exchange Issuer Securities were acquired by the Company. In addition, the Company further warrants that any Exchange Issuer Securities so delivered in exchange for MEDS hereunder shall be free of any transfer restrictions under United States laws (other than such as are solely attributable to any Holder's status as an affiliate of such Exchange Issuer).

SECTION 13.6. Cancellation of Security. Upon receipt by the Trustee of MEDS delivered to it for exchange under this Article Thirteen, the Trustee shall cancel and dispose of the same as provided in Section 2.10.

(e) By amending the table of contents of the Basic Indenture to reflect the additions described in sections (a) and (d) of this Section 1.02.

ARTICLE II

Miscellaneous

SECTION 2.01. Single Indenture. The Basic Indenture, as supplemented and amended by this Supplemental Indenture and all other indentures supplemental thereto, is in all respects ratified and confirmed, and the Basic Indenture, this Supplemental Indenture and all indentures supplemental thereto shall be read, taken and construed as one and the same instrument.

SECTION 2.02. Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Supplemental

Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

SECTION 2.03. Successors and Assigns. All covenants and agreements in this Supplemental Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 2.04. Severability. In case any provision in this Supplemental Indenture or in the Securities of any series shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions (or of the other series of Securities) shall not in any way be affected or impaired thereby.

SECTION 2.05. Third Party Rights. Nothing in this Supplemental Indenture, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Holders of each series of Securities any benefit or any legal or equitable right, remedy or claim under this Supplemental Indenture.

SECTION 2.06. Applicable Law. This Supplemental Indenture and each Security of any series shall be deemed to be a contract made under the laws of the State of New York and this Supplemental Indenture and each such Security shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 2.07. Defined Terms. All terms used in this Supplemental Indenture not otherwise defined herein that are defined in the Basic Indenture shall have the meanings set forth therein.

SECTION 2.08. Counterparts. This Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 2.09. Responsibility of Company. The recitals contained herein and in the Securities, except the certificate of authentication of the Trustee thereon, shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of the Basic Indenture, this Supplemental Indenture or of the Securities and shall not be accountable for the use or application by the Company of the Securities or the proceeds thereof.

SECTION 2.10. Headings. The headings used herein are for convenience of reference only, are not part of this Supplemental Indenture and are not to affect the construction of, or to be taken into consideration in interpreting, this Supplemental Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

Exhibit 4.5(d)

THIRD SUPPLEMENTAL INDENTURE dated as of January 30, 1997 (this "Supplemental Indenture"), between J. P. MORGAN & CO. INCORPORATED, a corporation duly organized and existing under the laws of the State of Delaware (the "Company") and FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION, successor to Chemical Bank (formerly Manufacturers Hanover Trust Company), a national banking association, as Trustee (hereinafter called the "Trustee", which term shall include any successor trustee appointed pursuant to Article Six of the Basic Indenture hereinafter referred to).

WHEREAS the Company and the Trustee have entered into an Indenture, dated as of August 15, 1982, as amended by supplemental indentures, including a First Supplemental Indenture, dated as of May 5, 1986, and a Second Supplemental Indenture, dated as of February 27, 1996 (as so amended, the "Basic Indenture"), providing for the issuance from time to time of one or more series of Securities (as such term is defined in the Basic Indenture) evidencing unsecured indebtedness of the Company;

WHEREAS the Company proposes to issue one or more series of MEDS, as described in the Indenture, but the principal amount at Maturity with respect to which is mandatorily exchangeable into Exchange Issuer Securities or, at the option of the Company, payable in cash, in either case at an Exchange Rate as described herein;

WHEREAS Sections 8.1(f) and (d) of the Basic Indenture provide that without the consent of the Holders of Securities, the Company, when authorized by a resolution of its Board of Directors, and the Trustee may enter into one or more indentures supplemental to the Basic Indenture (a) to establish the form or terms of Securities of any series as permitted by Sections 2.1 and 2.3 thereof and (b) to cure any ambiguity or to correct or supplement any provision contained in the Basic Indenture or any supplemental indenture which may be defective or inconsistent with any other provision of the Basic Indenture or any supplemental indenture or to make such other provisions in regard to matters or questions arising under the Basic Indenture or any supplemental indenture as the Board of Directors may deem necessary or desirable and which shall not materially and adversely affect the interests of the Holders of the Securities;

WHEREAS the entry into this Supplemental Indenture by the parties hereto is in all respects authorized by the provisions of the Basic Indenture; and

WHEREAS all things necessary to make this Supplemental Indenture a valid agreement of the Company in accordance with its terms have been done.

NOW, THEREFORE, for and in consideration of the premises and purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders, without preference, priority or distinction of any of the Securities over any of the others by reason of difference in series or priority in time of issuance, negotiation or maturity thereof, or otherwise except as otherwise provided in the Basic Indenture or this Supplemental Indenture, as follows:

ARTICLE I

Amendments to the Basic Indenture

The Basic Indenture is amended as set forth below:

SECTION 1.01. Amendments to Authorize Additional Exchange Rate Option. The Basic Indenture is hereby amended, solely with respect to one or more series of Securities that consist of MEDS, as follows:

(a) By amending Section 1.1 to add new definitions thereto, in the appropriate alphabetical sequence, as follows:

"Capped Participation Percentage", with respect to any issuance of MEDS, shall have the meaning set forth in the applicable Prospectus Supplement.

(b) By amending the second sentence of Section 13.1 to read as follows:

"The `Exchange Rate' with respect to each series of MEDS shall be equal to, as set forth in the applicable Prospectus Supplement and subject to adjustment as a result of certain dilution events relating to the Issuer Exchange Securities as provided for in Section 13.3, either (I) (a) if the Maturity Price (as defined below) is greater than or equal to the `Threshold Appreciation Price' (as set forth in the applicable Prospectus Supplement), a number of Exchange Issuer Securities equal to a fraction, the numerator of which is one and the denominator of which is the sum of one and the Conversion Premium, (b) if the Maturity Price is less than the Threshold Appreciation Price but is greater than the Initial Price, a fractional Exchange Issuer Security per MEDS so that the value of such fractional Exchange Issuer Security (determined at the Maturity Price) is equal to the Initial Price (such fractional share being calculated to the nearest 1/10,000th of a share or, if there is not a nearest 1/10,000th of a share, to the next highest 1/10,000th of a share) and (c) if the Maturity Price is less than or equal to the Initial Price, one Exchange Issuer Security per MEDS, (II) (a) if the Maturity Price is less than or equal to the `Capped Appreciation Price' (as set forth in the applicable Prospectus Supplement), one Exchange Issuer Security per MEDS, and (b) if the Maturity Price is greater than the Capped Appreciation Price, a fractional Exchange Issuer Security per MEDS so that the value of such fractional Exchange Issuer Security (determined at the Maturity Price) is equal to the Capped Appreciation Price (calculated as above) or (III) the Exchange Rate, as otherwise defined in any Prospectus Supplement relating to an issuance of MEDS."

(c) By amending the first sentence of Section 13.3 to read as follows:

"Unless otherwise specified in any Prospectus Supplement relating to an issuance of MEDS, the Exchange Rate shall be subject to adjustment from time to time as follows:"

(d) By adding the following Section 13.7:

"SECTION 13.7. Tax Matters. The parties hereto hereby agree, and each Holder of a MEDS issued on or after January 30, 1997, by its purchase of a MEDS hereby agrees:

(i) to treat, for U.S. federal income tax purposes, each MEDS as a forward purchase contract to purchase Exchange Issuer Securities at Maturity (including as a result of acceleration or otherwise) (the "forward purchase contract characterization"), under the terms of which contract (a) at the time of issuance of the MEDS the Holder deposits irrevocably with the Company a fixed amount of cash equal to the purchase price of the MEDS to assure the fulfillment of the Holder's purchase obligation described in clause (c) below, which deposit will unconditionally and irrevocably be applied at Maturity to satisfy such obligation, (b) until Maturity the Company will be obligated to pay interest on such deposit at a rate equal to the stated rate of interest on the MEDS as compensation to the Holder for the Company's use of such cash deposit during the term of the MEDS, and (c) at Maturity such cash deposit unconditionally and irrevocably will be applied by the Company in full satisfaction of the Holder's obligation under the forward purchase contract, and the Company will deliver to the Holder the number of Exchange Issuer Securities that the Holder is entitled to receive at that time pursuant to the terms of the MEDS (subject to the Company's right to deliver cash in lieu of the Exchange Issuer Securities);

(ii) to treat, consistent with the above characterization, (x) amounts paid to the Company in respect of the original issue of a MEDS as allocable in their entirety to the amount of the cash deposit attributable to such MEDS, and (y) amounts denominated as interest that are payable with respect to the MEDS as interest payable on the amount of such deposit, includible annually in the income of the Holder as interest income in accordance with its method of accounting; and

(iii) to file all U.S. federal, state and local income and franchise tax returns consistent with the forward purchase contract characterization (unless required otherwise by an applicable taxing authority or notified to such effect by the Company)."

ARTICLE II

Miscellaneous

SECTION 2.01. Single Indenture. The Basic Indenture, as supplemented and amended by this Supplemental Indenture and all other indentures supplemental thereto, is in all respects ratified and confirmed, and the Basic Indenture, this Supplemental Indenture and all indentures supplemental thereto shall be read, taken and construed as one and the same instrument.

SECTION 2.02. Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Supplemental Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

SECTION 2.03. Successors and Assigns. All covenants and agreements in this Supplemental Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 2.04. Severability. In case any provision in this Supplemental Indenture or in the Securities of any series shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions (or of the other series of Securities) shall not in any way be affected or impaired thereby.

SECTION 2.05. Third Party Rights. Nothing in this Supplemental Indenture, expressed or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Holders of each series of Securities any benefit or any legal or equitable right, remedy or claim under this Supplemental Indenture.

SECTION 2.06. Applicable Law. This Supplemental Indenture and each Security of any series shall be deemed to be a contract made under the laws of the State of New York and this Supplemental Indenture and each such Security shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 2.07. Defined Terms. All terms used in this Supplemental Indenture not otherwise defined herein that are defined in the Basic Indenture shall have the meanings set forth therein.

SECTION 2.08. Counterparts. This Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 2.09. Responsibility of Company. The recitals contained herein and in the Securities, except the certificate of authentication of the Trustee thereon, shall be taken as statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of the Basic Indenture, this Supplemental Indenture or of the Securities and shall not be accountable for the use or application by the Company of the Securities or the proceeds thereof.

SECTION 2.10. Headings. The headings used herein are for convenience of reference only, are not part of this Supplemental Indenture and are not to affect the construction of, or to be taken into consideration in interpreting, this Supplemental Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

J. P. MORGAN & CO. INCORPORATED,

by _____
Name:
Title:

[Seal]

Attest:

_____
Name:
Title:

FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION, as Trustee,

by _____
Name:
Title:

[Seal]

Attest:

_____
Name:
Title:

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 30th day of January 1997, before me personally came to me known, who, being by me duly sworn, did depose and say that he/she is a of J. P. MORGAN & CO. INCORPORATED, one of the corporations described in and which executed the foregoing instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he/she signed his/her name thereto by like authority.

_____
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On the 30th day of January 1997, before me personally came to me known, who, being by me duly sworn, did depose and say that he/she is an Assistant Vice President of FIRST TRUST OF NEW YORK, NATIONAL ASSOCIATION, one of the corporations described in and which executed the foregoing instrument; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he/she signed his/her name thereto by like authority.

_____
Notary Public

Exhibit 4.5(e)

THE CHASE MANHATTAN CORPORATION,

J.P. MORGAN & CO. INCORPORATED

AND

U.S. BANK TRUST NATIONAL ASSOCIATION,

as Trustee

FOURTH SUPPLEMENTAL INDENTURE

Dated as of December 29, 2000

to

INDENTURE

Dated as of August 15, 1982, as amended

SENIOR DEBT SECURITIES

FOURTH SUPPLEMENTAL INDENTURE, dated as of December 29, 2000, among THE CHASE MANHATTAN CORPORATION, a Delaware corporation ("Successor"), J.P. MORGAN & CO. INCORPORATED, a Delaware corporation ("J.P. Morgan"), and U.S. BANK TRUST NATIONAL ASSOCIATION (formerly known as First Trust of New York, National Association), a national banking association, as successor to Chemical Bank (formerly Manufacturers Hanover Trust Company), a New York banking corporation, as trustee (the "Trustee", which term shall include any successor trustee appointed pursuant to Article Six of the Indenture hereafter referred to).

WHEREAS, J.P. Morgan and the Trustee have heretofore executed and delivered a certain Indenture, dated as of August 15, 1982, as amended, including by the First Supplemental Indenture, dated as of May 5, 1986, the Second Supplemental Indenture, dated as of February 27, 1996, and the Third Supplemental Indenture, dated as of January 30, 1997 (as so amended, the "Indenture"; capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture), providing for the issuance from time to time of Securities;

WHEREAS, J.P. Morgan and Successor have entered into an Agreement and Plan of Merger, dated as of September 12, 2000 (the "Merger Agreement"), which contemplates the execution and filing of a Certificate of Merger on the date hereof (the "Certificate of Merger") providing for the merger (effective December 31, 2000) of J.P. Morgan with and into Successor (the "Merger"), with Successor continuing its corporate existence under Delaware law under the name "J.P. Morgan Chase & Co.";

WHEREAS, Section 9.1 of the Indenture provides, among other things, that J.P. Morgan shall not merge into any other corporation unless, among other things, the corporation into which J.P. Morgan is merged shall expressly assume the due and punctual payment of the principal of and interest on all the Securities and Coupons, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed or observed by the Issuer thereunder, by supplemental indenture satisfactory to the Trustee;

WHEREAS, Section 8.1(b) of the Indenture provides, among other things, that, without the consent of the Holders of the Securities, the Issuer, when authorized by a resolution of the Board of Directors of the Issuer, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental to the Indenture to evidence the succession of another corporation to the Issuer, and the assumption by the successor corporation of the covenants, agreements and obligations of the Issuer;

WHEREAS, Successor and J.P. Morgan desire and have requested that the Trustee join in the execution of this Fourth Supplemental Indenture for the purpose of evidencing such succession and assumption and amending certain provisions of the Indenture as hereinafter set forth;

WHEREAS, the execution and delivery of this Fourth Supplemental Indenture has been authorized by resolutions of the boards of directors of J.P. Morgan and Successor; and

WHEREAS, all conditions precedent and requirements necessary to make this Fourth Supplemental Indenture a valid and legally binding instrument in accordance with its terms have been complied with, performed and fulfilled and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, THIS FOURTH SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and intending to be legally bound hereby, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE ONE

REPRESENTATIONS OF J.P. MORGAN AND SUCCESSOR

Each of J.P. Morgan and Successor represents and warrants to the Trustee as follows:

SECTION 1.1 It is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

SECTION 1.2 The execution, delivery and performance by it of this Fourth Supplemental Indenture have been authorized and approved by all necessary corporate action on the part of it.

SECTION 1.3 Upon the filing of the Certificate of Merger with the Secretary of State of the State of Delaware or at such other time thereafter as is provided in the Certificate of Merger (the "Effective Time"), the Merger will be effective in accordance with the terms of the Merger Agreement and Delaware law.

SECTION 1.4 Immediately after giving effect to the Merger, Successor shall not be in default in the performance of any covenant or condition of the Indenture.

ARTICLE TWO

ASSUMPTION AND AGREEMENTS

SECTION 2.1 Successor hereby expressly assumes the due and punctual payment of the principal of and interest on all the Securities and Coupons, according to their tenor, and the due and punctual performance and observance of all covenants and conditions of the Indenture to be performed or observed by the Issuer thereunder.

SECTION 2.2 The Securities and Coupons may bear a notation concerning the assumption of the Indenture and the Securities and Coupons by Successor.

SECTION 2.3 Successor shall succeed to and be substituted for J.P. Morgan under the Indenture, with the same effect as if Successor had been named as the Issuer thereunder.

ARTICLE THREE

AMENDMENTS

SECTION 3.1 The reference in the preamble to the Indenture to "J.P. MORGAN & CO. INCORPORATED, a Delaware corporation (the "Issuer")," is hereby amended to read "J.P. MORGAN CHASE & CO. (formerly known as The Chase Manhattan Corporation), a Delaware corporation (the "Issuer")," and each other reference therein to "J.P. Morgan & Co. Incorporated" shall be amended to read "J.P. Morgan Chase & Co. (formerly known as The Chase Manhattan Corporation)".

SECTION 3.2 Except as amended hereby, the Indenture and the Securities and Coupons are in all respects ratified and confirmed and all the terms thereof shall remain in full force and effect and the Indenture, as so amended, shall be read, taken and construed as one and the same instrument.

ARTICLE FOUR

MISCELLANEOUS

SECTION 4.1 The Trustee accepts the modification of the Indenture effected by this Fourth Supplemental Indenture, but only upon the terms and conditions set forth in the Indenture. Without limiting the generality of the foregoing, the Trustee assumes no responsibility for the correctness of the recitals herein contained, which shall be taken as the statements of J.P. Morgan and Successor. The Trustee makes no representation and shall have no responsibility as to the validity and sufficiency of this Fourth Supplemental Indenture.

SECTION 4.2 If and to the extent that any provision of this Fourth Supplemental Indenture limits, qualifies or conflicts with another provision included in this Fourth Supplemental Indenture or in the Indenture that is required to be included in this Fourth Supplemental Indenture or in the Indenture by any of the provisions of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

SECTION 4.3 Nothing in this Fourth Supplemental Indenture is intended to or shall provide any rights to any parties other than those expressly contemplated by this Fourth Supplemental Indenture.

SECTION 4.4 This Fourth Supplemental Indenture shall be deemed to be a contract under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of such State, except as may otherwise be required by mandatory provisions of law.

SECTION 4.5 This Fourth Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 4.6 This Fourth Supplemental Indenture shall become effective as of the Effective Time.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Fourth Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested all as of the day and year first above written.

J.P. MORGAN & CO. INCORPORATED

By_____
Name:
Title:

(Corporate Seal)

Attest:

_____
Secretary

THE CHASE MANHATTAN
CORPORATION

By_____
Name:
Title:

(Corporate Seal)

Attest:

_____
Assistant Secretary

U.S. BANK TRUST NATIONAL
ASSOCIATION, as Trustee

By_____
Name:
Title:

(Corporate Seal)

Attest:

_____

STATE OF NEW YORK)

) ss.:
COUNTY OF NEW YORK)

On this ___ of December, 2000, before me, the undersigned officer, personally appeared_____, who acknowledged himself to be the _____ of J.P. MORGAN & CO. INCORPORATED, a corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF NEW YORK)

) ss.:
COUNTY OF NEW YORK)

On this ____ day of December, 2000, before me, the undersigned officer, personally appeared Marc J. Shapiro, who acknowledged himself to be the Vice Chairman, Finance, Risk Management and Administration of THE CHASE MANHATTAN CORPORATION, a corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF NEW YORK)

) ss.:
COUNTY OF NEW YORK)

On this ___ day of December, 2000, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be _____ of U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the association by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

[SEAL]

Exhibit 4.6(a)

J.P. MORGAN & CO. INCORPORATED,
ISSUER

AND

CITIBANK, N.A.,
TRUSTEE

INDENTURE

DATED AS OF MARCH 1, 1993

SUBORDINATED DEBT SECURITIES

CROSS REFERENCE SHEET*

Between provisions of Trust Indenture Act of 1939 and Indenture to be dated as of March 1, 1993 between J.P. MORGAN & CO. INCORPORATED and CITIBANK, N.A., Trustee:

Section of the Act	Section of Indenture
310(a)(1) and (2)	6.9
310(a)(3) and (4)	Inapplicable
310(a)(5)	6.9
310(b)	6.8 and 6.10(a), (b) and (d)
310(c)	Inapplicable
311(a)	6.13
311(b)	6.13
311(c)	Inapplicable
312(a)	4.1 and 4.2(a)
312(b)	4.2(b)
312(c)	4.2(c)
313(a)	4.4(a)
313(b)(1)	Inapplicable
313(b)(2)	4.4(a)
313(c)	4.4(a)
313(d)	4.4(b)
314(a)(1), (2) and (3)	4.3
314(a)(4)	3.5
314(b)	Inapplicable
314(c)(1) and (2)	12.5
314(c)(3)	Inapplicable
314(d)	Inapplicable
314(e)	12.5
314(f)	Inapplicable
315(a), (c) and (d)	6.1
315(b)	5.11
315(e)	5.12
316(a)(1)(A)	5.9
316(a)(1)(B)	5.10
316(a)(2)	Not required
316(a) (last sentence)	7.4
316(b)	5.7
316(c)	8.7
317(a)(1) and (2)	5.2
317(b)	3.4(a) and (b)
318(a)	12.7

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*This Cross Reference sheet is not part of the Indenture.

TABLE OF CONTENTS*

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*The Table of Contents is not part of the Indenture.

THIS INDENTURE, dated as of March 1, 1993 between J. P. MORGAN & CO. INCORPORATED, a Delaware corporation (the "Issuer"), and CITIBANK, N.A., a national banking association duly incorporated and existing under the laws of the United States of America (the "Trustee"),

W I T N E S S E T H:

WHEREAS, the Issuer has duly authorized the issue from time to time of its unsecured subordinated debentures, notes or other evidences of indebtedness to be issued in one or more series (the "Securities") up to such principal amount or amounts as may from time to time be authorized in accordance with the terms of this Indenture and to provide, among other things, for the authentication, delivery and administration thereof, the Issuer has duly authorized the execution and delivery of this Indenture; and

WHEREAS, all things necessary to make this Indenture a valid indenture and agreement according to its terms, have been done;

NOW, THEREFORE:

In consideration of the premises and the purchases of the Securities by the holders thereof, the Issuer and the Trustee mutually covenant and agree for the equal and proportionate benefit of the respective holders from time to time of the Securities and of the Coupons, if any, appertaining thereto, as follows:

ARTICLE ONE.

DEFINITIONS

SECTION 1.1. Certain Terms Defined. The following terms (except as otherwise expressly provided or unless the context otherwise clearly requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section. All terms used in this Indenture that are defined in the Trust Indenture Act of 1939 or the definitions of which in the Securities Act of 1933 are referred to in the Trust Indenture Act of 1939 (except as herein otherwise expressly provided or unless the context otherwise clearly requires) shall have the meanings assigned to such terms in said Trust Indenture Act and in said Securities Act as in force at the date of this Indenture. The following Trust Indenture Act of 1939 terms used in this Indenture have the following meanings: "indenture securities" means the Securities; "indenture security holder" means a Securityholder; "indenture to be qualified" means this Indenture; "indenture trustee" or "institutional trustee" means the Trustee; and "obligor" on the Securities means the Issuer, any other obligor upon the Securities or any successor obligor upon the Securities. All accounting terms used herein and not expressly defined shall have the meanings assigned to such terms in accordance with generally accepted accounting principles, and the term "generally accepted accounting principles" means such accounting principles as are generally accepted at the time of any computation. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision. The terms defined in this

Article have the meanings assigned to them in this Article and include the plural as well as the singular.

"Antecedent Subordinated Indebtedness" means all indebtedness and other obligations outstanding on the date of this Indenture and enumerated in clauses (a)(i) through (a)(xi) of the definition of Senior Indebtedness.

"Authorized Newspaper" means a newspaper (which, in the case of the United Kingdom, will, if practicable, be the Financial Times (London Edition) and, in the case of Luxembourg, will, if practicable, be the Luxemburger Wort) published in an official language of the country of publication customarily published at least once a day for at least five days in each calendar week and of general circulation in the United Kingdom or in Luxembourg, as applicable. If it shall be impractical in the opinion of the Trustee to make any publication of any notice required hereby in an Authorized Newspaper, any publication or other notice in lieu thereof which is made or given with the approval of the Trustee shall constitute a sufficient publication of such notice.

"Board of Directors" means either the Board of Directors of the Issuer or any committee of such Board duly authorized to act hereunder for such Board in respect hereof.

"Business Day" means, unless otherwise specified pursuant to Section 2.3, with respect to any Security, a day that in the city (or in any of the cities, if more than one) in which amounts are payable, as specified in the form of such Security, is not a day on which banking institutions are authorized or required by law or regulation to close or a day on which transactions in the currency in which the Securities are payable are not conducted.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or if at any time after the execution and delivery of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act of 1939, then the body performing such duties on such date.

"Corporate Trust Office" means the principal office of the Trustee in New York, New York at which at any particular time its corporate trust business shall be principally administered, which office at the date as of which this Indenture is dated is located at 5 Hanover Square, New York, New York 10043, except that with respect to the presentation of Securities for payment or for registration of transfer and exchange, such term shall mean the office or the agency of the Trustee in said city at which at any particular time its corporate agency business shall be conducted, which office at the date hereof is located at 111 Wall Street, 5th floor, New York, New York 10043.

"Coupon" means any interest Coupon appertaining to an Unregistered Security.

"Derivative Obligations" means obligations of the Issuer to make payments on claims in respect of derivative products such as interest and foreign exchange rate contracts, commodity contracts and similar arrangements; provided, however, that Derivative Obligations shall not include claims in respect of Senior Indebtedness or obligations which, by their terms, are expressly stated not to be superior in right of payment to the Securities or to rank pari passu

with the Securities. For purposes of this definition, "claim" shall have the meaning assigned thereto in Section 101(4) of the Bankruptcy Code of 1978, as amended and in effect on November 1, 1992.

"ECU" means the European Currency Unit as defined and revised from time to time by the Council of European Communities.

"EMS" means the European Monetary System.

"European Communities" means the European Economic Community (the "EEC"), the European Coal and Steel Community and Euratom.

"Event of Default" means any event or condition specified as such in Section 5.1.

"Excess Proceeds" has the meaning specified in Section 10.12.

"Holder", "Holder of Securities", "Securityholder" or other similar terms mean (a) in the case of any Registered Security, the person in whose name such Security is registered in the Security Register kept by the Issuer for that purpose, in accordance with the terms hereof, and (b) in the case of any Unregistered Security, the bearer of such Security or any Coupon appertaining thereto, as the case may be.

"Indenture" means this instrument as originally executed and delivered or, if amended or supplemented as herein provided, as so amended or supplemented, or both, and shall include the forms and terms of particular series of Securities established as contemplated hereunder.

"interest" where used with respect to noninterest bearing securities, means interest payable after maturity.

"Issuer" means (except as otherwise provided in Article Six) J. P. Morgan & Co. Incorporated, a Delaware corporation, and, subject to Article Nine, its successors and assigns.

"Officers' Certificate" means a certificate signed by the chairman of the Board of Directors, the president, the chairman of the executive committee, any vice chairman of the Board of Directors, or any vice president and by the treasurer or any assistant treasurer, the secretary or any assistant secretary of the Issuer and delivered to the Trustee. Each such certificate shall include the statements provided for in Section 12.5.

"Opinion of Counsel" means an opinion in writing signed by legal counsel who may be an employee of or counsel to the Issuer and who shall be satisfactory to the Trustee. Each such opinion shall include the statements provided for in Section 12.5, if and to the extent required hereby.

"Original issue date" of any Security (or portion thereof) means the earlier of (a) the date of such Security or (b) the date of any Security (or portion thereof) for which such Security was issued (directly or indirectly) on registration of transfer, exchange or substitution.

"Original Issue Discount Security" means any Security that provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof pursuant to Section 5.1.

"Outstanding" (except as otherwise provided in Section 6.8), when used with reference to Securities, shall, subject to the provisions of Section 7.4, mean, as of any particular time, all Securities authenticated and delivered by the Trustee under this Indenture, except

(a) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for the payment or redemption of which moneys in the necessary amount shall have been deposited in trust with the Trustee or with any paying agent (other than the Issuer) or shall have been set aside, segregated and held in trust by the Issuer for the holders of such securities (if the Issuer shall act as its own paying agent), provided that if such Securities, or portions thereof, are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as herein provided, or provision satisfactory to the Trustee shall have been made for giving such notice; and

(c) Securities in substitution for which other Securities shall have been authenticated and delivered, or which shall have been paid, pursuant to the terms of Section 2.9 (except with respect to any such Security as to which proof satisfactory to the Trustee is presented that such Security is held by a person in whose hands such Security is a legal, valid and binding obligation of the Issuer).

In determining whether the Holders of the requisite principal amount of Outstanding Securities of any or all series have given any request, demand, authorization, direction, notice, consent or waiver hereunder, the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon declaration of acceleration of the maturity thereof pursuant to Section 5.1.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"principal" whenever used with reference to the Securities or any Security or any portion thereof shall be deemed to include "and premium, if any".

"Registered Security" means any Security registered on the Security Register of the Issuer.

"Responsible Officer" when used with respect to the Trustee means the chairman of the Board of Directors, any vice chairman of the Board of Directors, the chairman of the executive committee, any vice chairman of the executive committee, the president, any vice president, the cashier, the secretary, the treasurer, the controller, any senior trust officer, any trust officer, any assistant trust officer, any assistant cashier, any assistant secretary, any assistant

treasurer, any assistant controller or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with the particular subject.

"Security" or "Securities" (except as otherwise provided in the Trust Indenture Act) has the meaning stated in the first recital of this Indenture, or, as the case may be, means all Securities that have been authenticated and delivered under this Indenture.

"Senior Indebtedness" of the Issuer means the principal of, premium, if any, and interest on: (a) all indebtedness of the Issuer for money borrowed, whether outstanding on the date of execution of this Indenture or thereafter created, assumed or incurred, except (i) the DM400,000,000 aggregate principal amount of Floating Rate Subordinated Notes of 1985/1995 of the Issuer; (ii) the U.S. $200,000,000 aggregate principal amount of Floating Rate Subordinated Capital Notes Due December 1997 of the Issuer; (iii) the U.S. $100,000,000 aggregate principal amount of 8 1/2% Subordinated Notes Due 1993 of the Issuer; (iv) the Y20,000,000,000 aggregate principal amount of 6% Subordinated Notes Due 1994 of the Issuer; (v) the U.S. $400,000,000 aggregate principal amount of Zero Coupon Subordinated Notes Due 1998 of the Issuer; (vi) the U.S. $250,000,000 aggregate principal amount of 8 7/8% Subordinated Capital Notes Due 1994 of the Issuer; (vii) the U.S. $300,000,000 aggregate principal amount of 9 5/8% Subordinated Notes Due 1998 of the Issuer; (viii) the U.S. $150,000,000 aggregate principal amount of 8 1/2% Subordinated Notes Due 2003 of the Issuer; (ix) the U.S. $250,000,000 aggregate principal amount of 7 5/8% Subordinated Notes Due 1998 of the Issuer; (x) the U.S. $200,000,000 aggregate principal amount of 7 1/4% Subordinated Notes Due 2002 of the Issuer; (xi) the U.S. $200,000,000 aggregate principal amount of Subordinated Floating Rate Notes Due 2002 of the Issuer; (xii) the U.S. $250,000,000 aggregate principal amount of Subordinated Floating Rate Notes Due 2002 of the Issuer; and (xiii) such indebtedness as is by its terms expressly stated to be not superior in right of payment to the Securities or to rank pari passu with the Securities and (b) any deferrals, renewals or extensions of any such Senior Indebtedness. The term "indebtedness of the Issuer for money borrowed" as used in the foregoing sentence shall mean any obligation of, or any obligation guaranteed by, the Issuer for the repayment of borrowed money, whether or not evidenced by bonds, debentures, notes or other written instruments, and any deferred obligation for the payment of the purchase price of property or assets. The Securities shall rank pari passu with the Subordinated Notes referred to in (a)(i) through (a)(xii) above.

"Trust Indenture Act of 1939" (except as otherwise provided in Sections 8.1 and 8.2) means the Trust Indenture Act of 1939 as in force at the date as of which this Indenture was originally executed.

"Trustee" means the Person identified as "Trustee" in the first paragraph hereof until the acceptance of appointment of a successor trustee pursuant to the provisions of Article Six, and thereafter shall mean such successor trustee.

"Unregistered Security" means any Security other than a Registered Security.

"vice president" when used with respect to the Issuer or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title of "vice president".

"Yield to Maturity" means the yield to maturity on a series of Securities, calculated at the time of issuance of such series, or, if applicable, at the most recent redetermination of interest on such series, and calculated in accordance with accepted financial practice.

ARTICLE TWO

SECURITIES

SECTION 2.1. Forms Generally. The Securities of each series and the Coupons, if any, to be attached thereto shall be substantially in such form (not inconsistent with this Indenture) as shall be established by or pursuant to a resolution of the Board of Directors or in one or more indentures supplemental hereto, in each case with such variations as are required or permitted by this Indenture and may have imprinted or otherwise reproduced thereon such legend or legends, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules of any securities exchange or to conform to general usage, all as may be determined by the officers executing such Securities and Coupons, if any, as evidenced by their execution of the Securities and Coupons.

The definitive Securities and Coupons shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

SECTION 2.2. Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication on all Securities shall be in substantially the following form:

This is one of the Securities of the series designated herein and referred to in the within-mentioned Indenture.

CITIBANK, N.A., as Trustee

By_____
Authorized Officer

SECTION 2.3. Amount Unlimited; Issuable in Series. The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. There shall be established in or pursuant to a resolution of the Board of Directors and set forth in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);

(2) any limit upon the aggregate principal amount of the Securities of the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 2.8, 2.9, 2.11 or 13.3);

(3) the date or dates on which the principal of the Securities of the series is payable or the method by which such date or dates shall be determined;

(4) the rate or rates at which the Securities of the series shall bear interest, if any, or the method by which such rate or rates shall be determined, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable and the record dates for the determination of Holders to whom interest is payable;

(5) the place or places where the principal of and interest, if any, on Securities of the series shall be payable;

(6) the price or prices at which, the period or periods within which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Issuer, pursuant to any sinking fund or otherwise;

(7) the obligation, if any, of the Issuer to redeem, purchase or repay Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the price or prices at which and the period or periods within which and the terms and conditions upon which Securities of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligation;

(8) if other than denominations of U.S. $1,000 and any integral multiple thereof, in the case of Registered Securities, or U.S. $1,000 in the case of the Unregistered Securities, such denominations in which Securities of the series shall be issuable;

(9) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 5.1 or provable in bankruptcy pursuant to Section 5.2;

(10) any authenticating or paying agents, transfer agents or registrars or any other agents with respect to the Securities of such series;

(11) if other than such coin or currency of the United States of America as at the time of payment is legal tender for payment of public or private debts, the coin or currency or units based on or relating to currencies (including ECU) in which payment of the principal of and interest, if any, on the Securities of that series shall be payable;

(12) if the principal of or interest, if any, on the Securities of that series are to be payable, at the election of the Issuer or a holder thereof, in a coin or currency or units based on or relating to currencies (including ECU) other than that in which the Securities are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;

(13) if the amount of payments of principal of or interest, if any, on the Securities of the series may be determined with reference to an index, formula or other method based on a coin or currency or units based on or relating to currencies (including ECU) other than that in which the Securities are stated to be payable, the manner in which such amounts shall be determined; and

(14) whether the Securities of the series will be issuable as Registered Securities or Unregistered Securities (with or without Coupons), or both, any restrictions applicable to the offer, sale or delivery of Unregistered Securities and, if other than as provided in Section 2.8, the terms upon which Unregistered Securities of any series may be exchanged for Registered Securities of such series and the terms upon which Registered Securities may be exchanged for Unregistered Securities of such series;

(15) whether and under what circumstances the Issuer will pay additional amounts on the Securities of the series held by a person who is not a U.S. person in respect of any tax, assessment or governmental charge withheld or deducted and, if so, whether the Issuer will have the option to redeem such Securities rather than pay such additional amounts;

(16) if the Securities of such series are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, then the form and terms of such certificates, documents or conditions; and

(17) any other terms of the series, including provisions for payment by wire transfers if any, or modifications of the definition of Business Day, (which terms shall not be inconsistent with the provisions off this Indenture).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such resolution of the Board of Directors or in any such indenture supplemental hereto.

SECTION 2.4. Authentication and Delivery of Securities. At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Securities of any series having attached thereto appropriate Coupons, if any, executed by the Issuer to the Trustee for authentication. Except as otherwise provided in this Section, the Trustee shall thereupon authenticate and deliver such Securities with Coupons, if any, to or upon the written order of the Issuer, signed by both (a) the chairman of its Board of Directors, its president, or the chairman of its executive committee, any vice chairman of its Board of Directors or any vice president and (b) by its treasurer or any assistant treasurer, without any further action by the Issuer. In authenticating such Securities and Coupons, if any, and accepting the additional

responsibilities under this Indenture in relation to such Securities and Coupons, if any, the Trustee shall be entitled to receive, and (subject to Section 6.1) shall be fully protected in relying upon:

(1) a certified copy of any action taken pursuant to the resolution or resolutions delivered under clause (2) below;

(2) a copy of any resolution or resolutions of the Board of Directors relating to such series, in each case certified by the Secretary or an Assistant Secretary of the Issuer;

(3) an executed supplemental indenture, if any;

(4) an Officers' Certificate setting forth the form and terms of the Securities and Coupons, if any, as required pursuant to Sections 2.1 and 2.3, respectively and prepared in accordance with Section 12.5;

(5) an Opinion of Counsel, prepared in accordance with Section 12.5, which shall state

(a) that the form or forms and terms of such Securities and Coupons, if any, have been established by or pursuant to a resolution of the Board of Directors or by a supplemental indenture as permitted by Sections 2.1 and 2.3 in conformity with the provisions of this Indenture;

(b) that such Securities, and Coupons, if any, when authenticated and delivered by the Trustee and issued by the Issuer in the manner and subject to any conditions, assumptions, exceptions and limitations specified in such Opinion of Counsel, will constitute valid and binding obligations of the Issuer;

(c) that all laws and requirements in respect of the execution and delivery by the Issuer of the Securities and Coupons, if any, have been complied with; and

(d) such other matters as the Trustee may reasonably request.

The Trustee shall have the right to decline to authenticate and deliver any Securities and Coupons, if any, under this Section if the Trustee, being advised by counsel, determines that such action may not lawfully be taken by the Issuer or if the Trustee in good faith by its board of directors, executive committee, or a trust committee of directors and/or Responsible Officers shall determine that such action would expose the Trustee to personal liability to existing Holders.

SECTION 2.5. Execution of Securities. The Securities and, if applicable, each Coupon appertaining thereto, shall be signed on behalf of the Issuer by the chairman of its Board of Directors, its president, or the chairman of its executive committee, any vice chairman of its Board of Directors or any vice president under its corporate seal attested by its secretary or any assistant secretary. Such signatures may be the manual or facsimile signatures of the present or

any future such officers. The seal of the Issuer may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Securities and, if applicable, each Coupon appertaining thereto. Typographical and other minor errors or defects in any such reproduction of the seal or any such signature shall not affect the validity or enforceability of any Security that has been duly authenticated and delivered by the Trustee.

In case any officer of the Issuer who shall have signed any of the Securities or Coupons shall cease to be such officer before the Security or Coupon so signed or the Security to which the Coupon so signed appertains shall be authenticated and delivered by the Trustee or disposed of by the Issuer, such Security or Coupon nevertheless may be authenticated and delivered or disposed of as though the person who signed such Security or Coupon had not ceased to be such officer of the Issuer; and any Security or Coupon may be signed on behalf of the Issuer by such persons as, at the actual date of the execution of such Security or Coupon, shall be the proper officers of the Issuer, although at the date of the execution and delivery of this Indenture any such person was not such an officer.

SECTION 2.6. Certificate of Authentication. Only such Securities as shall bear thereon a certificate of authentication substantially in the form hereinbefore recited, executed by the Trustee by the manual signature of one of its authorized officers, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. No Coupon shall be entitled to the benefits of this Indenture or shall be valid or obligatory for any purpose until such certificate by the Trustee shall have become duly executed on the Security to which such coupon appertains. Such certificate by the Trustee upon any Security executed by the Issuer shall be conclusive evidence that the Security so authenticated has been duly authenticated and delivered hereunder and that the Holder is entitled to the benefits of this Indenture.

SECTION 2.7. Denomination and Date of Securities; Payments of Interest. The Securities shall be issuable as Registered Securities or Unregistered Securities in such denominations as shall be specified as contemplated by Section 2.3. In the absence of any such specifications with respect to the Registered Securities of any series, Registered Securities shall be issued in denominations of U.S. $1,000 and any integral multiple thereof. In the absence of any such specification with respect to Unregistered Securities, Unregistered Securities shall be issued in the denomination of U.S. $1,000. The Securities shall be numbered, lettered or otherwise distinguished in such manner or in accordance with such plan as the officers of the Issuer executing the same may determine as evidenced by the execution thereof.

Each Registered Security shall be dated the date of its authentication. Each Unregistered Security shall be dated as provided in or pursuant to the resolution or resolutions of the Board of Directors of the Issuer or the supplemental indenture referred to in Section 2.3. The Securities of each series shall bear interest, if any, from the date and such interest shall be payable on the dates established as contemplated by Section 2.3. The person in whose name any Registered Security of any series is registered at the close of business on any record date applicable to a particular series with respect to any interest payment date for such series shall be entitled to receive the interest, if any, payable on such interest payment date notwithstanding any transfer or exchange of such Registered Security subsequent to the record date and prior to such interest payment date, except if and to the extent the Issuer shall default in the payment of the interest due on such interest payment date for such series, in which case such defaulted interest

shall be paid to the persons in whose names outstanding Registered Securities for such series are registered at the close of business on a subsequent record date (which shall be not less than ten business days prior to the date of payment of such defaulted interest) established by notice given by mail by or on behalf of the Issuer to the holders of Registered Securities not less than 15 days preceding such subsequent record date. The term "record date" as used with respect to any interest payment date (except a date for payment of defaulted interest) shall mean the date specified as such in the terms of the Registered Securities of any particular series, or, if no such date is so specified, if such interest payment date is the first day of a calendar month, the fifteenth day of the next preceding calendar month or, if such interest payment date is the fifteenth day of a calendar month, the first day of such calendar month, whether or not such record date is a Business Day.

Any defaulted interest payable in respect of any Unregistered Security shall be payable pursuant to such procedures as may be satisfactory to the Trustee in such manner that there is no discrimination as between the holders of Registered Securities and Unregistered Securities of the same series and notice of the payment date therefor shall be given by the Trustee in the name and at the expense of the Issuer by publication at least once in an Authorized Newspaper. In case an Unregistered Security is surrendered for exchange for a Registered Security after the close of business on any record date for the payment of defaulted interest and before the opening of business on the proposed date of payment of such defaulted interest, the Coupon appertaining to such surrendered Unregistered Security and due for payment on such proposed date of payment will not be surrendered with such surrendered Unregistered Security and interest payable on such proposed date of payment will be made only to the holder of such Coupon on such proposed date.

SECTION 2.8. Registration, Transfer and Exchange. The Issuer will keep or cause to be kept at an office or agency to be maintained for such purpose as provided in Section 3.2 a register or registers for each series of Securities issued hereunder (collectively, the "Security Register") in which, subject to such reasonable regulations as it may prescribe, it will register, and will register the transfer of or cause the registration of the transfer of, Registered Securities as in this Article provided.

Upon due presentation for registration of transfer of any Registered Security of any series at an office or agency to be maintained for such purpose as provided in Section 3.2, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Registered Security or Registered Securities of the same series in authorized denominations for a like aggregate principal amount.

Unregistered Securities (except for any temporary Unregistered Securities) and Coupons (except for Coupons attached to any temporary Unregistered Securities) shall be transferable by delivery.

At the option of the Holder thereof, any Registered Security or Registered Securities of any series may be exchanged for a Registered Security or Registered Securities of the same series in other authorized denominations, in an equal aggregate principal amount. Registered Securities of any series to be exchanged shall be surrendered at an office or agency to be maintained by the Issuer for such purpose as provided in Section 3.2, and the Issuer shall

execute and the Trustee shall authenticate and deliver in exchange therefor the Registered Security or Registered Securities of the same series which the Securityholder making the exchange shall be entitled to receive, bearing numbers not contemporaneously outstanding. If the Securities of any series are issued in both registered and unregistered form, except as otherwise specified pursuant to Section 2.3, at the option of the Holder thereof, Unregistered Securities of any series may be exchanged for Registered Securities of such series, maturity date and interest rate of any authorized denominations and of a like aggregate principal amount, upon surrender of such Unregistered Securities to be exchanged at the office or agency of the Issuer that shall be maintained for such purpose in accordance with Section 3.2, with, in the case of Unregistered Securities that have Coupons attached, all unmatured Coupons and all matured Coupons in default thereto appertaining, and upon payment, if the Issuer shall so require, of the charges hereinafter provided. At the option of the Holder thereof, if Unregistered Securities of any series, maturity date, interest rate and original issue date are issued in more than one authorized denomination, except as otherwise specified pursuant to Section 2.3, such Unregistered Securities may be exchanged for Unregistered Securities of such series, maturity date, interest rate and original issue date of other authorized denominations and of a like aggregate principal amount, upon surrender of such Unregistered Securities to be exchanged at the office or agency of the Issuer that shall be maintained for such purpose in accordance with Section 3.2 or as specified pursuant to Section 2.3, with, in the case of Unregistered Securities that have Coupons attached, all unmatured Coupons and all matured Coupons in default thereto appertaining, and upon payment, if the Issuer shall so require, of the charges hereinafter provided. Unless otherwise specified pursuant to Section 2.3, Registered Securities of any series may not be exchanged for Unregistered Securities of such series. Whenever any Securities and the Coupons appertaining thereto, if any, are so surrendered for exchange, the Issuer shall execute, and the Trustee shall authenticate and deliver, the Securities and the Coupons appertaining thereto, if any, which the Holder making the exchange is entitled to receive.

Notwithstanding the foregoing, in case an Unregistered Security of any series is surrendered at any such office or agency in exchange for a Registered Security of the same series after the close of business at such office or agency on any record date and before the opening of business at such office or agency on the relevant interest payment date, such Unregistered Security shall be surrendered without the Coupon relating to such interest payment date or proposed date of payment, as the case may be.

All Registered Securities presented for registration of transfer, exchange, redemption or payment shall (if so required by the Issuer or the Trustee) be duly endorsed by, or be accompanied by a written instrument or instruments of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Holder or his attorney duly authorized in writing.

The Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Securities. No service charge shall be made for any such transaction.

The Issuer shall not be required to exchange or register a transfer of (a) any Securities of any series for a period of 15 days next preceding the close of business on the date of selection of Securities of such series to be redeemed, of (b) any Securities selected, called or being called for redemption except, in the case of any Security where public notice has been

given that such Security is to be redeemed in part, the portion thereof not so to be redeemed and except that an Unregistered Security may be exchanged for a Registered Security of the same series if such Registered Security is immediately surrendered for redemption.

All Securities issued upon any transfer or exchange of Securities shall be valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such transfer or exchange.

Notwithstanding anything herein or in the terms of any series of Securities to the contrary, neither the Issuer nor the Trustee (which shall rely on an Officers' Certificate and an Opinion of Counsel) shall be required to exchange any Unregistered Security for a Registered Security if such exchange would result in adverse Federal income tax consequences to the Issuer (including, without limitation, the inability of the Issuer to deduct from its income, as computed for Federal income tax purposes, the interest payable on the Unregistered Securities) under then applicable United States Federal income tax laws.

SECTION 2.9. Mutilated, Defaced, Destroyed, Lost and Stolen Securities. In case any temporary or definitive Security or any Coupon appertaining to any Security shall become mutilated, defaced or be destroyed, lost or stolen, the Issuer in its discretion may execute, and upon the written request of any officer of the Issuer, the Trustee shall authenticate and deliver, a new Registered Security of the same series, bearing a number not contemporaneously outstanding, in exchange and substitution for the mutilated or defaced Security, or in lieu of and substitution for the Security so destroyed, lost or stolen with Coupons corresponding to the Coupons appertaining to the Security so mutilated, defaced, destroyed, lost or stolen, or in exchange or substitution for the Security to which such mutilated, defaced, destroyed, lost or stolen Coupon appertained, with Coupons appertaining thereto corresponding to the Coupons so mutilated, defaced, destroyed, lost or stolen. In every case the applicant for a substitute Security or Coupon shall furnish to the Issuer and to the Trustee and any agent of the Issuer or the Trustee such security or indemnity as may be required by them to indemnify and defend and to save each of them harmless and, in every case of destruction, loss or theft, evidence to their satisfaction of the destruction, loss or theft of such Security or Coupon and of the ownership thereof.

Upon the issuance of any substitute Security or Coupon, the Issuer may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith. In case any Security or Coupon which has matured or is about to mature or has been called for redemption, as the case may be, in full shall become mutilated or defaced or be destroyed, lost or stolen, the Issuer may, instead of issuing a substitute Security or Coupon, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated or defaced Security or Coupon), if the applicant for such payment shall furnish to the Issuer and to the Trustee and any agent of the Issuer or the Trustee such security or indemnity as any of them may require to save each of them harmless, and, in every case of destruction, loss or theft, the applicant shall also furnish to the Issuer and the Trustee and any agent of the Issuer or the Trustee evidence to their satisfaction of the destruction, loss or theft of such Security or Coupon and of the ownership thereof.

Every substitute Security or Coupon of any series issued pursuant to the provisions of this Section by virtue of the fact that any such Security or Coupon is destroyed, lost or stolen shall constitute an additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Security or Coupon shall be at any time enforceable by anyone and shall be entitled to all the benefits of (but shall be subject to all the limitations of rights set forth in) this Indenture equally and proportionately with any and all other Securities or Coupons of such series duly authenticated and delivered hereunder. All Securities or Coupons shall be held and owned upon the express condition that, to the extent permitted by law, the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, defaced or destroyed, lost or stolen Securities or Coupons and shall preclude any and all other rights or remedies notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

SECTION 2.10. Cancellation of Securities; Destruction Thereof. All Securities and Coupons surrendered for payment, retirement, redemption, registration of transfer or exchange, or for credit against any payment in respect of a sinking or analogous fund, if surrendered to the Issuer or any agent of the Issuer or the Trustee, shall be delivered to the Trustee for cancellation or, if surrendered to the Trustee, shall be cancelled by it; and no Securities or Coupons shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Indenture. The Trustee shall destroy cancelled Securities and Coupons held by it and deliver a certificate of such destruction to the Issuer. If the Issuer shall acquire any of the Securities or Coupons, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities or Coupons unless and until the same are delivered to the Trustee for cancellation.

SECTION 2.11. Temporary Securities. Pending the preparation of definitive Securities for any series, the Issuer may execute and the Trustee shall authenticate and deliver temporary Securities for such series (printed, lithographed, typewritten or otherwise reproduced, in each case in form satisfactory to the Trustee). Temporary Securities of any series shall be issuable as Registered Securities without Coupons, or as Unregistered Securities with or without Coupons attached thereto of any authorized denomination, and substantially in the form of the definitive securities of such series but with such omissions, insertions and variations as may be appropriate for temporary Registered Securities, all as may be determined by the Issuer with the concurrence of the Trustee. Temporary Securities may contain such reference to any provisions of this Indenture as may be appropriate. Every temporary Security shall be executed by the Issuer and be authenticated by the Trustee upon the same conditions and in substantially the same manner, and with like effect, as the definitive Securities. Without unreasonable delay the Issuer shall execute and shall furnish definitive Securities of such series and thereupon temporary Registered Securities of such series may be surrendered in exchange therefor without charge at each office or agency to be maintained by the Issuer for that purpose pursuant to Section 3.2 and in the case of Unregistered Securities, together with any unmatured Coupons and any matured Coupons in default appertaining thereto, at any agency maintained by the Issuer for such purpose as specified pursuant to Section 2.3 and the Trustee shall authenticate and deliver in exchange for such temporary Securities of such series a like aggregate principal amount of definitive Securities of the same series of authorized denominations and, in the case of Unregistered Securities having attached thereto any appropriate Coupons. Until so exchanged, the temporary Securities of such series and any unmatured Coupons appertaining thereto shall be entitled to the

same benefits under this Indenture as definitive Securities of such series and any unmatured Coupons appertaining thereto. The provisions of this Section are subject to any restrictions or limitations on the issue and delivery of temporary Unregistered Securities of any series that may be established pursuant to Section 2.3 (including any provision that Unregistered Securities of such series initially be issued in the form of a single global Unregistered Security to be delivered to a depositary or agency of the Issuer located outside the United States and the procedures pursuant to which definitive Unregistered Securities of such series would be issued in exchange for such temporary global Unregistered Security).

SECTION 2.12. Computation of Interest. Except as otherwise specified as contemplated by Section 2.3 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

ARTICLE THREE

COVENANTS OF THE ISSUER

SECTION 3.1. Payment of Principal and Interest. The Issuer covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay or cause to be paid the principal of, and interest on, each of the Securities of such series at the place or places, at the respective times and in the manner provided in this Indenture and in such Securities. The interest on Unregistered Securities with Coupons attached (together with any additional amounts payable pursuant to the terms of such Unregistered Securities) shall be payable only upon presentation and surrender of the several Coupons for such interest installments as are evidenced thereby as they severally mature. Except as specified as contemplated in Section 2.3, the interest on any temporary Unregistered Securities (together with any additional amounts payable pursuant to the terms of such temporary Unregistered Securities) shall be paid, as to the installments of interest evidenced by Coupons attached thereto, if any, only upon presentation and surrender thereof, and, as to the other installments of interest, if any, only upon presentation of such Securities for notation thereon of the payment of such interest. Each installment of interest on the Registered Securities of any series may be paid by mailing checks for such interest payable to or upon the written order of the holders of such Securities entitled thereto as they shall appear on the registry books of the Issuer. If so provided in the resolutions or supplemental indenture referred to in Section 2.3, payment of principal of or interest on the Securities may be made by wire transfer of funds in the manner set forth in such resolutions or supplemental indenture.

SECTION 3.2. Offices for Payments, etc. So long as any of the Securities remain outstanding, the Issuer will maintain in the Borough of Manhattan, The City of New York, the following for each series of Securities: an office or agency (a) where the Registered Securities may be presented for payment, (b) where the Registered Securities may be presented for registration of transfer and for exchange as in this Indenture provided and (c) where notices and demands to or upon the Issuer in respect of the Registered Securities or of this Indenture may be served.

The Issuer will maintain one or more agencies in a city or cities located outside the United States (including any city in which such an agency is required to be maintained under the rules of any stock exchange on which the Securities of such series are listed) where the Unregistered Securities, if any, of each series and Coupons, if any, appertaining thereto may be presented and surrendered for payment. No payment on any Unregistered Security or Coupon will be made upon presentation of such Unregistered Security or Coupon at an office or agency of the Issuer within the United States nor will any payment be made by transfer to an account in, or by mail to an address in, the United States unless pursuant to applicable United States laws and regulations then in effect, such payment can be made without adverse tax consequences to the Issuer. Notwithstanding the foregoing, payments in U.S. dollars on Unregistered Securities of any series and Coupons appertaining thereto which are denominated in U.S. dollars may be made at such office or agency of the Issuer maintained in the Borough of Manhattan, The City of New York if such payment in U.S. dollars at each agency maintained by the Issuer outside the United States for payment on such Unregistered Securities is illegal or effectively precluded by exchange controls or other similar restrictions.

The Issuer will give to the Trustee written notice of the location of any such office or agency and of any change of location thereof. With respect to each series of Securities and Coupons whose terms are established pursuant to Section 2.3, the Issuer hereby designates its office or agency specified in accordance with Section 2.3 as the initial office to be maintained by it for each such purpose. In case the Issuer shall fail to maintain any such office or agency or shall fail to give such notice of the location or of any change in the location thereof, presentations and demands may be made and notices may be served at the Corporate Trust Office.

SECTION 3.3. Appointment to Fill a Vacancy in Office of Trustee. The Issuer, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 6.10, a Trustee, so that there shall at all times be a Trustee with respect to each series of Securities hereunder.

SECTION 3.4. Paying Agents. Whenever the Issuer shall appoint a paying agent other than the Trustee with respect to the Securities of any series, it will cause such paying agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to the provisions of this Section,

(a) that it will hold all sums received by it as such agent for the payment of the principal of or interest on the Securities of such series (whether such sums have been paid to it by the Issuer or by any other obligor on the Securities of such series) in trust for the benefit of the holders of the Securities of such series or the Coupons appertaining thereto or of the Trustee, and

(b) that it will give the Trustee notice of any failure by the Issuer (or by any other obligor on the Securities of such series) to make any payment of the principal of or interest on the Securities of such series when the same shall be due and payable.

The Issuer will, prior to each due date of the principal of or interest on the Securities of such series, deposit with the paying agent a sum or sums in the required currencies

sufficient to pay such principal or interest so becoming due, and (unless such paying agent is the Trustee) the Issuer will promptly notify the Trustee of any failure to take such action.

If the Issuer shall act as its own paying agent with respect to the Securities of any series, it will, on or before each due date of the principal of or interest on the Securities of such series, set aside, segregate and hold in trust for the benefit of the holders of the Securities of such series or the Coupons appertaining thereto a sum sufficient to pay such principal or interest so becoming due. The Issuer will promptly notify the Trustee of any failure to take such action.

Anything in this Section to the contrary notwithstanding, the Issuer may at any time, for the purpose of obtaining a satisfaction and discharge with respect to one or more or all series of Securities hereunder, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust for any such series by the Issuer of any paying agent hereunder, as required by this Section, such sums to be held by the Trustee upon the trusts herein contained.

Anything in this Section to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section is subject to the provisions of Article Ten and Sections 11.3 and 11.4.

SECTION 3.5. Written Statement to Trustee. The Issuer will deliver to the Trustee on or before August 1 in each year (beginning with the August 1 next succeeding execution of the Indenture) a written statement (which need not comply with Section 12.5) signed by the principal executive, financial or accounting officer of the Issuer, as to his or her knowledge of the Issuer's compliance with all conditions and covenants under this Indenture (without regard to any period of grace or requirement of notice provided hereunder).

SECTION 3.6. Luxembourg Publications. In the event of the publication of any notice pursuant to Section 5.11, 6.10(a), 6.11, 8.2, 11.4 or 13.2, the party making such publication in the Borough of Manhattan, The City of New York and London shall also, to the extent that notice is required to be given to Holders of Securities of any series by applicable Luxembourg law or stock exchange regulation, as evidenced by an Officers' Certificate delivered to such party, make a similar publication in Luxembourg.

ARTICLE FOUR

SECURITYHOLDERS' LISTS AND REPORTS BY THE ISSUER AND THE TRUSTEE

SECTION 4.1. Issuer to Furnish Trustee Information as to Names and Addresses of Securityholders. The Issuer covenants and agrees that it will furnish or cause to be furnished to the Trustee a list in such form as the Trustee may reasonably require of the names and addresses of the Holders of the Registered Securities of each series:

(a) not more than 15 days after each record date for the payment of semi annual interest on such Securities, as of such record date and on semi annual dates to be determined pursuant to Section 2.3 for non-interest bearing Securities in each year, and

(b) at such other times as the Trustee may request in writing, within 30 days after receipt by the Issuer of any such request as of a date not more than 15 days prior to the time such information is furnished,

provided that if and so long as the Trustee shall be the Security registrar for such series and all of the Securities of any series are Registered Securities, such list shall not be required to be furnished.

SECTION 4.2. Preservation and Disclosure of Securityholders' Lists. (a) The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders of each series of Securities (i) contained in the most recent list furnished to it as provided in Section 4.1, (ii) received by it in the capacity of Security registrar for such series, if so acting and (iii) filed with it within the two preceding years pursuant to Section 313(c)(2) of the Trust Indenture Act of 1939. The Trustee may destroy any list furnished to it as provided in Section 4.1 upon receipt of a new list so furnished.

(b) In case three or more holders of Securities (hereinafter referred to as "applicants") apply in writing to the Trustee and furnish to the Trustee reasonable proof that each such applicant has owned a Security for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other holders of Securities of a particular series (in which case the applicants must all hold Securities of such series) or with Holders of all Securities with respect to their rights under this Indenture or under such Securities and such application is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five Business Days after the receipt of such application, at its election, either

(i) afford to such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section, or

(ii) inform such applicants as to the approximate number of holders of Securities of such series or all Securities, as the case may be, whose names and addresses appear in the information preserved at the time by the Trustee, in accordance with the provisions of subsection (a) of this Section, and as to the approximate cost of mailing of this Section, and as to the approximate cost of mailing to such Securityholders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford to such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Securityholder of such series or all Securities, as the case may be, whose name and address appears in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender, the Trustee shall mail to such applicants and file with the Commission together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the holders of Securities of such series or all Securities, as the case may be, or would be in

violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met, and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Securityholders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Each and every holder of Securities and Coupons, by receiving and holding the same, agrees with the Issuer and the Trustee that neither the Issuer nor the Trustee nor any agent of the Issuer or the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the holders of Securities in accordance with the provisions of subsection (b) of this Section, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under such subsection (b).

SECTION 4.3. Reports by the Issuer. The Issuer covenants:

(a) to file with the Trustee, within 15 days after the Issuer is required to file the same with the Commission, copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Issuer may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, or if the Issuer in not required to file information, documents, or reports pursuant to either of such Sections, then to file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents, and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934, in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(b) to file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents, and reports with respect to compliance by the Issuer with the conditions and covenants provided for in this Indenture as may be required from time to time by such rules and regulations; and

(c) to transmit by mail to the Holders of Securities, on the list preserved by the Trustee under Section 4.2(a) within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Issuer pursuant to subsections (a) and (b) of this Section as may be required to be transmitted to such Holders by rules and regulations prescribed from time to time by the Commission.

SECTION 4.4. Reports by the Trustee. (a) The Trustee shall transmit to Holders of Securities such reports concerning the Trustee and its actions under this Indenture as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto; provided, however, that any reports required by Section 313(a) of the Trust Indenture Act of 1939 shall be transmitted by mail to Holders within 60 days after December 31 of each year commencing with the year 1993.

(b) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which the Securities of any applicable series are listed, with the Commission and with the Issuer. The Issuer will notify the Trustee when any Securities under the Indenture are listed on any stock exchange.

ARTICLE FIVE

REMEDIES OF THE TRUSTEE AND SECURITYHOLDERS ON EVENT OF DEFAULT

SECTION 5.1. Event of Default Defined; Acceleration of Maturity; Waiver of Default. "Event of Default" with respect to Securities of any series wherever used herein, means each one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of any installment of interest upon any of the Securities of such series as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or

(b) default in the payment of all or any part of the principal on any of the Securities of such series as and when the same shall become due and payable either at maturity, upon redemption, by declaration or otherwise; or

(c) default in the payment of any sinking fund installment as and when the same shall become due and payable by the terms of a Security of such series; or

(d) default in the performance, or breach, of any covenant or warranty of the Issuer in respect of the Securities of such series (other than a covenant or warranty in respect of the Securities of such series a default in whose performance or whose breach is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of such series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(e) a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Issuer in an involuntary case under any applicable Federal or State bankruptcy, insolvency or other similar law now or hereafter in effect, and such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; or

(f) the Issuer shall commence a voluntary case under any applicable Federal or State bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under such law.

If an Event of Default described in clause (e) or (f) above occurs and is continuing, then and in each and every such case, unless the principal of all the Securities shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of all the Securities then Outstanding hereunder (treated as one class), by notice in writing to the Issuer (and to the Trustee if given by Securityholders), may declare the entire principal (or, if any Securities are Original Issue Discount Securities, such portion of the principal as may be specified in the terms thereof) of all the Securities then outstanding and interest accrued thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable.

The foregoing provisions, however, are subject to the condition that if, at any time after the principal (or, if the Securities are Original Issue Discount Securities, such portion of the principal as may be specified in the terms thereof) of the Securities of any series (or of all the Securities affected, or of all the Securities, as the case may be) shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Issuer shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all the Securities of such series (or of all the Securities affected, or of all the Securities, as the case may be) and the principal of any and all Securities of such series (or of all the Securities affected, or of all the Securities, as the case may be) which shall have become due otherwise than by acceleration (with interest upon such principal and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest, at the same rate as the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) specified in the Securities of such series (or at the respective rates of interest or Yields to Maturity of all the Securities affected or all the Securities, as the case may be) to the date of such payment or deposit) and such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of negligence or bad faith, and if any and all Events of Default under the Indenture, other than the non-payment of the principal of Securities which shall have become due by acceleration, shall have been cured, waived or otherwise remedied as provided herein--then and in every such case the holders of a majority in aggregate principal amount of the Securities of such series (or of all the Securities affected, or of all the Securities, as the case may be) then outstanding, by written notice to the Issuer and to the Trustee, may waive all defaults with respect to such series (or of all the Securities affected, or with respect to all Securities, as the case may be--in such case, treated as a single class) and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

For all purposes under this Indenture, if a portion of the principal of any Original Issue Discount Securities shall have been accelerated and declared due and payable pursuant to the provisions hereof, then, from and after such declaration, unless such declaration has been rescinded and annulled, the principal amount of such Original Issue Discount Securities shall be deemed, for all purposes hereunder, to be such portion of the principal thereof as shall be due and payable as a result of such acceleration, and payment of such portion of the principal thereof as shall be due and payable as a result of such acceleration, together with interest, if any, thereon and all other amounts owing thereunder, shall constitute payment in full of such Original Issue Discount Securities.

SECTION 5.2. Collection of Indebtedness by Trustee; Trustee May Prove Debt. The Issuer covenants that (a) in case default shall be made in the payment of any installment of interest on any of the Securities of any series or Coupons appertaining thereto when such interest shall have become due and payable, and such default shall have continued for a period of 30 days or (b) in case default shall be made in the payment of all or any part of the principal of any of the securities of any series when the same shall have become due and payable, whether upon maturity of the Securities of such series or upon any redemption or by declaration or otherwise--then upon demand of the Trustee, the Issuer will pay to the Trustee for the benefit of the Holders of the Securities of such series the whole amount that then shall have become due and payable on all Securities of such series and such Coupons, if any, for principal or interest, as the case may be (with interest to the date of such payment upon the overdue principal and, to the extent that payment of such interest is enforceable under applicable law, on overdue installments of interest at the same rate as the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) specified in the Securities of such series); and in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including reasonable compensation to the Trustee and each predecessor Trustee, their respective agents, attorneys and counsel, and any expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of its negligence or bad faith.

Until such demand is made by the Trustee, the Issuer may pay the principal of and interest on the Securities of any series to the holders, whether or not the principal of and interest, if any, on the Securities of such series be overdue.

In case the Issuer shall fail forthwith to pay such amounts upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Issuer or other obligor upon such Securities and collect in the manner provided by law out of the property of the Issuer or other obligor upon such Securities, wherever situated, the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings relative to the Issuer or any other obligor upon the Securities of any series or Coupons appertaining to such Securities under Title 11 of the United States Code or any other applicable Federal or state bankruptcy, insolvency or other similar law, or in case a receiver, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator or similar official shall have been appointed for or taken possession of the Issuer or its property or such other obligor, or in case of any other comparable judicial

proceedings relative to the Issuer or other obligor upon the Securities of any series, or to the creditors or property of the Issuer or such other obligor, the Trustee, irrespective of whether the principal of any Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise:

(a) to file and prove a claim or claims for the whole amount of principal and interest (or, if the Securities of any series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of such series) owing and unpaid in respect of the Securities of any series, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee and each predecessor Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee, except as a result of negligence or bad faith) and of the Securityholders allowed in any judicial proceedings relative to the Issuer or other obligor upon the Securities of any series, or to the creditors or property of the Issuer or such other obligor,

(b) unless prohibited by applicable law and regulations, to vote on behalf of the holders of the Securities of any series in any election of a trustee or a standby trustee in arrangement, reorganization, liquidation or other bankruptcy or insolvency proceedings or person performing similar functions in comparable proceedings, and

(c) to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Securityholders and of the Trustee on their behalf; and any trustee, receiver, or liquidator, custodian or other similar official is hereby authorized by each of the Securityholders to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the Securityholders, to pay to the Trustee such amounts as shall be sufficient to cover reasonable compensation to the Trustee, each predecessor Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith, and all other amounts due the Trustee and each predecessor Trustee pursuant to Section 6.6.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Securityholder any plan of reorganization, arrangement, adjustment or composition affecting the Securities of any series or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Securityholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar person.

All rights of action and of asserting claims under this Indenture, or under any of the Securities or Coupons appertaining to such Securities, may be enforced by the Trustee without the possession of any of the Securities or Coupons appertaining to such Securities or the

production thereof on any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustees shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of the Trustee, each predecessor Trustee and their respective agents and attorneys, shall be for the ratable benefit of the holders of the Securities or Coupons appertaining to such securities in respect of which such action was taken.

In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Securities or Coupons appertaining to such Securities in respect of which such action was taken, and it shall not be necessary to make any holders of such Securities or Coupons appertaining to such Securities parties to any such proceedings.

SECTION 5.3. Application of Proceeds. Any moneys collected by the Trustee pursuant to this Article in respect of any series shall, subject to Article Ten, be applied in the following order at the date or dates fixed by the Trustee and, in case of the distribution of such moneys on account of principal or interest, upon presentation of the several Securities or Coupons appertaining to such Securities in respect of which moneys have been collected and stamping (or otherwise noting) thereon the payment, or issuing Securities of such series in reduced principal amounts in exchange for the presented Securities of such series if only partially paid, or upon surrender thereof if fully paid:

FIRST: To the payment of costs and expenses applicable to such series in respect of which moneys have been collected, including reasonable compensation to the Trustee and each predecessor Trustee and their respective agents and attorneys and of all expenses and liabilities incurred, and all advances made, by the Trustee and each predecessor Trustee except as a result of negligence or bad faith, and all other amounts due to the Trustee or any predecessor Trustee pursuant to Section 6.6;

SECOND: In case the principal of the Securities in respect of which moneys have been collected shall not have become and be then due and payable, to the payment of interest on the Securities of such series in default in the order of the maturity of the installments of such interest, with interest (to the extent that such interest has been collected by the Trustee) upon the overdue installments of interest at the same rate as the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) specified in such Securities, such payments to be made ratably to the persons entitled thereto, without discrimination or preference;

THIRD: In case the principal of the Securities in respect of which moneys have been collected shall have become and shall be then due and payable, to the payment of the whole amount then owing and unpaid upon all the Securities of such series for principal and interest, with interest upon the overdue principal, and (to the extent that such interest has been collected by the Trustee) upon overdue installments of interest at the same rate as the rate of interest or Yield to Maturity (in the case of Original Issue Discount Securities) specified in the Securities of such series; and in case such moneys shall be insufficient to pay in full the whole amount so due and unpaid upon the

Securities of such series, then to the payment of such principal and interest, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Security of such series over any other Security of such series, ratably to the aggregate of such principal and accrued and unpaid interest; and

FOURTH: To the payment of the remainder, if any, to the Issuer or any other person lawfully entitled thereto.

SECTION 5.4. Suits for Enforcement. In case an Event of Default has occurred, has not been waived and is continuing, the Trustee may in its discretion proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law.

SECTION 5.5. Restoration of Rights on Abandonment of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer and the Trustee shall be restored respectively to their former positions and rights hereunder, and all rights, remedies and powers of the Issuer, the Trustee and the Securityholders shall continue as though no such proceedings had been taken.

SECTION 5.6. Limitations on Suits by Securityholders. No holder of any Security of any series or of any Coupon appertaining thereto shall have any right by virtue or by availing of any provision of this Indenture to institute any action or proceeding at law or in equity or in bankruptcy or otherwise upon or under or with respect to this Indenture, or for the appointment of a trustee, receiver, liquidator, custodian or other similar official or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of default and of the continuance thereof, as hereinbefore provided, and unless also the Holders of not less than 25% in aggregate principal amount of the Securities of such series then Outstanding shall have made written request upon the Trustee to institute such action or proceedings in its own name as trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 5.9; it being understood and intended, and being expressly covenanted by the taker and Holder of every Security or Coupon with every other taker and Holder and the Trustee, that no one or more Holders of Securities of any series or Coupons appertaining to such Securities shall have any right in any manner whatever by virtue or by availing of any provision of this Indenture to affect, disturb or prejudice the rights of any other Holder of Securities or Coupons of that or any other series or Coupons appertaining to such Securities, or to obtain or seek to obtain priority over or preference to any other such Holder or to enforce any right under this Indenture, except in the manner herein

provided and for the equal, ratable and common benefit of all Holders of Securities or Coupons of the applicable series or Coupons appertaining to such Securities. For the protection and enforcement of the provisions of this Section, each and every Securityholder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

SECTION 5.7. Unconditional Right of Securityholders to Institute Certain Suits. Notwithstanding any other provision in this Indenture and any provision of any Security or Coupon, but subject to Article Ten, the right of any Holder of any Security or Coupon to receive payment of the principal of and interest on such Security or Coupon on or after the respective due dates expressed in such Security or Coupon, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 5.8. Powers and Remedies Cumulative; Delay or Omission Not Waiver of Default. Except as provided in Section 5.6, no right or remedy herein conferred upon or reserved to the Trustee or to the holder of Securities or coupons is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No delay or omission of the Trustee or of any holder of Securities or Coupons to exercise any right or power accruing upon any Event of Default occurring and continuing as aforesaid shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein; and subject to Section 5.6, every power and remedy given by this Indenture or by law to the Trustee or to the holder of Securities or Coupons may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by the holder of Securities or Coupons.

SECTION 5.9. Control by Securityholders. The Holders of a majority in aggregate principal amount of the Securities of each series affected (with each series voting as a separate class) at the time Outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Securities of such series by this Indenture; provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture and provided further that (subject to the provisions of Section 6.1) the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by counsel, shall determine that the action or proceeding so directed may not lawfully be taken or if the Trustee in good faith by its board of directors, the executive committee, or a trust committee of directors or Responsible Officer or Officers of the Trustee shall determine that the action or proceedings so directed would involve the Trustee in personal liability or if the Trustee in good faith shall so determine that the actions or forbearances specified in or pursuant to such direction would be unduly prejudicial to the interests of Holders of Securities of all series so affected not joining in the giving of said direction, it being understood that (subject to Section 6.1) the Trustee shall have no duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders.

Nothing in this Indenture shall impair the right of the Trustee in its discretion to take any action deemed proper by the Trustee and which is not inconsistent with such direction or directions by Securityholders.

SECTION 5.10. Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the securities of any series as provided in Section 5.1, the Holders of securities of a majority in principal amount of the Securities then outstanding (voting as one class) may waive any such default or Event of Default, and its consequences except a default in respect of a covenant or provision hereof which cannot be modified or amended without the consent of the Holder of each Security affected. In the case of any such waiver, the Issuer, the Trustee and the Holder of Securities of such series shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Upon any such waiver, such default shall cease to exist and be deemed to have been cured and not to have occurred, and any Event of Default arising therefrom shall be deemed to have been cured, and not to have occurred for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

SECTION 5.11. Trustee to Give Notice of Default, But May Withhold in Certain Circumstances. The Trustee shall, within 90 days after the occurrence of a default with respect to the Securities of any series known to the Trustee, provide notice to the Holders of Securities of such series and Coupons appertaining thereto, if any, (i) if any Unregistered Securities of that series are then Outstanding, to the Holders thereof, by publication at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York and at least once in an Authorized Newspaper in London (and, if required by Section 3.6, at least once in an Authorized Newspaper in Luxembourg), (ii) if any Unregistered Securities of that series are then outstanding, to all Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 313(c)(2) of the Trust Indenture Act of 1939, by mailing such notice to such Holders at such addresses and (iii) to all Holders of then Outstanding Registered Securities of that series, by mailing such notice to such Holders at their addresses as they shall appear in the registry books, unless such defaults have been cured before the giving of such notice (the term "default" or "defaults" for the purposes of this Section being hereby defined to mean any event or condition which is, or with notice or lapse of time or both would become, an Event of Default); provided that, except in the case of default in the payment of the principal of or interest on any of the Securities of such series or the payment of any sinking fund installment, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors or Responsible Officer or Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Securityholders of such series.

SECTION 5.12. Right of Court to Require Filing of Undertaking to Pay Costs. All parties to this Indenture agree, and each Holder of any Security or Coupon by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such

suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Securityholder or group of Securityholders of any series holding in the aggregate more than 10% in aggregate principal amount of the Securities of such series (or, in the case of any suit relating to or arising under clause (d) (if the suit under clause (d) relates to all the Securities then Outstanding), (e) or (f) of Section 5.1, 10% in aggregate principal amount of all Securities) Outstanding, or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of or interest on any Security or Coupon on or after the due date expressed in such Security or Coupon.

ARTICLE SIX

CONCERNING THE TRUSTEE

SECTION 6.1. Duties and Responsibilities of the Trustee; During Default; Prior to Default. With respect to the Holders of any series of Securities issued hereunder, the Trustee, prior to the occurrence of an Event of Default with respect to the Securities of a particular series and after the curing or waiving of all Events of Default which may have occurred with respect to such series, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default with respect to the securities of a series has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that

(a) prior to the occurrence of an Event of Default with respect to the Securities of any series and after the curing or waiving of all such Events of Default with respect to such series which may have occurred:

(i) the duties and obligations of the Trustee with respect to the Securities of any series shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any statements, certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such statements, certificates or opinions which by any provision

hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture;

(b) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

(c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders pursuant to Section 5.9 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there shall be reasonable ground for believing that the repayment of such funds or adequate indemnity against such liability is not reasonably assured to it.

SECTION 6.2. Certain Rights of the Trustee. Subject to Section 6.1:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, Officers' Certificate or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, note, Coupon, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, order or demand of the Issuer mentioned herein shall be sufficiently evidenced by an Officers' Certificate (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors may be evidenced to the Trustee by a copy thereof certified by the secretary or an assistant secretary of the Issuer;

(c) the Trustee may consult with counsel and any advice or opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted to be taken by it hereunder in good faith and in accordance with such advice or Opinion of Counsel;

(d) the Trustee shall be under no obligation to exercise any of the trusts or powers vested in it by this Indenture at the request, order or direction of any of the Securityholders pursuant to the provisions of this Indenture, unless such Securityholders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby;

(e) the Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion, rights or powers conferred upon it by this Indenture;

(f) prior to the occurrence of an Event of Default hereunder and after the curing or waiving of all Events of Default, the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, bond, debenture, note, Coupon, security, or other paper or document unless requested in writing so to do by the holders of not less than a majority in aggregate principal amount of the Securities of all series affected then Outstanding; provided that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to proceeding; the reasonable expenses of every such investigation shall be paid by the Issuer or, if paid by the Trustee or any predecessor trustee, shall be repaid by the Issuer upon demand;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys not regularly in its employ and the Trustee shall not be responsible for any misconduct or negligence on the part of any such agent or attorney appointed with due care by it hereunder; and

(h) the Trustee shall not be liable for any action taken or omitted to be taken by any transfer agent or paying agent unless such action taken or omitted was so taken or omitted at the direction of the Trustee.

SECTION 6.3. Trustee Not Responsible for Recitals, Disposition of Securities or Application of Proceeds Thereof. The recitals contained herein and in the Securities or Coupons, except the Trustee's certificates of authentication, shall be taken as the statements of the Issuer, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representation as to the validity or sufficiency of this Indenture or of the Securities or Coupons. The Trustee shall not be accountable for the use or application by the Issuer of any of the Securities or of the proceeds thereof.

SECTION 6.4. Trustee and Agents May Hold Securities or Coupons; Collections, etc. The Trustee or any agent of the Issuer or the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities or Coupons with the same rights it would have if it were not the Trustee or such agent and, subject to Sections 6.8 and 6.13, if operative, may otherwise deal with the Issuer and receive, collect, hold and retain collections from the Issuer with the same rights it would have if it were not the Trustee or such agent.

SECTION 6.5. Moneys Held by Trustee. Subject to the provisions of Section 11.4 hereof, all moneys received by the Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by mandatory provisions of law. Neither the Trustee nor any agent of the Issuer or the Trustee shall be under any liability for interest on any moneys received by it hereunder except such as it may agree with the Issuer to pay thereon.

SECTION 6.6. Compensation and Indemnification of Trustee and Its Prior Claim. The Issuer covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) and the Issuer covenants and agrees to pay or reimburse the Trustee and each predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by or on behalf of it in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all agents and other persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Issuer also covenants to indemnify the Trustee and each predecessor Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this Indenture or the trusts hereunder and its duties hereunder, including the costs and expenses of defending itself against or investigating any claim of liability in the premises. The obligations of the Issuer under this Section to compensate and indemnify the Trustee and each predecessor Trustee and to pay or reimburse the Trustee and each predecessor Trustee for expenses, disbursements and advances shall constitute additional indebtedness hereunder and shall survive the satisfaction and discharge of this Indenture. Such additional indebtedness shall have a claim prior to that of the Securities or Coupons upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the holders of particular Securities or Coupons. Payments to the Trustee pursuant to this Section 6.6 shall not be subject to the provisions of Article Ten.

SECTION 6.7. Right of Trustee to Rely on Officers' Certificate, etc. Subject to Sections 6.1 and 6.2, whenever in the administration of the trusts of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee, and such Certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof.

SECTION 6.8. Disqualification of Trustee; Conflicting Interests. If the Trustee has or shall acquire a conflicting interest within the meaning of Section 310(b) of the Trust Indenture Act of 1939, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture. To the extent permitted by such Act, the Trustee shall not be deemed to have a conflicting interest by virtue of being a trustee under the Indentures dated as of February 28, 1985, November 19, 1985, and December 1, 1986, each as amended, and each between the Issuer and the Trustee.

SECTION 6.9. Persons Eligible for Appointment as Trustee. There shall at all times be a Trustee hereunder which shall be a Person that is eligible pursuant to the Trust Indenture Act of 1939 to act as such and has combined capital and surplus of at least $85,000,000. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of a supervising or examining authority, then for the purposes of this Section,

the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 6.10. Resignation and Removal; Appointment of Successor Trustee. (a) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign with respect to one or more or all series of Securities by giving written notice of resignation to the Issuer and (i) if any Unregistered Securities of a series affected are then outstanding, by giving notice of such resignation to the Holders thereof, by publication at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York, and at least once in an Authorized Newspaper in London (and, if required by Section 3.6, at least once in an Authorized Newspaper in Luxembourg), (ii) if any Unregistered Securities of a series affected are then Outstanding, by mailing notice of such resignation to the Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii) at such addresses as were so furnished to the Trustee, (iii) if any Registered Securities of a series affected are then Outstanding, by mailing notice thereof by first class mail to holders of the applicable series of Securities at their last addresses as they shall appear on the Security register. Upon receiving such notice of resignation, the Issuer shall promptly appoint a successor trustee or trustees with respect to the applicable series by written instrument in duplicate, executed by authority of the Board of Directors, one copy of which instrument shall be delivered to the resigning Trustee and one copy to the successor trustee or trustees. If no successor trustee shall have been so appointed with respect to any series and have accepted appointment within 60 days after the mailing of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Securityholder who has been a bona fide holder of a Security or Securities of the applicable series for at least six months may, subject to the provisions of Section 5.12, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time any of the following shall occur:

(i) the Trustee shall fail to comply with the provisions of Section 6.8 with respect to any series of Securities after written request therefor by the Issuer or by any Securityholder who has been a bona fide holder of a security or Securities of such series for at least six months; or

(ii) the Trustee shall cease to be eligible in accordance with the provisions of Section 6.9 and shall fail to resign after written request therefor by the Issuer or by any Securityholder; or

(iii) the Trustee shall become incapable of acting with respect to any series of securities, or shall be adjudged a bankrupt or insolvent, or a receiver or liquidator of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, the Issuer may remove the Trustee with respect to the applicable series of Securities and appoint a successor trustee for such series by written instrument, in duplicate, executed by order of the Board of Directors of the Issuer, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 5.12, any Securityholder who has been a bona fide holder of a Security or Securities of such series for at least six months may on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor trustee with respect to such series. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Securities of each series at the time outstanding may at any time remove the Trustee with respect to Securities of such series and appoint a successor trustee with respect to the Securities of such series by delivering to the Trustee so removed, to the successor trustee so appointed and to the Issuer the evidence provided for in Section 7.1 of the action in that regard taken by the Securityholders.

(d) Any resignation or removal of the Trustee with respect to any series and any appointment of a successor trustee with respect to such series pursuant to any of the provisions of this Section 6.10 shall become effective upon acceptance of appointment by the successor trustee as provided in section 6.11.

SECTION 6.11. Acceptance of Appointment by Successor Trustee. Any successor trustee appointed as provided in section 6.10 all execute and deliver to the Issuer and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee with respect to all or any applicable series shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all rights, powers, duties and obligations with respect to such series of its predecessor hereunder, with like effect as if originally named as trustee for such series hereunder; but, nevertheless, on the written request of the Issuer or of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall, subject to Section 11.4, pay over to the successor trustee all moneys at the time held by it hereunder and shall execute and deliver an instrument transferring to such successor trustee all such rights, powers, duties and obligations. Upon request of any such successor trustee, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a prior claim upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 6.6.

If a successor trustee is appointed with respect to the Securities of one or more (but not all) series, the Issuer, the predecessor Trustee and each successor trustee with respect to the Securities of any applicable series shall execute and deliver an indenture supplemental hereto which shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor Trustee with respect to the Securities of any series as to which the predecessor Trustee is not retiring shall continue to be vested in the predecessor Trustee, and shall add to or change any of the provisions of this Indenture as shall be

necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such trustees co-trustees of the same trust and that each such trustee shall be trustee of a trust or trusts under separate indentures.

No successor trustee with respect to any series of Securities shall accept appointment as provided in this Section 6.11 unless at the time of such acceptance such successor trustee shall be qualified under the provisions of Section 6.8 and eligible under the provisions of Section 6.9.

Upon acceptance of appointment by any successor trustee as provided in this Section, the Issuer shall give notice thereof (a) if any Unregistered Securities of a series affected are then Outstanding, to the Holders thereof, by publication of such notice at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York and at least once in an Authorized Newspaper in London (and, if required by Section 3.6, at least once in an Authorized Newspaper in Luxembourg), (b) if any Unregistered Securities of a series affected are then Outstanding, to the Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii), by mailing such notice to such Holders at such addresses as were so furnished to the Trustee (and the Trustee shall make such information available to the Issuer for such purpose) and (c) if any Registered Securities of a series affected are then outstanding, to the Holders of Registered Securities of each series affected, by first-class mail to such Holders of Securities of any series for which such successor trustee is acting as trustee at their last addresses as they shall appear in the Security Register. If the acceptance of appointment is substantially contemporaneous with the resignation, then the notice called for by the preceding sentence may be combined with the notice called for by Section 6.10. If the Issuer fails to mail such notice within ten days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be mailed at the expense of the Issuer.

SECTION 6.12. Merger, Conversion, Consolidation or Succession to Business of Trustee. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided that such corporation shall be qualified under the provisions of Section 6.8 and eligible under the provisions of Section 6.9, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

In case at the time such successor to the Trustee shall succeed to the trusts created by this Indenture any of the Securities of any series shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor Trustee and deliver such Securities so authenticated; and, in case at that time any of the Securities of any series shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of any predecessor hereunder or in the name of the successor Trustee; and in all such cases such certificate shall have the full force which it is anywhere in the Securities of such series or in this Indenture provided that the certificate of the Trustee shall have; provided, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities of any series in the name of any

predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

SECTION 6.13. Preferential Collection of Claims Against the Issuer. The Trustee shall comply with Section 311(a) of the Trust Indenture Act of 1939.

For Purposes of Section 311(b)(4) and Section 311(b)(6) of such Act, the following terms shall have the following meanings:

"cash transaction" means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers acceptances and payable upon demand.

"self-liquidating paper" means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Issuer for the purpose of financing the purchase, processing, manufacture, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship with the Issuer arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

ARTICLE SEVEN

CONCERNING THE SECURITYHOLDERS

SECTION 7.1. Evidence of Action Taken by Securityholders. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by a specified percentage in principal amount of the Securityholders of any or all series may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such specified percentage of Securityholders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee. Proof of execution of any instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Sections 6.1 and 6.2) conclusive in favor of the Trustee and the Issuer, if made in the manner provided in this Article.

SECTION 7.2. Proof of Execution of Instruments and of Holding of Securities. Subject to Sections 6.1 and 6.2, the fact and date of the execution of any instrument by a Securityholder or his agent or proxy and the amount and numbers of Securities of any series held by the person so executing any instrument by a Securityholder or his agent or proxy and the amount and numbers of any Security or Securities for such series may also be proven in accordance with such reasonable rules and regulations as may be prescribed by the Trustee for such series or in any other manner which the Trustee for such series may deem sufficient.

SECTION 7.3. Holders to be Treated as Owners. The Issuer, the Trustee and any agent of the Issuer or the Trustee may deem and treat the person in whose name any Security shall be registered upon the Security Register for such series as the absolute owner of such Security (whether or not such Security shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the principal of and, subject to the provisions of this Indenture, interest on such Security and for all other purposes; and neither the Issuer nor the Trustee nor any agent of the Issuer or the Trustee shall be affected by any notice to the contrary. The Issuer, the Trustee and any agent of the Issuer or the Trustee may treat the Holder of any Unregistered Security and the Holder of any Coupon as the absolute owner of such Unregistered Security or Coupon (whether or not such Unregistered Security or Coupon shall be overdue) for the purpose of receiving payment thereof or on account thereof and for all other purposes and neither the Issuer, the Trustee, nor any agent of the Issuer or the Trustee shall be affected by any notice to the contrary. All such payments so made to any such person, or upon his order, shall be valid and, to the extent of the sum or sums so paid, effectual to satisfy and discharge the liability for moneys payable upon any such Security or Coupon.

SECTION 7.4. Securities Owned by Issuer Deemed Not Outstanding. In determining whether the Holders of the requisite aggregate principal amount of Outstanding Securities of any or all series have concurred in any direction, consent or waiver under this Indenture, Securities which are owned by the Issuer or any other obligor on the Securities with respect to which such determination is being made or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or any other obligor on the Securities with respect to which such determination is being made shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver only Securities which the Trustee knows are so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Issuer or any other obligor upon the Securities or any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or any other obligor on the Securities. In case of a dispute as to such right, the advice of counsel shall be full protection in respect of any decision made by the Trustee in accordance with such advice. Upon request of the Trustee, the Issuer shall furnish to the Trustee promptly an Officers' Certificate listing and identifying all Securities, if any, known by the Issuer to be owned or held by or for the account of any of the above-described persons; and, subject to Sections 6.1 and 6.2, the Trustee shall be entitled to accept such Officers' Certificate as conclusive evidence of the facts therein set forth and of the fact that all Securities not listed therein are Outstanding for the purpose of any such determination.

SECTION 7.5. Right of Revocation of Action Taken. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 7.1, of the taking of any action by the Holders of the percentage in aggregate principal amount of the outstanding Securities of any or all series, as the case may be, specified in this Indenture in connection with such action, any Holder of a Security the serial number of which is shown by the evidence to be included among the serial numbers of the Securities the Holders of which have consented to such action may, by

filing written notice at the Corporate Trust Office and upon proof of holding as provided in this Article, revoke such action so far as concerns such Security. Except as aforesaid any such action taken by the Holder of any Security shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Security and of any Securities issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon any such Security. Any action taken by the Holders of the percentage in aggregate principal amount of the Securities of any or all series, as the case may be, specified in this Indenture in connection with such action shall be conclusively binding upon the Issuer, the Trustee and the Holders of all the Securities affected by such action.

ARTICLE EIGHT

SUPPLEMENTAL INDENTURES

SECTION 8.1. Supplemental Indentures Without Consent of Securityholders. The Issuer, when authorized by a resolution of its Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act of 1939 as in force at the date of the execution thereof) for one or more of the following purposes:

(a) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Securities of one or more series any property or assets;

(b) to evidence the succession of another corporation to the Issuer, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Issuer pursuant to Article Nine;

(c) to add to the covenants of the Issuer such further covenants, restrictions, conditions or provisions as its Board of Directors and the Trustee shall consider to be for the protection of the Holders of Securities or Coupons, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, that in respect of any such additional covenant, restriction, condition or provision such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such an Event of Default or may limit the remedies available to the Trustee upon such an Event of Default or may limit the right of the Holders of a majority in aggregate principal amount of the Securities of affected series to waive such an Event of Default;

(d) to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture; or to make such other provisions in regard to matters or questions arising under this Indenture or under any

supplemental indenture as the Board of Directors may deem necessary or desirable and which shall not materially adversely affect the interests of the Holders of the Securities;

(e) to establish the form or terms of Securities of any series or of the Coupons appertaining to such Securities as permitted by Sections 2.1 and 2.3;

(f) to evidence and provide for the acceptance of appointment hereunder by a successor trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Section 6.11; and

(g) to add to, change or eliminate any of the provisions of this Indenture; provided, that any such addition, change or elimination (i) shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision or (ii) shall not apply to any Security then Outstanding.

The Trustee is hereby authorized to join with the Issuer in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Any supplemental indenture authorized by the provisions of this Section may be executed without the consent of the Holders of any of the Securities at the time outstanding, notwithstanding any of the provisions of Section 8.2.

SECTION 8.2. Supplemental Indentures With Consent of Securityholders. With the consent (evidenced as provided in Article Seven) of the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding of all series affected by such supplemental indenture (voting as one class), the Issuer, when authorized by a resolution of its Board of Directors, and the Trustee may, from time to time and at any time, enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act of 1939 as in force at the date of execution thereof) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of the Securities of each such series or the Coupons appertaining to such Securities; provided, that no such supplemental indenture shall (a) extend the final maturity of any Security, or reduce the principal amount thereof or the method in which amounts of payments of principal or interest thereon are determined, or reduce the rate or extend the time of payment of interest thereon, or change the coin or currency or units based on or related to currencies (including ECU) of payment thereof, or the method in which amounts of payments of principal or interest thereon are determined, or reduce any amount payable on redemption thereof or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity thereof pursuant to Section 5.1 or the amount thereof provable in

bankruptcy pursuant to Section 5.2, or impair or affect the right of any Securityholder to institute suit for the payment thereof or, if the Securities provide therefor, any right of repayment at the option of the Securityholder without the consent of the Holder of each Security so affected, or (b) reduce the aforesaid percentage of Securities of any series, the consent of the Holders of which is required for any such supplemental indenture, without the consent of the Holders of each Security so affected. A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision shall be deemed not to affect the rights under this Indenture of the Holders of any other series.

Upon the request of the Issuer, accompanied by a copy of a resolution of the Board of Directors certified by the secretary or an assistant secretary of the Issuer authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of Securityholders as aforesaid and other documents, if any, required by Section 7.1, the Trustee shall join with the Issuer in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such supplemental indenture.

It shall not be necessary for the consent of the Securityholders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Issuer and the Trustee of any supplemental indenture pursuant to the provisions of this Section, the Issuer shall mail a notice thereof (i) by first-class mail to the Holders of then outstanding Registered Securities of each series affected thereby at their addresses as they shall appear on the registry books of the Issuer, (ii) if any Unregistered Securities of a series affected thereby are then Outstanding, to the Holders thereof who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii), by mailing a notice thereof by first-class mail to such Holders at such addresses as were so furnished to the Trustee and (iii) if any Unregistered Securities of a series affected thereby are then Outstanding, to all Holders thereof, by publication of a notice thereof at least once in an Authorized Newspaper in the Borough of Manhattan, The City of New York and at least once in an Authorized Newspaper in London (and, if required by Section 3.6, at least once in an Authorized Newspaper in Luxembourg), and in each case such notice shall set forth in general terms the substance of such supplemental indenture. Any failure of the Issuer to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 8.3. Effect of Supplemental Indenture. Upon the execution of any supplemental indenture pursuant to the provisions hereof, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Issuer and the Holders of Securities of each series affected thereby shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the

terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 8.4. Documents to Be Given to Trustee. The Trustee, subject to the provisions of Sections 6.1 and 6.2, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any supplemental indenture executed pursuant to this Article 8 complies with the applicable provisions of this Indenture.

SECTION 8.5. Notation on Securities in Respect of Supplemental Indentures. Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article may bear a notation in form approved by the Trustee for such series as to any matter provided for by such supplemental indenture or as to any action taken at any such meeting. If the Issuer or the Trustee shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any modification of this Indenture contained in any such supplemental indenture may be prepared by the Issuer, authenticated by the Trustee and delivered in exchange for the Securities of such series then outstanding.

SECTION 8.6. Waiver of Compliance by Securityholders. Anything in this Indenture to the contrary notwithstanding, any of the acts which the Issuer is required to do or is prohibited from doing by any of the provisions of this Indenture may, to the extent that such provisions might be changed or eliminated by a supplemental indenture pursuant to Section 8.2 upon consent of holders of a majority in aggregate principal amount of the securities or any series thereof at the time outstanding, be omitted or done by the Issuer, if there is obtained the prior written consent thereto (evidenced as provided in Article Seven), or the prior written waiver of compliance with any such provision or provisions, by the holders of at least a majority of the aggregate principal amount of the Securities or such series thereof at the time outstanding. The Issuer agrees promptly to file with the Trustee a duplicate original of each such consent or waiver.

SECTION 8.7. Fixing of Record Dates. The Issuer may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to take any action under this Indenture by vote or consent. Except as provided herein, such record date shall be the later of (i) 30 days prior to the first solicitation of such consent or vote or (ii) the date of the most recent list of Securityholders furnished to the Trustee pursuant to Section 4.1 prior to such solicitation. If a record date is fixed, those Persons who were Securityholders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to take such action by vote or consent or to revoke any vote or consent previously given, whether or not such Persons continue to be Holders after such record date; provided, however, that unless such vote or consent is obtained from the Holders (or their duly designated proxies) of the requisite principal amount of Securities Outstanding prior to the date which is the 120th day after such record date, any such vote or consent previously given shall automatically and without further action by any Holder be canceled and of no further effect.

ARTICLE NINE

CONSOLIDATION, MERGER, SALE OR CONVEYANCE

SECTION 9.1. Issuer May Consolidate, etc., on Certain Terms. The Issuer covenants that it will not merge or consolidate with any other corporation or sell or convey all or substantially all of its assets to any Person, unless (i) either the Issuer shall be the continuing corporation, or the successor corporation (if other than the Issuer) shall be a corporation organized under the laws of the United States of America or any State thereof and shall expressly assume the due and punctual payment of the principal of and interest on all the Securities and Coupons, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed or observed by the Issuer, by supplemental indenture satisfactory to the Trustee, executed and delivered to the Trustee by such corporation, and (ii) the Issuer or such successor corporation, as the case may be, shall not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance of any such covenant or condition.

SECTION 9.2. Successor Corporation to be Substituted. In case of any such consolidation, merger, sale or conveyance, other than a conveyance by way of lease, and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for the Issuer, with the same effect as if it had been named herein as the Issuer, and the Issuer shall thereupon be released from all obligations hereunder and under the Securities together with any Coupons appertaining thereto and the Issuer as the predecessor corporation may thereupon or at any time thereafter be dissolved, wound up or liquidated. Such successor corporation thereupon may cause to be signed, and may issue either in its own name or in the name of J. P. Morgan & Co. Incorporated any or all of the Securities issuable hereunder together with any Coupons appertaining thereto which theretofore shall not have been signed by the Issuer and delivered to the Trustee; and, upon the order of such successor corporation instead of the Issuer and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities together with any Coupons appertaining thereto which previously shall have been signed and delivered by the officers of the Issuer to the Trustee for authentication, and any Securities together with any Coupons appertaining thereto which such successor corporation thereafter shall cause to be signed and delivered to the Trustee for that purpose. All of the Securities so issued together with any Coupons appertaining thereto shall in all respects have the same legal rank and benefit under this Indenture as the Securities and Coupons theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities and Coupons had been issued at the date of the execution hereof.

In case of any such consolidation, merger, sale or conveyance such changes in phraseology and form (but not in substance) may be made in the Securities and Coupons thereafter to be issued as may be appropriate.

SECTION 9.3. Opinion of Counsel and Officers' Certificate to Trustee. The Trustee, subject to the provisions of Sections 6.1 and 6.2, may receive an Opinion of Counsel and/or an Officers' Certificate, prepared in accordance with Section 12.5, as conclusive evidence

that any such consolidation, merger, sale or conveyance, and any such assumption complies with the applicable provisions of Article Nine.

ARTICLE TEN

SUBORDINATION OF THE SECURITIES

SECTION 10.1. Agreement that the Securities be Subordinated to the Extent Provided. The Issuer, for itself, its successors and assigns, covenants and agrees, and each holder of a Note and each holder of any Coupon appertaining thereto likewise covenants and agrees by his acceptance thereof, that any payment of principal of and interest on each and all of the Securities is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, to the prior payment in full of all Senior Indebtedness of the Issuer.

SECTION 10.2. Issuer Not to Make Payments with Respect to Securities in Certain Circumstances. No payment of principal of or interest on the Securities shall be made and no holder of the Securities or Coupons shall be entitled to demand or receive any such payment (i) unless all amounts then due for principal of and interest (including interest accruing subsequent to the commencement of any proceeding for the bankruptcy or reorganization of the Issuer under any applicable bankruptcy, insolvency or similar law now or hereafter in effect) on all Senior Indebtedness of the Issuer have been paid in full or duly provided for, or (ii) if, at the time of such payment or immediately after giving effect thereto, there shall exist with respect to any such Senior Indebtedness any event of default permitting the holders thereof to accelerate the maturity thereof or any event which, with notice or lapse of time or both, would become such an event of default.

SECTION 10.3. Securities Subordinated to Prior Payment of All Senior Indebtedness of the Issuer on Dissolution, Liquidation or Reorganization of the Issuer. Upon any distribution of the assets of the Issuer in connection with dissolution, winding up, liquidation or reorganization of the Issuer (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Issuer or otherwise), the holders of Senior Indebtedness of the Issuer shall first be entitled to receive payment in full in accordance with the terms of such Senior Indebtedness of the principal thereof and the interest due thereon (including interest accruing subsequent to the commencement of any proceeding for the bankruptcy or reorganization of the Issuer under any applicable bankruptcy, insolvency or similar law now or hereafter in effect) before the holders of the Securities and Coupons are entitled to receive any payment of the principal of or interest thereon; and, upon any such dissolution, winding up, liquidation or reorganization, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, to which the holders of the Securities or Coupons or the Trustee would be entitled except for the provisions of this Article, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Issuer being subordinated to the payment of the Securities or Coupons, shall be made by the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Senior Indebtedness of the Issuer or their representative or representatives or to the trustee or trustees

under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the principal of and interest (including interest accruing subsequent to the commencement of any proceeding for the bankruptcy or reorganization of the Issuer under any applicable bankruptcy, insolvency, or similar law now or hereafter in effect) on the Senior Indebtedness of the Issuer held or represented by each, to the extent necessary to pay in full all such Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

In the event that, notwithstanding the foregoing, upon any such dissolution, winding up, liquidation or reorganization, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Issuer being subordinated to the payment of the Securities and Coupons, shall be received by the Trustee or the holders of the Securities or the Coupons before all Senior Indebtedness of the Issuer is paid in full, such payment or distribution shall be held in trust for the benefit of and shall be paid over to the holders of such Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably as aforesaid for application to the payment of all Senior Indebtedness of the Issuer remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

Subject to the payment in full of all Senior Indebtedness of the Issuer, the holders of the Securities and Coupons shall be subrogated (equally and ratably with the holders of all Antecedent Subordinated Indebtedness of the Issuer and all indebtedness of the Issuer which by its express terms is subordinated to indebtedness of the Issuer to substantially the same extent as the Securities are subordinated and is entitled to like rights of subrogation) to the rights of the holders of such Senior Indebtedness to receive payments or distributions of assets of the Issuer applicable to such Senior Indebtedness until the Securities and Coupons shall be paid in full and none of the payments or distributions to the holders of such Senior Indebtedness to which the holders of the Securities and Coupons or the Trustee would be entitled except for the provisions of this Article or of payments over, pursuant to the provisions of this Article, to the holders of such Senior Indebtedness by the holders of the Securities and Coupons or the Trustee shall, as between the Issuer, its creditors other than the holders of such Senior Indebtedness and the holders of the Securities and Coupons, be deemed to be a payment by the Issuer to or on account of such Senior Indebtedness; it being understood that the provisions of this Article are and are intended solely for the purpose of defining the relative rights of the holders of the Securities and Coupons, on the one hand, and the holders of the Senior Indebtedness of the Issuer (and, in the case of Section 10.2, the holders of Antecedent Subordinated Indebtedness and holders of other indebtedness of the Issuer which by its terms is subordinated to indebtedness of the Issuer to substantially the same extent as the Securities are subordinated and entitled to like rights of subordination and, in the case of Section 10.12, the holders of Antecedent Subordinated Indebtedness and creditors in respect of Derivative Obligations), on the other hand.

The Issuer shall give prompt written notice to the Trustee of any dissolution, winding up, liquidation or reorganization of the Issuer within the meaning of this Article. The

Trustee shall be entitled to assume that no such event has occurred unless the Issuer or any one or more holders of Senior Indebtedness of the Issuer or any trustee therefor or any creditor in respect of Derivative Obligations has given written notice thereof to the Trustee at its corporate trust office. Upon any distribution of assets of the Issuer referred to in this Article, the Trustee and the holders of the Securities and Coupons shall be entitled to rely upon any order or decree of a court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Indebtedness of the Issuer, the creditors in respect of Derivative Obligations, the amounts thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article, and the Trustee and the holders of the Securities and Coupons shall be entitled to rely upon a certificate of the liquidating trustee or agent or other person making any distribution to the Trustee or to the holders of the Securities and Coupons for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Indebtedness of the Issuer, the creditors in respect of Derivative Obligations, the amounts thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article. In the event that the Trustee determines, in good faith, that further evidence is required with respect to the right of any person, as a holder of Senior Indebtedness of the Issuer or as a creditor in respect of Derivative Obligations, to participate in any payment or distribution pursuant to this Article, the Trustee may request such person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of such Senior Indebtedness or such Derivative Obligations, as applicable, held by such person, as to the extent to which such person is entitled to participation in such payment or distribution, and as to other facts pertinent to the rights of such person under this Article, and if such evidence is not furnished, the Trustee may defer any payment to such person pending judicial determination as to the right of such person to receive such payment.

SECTION 10.4. Obligation of the Issuer Unconditional. Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall impair as between the Issuer and the holders of the Securities and Coupons, the obligation of the Issuer, which is absolute and unconditional (and which, subject to the rights under this Article of the holders of Senior Indebtedness and the rights under Section 10.12 of creditors in respect of Derivative Obligations, is intended to rank pari passu with all other general obligations of the Issuer) to pay to the holders of the Securities or Coupons the principal of and interest (including interest accruing subsequent to the commencement of any proceeding for the bankruptcy or reorganization of the Issuer under any applicable bankruptcy, insolvency or similar law now or hereafter in effect) on the Securities as and when the same shall become due and payable in accordance with the terms thereof, or is intended to or shall affect the relative rights of the holders of the Securities and Coupons and creditors of the Issuer other than the holders of the Senior Indebtedness of the Issuer and creditors in respect of Derivative Obligations of the Issuer, nor shall anything herein or therein prevent the Trustee or the holder of any Security or Coupon from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness of the Issuer, and under Section 10.12 of creditors in respect of Derivative Obligations of the Issuer, in respect of cash, property or securities of the Issuer received upon the exercise of any such remedy.

SECTION 10.5. No Fiduciary Duty to Holders of Senior Indebtedness of the Issuer. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness of the Issuer or creditors in respect of Derivative Obligations of the Issuer, except as provided in Section 10.3 and subsection (d) of Section 10.12.

SECTION 10.6. Notice to Trustee of Facts Prohibiting Payments. Notwithstanding any of the provisions of this Article or any other provision of this Indenture, the Trustee shall not at any time be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to or by the Trustee, unless and until the Trustee shall have received at its corporate trust office written notice thereof from the Issuer or from one or more holders of Senior Indebtedness of the Issuer or from any trustee therefor or from any creditor in respect of Derivative Obligations who shall have been certified by the Issuer or otherwise established to the reasonable satisfaction of the Trustee to be such a holder, trustee or creditor; and, prior to the receipt of any such written notice, the Trustee shall be entitled in all respects to assume that no such facts exist; provided, that, if prior to the fifth business day preceding the date upon which by the terms hereof any such moneys may become payable for any purpose, or in the event of the execution of an instrument pursuant to Section 11.1 acknowledging satisfaction and discharge of this Indenture, then if prior to the second business day preceding the date of such execution the Trustee shall not have received with respect to such moneys the notice provided for in this Section, then, anything herein contained to the contrary notwithstanding, the Trustee may, in its discretion, receive such moneys and apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary which may be received by it on or after such date; provided, however, no such application shall affect the obligations under this Article of the persons receiving such moneys from the Trustee. In any case, the Trustee shall have no responsibility to holders of Senior Indebtedness or creditors in respect of Derivative Obligations for payments made to holders of Securities by the Issuer, the Transfer Agent or any paying agent unless such payments are made at the direction of the Trustee.

SECTION 10.7. Application by Trustee of Moneys Deposited with It. Anything in this Indenture to the contrary notwithstanding, any deposit of moneys by the Issuer with the Trustee, any transfer agent or any paying agent (whether or not in trust) for the payment of the principal of or interest on any Securities shall, except as provided in Section 10.6, be subject to the provisions of Sections 10.1, 10.2, 10.3 and 10.12.

SECTION 10.8. Subordination Rights Not Impaired by Acts or Omissions of the Issuer, Holders of Senior Indebtedness of the Issuer or Creditors in Respect of Derivative Obligations. No right of any present or future holders of any Senior Indebtedness of the Issuer or creditors in respect of Derivative Obligations to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Issuer or by any act or failure to act, in good faith, by any such holder or creditor, or by any noncompliance by the Issuer with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder or creditor may have or be otherwise charged with. The holders of Senior Indebtedness of the Issuer and the creditors in respect of Derivative Obligations may at any time or from time to time and in their absolute discretion, change the manner, place or terms of payment, change or extend the time of payment of, or renew or alter, any such Senior Indebtedness or Derivative Obligations, or amend or supplement

any instrument pursuant to which any such Senior Indebtedness or Derivative Obligations is issued or by which it may be secured, or release any security therefor, or exercise or refrain from exercising any other of their rights under the Senior Indebtedness of the Issuer or Derivative Obligations including, without limitation, the waiver of default thereunder, all without notice to or assent from the holders of the Securities or Coupons or the Trustee and without affecting the obligations of the Issuer, the Trustee or the holders of the Securities or Coupons under this Article.

SECTION 10.9. Authorization of Trustee to Effectuate Subordination of the Securities. Each holder of a Security and each holder of any Coupon appertaining thereto, by his acceptance thereof, authorizes and expressly directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article. If, in the event of any dissolution, winding up, liquidation or reorganization of the Issuer (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise) tending towards liquidation of the business and assets of the Issuer, a proper claim or proof of debt in the form required in such proceeding is not filed by all of the holders of the Securities and Coupons prior to 30 days before the expiration of the time to file such claim or claims, and is not filed by the Trustee pursuant to the authority granted to the Trustee pursuant to the provisions of Section 5.2 prior to 15 days before such expiration, then the holder or holders of Senior Indebtedness of the Issuer and creditors in respect of Derivative Obligations are hereby authorized to, and have the right to, file an appropriate claim for and on behalf of the holders of the Securities and Coupons.

SECTION 10.10. Right of Trustee to Hold Senior Indebtedness or Derivative Obligations of the Issuer. The Trustee shall be entitled to all of the rights set forth in this Article in respect of any Senior Indebtedness or Derivative Obligations of the Issuer at any time held by it to the same extent as any other holder of such Senior Indebtedness or creditor in respect of such Derivative Obligations, and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder or creditor.

SECTION 10.11. Article Ten Not to Prevent Events of Default. The failure to make a payment pursuant to the Securities by reason of any provision in this Article shall not be construed as preventing the occurrence of an Event of Default under Section 5.1.

SECTION 10.12. Securities to Rank pari passu with Antecedent Subordinated Indebtedness; Payment of Proceeds in Certain Cases. (a) Subject to the provisions of this Section and to any provisions established or determined with respect to Securities of any series pursuant to Section 2.3, the Securities shall rank pari passu in right of payment with the Antecedent Subordinated Indebtedness.

(b) Upon the occurrence of any of the events specified in the first paragraph of Section 10.3, the provisions of that Section and the corresponding provisions of each indenture or other instrument or document establishing or governing the terms of any Antecedent Subordinated Indebtedness shall be given effect on a pro rata basis to determine the amount of cash, property or securities which may be payable or deliverable as between the holders of Senior Indebtedness, on the one hand, and the holders of Securities and holders of Antecedent Subordinated Indebtedness, on the other hand.

(c) If, after giving such effect to the provisions of Section 10.3, and the respective corresponding provisions of each indenture or other instrument or document establishing or governing the terms of any Antecedent Subordinated Indebtedness on such pro rata basis, any amount of cash, property or securities shall be available for payment or distribution in respect of the Securities ("Excess Proceeds"), and any creditors in respect of Derivative Obligations shall not have received payment in full of all amounts due or to become due on or in respect of such Derivative Obligations (and provision shall not have been made for such payment in money or money's worth), then such Excess Proceeds shall first be applied (ratably with any amount of cash, property or securities available for payment or distribution in respect of any other indebtedness of the Issuer that by its express terms provides for the payment over of amounts corresponding to Excess Proceeds to creditors in respect of Derivative Obligations) to pay or provide for the payment of the Derivative Obligations remaining unpaid, to the extent necessary to pay all Derivative Obligations in full, after giving effect to any concurrent payment or distribution to or for creditors in respect of Derivative Obligations. Any Excess Proceeds remaining after the payment (or provision for payment) in full of all Derivative Obligations shall be available for payment or distribution in respect of the Securities.

(d) In the event that, notwithstanding the foregoing provisions of subsection (c) of this Section, the Trustee or holder of any Security shall, in the circumstances contemplated by such subsection, have received any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, before all Derivative Obligations are paid in full or payment thereof duly provided for, and if such fact shall, at or prior to the time of such payment or distribution, have been made known to the Trustee or, as the case may be, such holder, then and in such event, subject to any obligation that the Trustee or such holder may have pursuant to Section 10.3, such payment or distribution shall be paid over or delivered forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other Person making payment or distribution of assets of the Issuer for payment in accordance with subsection (c).

(e) Subject to the payment in full of all Derivative Obligations, the holders of the Securities shall be subrogated (equally and ratably with the holders of all indebtedness of the Issuer that by its express terms provides for the payment over of amounts corresponding to Excess Proceeds to creditors in respect of Derivative Obligations and is entitled to like rights of subrogation) to the rights of the creditors in respect of Derivative Obligations to receive payments and distributions of cash, property and securities applicable to the Derivative Obligations until the principal of and interest on the Securities shall be paid in full. For purposes of such subrogation, no payments or distributions to creditors in respect of Derivative Obligations of any cash, property or securities to which holders of the Securities or the Trustee would be entitled except for the provisions of this Section and no payments over pursuant to the provisions of this Section to creditors in respect of Derivative Obligations by holders of Securities or the Trustee, shall, as among the Issuer, its creditors other than creditors in respect of Derivative Obligations and the holders of Securities be deemed to be a payment or distribution by the Issuer to or on account of the Derivative Obligations.

(f) The provisions of subsections (c), (d) and (e) of this Section are and are intended solely for the purpose of defining the relative rights of the holders of the Securities, on the one hand, and the creditors in respect of Derivative Obligations, on the other hand, after giving effect to the rights of the holders of Senior Indebtedness, as provided in this Article. Nothing contained in subsections (c), (d) and (e) of this Section is intended to or shall affect the relative rights against the Issuer of the holders of the Securities and (1) the holders of Senior Indebtedness, (2) the holders of Antecedent Subordinated Indebtedness or (3) other creditors of the Issuer other than creditors in respect of Derivative Obligations.

ARTICLE ELEVEN

SATISFACTION AND DISCHARGE OF INDENTURE; UNCLAIMED MONEYS

SECTION 11.1. Satisfaction and Discharge of Indenture. If at any time (a) the Issuer shall have paid or caused to be paid the principal of and interest on all the Securities theretofore authenticated hereunder and all unmatured Coupons appertaining thereto (other than Securities and Coupons appertaining thereto which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.9 and other than Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by any paying agent and thereafter repaid to the Issuer or discharged from such trust, as provided in Section 11.4), as and when the same shall have become due and payable, or (b) the Issuer shall have delivered to the Trustee for cancellation all Securities of any series theretofore authenticated and all unmatured Coupons appertaining thereto (other than any Securities of such series and all unmatured Coupons appertaining thereto which shall have been destroyed, lost or stolen and which shall have been replaced or paid as provided in Section 2.9) or (c) (i) all the Securities of any series and all unmatured Coupons appertaining thereto not heretofore delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption, and (ii) the Issuer shall have irrevocably deposited or caused to be deposited with the Trustee as trust funds the entire amount in cash (other than moneys repaid by the Trustee or any paying agent to the Issuer in accordance with Section 11.4) sufficient to pay at maturity or upon redemption all Securities of such series and all unmatured Coupons appertaining thereto not theretofore delivered to the Trustee for cancellation, including principal and interest due or to become due to such date of maturity as the case may be, and if, in any such case, the Issuer shall also pay or cause to be paid all other sums payable hereunder by the Issuer with respect to Securities of such series and Coupons appertaining thereto, then this Indenture shall cease to be of further effect with respect to Securities of such series (except as to (i) rights of registration of transfer and exchange, and the Issuer's right of optional redemption, (ii) substitution of mutilated, defaced, destroyed, lost or stolen Securities or Coupons, (iii) rights of holders to receive payments of principal thereof and interest thereon, and remaining rights of the Holders to receive mandatory sinking fund payments, if any, (iv) the rights, obligations and immunities of the Trustee hereunder and (v) the rights of the Holders of Securities of such series and Coupons appertaining thereto, as beneficiaries hereof with respect to the property so deposited with the Trustee payable to all or

any of them), and the Trustee, on demand of the Issuer accompanied by an Officers' Certificate and an Opinion of Counsel and at the cost and expense of the Issuer, shall execute proper instruments acknowledging such satisfaction of and discharging this Indenture with respect to such series; provided, that the rights of holders of the Securities and Coupons to receive amounts in respect of principal of and interest on the Securities and Coupons held by them shall not be delayed longer than required by then applicable mandatory rules or policies of any securities exchange upon which the Securities and Coupons are listed. The Issuer agrees to reimburse the Trustee for any costs or expenses thereafter reasonably and properly incurred and to compensate the Trustee for any services thereafter reasonably and properly rendered by the Trustee in connection with this Indenture or the Securities and Coupons of such series.

SECTION 11.2. Application by Trustee of Funds Deposited for Payment of Securities. Subject to Section 11.4, all moneys deposited with the Trustee pursuant to Section 11.1 shall be held in trust and applied by it to the payment, either directly or through any paying agent (including the Issuer acting as its own paying agent), to the Holders of the particular securities of such series and of Coupons appertaining thereto for the payment or redemption of which such moneys have been deposited with the Trustee, of all sums due and to become due thereon for principal and interest; but such money need not be segregated from other funds except to the extent required by law.

SECTION 11.3. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture with respect to Securities of any series, all moneys then held by any paying agent under the provisions of this Indenture with respect to such series of Securities shall, upon demand of the Issuer, be repaid to it or paid to the Trustee and thereupon such paying agent shall be released from all further liability with respect to such moneys.

SECTION 11.4. Return of Moneys Held by Trustee and Paying Agent Unclaimed for Three Years. Any moneys deposited with or paid to the Trustee or any paying agent for the payment of the principal of or interest on any Security of any series or Coupons attached thereto and not applied but remaining unclaimed for three years after the date upon which such principal or interest shall have become due and payable, shall, upon the written request of the Issuer and unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property law, be repaid to the Issuer by the Trustee for such series and/or such paying agent, and the Holder of the Security of such series and of any Coupons appertaining thereto, shall, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, thereafter look only to the Issuer for any payment which such Holder may be entitled to collect, and all liability of the Trustee or any paying agent with respect to such moneys shall thereupon cease; provided, the Trustee or such paying agent, before being required to make any such repayment, with respect to moneys deposited with it for any payment (a) in respect of Registered Securities of any series, shall at the expense of the Issuer, mail by first-class mail to Holders of such Securities at their addresses as they shall appear on the Security Register, and (b) in respect of Unregistered Securities of any series, shall at the expense of the Issuer cause to be published once, in an Authorized Newspaper in the Borough of Manhattan, The City of New York and once in an Authorized Newspaper in London (and if required by Section 3.6, once in an Authorized Newspaper in Luxembourg), notice, that such moneys remain and that, after a date specified therein, which shall not be less

than thirty days from the date of such mailing or publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

ARTICLE TWELVE

MISCELLANEOUS PROVISIONS

SECTION 12.1. Incorporators, Stockholders, Officers and Directors of Issuer Exempt from Individual Liability. No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any Security, or because of any indebtedness evidenced thereby, shall be had against any incorporator, as such or against any past, present or future stockholder, officer or director, as such, of the Issuer or of any successor, either directly or through the Issuer or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of the Securities and the Coupons appertaining thereto by the holders thereof and as part of the consideration for the issue of the Securities and the Coupons appertaining thereto.

SECTION 12.2. Provisions of Indenture for the Sole Benefit of Parties and Holders of Securities and Coupons. Nothing in this Indenture or in the Securities or in the Coupons appertaining thereto, expressed or implied, shall give or be construed to give to any person, firm or corporation, other than the parties hereto and their successors and the holders of the Securities and the Coupons appertaining thereto, and, to the extent provided in Article 10, to the holders of Senior Indebtedness any legal or equitable right, remedy or claim under this Indenture or under any covenant or provision herein contained, all such covenants and provisions being for the sole benefit of the parties hereto and their successors and of the holders of the Securities and the Coupons, and, to the extent provided in Article 10, to the holders of Senior Indebtedness.

SECTION 12.3. Successors and Assigns of Issuer Bound by Indenture. All the covenants, stipulations, promises and agreements in this Indenture contained by or in behalf of the Issuer shall bind its successors and assigns, whether so expressed or not.

SECTION 12.4. Notices and Demands on Issuer, Trustee and Holders of Securities and Coupons. Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders of Securities or Coupons to or on the Issuer may be given or served by being deposited postage prepaid, first class mail (except as otherwise specifically provided herein) addressed (until another address of the Issuer is filed by the Issuer with the Trustee) to J. P. Morgan & Co. Incorporated, 60 Wall Street, New York, N.Y. 10015, Attention: Secretary. Any notice, direction, request or demand by the Issuer or any holder of Securities and Coupons to or upon the Trustee shall be deemed to have been sufficiently given or made, for all purposes, if given or made at the Corporate Trust Office marked to the attention of the Corporate Trust Department.

Where this Indenture provides for notice to Holders, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first

class postage prepaid, to each Holder entitled thereto, at his last address as it appears in the Security Register. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impracticable to mail notice to the Issuer and when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

SECTION 12.5. Officers' Certificates and Opinions of Counsel; Statements to Be Contained Therein. Upon any application or demand by the Issuer to the Trustee to take any action under any of the provisions of this Indenture, the Issuer shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or demand, no additional certificate or opinion need be furnished.

Each certificate or opinion provided for in this Indenture and delivered to the Trustee with respect to compliance with a condition or covenant provided for in this Indenture shall include (a) a statement that the person making such certificate or opinion has read such covenant or condition, (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based, (c) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with and (d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Any certificate, statement or opinion of an officer of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous, or in the exercise of reasonable care should know that the same are erroneous. Any certificate, statement or opinion of counsel may be based, insofar as it relates to factual matters, information with respect to which is in the possession of the Issuer, upon the certificate, statement or opinion of or representations by an officer or officers of the Issuer, unless such counsel knows that the certificate, statement or opinion or representations with respect to the matters upon which his certificate, statement or opinion may be based as aforesaid are erroneous.

SECTION 12.6. Payments Due on Saturdays, Sundays and Holidays. If the date of maturity of interest on or principal of the Securities of any series or any Coupons appertaining

thereto or the date fixed for redemption or repayment of any such Security or Coupon shall not be a Business Day, then payment of interest or principal need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

SECTION 12.7. Conflict of Any Provision of Indenture with Trust Indenture Act of 1939. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a provision that is required under the Trust Indenture Act of 1939 to be a part of and govern this Indenture, the latter provision shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, the latter provision shall be deemed to apply to this Indenture as so modified or to be excluded, as the case may be.

SECTION 12.8. New York Law to Govern. This Indenture and each Security and Coupon shall be deemed to be a contract under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of such State, except as may otherwise be required by mandatory provisions of law.

SECTION 12.9. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 12.10. Effect of Headings. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 12.11. Securities in a Foreign Currency or in ECU. Unless otherwise specified in an Officer's Certificate delivered pursuant to Section 2.3 of this Indenture with respect to a particular series of Securities, whenever for purposes of this Indenture any action may be taken by the holders of a specified percentage in aggregate principal amount of securities of all series or all series affected by a particular action at the time Outstanding and, at such time, there are Outstanding Securities of any series which are denominated in a coin or currency other than Dollars (including ECUs), then the principal amount of Securities of such series which shall be deemed to be Outstanding for the purpose of taking such action shall be that amount of Dollars that could be obtained for such amount at the Market Exchange Rate. For purposes of this Section 11.11, Market Exchange Rate shall mean the noon Dollar buying rate for that currency for cable transfers quoted in The City of New York as certified for customs purposes by the Federal Reserve Bank of New York; provided, however, in the case of ECUs, Market Exchange Rate shall mean the rate of exchange determined by the Commission of the European Communities (or any successor thereto) as published in the Official Journal of the European Communities (such publication or any successor publication, the "Journal"). If such Market Exchange Rate is not available for any reason with respect to such currency, the Trustee shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York or, in the case of ECUs, the rate of exchange as published in the Journal, as of the most recent available date, or quotations or, in the case of ECUs, rates of exchange from one or more major banks in The City of New York or in the country of issue of the currency in question, which for purposes of the ECU shall be Brussels, Belgium, or such other quotations or,

in the case of ECU, rates of exchange as the Trustee shall deem appropriate. The provisions of this paragraph shall apply in determining the equivalent principal amount in respect of Securities of a series denominated in a currency other than Dollars in connection with any action taken by holders of Securities pursuant to the terms of this Indenture.

All decisions and determinations of the Trustee regarding the Market Exchange Rate or any alternative determination provided for in the preceding paragraph shall be in its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Issuer and all Holders.

ARTICLE THIRTEEN

REDEMPTION OF SECURITIES AND SINKING FUNDS

SECTION 13.1. Applicability of Article. The provisions of this Article shall be applicable to the Securities of any series which are redeemable before their maturity or to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 2.3 for Securities of such series.

SECTION 13.2. Notice of Redemption; Partial Redemptions. Notice of redemption to the holders of Registered Securities of any series to be redeemed as a whole or in part at the option of the Issuer shall be given by mailing notice of such redemption by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to such holders of Securities of such series at their last addresses as they shall appear upon the registry books. Notice of redemption to the Holders of Unregistered Securities to be redeemed as a whole or in part, who have filed their names and addresses with the Trustee pursuant to Section 4.4(c)(ii), shall be given by mailing notice of such redemption, by first class mail, postage prepaid, at least thirty days and not more than sixty prior to the date fixed for redemption, to such Holders at such addresses as were so furnished to the Trustee (and, in the case of any such notice given by the Issuer, the Trustee shall make such information available to the Issuer for such purpose). Notice of redemption to all other holders of Unregistered Securities shall be published in an Authorized Newspaper in the Borough of Manhattan, The City of New York and in an Authorized Newspaper in London (and, if required by Section 3.6, in an Authorized Newspaper in Luxembourg), in each case, once in each of three successive calendar weeks, the first publication to be not less than thirty nor more than sixty days prior to the date fixed for redemption. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives the notice. Failure to give notice by mail, or any defect in the notice to the Holder of any Security of a series designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other Security of such series.

The notice of redemption to each such Holder shall specify the principal amount of each Security of such series held by such Holder to be redeemed, the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of such Securities and, in the case of Securities with Coupons attached thereto, of all Coupons appertaining thereto maturing after the date fixed for

redemption, that such redemption is pursuant to the mandatory or optional sinking fund, or both, if such be the case, that interest accrued to the date fixed for redemption will be paid as specified in such notice and that on and after said date interest thereon or on the portions thereof to be redeemed will cease to accrue. In case any Security of a series is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the date fixed for redemption, upon surrender of such Security and, in the case of Securities with Coupons attached thereto, of all Coupons appertaining thereto maturing after the date fixed for redemption, a new Security or Securities or Coupons, as the case may be, of such series in principal amount equal to the unredeemed portion thereof will be issued.

The notice of redemption of Securities of any series to be redeemed at the option of the Issuer shall be given by the Issuer or, at the Issuer's request, by the Trustee in the name and at the expense of the Issuer.

On or prior to the opening of business on the redemption date at each place of payment for the series of Securities to be redeemed as specified in the notice of redemption given as provided in this Section, the Issuer will deposit with the Trustee or with one or more paying agents (or, if the Issuer is acting as its own paying agent, set aside, segregate and hold in trust as provided in Section 3.4) an amount of money sufficient to redeem on the redemption date all the Securities of such series so called for redemption at the appropriate redemption price, together with accrued interest to the date fixed for redemption. If less than all the outstanding Securities of a series are to be redeemed, the Issuer will deliver to the Trustee at least 60 days prior to the date fixed for redemption (or such shorter period as may be acceptable to the Trustee in its sole discretion) an Officers' Certificate stating the aggregate principal amount of Securities to be redeemed.

If less than all the Securities of a series are to be redeemed, the Trustee shall select, in such manner as it shall deem appropriate and fair, Securities of such series to be redeemed in whole or in part. Securities may be redeemed in part in multiples equal to the minimum authorized denomination for Securities of such series or any multiple thereof. The Trustee shall promptly notify the Issuer in writing of the Securities of such series selected for redemption and, in the case of any Securities of such series selected for partial redemption, the principal amount thereof to be redeemed. For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of securities of any series shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

SECTION 13.3. Payment of Securities Called for Redemption. If notice of redemption has been given as above provided, the Securities or portions of Securities specified in such notice shall become due and payable on the date and at the place stated in such notice at the applicable redemption price, together with interest accrued to the date fixed for redemption, and on and after said date (unless the Issuer shall default in the payment of such Securities at the redemption price, together with interest accrued to said date) interest on the Securities or portions of securities so called for redemption shall cease to accrue and the unmatured Coupons, if any, appertaining thereto shall be void and, except as provided in Sections 6.5 and 11.4, such Securities shall cease from and after the date fixed for redemption to be entitled to any benefit or

security under this Indenture, and the holders thereof shall have no right in respect of such Securities except the right to receive the redemption price thereof and unpaid interest to the date fixed for redemption. On presentation and surrender of such Securities at a place of payment specified in said notice, together with all Coupons, if any, appertaining thereto maturing after the date fixed for redemption, said Securities with, in the case of any Unregistered Securities that have Coupons attached, all matured Coupons in default appertaining thereto or the specified portions thereof shall be paid and redeemed by the Issuer at the applicable redemption price, together with interest accrued thereon to the date fixed for redemption; provided that any payment of interest becoming due on the date fixed for redemption shall be payable in the case of Securities with Coupons attached thereto, to the bearers of the Coupons for such interest upon surrender thereof, and in the case of Registered Securities to the Holders of such Securities registered as such on the relevant record date subject to the terms and provisions of Section 2.4 hereof.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the date fixed for redemption at the rate of interest or Yield to Maturity (in the case of an Original Issue Discount Security) borne by the Security.

If any Security with Coupons attached thereto is surrendered for redemption and is not accompanied by all appurtenant Coupons maturing after the date fixed for redemption, the surrender of such missing Coupon or Coupons may be waived by the Issuer and the Trustee, if there be furnished to each of them such security or indemnity as they may require to save each of them harmless.

Upon presentation of any Security or Coupons appertaining thereto redeemed in part only, the Issuer shall execute and the Trustee shall authenticate and deliver to or on the order of the Holder thereof, at the expense of the Issuer, a new Security or Coupons appertaining thereto or Securities of such series together with all Coupons, if any, appertaining thereto, of authorized denominations, in principal amount equal to the unredeemed portion of the Security or Coupons appertaining thereto so presented.

SECTION 13.4. Exclusion of Certain Securities from Eligibility for Selection for Redemption. Securities shall be excluded from eligibility for selection for redemption if they are identified by registration and certificate number in a written statement signed by an authorized officer of the Issuer and delivered to the Trustee at least 30 days prior to the last date on which notice of redemption may be given as being owned of record and/or beneficially by, and not pledged or hypothecated by either (a) the Issuer or (b) an entity specifically identified in such written statement directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer.

SECTION 13.5. Mandatory and Optional Sinking Funds. The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". The date on which a sinking fund payment is to be made is herein referred to as the "sinking fund payment date".

In lieu of making all or any part of any mandatory sinking fund payment with respect to any series of Securities in cash, the Issuer may at its option (a) deliver to the Trustee Securities of such series theretofore purchased or otherwise acquired (except upon redemption pursuant to the mandatory sinking fund) by the Issuer or receive credit for Securities of such series (not previously so credited) theretofore purchased or otherwise acquired (except as aforesaid) by the Issuer and delivered to the Trustee for cancellation pursuant to Section 2.10, (b) receive credit for optional sinking fund payments (not previously so credited) made pursuant to this Section, or (c) receive credit for Securities of such series (not previously so credited) redeemed by the Issuer through any optional redemption provision contained in the terms of such series. Securities so delivered or credited shall be received or credited by the Trustee at the sinking fund redemption price specified in such securities.

On or before the sixtieth day next preceding each sinking fund payment date for any series, the Issuer will deliver to the Trustee a written statement (which need not contain the statements required by Section 12.5) signed by either the chairman of the Board of Directors, the president, the chairman of the executive committee, any vice chairman of the Board of Directors, any vice president, the treasurer, any assistant treasurer, the secretary or any assistant secretary of the Issuer (a) specifying the portion of the mandatory sinking fund payment to be satisfied by payment of cash and the portion to be satisfied by credit of Securities of such series, (b) stating that none of the Securities of such series has theretofore been so credited, (c) stating that no defaults in the payment of interest or Events of Default with respect to such series have occurred (which have not been waived or cured) and are continuing and (d) stating whether or not the Issuer intends to exercise its right to make an optional sinking fund payment with respect to such series and, if so, specifying the amount of such optional sinking fund payment which the Issuer intends to pay on or before the next succeeding sinking fund payment date. Any Securities of such series to be credited and required to be delivered to the Trustee in order for the Issuer to be entitled to credit therefor as aforesaid which have not theretofore been delivered to the Trustee shall be delivered for cancellation pursuant to Section 2.10 to the Trustee with such written statement. Such written statement shall be irrevocable and upon its delivery the Issuer shall become unconditionally obligated to make all the cash payments or payments therein referred to, if any, on or before the next succeeding sinking fund payment date. Failure of the Issuer, on or before any such sixtieth day, to deliver such written statement and Securities specified in this paragraph, if any, shall not constitute a default but shall constitute, on and as of such date, the irrevocable election of the Issuer (i) that the mandatory sinking fund payment for such series due on the next succeeding sinking fund payment date shall be paid entirely in cash without the option to deliver or credit Securities of such series in respect thereof and (ii) that the Issuer will make no optional sinking fund payment with respect to such series as provided in this Section.

If the sinking fund payment or payments (mandatory or optional or both) to be made in cash on the next succeeding sinking fund payment date plus any unused balance of any preceding sinking fund payments made in cash shall exceed $50,000 (or a lesser sum if the Issuer shall so request) with respect to the Securities of any particular series, such cash shall be applied on the next succeeding sinking fund payment date to the redemption of Securities of such series at the sinking fund redemption price together with accrued interest to the date fixed for redemption. If such amount shall be $50,000 or less and the Issuer makes no such request then it shall be carried over until a sum in excess of $50,000 is available. The Trustee shall select, in the manner provided in Section 13.2, for redemption on such sinking fund payment date a sufficient

principal amount of Securities of such series to absorb said cash, as nearly as may be, and shall (if requested in writing by the Issuer) inform the Issuer of the serial numbers of the Securities of such series (or portions thereof) so selected. Securities of any series which are (a) owned by the Issuer or an entity known by the Trustee to be directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer, as shown by the Security Register, and not known to the Trustee to have been pledged or hypothecated by the Issuer or any such entity or (b) identified in an Officers' Certificate at least 60 days prior to the sinking fund payment date as being beneficially owned by, and not pledged or hypothecated by, the Issuer or an entity directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer shall be excluded from Securities of such series eligible for selection for redemption. The Issuer, (or the Trustee, in the name and at the expense of the Issuer if the Issuer shall so request the Trustee in writing) shall cause notice of redemption of the Securities of such series to be given in substantially the manner provided in Section 13.2 (and with the effect provided in Section 13.3) for the redemption of Securities of such series in part at the option of the Issuer. The amount of any sinking fund payments not so applied or allocated to the redemption of Securities of such series shall be added to the next cash sinking fund payment for such series and, together with such payment, shall be applied in accordance with the provisions of this Section. Any and all sinking fund moneys held on the stated maturity date of the Securities of any particular series (or earlier, if such maturity is accelerated), which are not held for the payment or redemption of particular Securities of such series shall be applied, together with other moneys, if necessary, sufficient for the purpose, to the payment of the principal of, and interest on, the Securities of such series at maturity.

At least one Business Day before each sinking fund payment date, the Issuer shall pay to the Trustee in cash or shall otherwise provide for the payment of all interest accrued to the date fixed for redemption on Securities to be redeemed on the next following sinking fund payment date.

The Trustee shall not redeem or cause to be redeemed any Securities of a series with sinking fund moneys or provide notice of redemption of Securities for such series by operation of the sinking fund during the continuance of a default in payment of interest on such Securities or of any Event of Default except that, where the mailing or publication of notice of redemption of any Securities shall theretofore have been made, the Trustee shall redeem or cause to be redeemed such Securities, provided that it shall have received from the Issuer a sum sufficient for such redemption. Except as aforesaid, any moneys in the sinking fund for such series at the time when any such default or Event of Default shall occur, and any moneys thereafter paid into the sinking fund, shall, during the continuance of such default or Event of Default, be deemed to have been collected under Article Five and held for the payment of all such Securities. In case such Event of Default shall have been waived as provided in Section 5.10 or the default cured on or before the sixtieth day preceding the sinking fund payment date in any year, such moneys shall thereafter be applied on the next succeeding sinking fund payment date in accordance with this Section to the redemption of such Securities.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of March 1, 1993.

J. P. MORGAN & CO. INCORPORATED

By_____
Title: Vice President

(CORPORATE SEAL]

Attest:

By_____
Title: Assistant Secretary

CITIBANK N.A.

By_____
Title:

[CORPORATE SEAL]

Attest:

By_____
Title:

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On this 1st day of March 1993, before me personally came Marion I. Pearson, to me personally known, who, being by me duly sworn, did depose and say that she resides at 60 Wall Street, NYC 10260; that she is an Assistant Secretary of J. P. MORGAN & CO. INCORPORATED, one of the parties described in and which executed the above instrument; that she knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed pursuant to authority of the board of directors of said corporation, and that she signed her name thereto by like authority.

[NOTARY SEAL]

_____
Notary Public

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this 19th day of February ___, 1988 before me personally came Timothy Finnegan, to me personally known, who, being by me duly sworn, did depose and say that he resides at 120 Wall Street, NYC, NY 10005 ; that he is a Vice President of CITIBANK, N.A. one of the parties described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the board of directors of said corporation, and that he signed his name thereto by like authority.

[NOTARY SEAL]

_____
Notary Public

Exhibit 4.6(b)

THE CHASE MANHATTAN CORPORATION,

J.P. MORGAN & CO. INCORPORATED

AND

U.S. BANK TRUST NATIONAL ASSOCIATION,

as Trustee

FIRST SUPPLEMENTAL INDENTURE

Dated as of December 29, 2000

to

INDENTURE

Dated as of March 1, 1993

SUBORDINATED DEBT SECURITIES

FIRST SUPPLEMENTAL INDENTURE, dated as of December 29, 2000, among THE CHASE MANHATTAN CORPORATION, a Delaware corporation ("Successor"), J.P. MORGAN & CO. INCORPORATED, a Delaware corporation ("J.P. Morgan"), and U.S. BANK TRUST NATIONAL ASSOCIATION (formerly known as First Trust of New York, National Association), a national banking association, successor to Citibank, N.A., a national banking association, as trustee (the "Trustee", which term shall include any successor trustee appointed pursuant to Article Six of the Indenture hereafter referred to).

WHEREAS, J.P. Morgan and the Trustee have heretofore executed and delivered a certain Indenture, dated as of March 1, 1993 (as amended or modified prior to the date hereof, the "Indenture"; capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture), providing for the issuance from time to time of Securities;

WHEREAS, J.P. Morgan and Successor have entered into an Agreement and Plan of Merger, dated as of September 12, 2000 (the "Merger Agreement"), which contemplates the execution and filing of a Certificate of Merger on the date hereof (the "Certificate of Merger") providing for the merger (effective December 31, 2000) of J.P. Morgan with and into Successor (the "Merger"), with Successor continuing its corporate existence under Delaware law under the name "J.P. Morgan Chase & Co.";

WHEREAS, Section 9.1 of the Indenture provides, among other things, that the Issuer shall not merge into any other corporation unless, among other things, the corporation into which the Issuer is merged shall expressly assume the due and punctual payment of the principal of and interest on all the Securities and Coupons, according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed or observed by the Issuer thereunder, by supplemental indenture satisfactory to the Trustee;

WHEREAS, Section 8.1 of the Indenture provides, among other things, that, without the consent of the Holders, the Issuer, when authorized by a resolution of the Board of Directors of the Issuer, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental to the Indenture (i) to evidence the succession of another corporation to the Issuer, and the assumption by the successor corporation of the covenants, agreements and obligations of the Issuer and (ii) to make provisions in regard to matters or questions arising under the Indenture as the Board of Directors may deem necessary or desirable and which shall not materially adversely affect the interests of the Holders of the Securities;

WHEREAS, Successor and J.P. Morgan desire and have requested that the Trustee join in the execution of this First Supplemental Indenture for the purpose of evidencing such succession and assumption and amending certain provisions of the Indenture as hereinafter set forth;

WHEREAS, the execution and delivery of this First Supplemental Indenture has been authorized by resolutions of the boards of directors of J.P. Morgan and Successor; and

WHEREAS, all conditions precedent and requirements necessary to make this First Supplemental Indenture a valid and legally binding instrument in accordance with its terms have been complied with, performed and fulfilled and the execution and delivery hereof have been in all respects duly authorized;

NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSETH:

For and in consideration of the premises and intending to be legally bound hereby, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE ONE

REPRESENTATIONS OF J.P. MORGAN AND SUCCESSOR

Each of J.P. Morgan and Successor represents and warrants to the Trustee as follows:

SECTION 1.1. It is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

SECTION 1.2. The execution, delivery and performance by it of this First Supplemental Indenture have been authorized and approved by all necessary corporate action on the part of it.

SECTION 1.3. Upon the filing of the Certificate of Merger with the Secretary of State of the State of Delaware or at such other time thereafter as is provided in the Certificate of Merger (the "Effective Time"), the Merger will be effective in accordance with the terms of the Merger Agreement and Delaware law.

SECTION 1.4. Immediately after giving effect to the Merger, Successor shall not be in default in the performance of any covenant or condition of the Indenture.

ARTICLE TWO

ASSUMPTION AND AGREEMENTS

SECTION 2.1. Successor hereby expressly assumes the due and punctual payment of the principal of and interest on all the Securities and Coupons, according to their tenor, and the due and punctual performance and observance of all covenants and conditions of the Indenture to be performed or observed by the Issuer thereunder.

SECTION 2.2. The Securities and Coupons may bear a notation concerning the assumption of the Indenture and the Securities and Coupons by Successor.

SECTION 2.3. Successor shall succeed to and be substituted for J.P. Morgan under the Indenture, with the same effect as if Successor had been named as the Issuer thereunder.

ARTICLE THREE

AMENDMENTS

SECTION 3.1. The reference in the preamble to the Indenture to "J.P. MORGAN & CO. INCORPORATED, a Delaware corporation (the "Issuer")," is hereby amended to read "J.P. MORGAN CHASE & CO. (formerly known as The Chase Manhattan Corporation), a Delaware corporation (the "Issuer")," and each other reference therein to "J.P. Morgan & Co. Incorporated" shall be amended to read "J.P. Morgan Chase & Co. (formerly known as The Chase Manhattan Corporation)".

SECTION 3.2. The definition of "Antecedent Subordinated Indebtedness" contained in Section 1.1 of the Indenture is hereby amended in its entirety to read as follows:

> "'Antecedent Subordinated Indebtedness' means all indebtedness and other obligations outstanding on March 1, 1993 and enumerated in clauses (a)(ii) through (a)(iv) of the definition of Senior Indebtedness."

SECTION 3.3. The definition of "Senior Indebtedness" contained in Section 1.1 of the Indenture is hereby amended in its entirety to read as follows:

> "'Senior Indebtedness' of the Issuer means the principal of, premium, if any, and interest on: (a) all indebtedness of the Issuer for money borrowed, whether outstanding on the date of execution of this Indenture or thereafter created, assumed or incurred, except (i) the Securities; (ii) the U.S.$150,000,000 aggregate principal amount of 8-1/2% Subordinated Notes Due 2003 of the Issuer; (iii) the U.S.$200,000,000 aggregate principal amount of 7-1/4% Subordinated Notes Due 2002 of the Issuer; (iv) the U.S.$200,000,000 aggregate principal amount of Subordinated Floating Rate Notes Due 2002 of the Issuer; (v) the U.S.$250,000,000 aggregate principal amount of Subordinated Floating Rate Notes Due 2002 of the Issuer; (vi) all securities issued pursuant to the Indenture, dated as of April 1, 1987, as amended and restated as of December 15, 1992, and as amended by the Second Supplemental Indenture, dated as of October 8, 1996, and the Third Supplemental Indenture, dated as of December 29, 2000, between the Issuer (formerly known as Chemical Banking Corporation) and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), a national banking association, as successor to Morgan Guaranty Trust Company of New York, a New York banking corporation, as the same may further be amended, supplemented or otherwise modified from time to time; (vii) all securities issued pursuant to the Amended and Restated Indenture, dated as of September 1, 1993, as amended by the First Supplemental Indenture, dated as of March 29, 1996, the Second Supplemental Indenture, dated as of October 8, 1996, and the Third Supplemental Indenture, dated as of December 29, 2000, between the Issuer (as successor-by-merger to The Chase Manhattan Corporation, a Delaware corporation) and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), a national banking association, as successor to Chemical Bank, a New York banking corporation, as the same may be further amended, supplemented or otherwise modified from time to time; and (viii) such indebtedness as is by its terms expressly stated not to be superior in right of payment to, or to rank pari passu with, the Securities

or the other securities referred to in clauses (ii) through (vii); and (b) any deferrals, renewals or extensions of any such Senior Indebtedness. The term "indebtedness of the Issuer for money borrowed" as used in the foregoing sentence shall mean any obligation of, or any obligation guaranteed by, the Issuer for the repayment of borrowed money, whether or not evidenced by bonds, debentures, notes or other written instruments, and any deferred obligation for the payment of the purchase price of property or assets. The Securities shall rank pari passu with the securities referred to in clauses (a)(ii) through (a)(vii) above."

SECTION 3.4. Except as amended hereby, the Indenture and the Securities and Coupons are in all respects ratified and confirmed and all the terms thereof shall remain in full force and effect and the Indenture, as so amended, shall be read, taken and construed as one and the same instrument.

ARTICLE FOUR

MISCELLANEOUS

SECTION 4.1. The Trustee accepts the modification of the Indenture effected by this First Supplemental Indenture, but only upon the terms and conditions set forth in the Indenture. Without limiting the generality of the foregoing, the Trustee assumes no responsibility for the correctness of the recitals herein contained, which shall be taken as the statements of J.P. Morgan and Successor. The Trustee makes no representation and shall have no responsibility as to the validity and sufficiency of this First Supplemental Indenture.

SECTION 4.2. If and to the extent that any provision of this First Supplemental Indenture limits, qualifies or conflicts with another provision included in this First Supplemental Indenture or in the Indenture that is required to be included in this First Supplemental Indenture or in the Indenture by any of the provisions of Sections 310 to 317, inclusive, of the Trust Indenture Act of 1939, such required provision shall control.

SECTION 4.3. Nothing in this First Supplemental Indenture is intended to or shall provide any rights to any parties other than those expressly contemplated by this First Supplemental Indenture.

SECTION 4.4. This First Supplemental Indenture shall be deemed to be a contract under the laws of the State of New York, and for all purposes shall be construed in accordance with the laws of such State, except as may otherwise be required by mandatory provisions of law.

SECTION 4.5. This First Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 4.6. This First Supplemental Indenture shall become effective as of the Effective Time.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested all as of the day and year first above written.

J.P. MORGAN & CO. INCORPORATED

By

Name:
Title:

(Corporate Seal)

Attest:

- ---
Secretary

THE CHASE MANHATTAN
CORPORATION

By

Name:
Title:

(Corporate Seal)

Attest:

- ---
Assistant Secretary

U.S. BANK TRUST NATIONAL
ASSOCIATION, as Trustee

By

Name:
Title:

(Corporate Seal)

Attest:

- ---

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this ___ of December, 2000, before me, the undersigned officer, personally appeared_____, who acknowledged himself to be the _____ of J.P. MORGAN & CO. INCORPORATED, a Delaware corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this ____ day of December, 2000, before me, the undersigned officer, personally appeared Marc J. Shapiro, who acknowledged himself to be the Vice Chairman, Risk Management and Administration of THE CHASE MANHATTAN CORPORATION, a Delaware corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

[SEAL]

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

On this ___ day of December, 2000, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be _____ of U.S. BANK TRUST NATIONAL ASSOCIATION, a national banking association, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the association by himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

_____
Notary Public

[SEAL]

EXHIBIT 10.4

JPMORGAN CHASE & CO.
2005 DEFERRED COMPENSATION PLAN
Effective January 1, 2005

PREAMBLE

Effective January 1, 2005, JPMorgan Chase & Co ("Company") hereby establishes the JPMorgan Chase & Co. 2005 Deferred Compensation Plan ("Plan"). The purpose of the Plan is to provide Participants with an opportunity to defer payment of a portion their compensation as a means of saving for their retirement or other purposes.

The Plan applies to deferrals or vesting of deferrals that occur on or after January 1, 2005. Until final Treasury Regulations are promulgated under Section 409A of the Code, the Plan shall be interpreted and operated in good faith compliance with Section 409A and Internal Revenue Service Notice 2005-1.

At all times, this Plan is entirely unfunded, both for tax purposes and for purposes of Title I of ERISA. This Plan is maintained primarily for the purpose of providing non-qualified deferred compensation for a select group of eligible management and highly compensated employees and is not a qualified plan within the meaning of Section 401(a) of the Code. Further, the Plan is not subject to any of the ERISA provisions regarding participation, vesting, funding or fiduciary responsibility.

Vested amounts deferred under the JPMorgan Chase Deferred Compensation Program prior to January 1, 2005 ("Prior Program"), as well as investment experience thereon, are separately accounted for and remain subject to the terms and conditions of that Program as in effect on that date. No change to the operations or terms of the Program occurred after October 3, 2004 (other than with respect to Investment Options to be offered in calendar year 2006).

ARTICLE l — DEFINITIONS

When the context so indicates, the singular or the plural number and the masculine or feminine gender shall be deemed to include the other, the terms "he," "his," and "him" shall refer to a Participant or a Beneficiary of a Participant, as the case may be, unless the context otherwise requires, the capitalized terms shall have the following meanings:

1.1 **"Account"** means the bookkeeping account established by the Company with respect to a Participant under Article IV of the Plan. Such Account shall be credited with Deferred Amounts, including investment experience thereon, in accordance with the Participant's Deferral Election and any investment experience from Deemed Investments.

1.2 **"Administrator**" means the individual holding the title "Compensation and Benefits Executive" of the Company or such other individual designated by the Committee, who shall be responsible for those functions assigned to him under the Plan; provided that the term "Administrator" shall mean the Committee with respect to any discretionary act hereunder which affects any person subject to Section 16(a) of the Securities Exchange Act of 1934, as amended.

1.3 **"Affiliate**" means any corporation that is included in a controlled group of corporations (within the meaning of Section 414(b)of the Code). This would include the Company, any trade or business (whether or not incorporated) under common control with the Company (within the meaning of Section 414(c) of the Code), any organization that is part of the same affiliated service group (within the meaning of Section 414(m) of the Code) as the Company and any other entity required to be aggregated with the Company pursuant to the regulations under Section 414(o) of the Code.

1.4 "**Allocation/Transfer Election**" means an election by a Participant in accordance with the provisions of Article V of the Plan as to the allocation, reallocation or the transfer of the Participant's future deferrals and/or existing Account balances among the Investment Options.

1.5 "**Allocation/Transfer Election Form**" means such form or other designated means by which the Participant makes an Allocation Election. Such "other designated means" may include, but not be limited to, interactive voice response, internet, intranet and other electronic means.

1.6 **"Bank**" means JPMorgan Chase Bank National Association.

1.7 "**Beneficiary" or "Beneficiaries**" means, with respect to a Participant, any natural person(s), estate or trust(s) designated by the Participant on the form provided by the Administrator to receive the benefits specified under the Plan in the event of the Participant's death. The Participant's estate shall be the Beneficiary if: (i) the Participant has not designated any natural person(s) or trust(s) as Beneficiary, or (ii) all designated Beneficiaries have predeceased the Participant. Designations made under the Program or under Bank One Corporation Deferred Compensation Plan shall apply to amounts deferred under the Plan until a new designation is filed.

1.8 "**Board**" shall mean the Board of Directors of the Company; provided that any action taken by a duly authorized committee of the Board of Directors within the scope of authority delegated to it by the Board shall be considered an action of the Board of Directors for the purpose of this Plan.

1.9 "**Bonus**" means the annual incentive compensation payable in the form of an annual cash bonus pursuant to a calendar year performance program, including any Performance-Based Bonus but before reduction for taxes and any other amounts as the Administrator may specify.

1.10 "**Code**" means the Internal Revenue Code of 1986, as it may be amended from time to time, as well as regulations promulgated thereunder.

1.11 "**Commissions**" mean base salary and commissions and production overrides paid to a Participant during the 12 month period commencing January 1, 2005 and ending December 31, 2005 and thereafter the 12 month period commencing April 1 of each following calendar year and ending March 31 of the next following calendar, but before reduction for (i) taxes, (ii) any before-tax contributions made on the Participant's behalf under any tax-qualified employee benefit plans established by the Company and (iii) any amount not included in the Participant's income pursuant to Section 125, 129, or 132 of the Code.

1.12 "**Committee**" means the Compensation and Management Development Committee of the Board.

1.13 "**Deemed Investment**" or **"Deemed Invested**" means the notional conversion of the balance held in a Participant's Account into shares or units of the Investment Options that are used as measuring devices for determining the value of a Participant's Account.

1.14 "**Deferral Election**" means an election by a Participant to defer a portion of the Participant's Commissions, Bonus and/or Other Compensation in accordance with Article III of the Plan.

1.15 "**Deferral Election Form**" means such form or other designated means by which a Participant elects the amount of Commissions, Bonus and/or Other Compensation to defer (in dollar amount or percentage). Such "other designated means" may include, but not be limited to, an offer letter, interactive voice response, internet, intranet, and other electronic means.

1.16 "**Deferred Amounts**" means, with respect to a Participant, the Commissions, Bonus and Other Compensation amounts that the Participant has elected to defer under the Plan.

1.17 "**Distribution Election**" means elections by the Participant made at the same time as his/her Deferral Election (i) as to the form of payment of the Deferred Amount (including investment experience thereon) subject to the Deferral Election and (ii) date(s) when such payments shall commence.

1.18 "**Distribution Election Form**" means such form or other designated means by which a Participant makes a Distribution Election. Such other "designated means" may include, but not be limited to, an offer letter, interactive voice response, internet, intranet, and other electronic means.

1.19 "**DSIB**" means the Deferred Supplemental Income Benefit Investment Option, which was only available for Deferred Amounts attributable to deferrals credited to such Deemed Investment in January 2005. See Appendix B for a full description of this Deemed Investment.

1.20 "**Disability**" or "**Disabled"** means a Separation from Service by reason of a condition that prevents a participant from engaging in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months. A Participant will be found to be Disabled if he or she receives a determination by the Social Security Administration or an insurance company using the foregoing definition that he or she is disabled.

By way of further clarification, Disability as used in this Plan is not a distribution event absent a Separation from Service.

1.21 "**Distribution Date**" means, other than the Initial Distribution Date, January of a calendar year.

1.22 "**Eligible Employee**" means an Employee who is designated by the Administrator as eligible to participate in the Plan in accordance with Section II hereof.

1.23 "**Employee**" means an individual whose employment classification is that of a regular full-time employee and who is on a United States payroll of a Participating Company.

1.24 "**ERISA**" means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time, as well as regulations promulgated thereunder.

1.25 "FICA Amount" means Federal Insurance Contributions Act tax imposed under Section 3101, Section 3121(a) and Section 3121(v)(2) of the Code, where applicable, on Deferred Amounts.

1.26 "**Initial Distribution Date**" means the January or July following the calendar year in which a Separation from Service occurs with respect to a Participant who:

- did not made a Distribution Election with respect to a Deferred Amount,
- elected a lump sum following Separation from Service with respect to a Deferred Amount,
- is subject to automatic distribution rules of Section 7.7(a) with respect to a Deferred Amount, including investment experience, or
- made a Distribution Election of a specific year that immediately precedes the calendar year of the Participant's Separation from Service.

The specific Initial Distribution Date of a Participant who has a Separation from Service in any calendar year

- between January 1 through June 30th is January of the following calendar year and
- between July 1 and December 31st is July of the following calendar year.

1.27 "**Investment Options**" mean the securities or other investments as may be provided, from time to time, under the Plan, from which a Participant may select to be used as measuring devices to determine the Deemed Investment earnings or losses of the Participant's Account. A Participant shall have no real or beneficial ownership in the security or other investment represented by the Investment Options.

1.28 "**Job Elimination**" means a Separation from Service pursuant to which the Participant receives the payment of severance from the Company or an Affiliate. It also includes those Separations from Service resulting from the sale of a business where employment of the Participant continues with the purchaser of business even though there is no payment of severance.

1.29 "**Other Compensation**" means compensation to which an Employee has a legal binding right within the meaning Section 409A of the Code and which is payable in a future calendar year. Other Compensation may include awards of restricted stock units and dividends thereon that are subject to a substantial risk of forfeiture as defined by Section 409A of the Code. It may also include Deferral Elections and Distribution Elections set forth in letters offering employment; provided that the Employee does not have a legally binding right to such amounts prior to accepting such offer of employment.

1.30 "**Participant**" means an Eligible Employee who has elected to make Commission and/or Bonus deferrals in accordance with the Plan.

1.31 "**Participating Employer"** means the Company and any Affiliate that has been authorized by the Administrator to have its Employees eligible to participate in the Plan.

1.32 "**Performance-Based Bonus**" means any performance-based Bonus that meets the requirements of Section 409A of the Code with respect to performance-based compensation based on services performed over a period of at least twelve months.

1.33 "**Plan**" means this JPMorgan Chase & Co. 2005 Deferred Compensation Plan as documented herein and as may be amended from time to time hereafter. In employee communications, it is referred to as the Voluntary Bonus Deferral Plan and/or Voluntary Compensation Deferral Plan.

1.34 "**Plan Year**" means the twelve-month period beginning each January 1 and ending each December 31 with respect to Bonus deferrals and means the twelve-month period beginning January 1, 2005 and ending December 31, 2005 with respect to Commissions and thereafter each April 1st of a calendar year through March 31st of the following calendar year.

1.35 "**Prior Program**" means the JPMorgan Chase Deferred Compensation Program as in effect through December 31, 2004 with respect to amount deferred and vested on or prior to December 31, 2004.

1.36 "**Retirement**" means a Separation from Service after attaining age 55 with at least 15 years of cumulative service (as defined by JPMorgan Chase Retirement Plan), of which at least the last five years of service preceding the Separation from Service are continuous.

1.37 "**Separation from Service**" means a Participant's separation from service with the Company or any Affiliate for any reason. For purposes of a good faith compliance with Section 409A of the Code and Notice 2005-1, it means a termination of employment until final Treasury Regulations are issued.

1.38 "**Specified Employee**" means a "specified employee" as defined in Section 409A (a)(2)(B)(i) of the Code as determined in accordance with the regulations promulgated under the Code. For this purpose, the designated period for determining a whether a Participant is a Specified Employee for the next succeeding period shall be each calendar year.

1.39 "**2005 Deferred Amount**" means, for purposes of Article VI, any vested amount credited to a Participant's Account with respect to Bonus, Commissions and Other Compensation deferred during calendar year 2005, including investment experience thereon; provided that the investment experience for any 2005 Deferred Amount treated as if invested in DSIB and the Private Equity Investment Options shall be the rate of return of the Short-Term Investment Option and the investment experience for the Multi-Strategy Investment Option shall be credited through October 31, 2005.

1.40 "**Unforeseeable Emergency**" means a severe financial hardship of the Participant resulting from an illness or accident of the Participant or beneficiary, the Participant's spouse, or the Participant's dependent (as defined in Section 152(a) of the Cole); loss of the Participant's property due to casualty; or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

1.41 "**Valuation Date**" means any date specified by the Administrator with respect to valuing an Account of a Participant.

ARTICLE II—PARTICIPATION

2.1 **Eligibility**. An Employee shall be eligible to participate in the Plan for any Plan Year only if such Employee is

- designated by the Administrator or his delegatee as an officer and/or other key employee of a Participating Company, and
- notified in writing by the Administrator or his delegatee that he or she is eligible to participate in the Plan.

2.2 **Participant.** An Eligible Employee shall become a Participant on the last business day of any enrollment period (or other period specified by Article III) if he or she makes a Deferral Election in accordance with Article III. With respect to amounts not subject to an annual enrollment period, he or she shall become a Participant when the Deferral Election is irrevocable.

ARTICLE III—DEFERRAL AND DISTRIBUTION ELECTIONS

3.1 **Timing of Deferral**

(a) **General Rule**. An Eligible Employee for any Plan Year may make a Deferral Election by completing and submitting a Deferral Election Form during the annual enrollment period established by the Administrator with respect to Bonuses and Commissions; provided that in the case of the first Plan Year in which an Employee becomes an Eligible Employee in accordance with Article II, such Deferral Election may be made with respect to services to be performed subsequent to the Deferral Election within thirty (30) days after the Employee becomes an Eligible Employee; provided further that with respect to Other Compensation, the Deferral Election Form shall be submitted and returned in accordance with the period established by the Administrator and as provided in Section 3.1 (d) below.

(b) **Commission Deferrals**. With respect to Commissions to be earned in any Plan Year, a Participant may make a Deferral Election during the enrollment period which shall occur on or before December 31st of the year prior to the Plan Year to which the Deferral Election relates.

(c) **Bonus Deferrals**. A Participant may elect to defer a portion of any Bonus amounts to be earned in a performance year by completing and submitting a Deferral Election Form during an annual enrollment period which shall occur no later than December 31st prior to the calendar year to which the Deferral Election relates; provided that if the Administrator determines that a Bonus is a Performance Based Bonus, a Participant may elect to defer a portion of any Performance-Based Bonus by making a Deferral Election during the enrollment period which shall occur at least six months prior to the end of the performance period to which such Performance-Based Bonus relates. Notwithstanding the foregoing, with respect to a Bonus earned in the 2004 performance year, a Participant may be permitted to make a later enrollment election in good faith reliance on Internal Revenue Service Notice 2005-1.

(d) **Other Compensation Deferrals**. The Plan Administrator in his discretion may permit an Eligible Employee who has been awarded Other Compensation to make an election to defer such Other Compensation which election shall occur no later than the 30th day after the Eligible Employee obtains the legally binding right to the Other Compensation; provided that such election shall be made at least 12 months in advance of the earliest date at which a substantial risk of forfeiture within the meaning of Section 409A of the Code could lapse; provided further that prior to having a legally binding right to Other Compensation, a Participant may elect to defer all or a portion of such amount. With respect to Other Compensation awarded in the form of restricted stock units for performance year 2004, Eligible Employees shall be permitted to make an election on or before March 15, 2005 to defer either the dividend equivalents associated with such units or the units themselves in good faith reliance on Internal Revenue Service Notice 2005-1.

3.2 **Amount of Deferrals**.

(a) **Commissions.** A Participant may elect to defer a percentage of his/her Commissions with respect to the Plan Year to which the Deferral Election relates in whole percentages only. The Administrator may specify the maximum and minimum percentage or amount that the Participant may defer with respect to a Plan Year, which may be different as among Participants.

(b) **Bonus.** A Participant may elect to defer a (i) percentage (in whole percentages only), (ii) a dollar amount or (iii) such combination of a dollar amount and percentage (as the Administrator may specify) of the Participant's Bonus with respect to the calendar year to which the Deferral Election relates. The Administrator may specify a minimum amount or maximum amount that a Participant may defer for any Plan Year; provided that if the percentage (or combination dollar amount and percentage elected) would result in a deferral of an amount less than the minimum amount or more than the maximum annual amount, the Deferral Election shall not be effective for the Plan Year to the extent that it is less than minimum amount or to the extent of the excess over the maximum annual amount; provided, further, that with respect to a newly eligible employee, any portion of a Bonus attributable to services rendered after date of eligibility shall be the maximum amount deferral hereunder. See Appendices A and C for the maximum and minimums applicable to 2005 and 2006.

(c) **Other Compensation**. A Participant may elect to defer a percentage or dollar amount of his/her Other Compensation to which the Deferral Election relates. The Administrator may specify the minimum and maximum dollar amount that a Participant may defer.

(d) **Adjustment for Taxes**. In the event that a Participant's Deferral Election results in insufficient non-deferred compensation from which the Company may withhold taxes (or such amount that is required to be deducted), the Participant's Deferral Election shall be reduced by the amount necessary to allow the Company to satisfy such withholding requirements, unless acceptable other arrangements are made for the payment of such taxes or other amounts.

(e) **Maximum Deferral**. The Administrator may specify an aggregate maximum amount that can be deferred by any Participant under the Plan. Commencing with calendar year 2006, the maximum aggregate Deferred Amounts of any Participant shall be $10 million. A

Participant's Deferral Election for any calendar year shall be reduced, when it combined with other previous Deferred Amounts, exceeds $10 million. See Sections 3.2(b) and (c) regarding reductions in a Deferred Amount when an annual maximum is exceeded.

3.3 **Distribution Elections**

(a) **Form of Payment**. At the same time that a Participant makes a Deferral Election, the Participant may make a Distribution Election on a Distribution Election Form as to the form of payment. Such Participant may elect to receive the Deferred Amount (including investment experience) subject to the Deferral Election either in a lump sum or in up to 15 annual installments.

(b) **Date of Distribution**. At same time that a Participant makes a Deferral Election, the Participant may make a Distribution Election on a Distribution Election Form as to when the Deferred Amount (including investment experience) subject to the Deferral Election is to be distributed. Such Participant may elect to commence receiving such amount either following a Separation from Service and/or in January of a specific year. If a specific year is elected, such year shall not be earlier than the second anniversary following date that the Deferred Amount is credited to the Participant's Account nor with respect to the DSIB Investment Option later than the than the Participant's sixty-five birthday. See Appendix B.

(c) **Changes in Form and Date of Distribution**. The Administrator, in his or her discretion, may permit a particular Participant to change the form and time of distribution in accordance with Section 409A (a)(4) of the Code and Proposed Regulations, as well as final Regulations when issued.

(d) **Special Limitations On Distributions of Certain Investment Options**. Notwithstanding Sections 3.3 (a) and (b) or any Distribution Election to the contrary, the following applies:

(i) Deferred Amounts treated as invested in the DSIB Investment Option shall be paid in 15 installments and shall only be distributed following a Separation from Service. If a Participant has selected a specific year to commence distribution of the DSIB Investment Option and is employed on such date by the Company or one of its Affiliates, then such amounts shall be payable following a Separation from Service on an Initial Distribution Date and in annual installments on each subsequent Distribution Date. If Participant has incurred a Separation from Service and has selected a date of distribution beyond his/her sixty fifth birthday, the election shall be disregarded; and the first installment shall commence on the later of the Initial Distribution Date or the Distribution Date, following the Participant's sixty fifth birthday and in annual installments thereafter on each subsequent Distribution Date. See Appendices B and D.

(ii) Because the calculation of any investment experience allocated to a Participant's Account with respect to the Private Equity Investment Option following a Separation from Service is not administratively practicable within the meaning Treasury Proposed Regulation 1.409-A3, it shall be distributed to the Participant (except in the case of a Specified Employee) within 60 days following the date of such allocation. In the case of a Specified Employee, such Participant shall not receive any distribution until six months have elapsed from the date of the Separation from Service.

(e) **Failure to Make A Distribution Election**. Unless Section 3.3 (c) applies, if a Participant fails to make a Distribution Election with respect to any Deferred Amount for a particular Plan Year, the Participant shall receive the Participant's Account balance attributable to that Deferred Amount in a lump sum on the Initial Distribution Date applicable to that Participant; except as provided above with respect to Deferred Amounts treated as invested in DSIB and Private Equity Investment Options.

3.4 **Effective Date and Irrevocability**. Unless the Administrator otherwise determines or Section 3.2 applies with respect to minimum/maximum deferrals, a Deferral Election and Distribution Election shall become effective upon the last business day of the enrollment period with respect to the Plan Year to which they relate, or in the case of Other Compensation as of the date that such Deferral and Distribution Election are received. With respect to Bonus and Commissions, a Deferral Election shall be effective for the Plan Year to which it relates and shall expire at the end of such Plan Year. A Deferral Election and Distribution Election shall be irrevocable when they becomes effective and may not be modified, except in the case of the 2005 Deferred Amount as provided in Article VI, in the event of an Unforeseeable Emergency as provided in Article VII or a subsequent election as provided in Section 3.3(c).

3.5 **Mandatory Deferrals**. Nothing in this Plan should be construed from prohibiting the Company from imposing a mandatory deferral; provided that such deferral and distribution thereof complies with the requirements of Section 409A of the Code.

ARTICLE IV—PARTICIPANT ACCOUNTS

The Company shall establish an Account with respect to each Participant. The Company shall credit a Participant's Deferred Amounts to his Account in accordance with the Participant's Deferral Election Form. The Company shall credit the Deferred Amounts to the Participant's Account as of the date on which the amounts would have been paid by the Company or other such other date as may be specified with respect Other Compensation, unless otherwise determined by the Administrator.

ARTICLE V—INVESTMENT ACCOUNTS

5.1 **Allocation/Transfer Election**. A Participant shall elect Investment Options to be used to determine the value of a Participant's Account. A Participant shall use the Allocation/Transfer Election to specify his/her allocations/transfers among the Investment Options. In the event that the Participant fails to make an Allocation/Transfer Election with respect to a Deferred Amount or with respect to a credit from the Private Equity Investment while a Participant is employed by the Company or one of its Affiliates, such Deferred Amount shall be automatically treated as allocated or transferred to the Short-Term Investment Option, unless the Administrator otherwise directs.

5. 2 **Continuation of Investment Election**. With respect to Commissions, an Allocation/Transfer Election submitted by a Participant during the annual enrollment shall be a continuing Allocation Election with respect to the allocation of future Deferred Amounts during the Plan Year until a new Allocation/Transfer Election is submitted by the Participant. In the

event that the Participant fails to make an Allocation/Transfer Election with respect to a Deferred Amount, it shall be automatically treated as allocated or transferred to the Short-Term Investment Option, unless the Administrator otherwise directs.

5.3 **Reallocation/Transfer Among Investment Options**. A Participant may reallocate or transfer his Account balances among the Investment Options by submitting a new Allocation/Transfer Election in such form and at such time or times as may be specified by the Administrator. The Administrator may, in his sole and absolute discretion, restrict transfer, allocation or reallocation by Participants into or out of specified Investment Options or specify minimum or maximum amounts that may be allocated or transferred by Participants. See Appendices A and C for the restrictions applicable to the 2005 and 2006.

5.4 **Changes in Investment Options**. The Administrator, in his sole and absolute discretion, shall be permitted to add or remove Investment Options provided that any such additions or removals of Investment Options shall not be effective with respect to the investment experience credited prior to the effective date of the change. In the event that the Administrator removes or replaces an Investment Option, the Administrator may direct the transfer of balances previously allocated to that Investment Option to other Investment Options.

5.5 **DSIB Investment Option.** Deferred Amounts treated as invested in the DSIB Investment Option shall earn the rate of return specified by the Administrator for that year and future years up to the January 1, immediately prior to the distribution of the first installment of the DSIB. The DSIB rate of return shall not be applicable if employment of a Participant terminates with less than five years of service, or before age 65 with respect to deferrals made within 12 month of termination of employment. In such circumstances, that portion of the Account shall receive, in lieu of the DSIB rate, the rate provided by the Stable Value Investment Option for calendar year 2005 and thereafter the rate provided by the Short-Term Investment Option. Effective as of February 1, 2005, DSIB was no longer an Investment Option under the Plan. See Appendix B for a full description of the DSIB Investment Option

5.6 **JPMorgan Chase Common Stock Investment Option** . As of the date that any Deferred Amount is treated as invested in the JPMorgan Chase Common Stock Investment Option, the number of hypothetical shares to be allocated to a Participant's Account shall be determined by using the New York Stock Exchange Closing Price for that day if such credit, transfer, or allocation is received prior to closing of the New York Stock Exchange for that day. If the Exchange is closed, the next business day's closing price shall be used. Dividend equivalents on such hypothetical shares allocated to an Account shall be converted into additional shares on a similar basis.

5.7 **Account Valuation**. As of a Valuation Date, a Participant's Account shall be valued as the sum of the value of all Deemed Investments of the Account minus any withdrawals or distributions from such Account. Investment experience with respect to each Investment Option will be credited and debited to, or otherwise reflected in, the balance of such Account.

5.8 **No Ownership**. A Participant's election of Investment Options as measuring devices for determining the value of a Participant's Account does not represent actual ownership of, or any ownership rights in or to, the investments to which the Investment Options refer, nor is the

Company or Bank, as applicable, in any way bound or directed to make actual investments corresponding to Deemed Investments. A Participant's Allocation/Transfer Election shall be used solely for purposes of determining the value of such Participant's Account.

5.9 **Life Insurance**. In the event that, in its discretion, the Company or Bank, as applicable, purchases an insurance policy or policies insuring the life of a Participant to allow the Company or Bank to recover the cost of providing the benefits hereunder, neither the Participant, Participant's Beneficiary, nor any other person shall have or acquire any rights whatsoever in such policy or policies or in the proceeds therefrom, and the Participant shall cooperate with the Company and Bank in the acquisition of such life insurance policy.

ARTICLE VI—SPECIAL TRANSITION RULES

6.1 **Special Election**. With respect to the 2005 Deferred Amount, a Participant may elect during a special election period in 2005 to receive his/her 2005 Deferred Amount on or before December 31, 2005. Elections to receive a partial distribution of the 2005 Deferred Amount are not permitted. By way of further clarification, the election shall not apply to any vested deferral under the Program. It shall only apply to amounts subject to Section 409A of the Code.

6.2 **Account Valuation**. For Participants electing to receive their 2005 Deferred Amount, Accounts are valued as of November 30, 2005.

6. 3 **Distribution Elections**. If a Participant shall retain his/her 2005 Deferred Amount in the Plan, then such Participant, during the special enrollment period referred to in Section 6.1 , may make a Distribution Election as described Section 3.3, including any limitation set forth therein. Any Distribution Election made prior to the special enrollment with respect to the 2005 Deferred Amount shall be null and void.

ARTICLE VII—DISTRIBUTIONS

7. 1 **Distribution Events**. In accordance with Section 409A of the Code and ther terms of this Plan, distribution of Deferred Amounts, including investment experience, may not occur earlier than the :

(a) date of Separation from Service of a Participant;

(b) death of the Participant;

(c) specific year elected by the Participant pursuant to a Distribution Election; or

(d) occurrence of an Unforeseeable Emergency.

7.2 **Form of Distribution**. Except with respect to Deferred Amounts treated as if invested in the JPMorgan Chase Common Stock Investment Option, all distribution shall be in cash. Distributions attributable to the JPMorgan Chase Common Stock Investment Option shall be distributed in the form of JPMorgan Chase Common Stock and shall be based on the number of hypothetical shares allocated to the Account. References herein to a lump sum mean cash and such stock.

7.3 **Distribution Upon Separation From Service**. Upon a Participant's Separation from Service, the Participant shall receive the distribution of the Participant's Account balance in accordance with the Participant's Distribution Elections except as otherwise provided for in this Article VII and by Section 3.3(c). If a Participant failed to make a Distribution Election with respect to any Deferred Amount, including investment experience, it shall be distributed as a lump sum on an Initial Distribution Date except as otherwise provided for in this Article VII and by Section 3.3(c).

7. 4 **Distribution Upon Death**. (a) Irrespective of any Distribution Election made, if a Participant dies, the Plan shall distribute the balance of the Participant's Account to the Participant's Beneficiary in a lump sum (other than for Private Equity and DSIB Investment Options) not later than 120 days following receipt of a death certificate.

(b) In the event of the death of a Participant prior to the Participant's receipt of installments from the DSIB Investment Option, then the Beneficiary shall receive survivor benefits to the Beneficiary as provided pursuant to such Options. Such survivor benefits shall first commence not later 120 days following receipt of a death certificate and subsequently on each annual Distribution Date following the initial distribution of the survivor benefits. In the event of death after distribution of the benefits under DSIB Investment Option have commenced, the Beneficiary shall receive any remaining installment payments in accordance with the schedule applicable to the Participant. See Appendix B.

(c) Subject to Section 7.4 (a), any amounts allocated from the Private Equity Investment Option of a deceased Participant shall be distributed to the Beneficiary not later than 60 days after the date of the allocation.

7.5 **Distribution on a Specific Year**. A Participant who has elected a specific year to receive a distribution of a Deferred Amount shall receive such distribution in January of the year elected; except as otherwise provided for in this Article VII and by Section 3.3(c).

7.6 **Unforeseeable Emergency Distribution.** Upon the Participant's request and the submission of evidence of demonstrating an Unforeseeable Emergency, the Administrator may, in his sole and absolute discretion, determine that a Participant has incurred an Unforeseeable Emergency. If such a determination is made, the Administrator may cancel a Deferral Election for the balance of the Plan Year and, taking into account the dollar value of such cancellation to the Participant, shall authorize a distribution limited to the amount reasonably necessary to satisfy the emergency need (which may include amounts necessary to pay any Federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution). For these purposes, a distribution shall not be allowed to the extent that the hardship may be relieved through reimbursement or compensation by insurance or otherwise, or by liquidation of the

Participant's assets (to the extent such liquidation would not itself cause a severe financial hardship).

7.7 **Acceleration of Distributions**.

(a) **Minimum Account/Voluntary Termination**. Notwithstanding any Distribution Election or any Plan term to the contrary, a Participant shall receive his/her Account on the Initial Distribution Date if (i) the value of the Account is less than $15,000 (excluding Deemed Investments in Private Equity and DSIB Investment Options) or (ii) for Deferred Amounts credited under this Plan after calendar year 2005, the Participant's Separation from Service was for reasons other than a Job Elimination, Retirement or Disability.

(b) **FICA Amount**. The Plan, at the discretion of Administrator, may permit the acceleration of an amount equal to the (i) FICA Amount with respect to any Participant (ii) the income tax at source on wages imposed under Section 3401 of the Code or the corresponding withholding provisions of applicable state, local, or foreign tax laws as a result of the payment of the FICA Amount, and (iii) the additional income tax at source on wages attributable to the pyramiding Section 3401 wages and taxes. However, the total payment under this Section shall not exceed the aggregate of the FICA Amount, and the income tax withholding related to such FICA Amount.

(c) **Payments Upon Income Inclusion Under Section 409A**. The Plan, at the discretion of Administrator, may permit the acceleration of the time or schedule of a payment to a Participant under the Plan at any time the Plan or any arrangement that is aggregated with the Plan under Treasury Regulations fails to meet the requirements of Section 409A of the Code with respect to such Participant. Such payment shall not exceed the amount required to be included in income as a result of the failure to comply with the requirements of Section 409A of the Code and Treasury Regulations.

(d) **Prohibition On Acceleration of Distributions**. Other than provided for in Articles III and VII, the Plan shall not permit the acceleration of the time or schedule of any payment under the Plan except as provided by the Code or Treasury Regulations.

7.8 **Delaying Payment**.

(a) **162(m) Delay**. If, in the reasonable judgment of the Administrator, the Company's deduction with respect to a distribution of Deferred Amounts or any other amount would be limited or eliminated by application of Section 162(m) of the Code, such distribution shall be delayed to the Initial Distribution Date (or such earlier distribution date required by Treasury Regulations), unless with respect to an amount subject to a mandatory deferral, the Participant has made a Distribution Election that extends the distribution date beyond the Initial Distribution Date.

(b) **Security laws violation**. If, in the reasonable judgment of the Administrator distribution of a Deferred Amount would violate Federal securities laws or other applicable laws, then such distribution shall be delayed to the date at which the Administrator reasonably anticipates that the payment of the amount will not cause such violation. For this purpose, the distribution of a Deferred Amount that would cause an inclusion in gross income or the application of any penalty provision or other provision of the Code shall not be deemed a violation of applicable laws.

ARTICLE VIII—LIABILITY AND FUNDING

8.1 **Unsecured Creditor**. The right of any Participant or Beneficiary to receive future payments under the provisions of the Plan shall be an unsecured claim against the general assets of (i) the Bank if the Participating Company employing the Participant at the time that his/her compensation is deferred was a bank or a bank subsidiary, or (ii) the Company, if the Participating Company employing the Participant at the time his/her compensation is deferred was not a bank or a bank subsidiary.

8.2 **No Funding**. All benefits in respect of a Participant under this Plan shall be paid directly from either the general funds of the Company or Bank, as applicable. No special or separate fund shall be established and no other segregation of assets shall be made to assure payment of any benefits hereunder. No Participant or Beneficiary shall have any right, title or interest whatsoever in or to any investments which the Company or Bank, as applicable, may make to aid the Company or Bank, as applicable, in meeting their obligation hereunder. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Company or Bank and any Participant or Beneficiary.

ARTICLE IX—AMENDMENT AND TERMINATION

9.1 **Amendment and Plan Termination**. The Administrator, Committee or the Board may at any time modify, amend or terminate the Plan. Any such modification, amendment or termination shall not cancel, reduce or otherwise adversely affect the amount of benefits of any Participant accrued. Any termination shall conform to Section 409A of the Code.

9.2 **Compliance with Law**. It is intended that this Plan comply with all provisions of the Code and regulations and rulings in effect from time to time regarding the permissible deferral of compensation and taxes thereon, and it is understood that this Plan does so comply. If any provision of this Plan is inconsistent with Section 409A of the Code, then such provision shall be null and void from date included in the Plan, unless the application of such change is prospective in nature.

ARTICLE X—ADMINISTRATION

10.1 **Administrator**. Except as otherwise provided herein, the Plan shall be administered by the Administrator who shall have the authority to adopt rules and regulations for carrying out the provisions of the Plan, who shall interpret, construe and implement the provisions of the Plan, and whose determinations shall be conclusive and binding. In carrying out his responsibilities hereunder, the Administrator may appoint such delegates as he/she deems appropriate. Such appointment need not be in writing.

10.2 **Decision Binding**. Any decision made or action taken by the Board, the Committee, the Administrator or the Company, arising out of, or in connection with, the construction, administration, interpretation and effect of the Plan shall be within their absolute discretion, and will be conclusive and binding on all parties. Neither the Administrator nor a member of the Board or the Committee shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of the Plan have been delegated or, except in circumstances involving bad faith, for anything done or omitted to be done in connection with this Plan.

ARTICLE XI—MISCELLANEOUS

11.1 **No Right to Assign**. Other than by will, the laws of descent and distribution, or by appointing a Beneficiary, no right, title or interest of any kind in the Plan shall be transferable or assignable by a Participant (or his Beneficiary) or be subject to alienation, anticipation, sale, pledge, encumbrance, garnishment, attachment, levy, execution or other legal or equitable process, nor be subject to the debts, contracts, liabilities or engagements, or torts of any Participant or his Beneficiary. Any attempt to alienate, sell, transfer, assign, pledge, garnish, attach or take any other action subject to legal or equitable process or encumber or dispose of any interest in the Plan shall be void.

11.2 **Successors**. The provisions of Plan shall bind and inure to the benefit of the Company and its successors and assigns. The term successor as used herein shall include any corporate or other business entity which shall, by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Company and successors of any such corporation or other business entity.

11.3 **No Employment Rights Conferred**. Nothing contained in the Plan shall (i) confer upon any Participant any right with respect to continuation of employment with the Company or any Affiliate, (ii) interfere in any way with the right of the Company or any Affiliate to terminate a Participant's employment at any time, or (iii) confer upon any Participant or other person any claim or right to any distribution under the Plan except in accordance with its terms.

11.4 **Location Of Participants**. Each Participant shall keep the Company informed of his current address and the current address of his Beneficiary. The Company shall not be obligated to search for any person.

11.5. **Statements; Errors in Statements or Distributions**. The Administrator will furnish to a Participant, in such manner as the Administrator shall determine, a statement reflecting the amounts credited to the Participant's Account and any transactions therein from time to time.

11.6 **Receipt and Release**. Distributions to any Participant or Beneficiary (or any legal representative thereof) in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all claims for Deferred Amounts and relating to any Account to which the distributions relate against the Company or Bank, as applicable, and the Company or the Bank, as applicable, may require such Participant or Beneficiary (or any legal representative thereof), as a condition to such distributions, to execute a receipt and release to such effect.

11.7 **Plan Expenses**. The value of a Participant's Account may be adjusted to reflect a charge for a pro rata share of the fees and expenses (including, but not limited to, administrative expenses, audit fees, trustee fees, trust administration fees and banking expenses) of the Company in connection with the Plan.

11.8 **Headings and Subheadings**. Headings and subheadings in the Plan are for reference only, and if there is any conflict between such headings or subheadings and the text of the Plan, the text shall control.

11.9 **Invalid or Unenforceable Provisions**. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Administrator may elect in it sole and absolute discretion to construe such invalid or unenforceable provisions in a manner that conforms to applicable law or as if such provisions, to the extent invalid or unenforceable, had not been included.

11.10 **Governing Law**. This Plan and the Participant's participation in the Plan shall be interpreted and applied in accordance with the laws of the State of New York, without regard to conflicts of law principles, except to the extent superseded by applicable federal law.

APPENDIX A—2005 PROGRAM RULES

Deferral Limits for 2005

A Participant is permitted a minimum deferral of $5000 and a maximum deferral of 90% of the Bonus or $1 million. If an election were to result in a deferral of more than $1 million, the deferral will be reduced accordingly and apportioned pro rata in accordance with the percentage elections among the Investment Options.

A Participant is permitted a maximum deferral into each of the DSIB and Stable Value Investment Options of $500,000. If an investment election results in a deferral to either of these Investment Options of more than $500,000, any amounts in excess of such limits will be directed to the Short-Term Fixed Income Investment Option.

Limitations on transfers and reallocations.

The following special provisions limit the reallocation or transfer of account balances in JPMorgan Chase Common Stock, Stable Value, Deferred Supplemental Income Benefit (DSIB), Private Equity, Multi-Strategy II and the International Equity Investment Options:

- A Participant can reallocate or transfer any Account balance (other than that attributable to Private Equity) from Investment Options into JPMorgan Chase Common Stock Investment Option, but may not reallocate or transfer any portion of the Account out of JPMorgan Chase Common Stock Investment Option.
- A Participant may not reallocate or transfer any of Account balances from other hypothetical Investment Options into the Stable Value, DSIB, and Private Equity Investment Options.
- No portion of the Participant's Account balances in the DSIB and Private Equity Investment Options may be reallocated or transferred into another Investment Option.
- A Participant may not reallocate or transfer any Account balances from other hypothetical Investment Options into Multi-Strategy II Investment Option.
- If a Participant reallocates and/or transfers balances into the International Large Cap Index, International Large Cap Value, International Large Cap Core, or International Small Cap Investment Options, then no subsequent amount (including any prior balance) can be reallocated or transferred out of that particular Investment Option for 30 calendar days from the date of the initial reallocation/transfer.

APPENDIX B

You may elect to have your Deferred Compensation Program account balance treated as if invested in the Deferred Supplemental Income Benefit (DSIB) investment choice. With DSIB, your investments earn a rate of return based on your age when your deferred compensation is credited to DSIB and your age when you receive payment. (For more information, see Table 1 on page 22, which shows the rates in effect for amounts deferred, transferred, or reallocated into pending DSIB during 2004 and for deferrals of performance year 2004 cash bonuses, as applicable. Table 2 shows reduction factors for benefits commenced before age 65.)

JPMorgan Chase may seek to defray the costs of this investment choice by purchasing, owning, and being the beneficiary of life insurance policies on the lives of certain employees. You will not be required to complete an insurance application to defer through DSIB, nor will a medical examination be necessary. If you choose to invest through DSIB, you may be required to complete a consent form that allows JPMorgan Chase to purchase life insurance on you. You will have no interest in the proceeds of this insurance.

Once amounts (2004 performance year bonus deferrals and 2004 Pending DSIB) are credited to DSIB in January 2005, such amounts cannot be transferred out.

Minimum Deferral Amount: The minimum annual deferral amount into DSIB is $5,000. Any deferrals below the applicable minimum will be credited to the Short-Term Fixed Income investment choice and receive interest based on the Short-Term Fixed Income rate for the applicable period. You may then transfer this amount to most of the other investment choices offered under the program.

Deferral Limits: The annual limit on new deferrals into DSIB and pending DSIB (for commission-paid employees) is $500,000. JPMorgan Chase reserves the right to further restrict the deferred amounts invested in this investment choice, as it does with all investment choices, in its sole discretion. Participants will be advised if JPMorgan Chase exercises its discretion. Such restricted amounts will be credited to the Short-Term Fixed Income investment choice and receive interest based on the Short-Term Fixed Income rate for the applicable period.

Pending DSIB: Voluntary Compensation Deferral Plan deferrals allocated to DSIB during 2005, will remain in pending status, unless you subsequently transfer such amounts out of pending status during 2005. In pending status, the amounts will accrue interest at the rates offered by the Short-Term Fixed Income investment choice. In January 2006, these amounts will automatically be credited to DSIB and, at such time, will earn the rate then in effect for DSIB (such rates will be announced in fall 2005). **Once these amounts are credited to DSIB in January 2006, such amounts cannot be transferred out.**

Note for Commission-Paid Employees: If you transfer and/or reallocate balances out of pending DSIB, then no subsequent amount can be transferred or reallocated back into pending DSIB in a given year.

JPMorganChase
DEFERRED COMPENSATION PROGRAM

DEFERRED SUPPLEMENTAL INCOME BENEFIT (DSIB) INVESTMENT

Transfer Restrictions: You may not reallocate or transfer any of your Deferred Compensation Program account balances from other hypothetical investment choices into DSIB. In addition, no portion of your account balance in DSIB may be reallocated or transferred into another investment choice.

DSIB Payments

You may not elect to receive payments from DSIB while employed. Instead, payments are scheduled to begin in the year following your retirement or termination of employment, subject to the firm's acceptance and to any applicable legal requirements.

Payments from DSIB are made in 15 equal annual installments. You will have 60 days from your retirement or termination date (but not later than December 31 of the year of your retirement/termination) to request to defer payments to a later year, subject to the firm's acceptance and to any applicable legal requirements. If you do not make a request, the first of 15 DSIB payments will begin as soon as administratively possible following your retirement or termination under the terms and conditions for distributions.

Under the following circumstances, your deferrals invested through DSIB will be recalculated as if they had been invested in the Short-Term Fixed Income investment choice:

- If your employment terminates with fewer than five years of service (including service with predecessor organizations); or
- If your employment terminates before age 65 and your deferral was invested in DSIB for less than 12 months prior to your termination.

Examples:

- If you **defer a portion of your 2004 performance year bonus** into DSIB and your employment terminates before January 1, 2006 (12 months after January 1, 2005), your DSIB deferral will be recalculated at the Short-Term Fixed Income rate, unless you are age 65 or older at the time of termination.
- If you **defer a portion of your 2005 eligible compensation** (for commission-paid employees) into Pending DSIB and your employment terminates before January 1, 2007 (12 months after January 1, 2006), your DSIB deferral will be recalculated at the Short-Term Fixed Income rate, unless you are age 65 or older at the time of termination.

In such cases, this amount will be distributed to you following your termination of employment under the same terms and conditions for distributions from the Short-Term Fixed Income investment choice. (See the accompanying **Voluntary Bonus Deferral Plan Brochure** or the **Voluntary Compensation Deferral Plan Brochure** for details on distributions.)

DEFERRED SUPPLEMENTAL INCOME BENEFIT (DSIB) INVESTMENT

An Important Tax Note

Estate tax law is very complex and subject to change. You should consider consulting a qualified tax advisor before electing a survivor benefit payment method. The Lump-Sum Survivor Benefit payment choices are designed to address a potential cash flow problem that can arise due to U.S. estate taxes.

Survivor Benefits

In the event of your death before payments begin, DSIB provides annual survivor payments to your beneficiary(ies) for 15 years. These benefits begin as soon as administratively practical.

The annual survivor payment is approximately equivalent to the annual benefit that you would have received at age 60. DSIB Table 3 on page 24 shows the survivor benefits payable per $1,000 deferred.

In the event of your death after payments begin, the remaining annual payments will be paid to your beneficiary(ies) in the same amount as had been paid to you.

You may elect to have all or a portion of your benefit paid to your beneficiary(ies) as a lump sum if certain conditions are met. (Please see “Lump-Sum Survivor Benefits” below.)

*For more information about choosing your beneficiary(ies), please see the accompanying **Deferred Compensation Program Highlights**.*

Lump-Sum Survivor Benefits

As an alternative to the annuity form of payment described in “Survivor Benefits” above, you can select a lump-sum form of survivor benefit to be paid to your beneficiary in the event of your death.

Under U.S. federal estate tax law, if your beneficiary is your spouse, the value of the DSIB benefit would not be subject to estate tax. However, if your beneficiary is **not** your spouse, or your spouse is **not** a U.S. citizen, and your estate is large enough to be subject to federal estate taxes, then upon your death the present value of all of the future DSIB benefit payments would be subject to federal estate tax. Those taxes would be payable *almost immediately*, even though the DSIB benefit would be payable over a number of years.

Special conditions must be satisfied at the time of your death in order for a lump-sum payment election to apply, as described in the section “Conditions on Lump-Sum Survivor Benefits” below. There are two forms of lump-sum benefits available:

1. **A lump-sum survivor benefit** — The lump-sum benefit is equivalent to the present value of the applicable survivor annuity as of the distribution date, i.e., the year in which the estate tax is due. In the event annuity payments have already commenced at the time of your death, the lump-sum benefit is the present value equivalent of the remaining annuity payments.
2. **50% of the above amount payable as a lump sum, and the remaining portion of the benefit payable in equal annual installments** beginning in the year the lump-sum portion is paid.

Conditions on Lump-Sum Survivor Benefits

You may make an election for one of the lump-sum survivor benefit payment choices described in the “Lump-Sum Survivor Benefits” section above at any time. However, your election will be effective only if *each* of the following conditions is satisfied at the time of your death:

- Your beneficiary must be someone *other than* your spouse, or must be a spouse who is not a U.S. citizen;
- The annual installment benefit payable to your beneficiary must be greater than $50,000; *and*

- At least one year must have elapsed between your election of a lump-sum survivor benefit and your death (unless your death is due to an accident, as defined under the JPMorgan Chase Accidental Death and Dismemberment (AD&D) Insurance Plan, subsequent to your election).

If at the time of your death any of these conditions is not satisfied, your survivor benefit will be paid to your beneficiary in equal annual installments. **Please Note:** Even if one or more of the conditions is not currently satisfied, you may make a contingent election in case circumstances change and all conditions are met at the time of your death.

How the Lump-Sum Payments Are Calculated

Under the terms of DSIB, the full lump-sum survivor benefit will be equal to the present value of the applicable annuity payments that would otherwise be paid to your beneficiary. The lump-sum portion of the 50% lump-sum/50% annuity payment choice will be equal to half the value of the full lump-sum benefit.

To determine the present value, a discount rate based on your unique weighted average rates of return for your cumulative DSIB deferrals will be used. The rate of return on DSIB deferrals can be found in the footnotes to your periodic Deferred Compensation account statements.

Please Note: While JPMorgan Chase will use your DSIB rate of return to determine the value of a lump-sum payment, the Internal Revenue Service (IRS) will apply its own discount rate in calculating the present value of these annuity payments for purposes of determining estate taxes due. The discount rate used by the IRS may be lower or higher than the rate of return used by the Deferred Compensation Program.

Electing a Lump-Sum Survivor Benefit

If you would like to elect a lump-sum survivor benefit, you must use the *DSIB Survivor Benefit Election Form*. You can print the election form from the Deferred Compensation Program home page on My Rewards @ Work:,

From Work: Company Home > Resources > Benefits & Programs.

From Home: www.MyRewardsAtWork.com via the Internet.

You may make a lump-sum election at any time, even if you have already begun receiving your payments. Your election can also be changed at any time. Remember, however, that for a lump-sum payment to apply, at least one year must elapse between the date of your election and the date of your death, as outlined in “Conditions on Lump-Sum Survivor Benefits.” Similarly, to revoke a lump-sum payment choice election, at least one year must elapse between the date of revocation and the date of your death. The date of your election (or revocation) is the date your election form is acknowledged by Executive Compensation and Benefits.

Please Note: If you do not submit the election form, in the event of your death, your benefit will automatically be paid to your beneficiary in equal annual payments.

Benefit Calculations

The following examples illustrate how to calculate potential DSIB benefits based on current rates of return.

Assumptions:

Age When Beginning DSIB Deferrals	45
Years Contributing	5
Annual Contribution Amount	$ 10,000

		Normal Age 65 DSIB Benefit			*Survivor Income Benefit*		
Age at Deferral	*Amount Deferred*	*Annual Payment per $1,000 at Age 65 (from Table 1 on page 22)*	*Total Annual Payment on $10,000 Deferral*	*Total of 15 Annual Payments*	*Annual Survivor Income per $1,000 (from Table 3 on page 24)*	*Total Annual Survivor Income on $10,000 Deferral*	*Total of 15 Annual Survivor Payments*
45	$ 10,000	$ 448	$ 4,480	$ 67,200	$ 335	$ 3,350	$ 50,250
46	$ 10,000	$ 421	$ 4,210	$ 63,150	$ 315	$ 3,150	$ 47,250
47	$ 10,000	$ 396	$ 3,960	$ 59,400	$ 296	$ 2,960	$ 44,400
48	$ 10,000	$ 372	$ 3,720	$ 55,800	$ 278	$ 2,780	$ 41,700
49	$ 10,000	$ 349	$ 3,490	$ 52,350	$ 261	$ 2,610	$ 39,150
Total	**$ 50,000**	**$ 1,986**	**$ 19,860**	**$ 297,900**	**$ 1,485**	**$ 14,850**	**$ 222,750**
	You Put In é			**You Get Out é**			

Here are similar examples of potential DSIB benefits at two other ages — age 35 and age 55:

	Normal Age 65 DSIB Benefit	*Normal Age 65 DSIB Benefit*		*Survivor Income Benefit*	
Age at Initial Deferral	*Annual Deferrals (5 years)*	*Annual Payout Age 65-79*	*Total Payout*	*Annual Survivor Income*	*Total Survivor Income*
35	$ 50,000	$ 35,270	$ 529,050	$ 26,350	$ 395,250
55	$ 50,000	$ 10,190	$ 152,850	$ 7,620	$ 114,300
	You Put In é		**You Get Out é**		

To calculate the impact of beginning payments before age 65, please refer to Table 2 on page 23.

DSIB Tables

The following tables provide additional information about DSIB.

- Table 1 shows the payments — beginning at age 65 — for each $1,000 deferred, transferred, or reallocated into Pending DSIB during 2004 and for deferrals of performance year 2004 cash bonuses, as applicable.
- Table 2 shows reduction factors for benefits that begin before age 65.
- Table 3 shows survivor income benefits payable.

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DEFERRED COMPENSATION PROGRAM

DEFERRED SUPPLEMENTAL INCOME BENEFIT (DSIB) INVESTMENT

Deferred Supplemental Income Benefit

Table 1
Normal age 65 benefit per $1,000 deferred[1]

If you defer at age[2]	You'll receive this amount annually for 15 years starting at age 65[3]	Total of 15 payments	Age 65 rate of return
25	$1,240	$18,600	6.50%
26	1,189	17,835	6.55%
27	1,139	17,085	6.60%
28	1,090	16,350	6.65%
29	1,042	15,630	6.70%
30	996	14,940	6.75%
31	950	14,250	6.80%
32	906	13,590	6.85%
33	863	12,945	6.90%
34	822	12,330	6.95%
35	781	11,715	7.00%
36	742	11,130	7.05%
37	704	10,560	7.10%
38	668	10,020	7.15%
39	632	9,480	7.20%
40	598	8,970	7.25%
41	566	8,490	7.30%
42	534	8,010	7.35%
43	504	7,560	7.40%
44	475	7,125	7.45%
45	448	6,720	7.50%
46	421	6,315	7.55%
47	396	5,940	7.60%
48	372	5,580	7.65%
49	349	5,235	7.70%
50	327	4,905	7.75%
51	306	4,590	7.80%
52	287	4,305	7.85%
53	268	4,020	7.90%
54	250	3,750	7.95%
55	234	3,510	8.00%
56	218	3,270	8.05%
57	203	3,045	8.10%
58	189	2,835	8.15%
59	175	2,625	8.20%
60	163	2,445	8.25%
61	151	2,265	8.30%
62	140	2,100	8.35%
63	130	1,950	8.40%
64	120	1,800	8.45%
65	111	1,665	8.50%

1 This table is in effect for amounts deferred, transferred, or reallocated into Pending DSIB during 2004 and for deferrals of performance year 2004 cash bonuses, as applicable.

2 Attained age as of December 31, 2004.

3 Benefits start in January of the year following your 65th birthday.

Deferred Supplemental Income Benefit

Table 2
Reduction factors for benefits commenced before age 65[1]

Benefits commenced at age[2]	Percentage of age 65 benefits paid
64	94.34%
63	89.00%
62	83.96%
61	79.21%
60	74.73%
59	70.50%
58	66.51%
57	62.74%
56	59.19%
55	55.84%
54	52.68%
53	49.70%
52	46.88%
51	44.23%
50	41.73%
49	39.36%
48	37.14%
47	35.03%
46	33.05%
45	31.18%
44	29.42%
43	27.75%
42	26.18%
41	24.70%
40	23.30%
39	21.98%
38	20.74%
37	19.56%
36	18.46%
35	17.41%
34	16.43%
33	15.50%
32	14.62%
31	13.79%
30	13.01%
29	12.27%
28	11.58%
27	10.92%
26	10.31%
25	9.72%

1 This table is in effect for amounts deferred, transferred, or reallocated into Pending DSIB during 2004 and for deferrals of performance year 2004 cash bonuses, as applicable.

2 Attained age as of December 31 in the year before payments commence or, for survivor benefits, in the year of death.

Deferred Supplemental Income Benefit

Table 3
Survivor income benefits per $1,000 deferred[1]

Age at deferral[3]	Pre-Retirement Survivor Benefit[2]	
	Annual 15 year payment	Total payment
25	$927	$13,905
26	889	13,335
27	851	12,765
28	815	12,225
29	779	11,685
30	744	11,160
31	710	10,650
32	677	10,155
33	645	9,675
34	614	9,210
35	584	8,760
36	554	8,310
37	526	7,890
38	499	7,485
39	472	7,080
40	447	6,705
41	423	6,345
42	399	5,985
43	377	5,655
44	355	5,325
45	335	5,025
46	315	4,725
47	296	4,440
48	278	4,170
49	261	3,915
50	244	3,660
51	229	3,435
52	214	3,210
53	200	3,000
54	187	2,805
55	175	2,625
56	163	2,445
57	152	2,280
58	141	2,115
59	131	1,965
60	122	1,830
61	120	1,800
62	118	1,770
63	116	1,740
64	113	1,695
65	111	1,665

1 This table is in effect for amounts deferred, transferred, or reallocated into Pending DSIB during 2004 and for deferrals of performance year 2004 cash bonuses, as applicable.

2 Survivor benefit equals the greater of the survivor benefit in this Table or the benefit in Table 2 if the death occurs after age 60.

3 Attained age as of December 31, 2004.

APPENDIX C—2006 PROGRAM RULES

Deferral Limits for 2006

A Participant is permitted a minimum deferral of $5000 and a maximum deferral of 90% of the Bonus or $1 million. If an election were to result in a deferral of more than $1 million, the deferral will be reduced accordingly and apportioned pro rata in accordance with the percentage elections among the Investment Options.

Limitations on transfers and reallocations

The following special provisions limit the reallocation or transfer of account balances in the JPMorgan Chase Common Stock, Multi-Strategy II, and International Investment Options:

- A Participant can reallocate or transfer any unrestricted Account balances from other hypothetical investment Option Investments into the JPMorgan Chase Common Stock, but may not reallocate or transfer any portion of the Account balance out of the JPMorgan Chase Common Stock Investment Option;
- A Participant may not reallocate or transfer any Account balances from other hypothetical Investment Options into Multi-Strategy II.
- If a Participant reallocates and/or transfers balances into the International Investment Option, then no subsequent amount (including any prior balance) can be reallocated or transferred out of that particular Investment Option for 30 calendar days from the date of the initial reallocation/transfer.

EXHIBIT 10.6

THE CHASE MANHATTAN CORPORATION

1996 LONG-TERM INCENTIVE PLAN

Restated and Effective as of May 16, 2000

1. PURPOSE. The purposes of The Chase Manhattan Corporation 1996 Long-Term Incentive Plan (the "Plan"), as amended and restated by the Board (as defined below) on March 21, 2000 with certain amendments effective following stockholder approval at the May 16, 2000 annual meeting, are to encourage selected employees of the Company (as defined below) to acquire a proprietary and vested interest in the growth and performance of the Company, to generate an increased incentive to contribute to the Company's future success and prosperity, thus enhancing the value of the Company for the benefit of stockholders, to enhance the Company's ability to attract, retain and reward employees of exceptional talent upon whom, in large measure, the sustained progress, growth and profitability of the Company depends and to allow the Company to respond to a changing business environment in a flexible manner.

The purposes of the Plan are to be achieved through the grant of various types of stock-based awards.

2. DEFINITIONS. For purposes of the Plan, the following terms shall have the meanings set forth in this Section 2:

(a) "Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(b) "Award" shall mean any type of stock-based award granted pursuant to the Plan.

(c) "Board" shall mean the Board of Directors of CMC; provided that any action taken by a duly authorized committee of the Board within the scope of authority delegated to such committee by the Board shall be considered an action of the Board for purposes of this Plan.

(d) "CMC" shall mean The Chase Manhattan Corporation, and, except as otherwise specified in this Plan in a particular context, any successor thereto, whether by merger, consolidation, purchase of all or substantially all its assets or otherwise.

(e) "Code" shall mean the Internal Revenue Code of 1986, as from time to time amended.

(f) "Committee" shall mean the Compensation and Benefits Committee of the Board (or any successor committee) or any subcommittee thereof composed of not less than two directors, each of whom is a "non-employee director" as defined in Rule 16b-3 promulgated by the Securities and Exchange Commission under the Act, or any

successor definition adopted by the Commission and is an "outside director" for purposes of Section 162(m) of the Code.

(g) "Common Stock" shall mean the common stock of CMC, par value $1 per share.

(h) "Company" shall mean CMC and its Subsidiaries.

(i) "Employee" shall mean any employee of the Company.

(j) "Fair Market Value" shall mean, per share of Common Stock, the average of high and low sale prices of the Common Stock as reported on the New York Stock Exchange ("NYSE") composite tape on the applicable date, or, if there are no such sale prices of Common Stock reported on the NYSE composite tape on such date, then the average price of the Common Stock on the last previous day on which high and low sale prices are reported on the NYSE composite tape.

(k) "Other Stock-Based Award" shall mean any of those Awards described in Section 9 hereof.

(l) "Participant" shall mean an Employee who is selected by the Committee to receive an Award under the Plan.

(m) "Retirement" shall mean termination of employment with the consent of the Committee after having satisfied such age and service requirements as the Committee may specify in any Award agreement as described in Section 11.

(n) "Subsidiary" shall mean any corporation that at the time qualifies as a subsidiary of CMC under the definition of "subsidiary corporation" in Section 424(f) of the Code, as amended from time to time. Notwithstanding the foregoing, the Committee, in its sole and absolute discretion, may determine that any entity in which CMC has a significant equity or other interest is a "Subsidiary."

(o) "Total Disability" shall mean a physical or mental incapacity, which would entitle the individual to benefits under a long term disability program sponsored by the Company; provided that if an individual has not elected coverage under the applicable program, the Committee shall determine, utilizing the criteria of such program, whether the individual has incurred a Total Disability.

3. SHARES SUBJECT TO THE PLAN. (a) Shares of Common Stock which may be granted pursuant to Awards under the Plan may be either authorized and unissued shares of Common Stock or authorized and issued shares of Common Stock held in CMC's Treasury. Subject to adjustment as provided in Sections 3(b) and 15, the number of shares of Common Stock with respect to which Awards may be granted under the Plan in any calendar year shall be 2 percent of the total number of shares of Common Stock outstanding on the last day of the preceding calendar year (including treasury shares); provided that no more than a total of 30 million shares of Common Stock during the term of the Plan may be subject to incentive stock options.

(b) In addition to the number of shares of Common Stock provided for in Section 3(a), there shall be available for grant under the Plan in any calendar year:

(i) the excess of (X) the total number of shares of Common Stock with respect to which Awards could have been granted in all preceding calendar years under Section 3(a) over

(Y) the total number of shares of Common Stock with respect to which Awards shall have been granted during all such calendar years;

(ii) to the extent not re-granted hereunder, the sum of the number of shares of Common Stock allocable to (i) any stock option granted under the Plan that expires or is forfeited as to any shares of Common Stock covered thereby (except with respect to a

stock option which terminates on the exercise of a stock appreciation right) and (ii) any other Award that expires or is forfeited;

(iii) shares of Common Stock awarded under the Plan after May 16, 2000 which are used to satisfy any obligation under a compensation arrangement or program where the compensation can be paid in either cash or shares of Common Stock ; provided that such Awards shall also not reduce the number of shares of available for grant under Section 3(b)(i) and Section 3(b)(ii); and (iv) the numbers of shares determined under Sections 3(b)(i) and 3(b)(ii) shall be adjusted to take into consideration the split of Common Stock on May 20,1998.

4. ELIGIBILITY. All Employees who have demonstrated significant management potential, have contributed to the successful performance of the Company, or have the potential of making such contributions to the Company in the future, in each case as determined by the Committee, are eligible to be Participants in the Plan.

5. LIMITATIONS. (a) The Committee may not grant Other Stock-Based Awards to Participants with respect to shares of Common Stock in excess of twenty-five percent of the number determined to be available for issuance under Section 3 for any calendar year.

(b) The Committee shall not grant stock options and stock appreciation rights to any Participant with respect to more than 1.6 million shares of Common Stock in any calendar year and shall not grant Other Stock-Based Awards to any Participant with respect to more than 500,000 shares of Common Stock in any calendar year except as otherwise specified in Sections 5(c) and 5(d).

(c) In addition to the annual limit specified in Section 5(b) with respect to stock options and stock appreciation rights, there shall be available for grant to a Participant in any calendar year an additional number of stock options and stock appreciation rights equal to the excess of (i) the number that could have been granted to such Participant under the Plan in all prior calendar years, over (ii) the number actually granted, if any, in such prior calendar years; provided that the foregoing numbers shall be adjusted to take into consideration the split of

Common Stock on May 20, 1998.

(d) In addition to the annual limit specified in Section 5(b) with respect to Other Stock-Based Awards, there shall be available for grant to a Participant in any calendar year an additional number of Other Stock-Based Awards equal to the excess of (i) the number that could have been granted to such Participant under the Plan in all prior calendar years, over (ii) the number actually granted, if any, in such prior calendar years; provided that the foregoing numbers shall be adjusted to take into consideration the split of Common Stock on May 20, 1998.

(e) The foregoing limitations of Section 5 shall not require the aggregation of stock options and stock appreciation rights to the extent that rights under the stock options or the stock appreciation rights terminate upon the exercise of either.

6. ADMINISTRATION. The Plan shall be administered by the Committee. The Committee may operate through subcommittees established by it, consisting of not fewer than two members of the Committee. As to the selection of, and Awards to, Participants who are not subject to Section 16 of the Act, the Committee may delegate any or all of its responsibilities to officers or employees of the Company.

Subject to the provisions of the Plan, the Committee shall be authorized to interpret the Plan, to establish, amend, and rescind any rules and regulations relating to the Plan, to determine the terms and provisions of any agreements entered into hereunder, and to make all other determinations in its discretion that it may deem necessary or advisable for the administration of the Plan. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award in the manner and to the extent it shall deem desirable to carry the Plan or any such Award into effect. The determinations of the Committee in the administration of the Plan, as described herein, shall be final and conclusive.

The validity, construction and effect of the Plan, and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of New York without reference to principles of conflict of laws.

7. STOCK OPTIONS. Any stock options granted under the Plan shall be in such form as the Committee may from time to time approve and shall be subject to the terms and conditions provided herein and such additional terms and conditions

not inconsistent with the terms of the Plan, as the Committee shall deem desirable.

Stock options may be granted to any Participant. In the case of incentive stock options, the terms and conditions of such grants shall be subject to and comply with such requirements as may be prescribed by Section 422 (b) of the Code, and any implementing regulations. The Committee shall establish the option price at the time each stock option is granted, which price shall not be less than 100% of the Fair Market Value of the Common Stock on the date of grant; provided that the per share price of any stock option may not be decreased after it has been granted (other than as provided for in Section 15); provided, further, that an option may not be surrendered as consideration in exchange for the grant of a new Award under this Plan if such Award were to have a lower per share exercise price.

Stock options may not be exercisable later than 10 years after their date of grant. The option price of each share of Common Stock as to which a stock option is exercised shall be paid in full at the time of such exercise.

Such payment may be made at the sole discretion of the Committee, pursuant to and in accordance with criteria and guidelines established by the Committee, as the same may be modified from time to time, (i) in cash, (ii) by tender (in such manner as the Committee shall authorize) of shares of Common Stock already owned by the Participant, valued at Fair Market Value as of the date of exercise, (iii) if authorized by the Committee, by delivery of a properly executed exercise notice together with irrevocable instructions to a securities broker (or, in the case of pledges, lender) approved by the Company to, (a) sell shares of Common Stock subject to the option and to deliver promptly to the Company a portion of the proceeds of such sale transaction on behalf of the exercising Participant to pay the option price, or (b) pledge shares of Common Stock subject to the option to a margin account maintained with a broker or lender, as security for a loan, and such broker or lender, pursuant to irrevocable instructions, delivers to the Company the loan proceeds, at the time of exercise to pay the option price, or (iv) by any combination of (i), (ii), or (iii) above.

8. STOCK APPRECIATION RIGHTS. Stock appreciation rights may be granted independent of any stock option or in conjunction with all or any part of any stock option granted under the Plan, either at the same time as the stock option is granted or at any later time during the term of the option; provided that the exercise price of a stock appreciation right granted in tandem with a stock option shall not be less than 100% of the Fair Market Value at the date of the grant of such option. Stock appreciation rights shall be subject to such terms and

conditions as determined by the Committee, not inconsistent with the provisions of the Plan; provided that the per share exercise price of any stock appreciation right may not be decreased after it has been granted other than as provided for in Section 15; provided, further, that a stock appreciation right may not be surrendered as consideration in exchange for the grant of a new Award under this Plan if such Award were to have a lower per share exercise price.

Upon exercise, a stock appreciation right shall entitle the Participant to receive from the Company an amount equal to the positive difference between the Fair Market Value of a share of Common Stock on the exercise date of the stock appreciation right and the per share grant or option price, as applicable, multiplied by the number of shares of Common Stock with respect to which the stock appreciation right is exercised. A stock appreciation right or applicable portion thereof allocated to a stock option shall terminate and no longer be exercisable upon the termination or exercise of any related stock option. In addition, the Committee shall determine at issuance or upon exercise whether the stock appreciation right shall be settled in cash, Common Stock or a combination of cash and Common Stock.

9. OTHER STOCK-BASED AWARDS. (a) Other Awards of Common Stock and Awards that are valued in whole or in part by reference to, or otherwise based on the Fair Market Value of Common Stock (all such Awards being referred to herein as "Other Stock-Based Awards"), may be granted under the Plan in the discretion of the Committee. Other Stock-Based Awards shall be in such form as the Committee shall determine, including without limitation, (i) shares of Common Stock, (ii) shares of Common Stock subject to restrictions on transfer until the completion of a specified period of service, the occurrence of an event or the attainment of performance objectives, each as specified by the Committee, (iii) shares of Common Stock issuable upon the completion of a specified period of service, and (iv) conditioning the right to an Award upon the occurrence of an event or the attainment of one or more of performance objectives, as more fully described in Section 9(b).

(b) Notwithstanding anything to the contrary herein, certain Other Stock-Based Awards granted under this Section 9 may be granted in a manner which is deductible by the Company under Section 162(m) of the Code (or any successor section thereto) ("Performance-Based Awards"). A Participant's Performance-Based Award shall be determined based on the attainment of written performance goals approved by the Committee for a performance period established by the

Committee (i) while the outcome for that performance period is substantially uncertain and (ii) no more than 90 days after the commencement of the performance period to which the performance goal relates or, if less, the number of days which is equal to 25 percent of the relevant performance period. The performance goals, which must be objective, shall be based upon one or more of the following criteria: (i) income before or after taxes (including income before interest, taxes, depreciation and amortization); (ii) earnings per share; (iii) return on common equity; (iv) expense management; (v) return on investment; (vi) stock price; (vii) revenue growth; (viii) efficiency ratio; (ix) credit quality; (x) ratio of non-performing assets to performing assets; (xi) shareholder value added; (xii) return on assets; and (xii) profitability or performance of identifiable business units. Additionally, the foregoing criteria may relate to the CMC, one or more of its Subsidiaries or one or more of its divisions or units. In addition, to the degree consistent with Section 162(m) of the Code (or any successor section thereto), the performance goals may be calculated without regard to extraordinary items. The maximum number of shares awarded to a Participant in the form of a Performance-Based Award during a calendar year shall be the aggregate number determined under Section 5(b), (c) and (d) as applicable. The Committee shall determine whether, with respect to a performance period, the applicable performance goals have been met with respect to a given Participant and, if they have, to so certify and ascertain the amount of the applicable Performance-Based Award. No Performance-Based Awards will be paid for such performance period until the Committee makes such certification. The amount of the Performance-Based Award actually paid to a given Participant may be less than the amount determined by the applicable performance goal formula, at the discretion of the Committee. The amount of the Performance-Based Award determined by the Committee for a performance period shall be paid to the Participant at such time as determined by the Committee in its sole discretion after the end of such performance period; provided, however, that a participant may, if and to the extent permitted by the Committee and consistent with the provisions of Section 162(m) of the Code, elect to defer payment of the Performance-Based Award.

(c) Subject to the provisions of the Plan, the Committee shall have the sole and absolute discretion to determine to whom and when such Other Stock-Based Awards will be made, the number of shares of Common Stock to be awarded under (or otherwise related to) such Other Stock-Based Awards and all other terms and conditions of such Awards. The Committee shall determine whether Other Stock-Based Awards shall be settled in cash, Common Stock or a combination of cash and Common Stock.

10. DIVIDENDS, EQUIVALENTS AND VOTING RIGHTS. Awards of Other Stock-Based Awards in the form of restricted stock and restricted stock units may provide the Participant with dividends or dividend equivalents; and Awards of Other Stock-Based Awards in the form of restricted stock may provide for voting rights prior to vesting.

11. AWARD AGREEMENTS. Each Award under the Plan shall be evidenced by an agreement setting forth the terms and conditions, not inconsistent with the provisions of the Plan, as determined by the Committee, which shall apply to such Award. Such provisions may include, but are not limited to, those that could result in a deferral of receipt of income, including that attributable to the exercise of a stock option or vesting of Other Stock-Based Awards, and may be imposed, in the discretion of the Committee, on Awards and awards under any prior shareholder approved long term incentive plan of CMC.

The Committee may amend any Award agreement to conform to the requirements of law, including the law of the jurisdiction where the Participant resides.

12. WITHHOLDING. The Company shall have the right to deduct from all amounts paid to any Participant in cash (whether under this Plan or otherwise) any taxes required by law to be withheld therefrom. In the case of payments of Awards in the form of Common Stock, at the Committee's discretion, the Participant may be required to pay to the Company the amount of any taxes required to be withheld with respect to such Common Stock, or, in lieu thereof, the Company shall have the right to retain the number of shares of Common Stock the Fair Market Value of which equals the amount required to be withheld. Without limiting the foregoing, the Committee may, in its discretion and subject to such conditions as it shall impose, permit share withholding to be done at the Participant's election.

13. NONTRANSFERABILITY. No Award shall be assignable or transferable, and no right or interest of any Participant in any Award shall be subject to any lien, obligation or liability of the Participant, except by will, the laws of descent and distribution, or as otherwise set forth in the Award agreement; provided that with respect to Awards (other than an Award of an incentive stock option) and awards under any prior shareholder approved long term incentive plan of CMC, the Committee may, in its sole discretion, permit certain Participants or classes of Participants to transfer Awards of nonqualified stock options or Other Stock-Based Awards to such individuals or entities as the Committee may specify.

14. NO RIGHT TO EMPLOYMENT OR CONTINUED PARTICIPATION IN PLAN. No person shall have any claim or right to the grant of an Award prior to the date that an Award agreement is delivered to such person and the satisfaction of the appropriate formalities specified in the Award agreement, and the grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of the Company or to be eligible for any subsequent Awards. Further, the Company expressly reserves the right to dismiss at any time a Participant free from any liability or any claim under the Plan, except as provided herein or in any agreement entered into hereunder.

15. ADJUSTMENT OF AND CHANGES IN COMMON STOCK. In the event of any change in the outstanding shares of Common Stock by reason of any stock dividend or split, recapitalization, issuance of a new class of common stock, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to stockholders of Common Stock other than regular cash dividends, the Committee may make such substitution or adjustment, if any, as it deems to be equitable, as to the number or kind of shares of Common Stock or other securities issued or reserved for issuance pursuant to the Plan, including, but not limited to, adjustments with respect to the limitations imposed by Sections 3 and 5 and the numerical limitations imposed on individual Awards by Section 5 (without regard to the re-pricing restrictions set forth in Sections 7 and 8) and to make appropriate adjustments (including the number of shares and the exercise price) to outstanding Awards (without regard to the re-pricing restrictions set forth in Sections 7 and 8).

16. AMENDMENT. The Board may amend, suspend or terminate the Plan or any portion hereof at any time without stockholder approval, except to the extent otherwise required by the Act. Notwithstanding the foregoing, except in the case of an adjustment under Section 15, any amendment by the Board shall be conditioned on stockholder approval if it increases (i) the number of shares of Common Stock authorized for grant under Section 3, (ii) the percentage to be awarded as Other Stock-Based Awards as set forth in Section 5(a) or (iii) the number of shares authorized for grant to individual participants under any form of an Award as set forth in Sections 5(b), 5(c) and 5(d), or if such amendment eliminates restrictions applicable to the reduction of the exercise price of an option or stock appreciation right or the surrender of such Award in consideration for a new Award with a lower exercise price as set forth in Sections 7 and 8.

17. UNFUNDED STATUS OF PLAN. The Plan is intended to constitute an

"unfunded" plan for long-term incentive compensation. Nothing herein shall construed to give any Participant any rights with respect to unpaid Awards that are greater than those of a general unsecured creditor of CMC.

18. SUCCESSORS AND ASSIGNS. The Plan and Awards made thereunder shall be binding on all successors and assigns of the Company and each Participant, including without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

19. EFFECTIVE DATE. The amendments to the Plan specified in the Proxy Statement in connection with the 2000 annual meeting of stockholders shall, subject to stockholder approval, become effective May 16, 2000 (i.e. such approval will have the effect of approving the amended and restated Plan). Any other amendment to this Plan contained in this amended and restated Plan became effective March 21, 2000. Subject to such stockholder approval, this amended and restated Plan ends May 15, 2005, after which date no Awards may be granted under the Plan. Absent such approval, no Awards under the Plan may be made after May 21, 2001.

Exhibit 10.7

KEY EXECUTIVE PERFORMANCE PLAN
OF
J.P. MORGAN CHASE & CO.
AS RESTATED EFFECTIVE AS OF
JANUARY 1, 2005

SECTION 1 — PURPOSE

1.1 The Key Executive Performance Plan of the J.P. Morgan Chase & Co. (the "Plan") is designed to attract and retain the services of selected employees who are in a position to make a material contribution to the successful operation of the business of J.P. Morgan Chase & Co. or one or more of its Subsidiaries. The Plan shall become effective as of January 1, 2005, subject to approval by stockholders in the manner required by Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

SECTION 2 — DEFINITIONS

2.1 For purposes of this Plan, the following terms shall have the following meanings:

(a) "Award" means an amount payable to a Participant pursuant to Section 4 of this Plan.

(b) "Board of Directors" means the Board of Directors of the Corporation.

(c) "Compensation Committee" or "Committee" means the Compensation and Management Development Committee of the Board of Directors.

(d) "Corporation" means J.P. Morgan Chase & Co.

(e) "Participant" means an employee of the Corporation or of a Subsidiary who has been designated by the Committee as eligible to receive an Award pursuant to the Plan for the Plan Year.

(f) "Plan Year" means the calendar year.

(g) "Subsidiary" means (i) any corporation, domestic or foreign, more than 50 percent of the voting stock of which is owned or controlled, directly or indirectly, by the Corporation; or, (ii) any partnership, more than 50 percent of the profits interest or capital interest of which is owned or

controlled, directly or indirectly, by the Corporation; or (iii) any other legal entity, more than 50 percent of the ownership interest, such interest to be determined by the Committee, of which is owned or controlled, directly or indirectly, by the Corporation.

SECTION 3 — DETERMINATION OF BONUS POOL

3.1 Not later than three months after the beginning of the Plan Year, the Committee shall prescribe an objective formula pursuant to which a pool of funds (a "bonus pool") will be created for that Plan Year. The bonus pool will consist of a percentage, established by the Committee, of the Corporation's income before income tax expense for that Plan Year in excess of a percentage, established by the Committee, of total stockholders' equity of the Corporation at the beginning of that Plan Year. At the time that it determines the bonus pool formula, the Committee may make provision for excluding the effect of extraordinary events and changes in accounting methods, practices or policies on the amount of the bonus pool.

SECTION 4 — AWARDS

4.1 Coincident with the establishment of the formula under which the bonus pool will be created for a Plan Year the Committee shall assign shares of the bonus pool for that Plan Year to those individuals whom the Committee designates as Participants for that Plan Year; provided that such shares shall not exceed, in the aggregate, 100% of the bonus pool. The maximum annual Award which can be made to any one Participant for a Plan Year is the sum of (a) .2% of the Corporation's total income before income tax expense, extraordinary items and effect of accounting changes, as set forth on the Corporation's Consolidated Statement of Income for such Plan Year and (b) $1 million.

4.2 Notwithstanding the provisions of Section 4.1, the Committee may, in its sole discretion, reduce the amount otherwise payable to a Participant at any time prior to the payment of the Award to the Participant.

SECTION 5 — ELIGIBILITY FOR PAYMENT OF AWARDS

5.1 Subject to Section 4.2, a Participant who has been assigned a share of the bonus pool shall receive payment of an Award if he or she remains employed by the Corporation or its Subsidiaries through the end of the applicable Plan Year; provided, however, that no Participant shall be entitled to payment of an Award hereunder until the Committee certifies in writing that the performance goals and any other material terms of the Plan have in fact been satisfied. (Such written certification may take the form of minutes of the Committee).

SECTION 6 — FORM AND TIMING OF PAYMENT OF AWARDS

6.1 Awards may be paid, in whole or in part, in cash, in the form of grants of stock based awards (other than options) made under the Corporation's Long Term Incentive Plan, as amended from time to time, or any successor plan, or in any other form prescribed by the Committee, and may be subject to such additional restrictions as the Committee, in its sole discretion, shall impose. Where Awards are paid in property other than cash, the value of such Awards, for purposes of the Plan, shall be determined by reference to the fair market value of the property on the date of the Committee's certification required by Section 5.1. For this purpose the fair market of shares of common stock of the Corporation on a particular date shall equal the "Fair Market Value" (as determined under the Long-Term Incentive Plan as in effect on January 1, 1999) of such shares on that date.

6.2 If an Award is payable in shares of common stock of the Corporation or in another form permitted under the Long-Term Incentive Plan, such Awards will be issued in accordance with the Long-Term Incentive Plan.

6.3 Subject to Sections 5 and 7 hereof, Awards shall be paid at such time as the Committee may determine.

SECTION 7 — DEFERRAL OF PAYMENT OF AWARDS

7.1 The Committee may, in its sole discretion, permit a Participant to defer receipt of a cash Award, subject to such terms and conditions as the Committee shall impose.

SECTION 8 — ADMINISTRATION

8.1 The Plan shall be administered by the Compensation Committee.

8.2 Subject to the provisions of the Plan, the Committee shall have exclusive power to determine the amounts that shall be available for Awards each Plan Year and to establish the guidelines under which the Awards payable to each Participant shall be determined.

8.3 The Committee's interpretation of the Plan, grant of any Award pursuant to the Plan, and all actions taken within the scope of its authority under the Plan, shall be final and binding on all Participants (or former Participants) and their executors.

8.4 The Committee shall have the authority to establish, adopt or revise such rules or regulations relating to the Plan as it may deem necessary or advisable for the administration of the Plan.

SECTION 9 — AMENDMENT AND TERMINATION

9.1 The Board of Directors or a designated committee of the Board of Directors (including the Committee) may amend any provision of the Plan at any time; provided that no amendment which requires stockholder approval in order for bonuses paid pursuant to the Plan to be deductible under the Code, as amended, may be made without the approval of the stockholders of the Corporation. The Board of Directors shall also have the right to terminate the Plan at any time.

SECTION 10 — MISCELLANEOUS

10.1 The fact that an employee has been designated a Participant shall not confer on the Participant any right to be retained in the employ of the Corporation or one or more of its Subsidiaries, or to be designated a Participant in any subsequent Plan Year.

10.2 No Award under this Plan shall be taken into account in determining a Participant’s compensation for the purpose of any group life insurance or other employee benefit plan unless so provided in such benefit plan.

10.3 This Plan shall not be deemed the exclusive method of providing incentive compensation for an employee of the Corporation and its Subsidiaries, nor shall it preclude the Committee or the Board of Directors from authorizing or approving other forms of incentive compensation.

10.4 All expenses and costs in connection with the operation of the Plan shall be borne by the Corporation and its Subsidiaries.

10.5 The Corporation or other Subsidiary making a payment under this Plan shall withhold therefrom such amounts as may be required by federal, state or local law, and the amount payable under the Plan to the person entitled thereto shall be reduced by the amount so withheld.

10.6 The Plan and the rights of all persons under the Plan shall be construed and administered in accordance with the laws of the State of New York to the extent not superseded by federal law.

10.7 In the event of the death of a Participant, any payment due under this Plan shall be made to his or her estate (or designated beneficiary, with respect to amounts payable in the form of the common stock of the Corporation).

EXHIBIT 10.8

THE CHASE MANHATTAN BANK AND PARTICIPATING COMPANIES
EXCESS RETIREMENT PLAN
RESTATED EFFECTIVE JANUARY 1, 1997

PREAMBLE

This Plan is the successor to, and continuation of, the Supplemental Retirement Plan of Chemical Banking Corporation and Certain Subsidiaries. The purpose of this Plan is to provide an alternate means of paying benefits precluded by operation of law to certain designated executives participating in the Retirement Plan of The Chase Manhattan Bank and Certain Affiliated Companies ("Retirement Plan").

The Plan is a non-qualified, unfunded deferred compensation arrangement. It is not subject to Section 401 of the Internal Revenue Code. Further, it is generally, not subject to Employee Retirement Income Security Act.

Except for certain designated individuals who qualify as Grandfathered Participants under the Retirement Plan, the Supplemental Executive Retirement Plan of The Chase Manhattan Bank, N.A. ("Chase Plan") was terminated effective December 31, 1996. The Supplemental Chase Retirement Accounts under the Chase Plan became part of an account balance under the Deferred Compensation Program of The Chase Manhattan Corporation and subject to the terms and conditions of such Program and are not part of the account balances under this Plan. Similarly, annuity benefits accrued and frozen as of December 31, 1988 under the Chase Plan were converted into a lump sum and also became part of an account balance under such Deferred Compensation Program.

ARTICLE 1
DEFINITIONS

The following are defined terms wherever they appear in the Plan:

1.1 "Account" shall have the meaning ascribed thereto under the Retirement Plan.

1.2 "Administrator" shall mean the individual holding the title Director Human Resources of The Chase Manhattan Corporation or the Bank, or successor title, who shall be responsible for those functions assigned to him under the Plan.

1.3 "Bank" shall mean The Chase Manhattan Bank.

1.4 "Beneficiary" shall have the meaning ascribed thereto under the Retirement Plan.

1.5 "Board" shall mean the Board of Directors of the Bank or of the Corporation; provided that any action taken by a duly authorized committee of the Board (including any action pursuant to Article VII) within the scope of authority delegated to it by the Board shall be considered an action of the Board for purposes of this Plan.

1.6 "Chase Lump Sum Final Pay Benefit" shall have the meaning ascribed thereto under Section 4.1 of the Retirement Plan.

1.7 "Chase Plan" shall mean the Supplemental Executive Retirement Plan of The Chase Manhattan Bank, N.A.

1.8 “Chemical Retirement Plan” means the Retirement Plan of Chemical Bank and Certain Affiliated Companies as in effect on December 31, 1996.

1.9 “Code” shall mean the Internal Revenue Code of 1986.

1.10 “Committee” shall mean the Compensation and Benefits Committee of the Board.

1.11 “Compensation Limit” shall mean the dollar limitation imposed by Section 401(a)(17) of the Code on the amount of Eligible Compensation taken into account in computing benefits under the Retirement Plan.

1.12 “Corporation” shall mean The Chase Manhattan Corporation.

1.13 “Credit Balance” shall have the meaning ascribed thereto under the Retirement Plan.

1.14 “Deferred Compensation Program” shall mean the Deferred Compensation Program of The Chase Manhattan Corporation and Participating Companies.

1.15 “Effective Date” shall mean January 1, 1997.

1.16 “Eligible Compensation” has the meaning ascribed thereto by the Retirement Plan.

1.17 “Employee” shall mean an individual who is an employee of an Employer and a participant accruing benefits under the Retirement Plan. By way of clarification, individuals who are not classified as employees of an Employer for purposes of its payroll system, including, without limitation, individuals employed by temporary help firms or other staffing firms or who are treated as independent contractors by the Employer (whether or not deemed to be common law employees or leased employees), are not “Employees.” In addition, in the event that any individual is re-classified as an employee for any purpose by any action of any third party or as a result of any lawsuit, action or administrative proceeding, such individual shall not be deemed an “Employee” under the Plan.

1.18 “Employer” shall have the meaning ascribed thereto under the Retirement Plan; provided that such entity adopts the Plan by act of its board of directors and which adoption is approved by the Committee or Administrator; provided, however, that any entity participating in the MHT Plan or the Prior Plan on December 31, 1992 or the Chase Plan on December 31, 1996 shall be an Employer under the Plan as of January 1, 1993 or January 1, 1997, respectively.

1.19 “Executive Retirement Plan” shall mean the Executive Retirement Plan of The Chase Manhattan Corporation.

1.20 “Final Average Salary” shall have the meaning ascribed thereto under the Chemical Retirement Plan.

1.21 “Final Salary Benefit” shall have the meaning ascribed thereto under the Chemical Retirement Plan.

1.22 “Grandfathered Participant” shall have the meaning ascribed thereto under the Retirement Plan.

1.23 “Interest Credit” shall have the meaning ascribed thereto under the Retirement Plan.

1.24 “Lump Sum Final Pay Benefit” shall have the meaning ascribed thereto under Section 4.1 of the Retirement Plan.

1.25 “MHT Plan” shall mean the Supplemental Retirement Benefits Plan of Manufacturers Hanover Trust Company and Certain Affiliated Companies as in effect immediately prior January 1, 1993.

1.26 “Participant” shall mean each Employee of an Employer who participates in the Plan in accordance with the terms and conditions set forth herein.

1.27 “Participating Company” shall mean (a) the Bank and (b) each Employer, which has been authorized by the Administrator to participate in the Plan and has agreed to comply with the provisions of the Plan.

1.28 “Period of Service” shall have the meaning ascribed thereto under the Retirement Plan.

1.29 “Plan” shall mean the Excess Retirement Plan of The Chase Manhattan Bank and Certain Participating Companies, as in effect at any time, which was formerly named the Supplemental Retirement Plan of Chemical Banking Corporation and Certain Participating Companies.

1.30 “Prior Plan” shall mean the Executive Cash Plan for Retirement of Chemical Banking Corporation and Affiliated Companies.

1.31 “Prior Service Balance” shall have the meaning ascribed thereto by the Retirement Plan.

1.32 “Related Company” shall mean a corporation of which more than 51% of the combined voting of all classes of stock entitled to vote or equity interest is owned directly or indirectly by the Corporation or a partnership, joint venture, or another incorporated entity of which more than 51% of the capital equity or profits interest is owned directly or indirectly by the Corporation.

1.33 “Retirement Benefits” shall mean the Credit Balance of the Account of a Participant under the Retirement Plan.

1.34 “Retirement Plan” shall mean the Retirement Plan of The Chase Manhattan Bank Affiliated Companies, as in effect January 1, 1997 and as amended from time to time.

1.35 “Transition Credit” shall have the meaning ascribed thereto by the Retirement Plan.

ARTICLE II
PARTICIPATION

2.1 Eligibility for Credit Balance. Commencing as of January 1, 1997, each Employee whose Eligible Compensation exceeds the Compensation Limit during any calendar year shall be a Participant as of such date with respect to the benefits described in Sections 3.1.

2.2 Previously Accrued Benefits. Effective as of January 1, 1997, each Employee who had benefits under this Plan of December 31, 1996 shall be a Participant to the extent described in Section 3.2.

2.3 Section 415 Limits. Commencing on or after January 1, 1997, if an Employee’s distribution of Retirement Benefits is subject to the limitations of Section 415 of the Code, such Employee shall be a Participant as of the date of such distribution and shall be eligible for the benefits described in Section 3.4.

ARTICLE III
BENEFITS

3.1 Pay-Based Credits. (a) Effective as of January 1, 1997, each Participant described in Section 2.1 whose Eligible Compensation in any calendar month exceeds the Compensation Limit used by the Retirement Plan for that calendar month shall have an amount credited to an Account under the Plan equal to the excess of (i) the Pay-Based Credit that would have been accrued under the Retirement Plan but for the application of such Compensation Limit for such calendar month over (ii) the amount actually credited under the Retirement Plan for such calendar month. Pay-Based Credits hereunder shall be made on the same basis as provided in the Retirement Plan to an Account. Notwithstanding the foregoing, the Plan shall not provide benefits on Eligible Compensation based on draw, commission in excess of draw or production overrides when, during a calendar year, such Eligible Compensation exceeds 100 percent of the annual Compensation Limit and, in the case of Chase Mortgage Company, 50 percent shall be substituted for 100% of such annual Compensation Limit.

(b) Interest Credits. The Account of a Participant shall be credited with the Interest Credits that would have been provided under the Retirement Plan but for the Compensation Limit's application to the Pay-Based Credits.

3.2 Previously Accrued Amount. Any amount credited to an Account under this Plan prior to December 31, 1996, including the bonus amounts described in Section 3.4 of this Plan as in effect on December 31, 1996, shall be part of the Account of a Participant. See Article VI.

3.3 Final Average Salary Benefit. If the amount of a Chase Lump Sum Final Pay Benefit or Lump Sum Final Pay Benefit under the Retirement Plan was reduced because of the application of the annual Compensation Limit, then there shall be credited to the Account of a Participant herein the excess of (i) the Chase Lump Sum Final Pay Benefit or Lump Sum Final Pay Benefit, as applicable, that would have been credited under the Retirement Plan but for the application of the annual Compensation Limit over (ii) the Chase Lump Sum Final Pay Benefit or the Lump Sum Final Pay Benefit actually credited under the Retirement Plan, provided that such amount shall be reduced if at a future date, all or any part of such amount may be credited to a Participant's Account under the Retirement Plan.

3.4 Excess Benefits. Upon any distribution of Retirement Benefits or payment of any benefit accrued in the form of a life annuity based on a Participant's life expectancy from the Retirement Plan, each Employee whose Retirement Benefits or such life annuity benefit is reduced in the calendar year when such benefit commences by application of the limitations of Section 415 of the Code shall receive an amount equal to the excess of the (i) Retirement Benefits or life annuity payable under the Retirement Plan without application of Section 415 of the Code over (ii) amount actually payable under the Retirement Plan; provided that once the a benefit is in pay status hereunder as a result of the application of Section 415 of the Code, no adjustment shall be made for changes in Section 415 of the Code; provided further that nothing in this Section or Plan shall require any amounts to be paid under this Plan, should an administrative or judicial determination require the payment of Retirement Benefits or life annuity benefits under the Retirement Plan in excess of those initially distributed as a lump sum or as a life annuity under the Retirement Plan to a Participant.

3.5 Grandfathered Participants. If a Participant elects to receive his/her accrued benefit under Section 4.6 of the Retirement Plan because such individual is a Grandfathered Participant, then any amount due under this Plan shall be forfeited, except for the amount specified in Section 3.4, so long as it is

not duplicative of any amount required under another plan or program maintained by the Employee.

3.6 Aggregate. The total value of the benefits to be received under the Plan when combined with the Retirement Benefits shall never exceed the value of the Retirement Benefits that would have been payable under the Retirement Plan but for the application of Section 415 of the Code and the Compensation Limit; provided that the foregoing shall not apply to amounts credited to an Account because of the inclusion of bonuses as part of Eligible Compensation hereunder;

ARTICLE IV
VESTING

4.1 Account. The benefits described in Section 3.1 and Section 3.2 shall vest upon the date that the benefits under the Retirement Plan vest; provided that the amount of such benefit shall be determined only upon the date that the individual receives a distribution of his/her from the Retirement Plan. Benefits hereunder shall be forfeited upon a termination employment with an Employer or Affiliated Company if such Participant is not then vested in his/her Retirement Benefits. Benefits hereunder shall not be subject to being restored upon re-employment.

4.2 Vesting 415 Benefit. The benefit described in Section 3.4 shall be deemed to accrue and vest only upon the dates or date of the distribution of benefits under the Retirement Plan.

ARTICLE V
TRANSFERS TO DEFERRED COMPENSATION, WITHHOLDING, LIABILITY FOR PAYMENTS

5.1 Form of Distribution. (a) If a Participant with a vested benefit under this Plan elects to receive such individual’s Retirement Benefits (or in the case, where the benefit in the form of an annuity under the Retirement, then the vested benefit hereunder shall be distributed as of the date of such annuity commenced and shall be distributed in the form of the annuity selected under the Retirement Plan. Notwithstanding the foregoing, if the monthly amount of the annuity hereunder is less than a minimum amount specified from time to time by the Administrator, the vested benefit hereunder shall be distributed as a lump sum or shall be subject to the transfer provision described below, as the Administrator shall determine. Unless the Administrator otherwise designates, the actuarial factors used under the Retirement Plan in calculating the amount the monthly annuity payable to an individual shall be used for the annuity payable hereunder.

(b) If a Participant with a vested benefit under this Plan elects to receive such individual’s Retirement Benefit as a lump sum, including a transfer to an Individual Retirement Account or to another qualified plan, then any vested benefit hereunder in the form of an Account or otherwise payable as a lump sum shall be treated as of the first day of the month following that transfer (or such other date as the Administrator may designate) as an account balance subject to the terms and conditions of the Deferred Compensation Program. Accordingly, such amount shall be subject to the distribution election made by the Participant with respect to such individual’s deferred compensation account under such Program and to the beneficiary designation under the Program; provided that if the Participant does not have an account under the Deferred Compensation Program and amount hereunder is less than $5000, then such amount

shall be distributed to the Participant in a lump sum within a reasonable period of time following the date of the distribution of his or her Retirement Benefits. Pending exercise by the Participant of investment discretion under the Deferred Compensation Program, the balance of such account shall receive the rate of interest provided by the Stable Value Fund.

5.2 Withholding. Any payment under this Plan shall be reduced by any amount required to be withheld under applicable Federal, state and local income tax laws.

5.3 Participant's Rights Unsecured. The right of any Participant or former Participant to receive further payments under the provisions of the Plan shall be unsecured claim against general funds of (i) the Bank, if the Employer employing the participant at the time his/her Eligible Compensation is subject to this Plan, was a bank or a bank subsidiary or (ii) the Corporation, if the employer employing the Participant at the time his/her Eligible Compensation is subject to this Plan, was not a bank or a bank subsidiary. No assets of shall be required to be segregated or earmarked to represent any liability for supplemental benefits hereunder, but the Corporation and Bank shall have the right to establish vehicles to assist them and the other Employers in meeting their obligations hereunder. The rights of any person to receive benefits under the Plan shall be only those of a general unsecured creditor; and such status shall not be enhanced by reason of the establishment of any funding vehicles.

5.4 Beneficiary. Upon the death of a Participant who has vested benefits under this Plan which death occurs prior either to his/her receipt of benefits hereunder or the transfer to benefits to the Deferred Compensation Program, the Beneficiary of such Participant shall receive a benefit equal to the difference between that amount under the Retirement Plan that such Beneficiary would have received but for Section 415 limitation and that amount actually received under the Retirement Plan; and the Account of the Participant.

ARTICLE VI
PRIOR PLAN AND MHT PLAN

6.1 Prior Plan. (a) Any individual who was a Participant in the Prior Plan and whose benefit has not been distributed as of January 1, 1993, shall have an Account under the Plan. To the extent provided under Prior Plan, Interest Credits and/or Transition Credits shall be added to the Account, as if such account were an Account under the Retirement Plan.

(b) An individual shall vest in the balance of such Account under the Prior Plan as provided in Section 4.1. Benefits are forfeited upon a termination of employment with an Employer or a Related Company if the individual has not satisfied such criteria. Such benefits are not restored upon re-employment.

(c) Notwithstanding Section 5.1(a) or (b), if the employment of a Participant who was employed by Chemical Banking Corporation or a Related Company terminated on or before December 31, 1996, then any vested benefit under this Plan shall be distributed under the terms and conditions of this Plan as in effect on such termination date except that the terms of Section 3.4 as set forth in this Plan document shall be applicable to any amounts payable thereunder.

6.2 MHT Plan. (a) Individuals receiving benefits from the MHT Plan shall continue to receive such benefits under the Plan.

(b) Individuals who terminated employment on or before January 1, 1993, having satisfied the age and service criteria for a benefit under the MHT Plan and whose benefit under the Retirement Plan is limited by Section 415 of

the Code and/or the Compensation Limit shall receive a benefit hereunder as provided for in the MHT Plan; provided that such benefits shall not be paid in the form of a lump sum.

ARTICLE VII
AMENDMENT AND TERMINATION

7.1 Amendment. The Board or the Administrator may amend the Plan in any respect and at any time; provided, however, that no amendment shall have the effect of reducing (i) any benefit then being paid to any Participant or to any other person pursuant to Articles III or VI, or (ii) the vested amount of any benefit under Sections 3.1, 3.2 and 3.3 theretofore accrued on behalf of any Participant.

7.2 Termination. The Board may terminate the Plan at any time. In the event of termination, the Plan shall continue in force with respect to any Participant, or other person entitled to receive a benefit under Sections 3.1, 3.2 and 3.3 to the extent accrued and vested under the Plan prior to its termination, and shall be binding upon any successor to substantially all the assets of the Corporation or any other Employer. Notwithstanding the foregoing, the Board may determine that it is in the best interests of the Employers or the Participants to terminate the Plan in its entirety and distribute to each Participant (or other person entitled to receive payments hereunder) the benefit of such Participant thereunder.

ARTICLE VIII
GENERAL PROVISIONS

8.1 Assignability. No right to receive payments hereunder shall be transferable or assignable by a Participant except by will or by the laws of descent and distribution or by a court of competent jurisdiction. Any other attempted assignment or alienation of payments hereunder shall be void and of no force or effect.

8.2 Administration. Except as otherwise provided herein, the Plan shall be administered by the Administrator, who shall have the authority to adopt rules and regulations for carrying out the provisions of the Plan, and who shall conclusively interpret, construe and implement the provisions of the Plan, including eligibility to participate, the entitlement to benefits and the amount of such benefits.

8.3 Legal Opinions. The Administrator may consult with legal counsel, who may be counsel for the Bank or other counsel, with respect to his obligations or duties hereunder, or with respect to any action proceeding or any question of law, and shall not be liable with respect to any action taken, or omitted, by him in good faith pursuant to the advice of such counsel.

8.4 Liability. Any decision made or action taken by the Board, Committee or the Administrator arising out of, or in connection with, the construction, administration, interpretation and effect of the Plan shall be within their absolute discretion, and will be conclusive and binding on all parties. Neither the Administrator nor a member of the Board or of the Committee shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of the Plan have been delegated or, except in circumstances involving bad faith, for anything done or omitted to be done in connection with this Plan.

8.5 Corporate Reorganization. In the event that a corporation or unincorporated entity ceases to meet the definition of an Employer such corporation or entity shall cease to be an Employer under the plan and its

employees shall cease to be Participants under the Plan, and the Plan shall be treated as though a separate plan for the benefit of its employees who were Participants in the plan to govern the accrued benefits of each such Participant (or any person entitled to benefits in respect of such a Participant).

8.6 Construction. The masculine gender, where appearing in this Plan, shall be deemed to also include the feminine gender. The singular shall also include the plural, where appropriate.

8.7 Governing Law. The Plan shall be construed and administered in accordance with the laws of the State of New York.

8.8 Not an Employment Contract. Nothing herein shall be construed to confer upon any person any legal right to continued employment with the Bank or any Related Company.

EXHIBIT 10.13

EXECUTIVE RETIREMENT PLAN OF THE CHASE MANHATTAN CORPORATION AND CERTAIN SUBSIDIARIES

PURPOSE.

This Plan is a pension plan designed to provide supplemental retirement benefits to a select group of management or highly compensated employees. This Plan shall be unfunded and shall not be subject to Parts 2, 3 or 4 of Title 1 of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended from time to time.

ARTICLE I. DEFINITIONS.

The following are defined terms wherever they appear in the Plan:

"Accrual Amount" shall mean the amount which has been specified in writing, from time to time, by the Administrator to the Participant pursuant to which his/her benefit will be based at termination of employment with an Employer; provided that the Accrual Amount at the time specified by the Administrator shall not exceed the amount specified by the Committee for the salary grade level of the Participant; provided, that if an individual becomes eligible to participate after age 58 and declines to satisfy certain conditions with the consent of the Administrator, the Administrator may take into consideration in specifying the Accrual Amount that such conditions have not been satisfied.

"Accrued Benefit" shall mean the amount calculated pursuant to Section 3.1(a) as of any determination date, as if the Participant had terminated employment on such date. It shall not include actuarial factors, payment dates, form of payment and other optional benefits hereunder.

"Administrator" shall mean the individual holding the title Director Human Resources of the Corporation or the Bank, or any successor title.

"Bank" shall mean The Chase Manhattan Bank (formerly Chemical Bank), or any successor thereto, whether by merger, consolidation, purchase of substantially all its assets, or otherwise.

"Board" shall mean the Board of Directors of the Corporation; provided that any action taken by a duly authorized committee of the Board (including any action pursuant to Article 6.1) within the scope of the authority designated to it by the Board, shall be considered an action of the Board for purposes of this Plan.

"Cause" shall mean either (i) any violation of the Code of Conduct of the Corporation, including, but not limited to, an act or acts of personal dishonesty resulting or intended to result in the personal enrichment of the Participant to the detriment of his/her Employer and gross negligence or willful misconduct in the performance of the Participant's duties, or (ii) the issuance of an order by a United States or State bank regulatory authority, removing the Participant from office pursuant to a disciplinary proceeding based on the actions of the Participant.

"Corporation" shall mean The Chase Manhattan Corporation (formerly Chemical Banking Corporation) or any successor thereto, whether by merger, consolidation, purchase of substantially all its assets, or otherwise.

"Disability Plan" shall mean the Long-Term Disability Plan of The Chase Manhattan Bank and Certain Affiliated Companies.

"Disabled" or "Disability" shall mean a condition resulting in the receipt of benefits by a Participant under the Long-Term Disability Plan.

"Early Retirement" shall mean a termination of employment of an Employee with an Employer or any Subsidiary on or after attaining age 55 and with a Period of Service of at least 10 years.

"Effective Date" shall mean April 1, 1995.

"Employee" shall mean an individual who is a salaried employee of an Employer.

"Employer" shall mean the Corporation or any Subsidiary which is designated by the Administrator as an Employer.

"Initial Plan Participation Date" shall mean the date specified by the Administrator in the notice referred to in Section 2.1, which shall not be earlier than the date that the individual satisfies the criteria established by the Board for participation, and in no event earlier than January 1, 1992.

"Normal Retirement" shall mean termination of employment of an Employee with an Employer or any Subsidiary on or after attaining age 60 with a Period of Service of at least 10 years.

"Participant" shall mean each Employee of the Employer who is eligible to participate under Section 2.1 and elects to participate as provided for in Section 2.2.

"Period of Service" shall have the meaning ascribed thereto by the Retirement Plan of The Chase Manhattan Bank and Certain Affiliated Companies, or its successor plan; provided that a Period of Service shall exclude service prior to the date of acquisition with respect to an

entity acquired by an Employer after January 1, 1995, unless the Administrator specifies to the contrary.

"Plan" shall mean this Executive Retirement Plan of The Chase Manhattan Corporation and Certain Subsidiaries.

"Retirement Plan" shall mean the Retirement Plan of The Chase Manhattan Bank and Certain Affiliated Companies, or its successor plan.

"Subsidiary" shall mean an entity in which an Employer owns directly, or indirectly, fifty percent or more of the outstanding voting common stock or, if not a corporation, fifty percent or more of the voting power of such entity.

"Surviving Spouse" shall have the meaning ascribed to the individual entitled to the Final Salary Benefit of a Participant under the Retirement Plan upon the death of a Participant.

ARTICLE II. PARTICIPATION.

2.1 Eligibility. The Administrator shall notify, in writing, each key Employee who is eligible to participate in the Plan and shall specify in such writing the Initial Plan Participation Date and Level of Participation of each such Employee; provided that each such key Employee shall have satisfied the criteria established by the Board for participation in this Plan, or shall be listed on Schedule I hereto.

2.2 Participation. Each Employee shall elect within sixty days after the date of notification by the Administrator of his/her eligibility to participate in the Plan by completing such forms as the Administrator shall require, including but not limited to, an agreement to participate in other programs as the Administrator may specify and by providing, from time to time, such information as may be specified by the Administrator. If any individual does not elect to participate in the Plan when first eligible, the Administrator, in his/her sole discretion, may

extend on another date or dates the opportunity to participate hereunder to such individual on such terms and conditions as the Administrator may specify in writing.

2.3 (a) Discontinued Participation by Election of Employer. Notwithstanding the continued employment of a Participant with an Employer, the Administrator may in the exercise of his/her sole discretion, terminate the participation of any Participant by written notice to the Participant. No additional benefits shall be accrued under Section 3.1(a) from the date active participation ceases hereunder, as specified by the Administrator. Such Accrued Benefit shall be subject to vesting under Section 4.1 and to the provisions of Section 3.1(c) or (d), if applicable, upon termination of employment with an Employer or Subsidiary.

(b) Discontinued Participation by Election of Participant. A Participant may voluntarily discontinue participation in the Plan at any time by giving 30 days' advance written notice to the Administrator. No additional benefits shall be accrued under Section 3.1(a) from the date active participation ceases hereunder, as specified by the Administrator. Such Accrued Benefit shall be forfeited unless the Participant is vested pursuant to Section 4.1 as of the date of receipt of the notice by the Administrator. In addition, unless such Participant, as of the date of receipt of the notice by the Administrator, has satisfied the criteria for Retirement or Early Retirement, as the case may be, such Accrued Benefit (if vested) shall be treated in accordance with Section 3.1(e).

ARTICLE III. BENEFITS.

3.1 (a) Annuity Benefits. Subject to Sections 3.1(b)-(f), each Participant who is vested pursuant to Section 4.1, shall receive an annual annuity, payable in 12 equal monthly installments, for life commencing at age 65, equal to the product of (i) his/her Period of Service from the Initial Plan Participation Date to the date of termination of employment with an Employer (or the date participation is discontinued, as specified pursuant to Section 2.3, if applicable) multiplied by (ii) his/her Accrual Amount as specified by the Administrator.

(b) Change in Participant Level . Notwithstanding Section 3.1(a), if a Participant, within a 60 day period following written notice from the Administrator that such Participant is eligible to participate at an increased Accrual Amount, does not satisfy various criteria as specified by the Administrator for participation at such increased Accrual Amount, the annuity benefit described in Section 3.1(a) shall be based on the Accrual Amount for which such criteria were satisfied.

(c) Normal Retirement. Upon Normal Retirement, a Participant shall receive the annual annuity benefit as calculated under Section 3.1(a) without actuarial reduction.

(d) Early Retirement. Upon Early Retirement, a Participant shall receive the annual annuity benefit as calculated under Section 3.1(a) reduced by 0.5% for each month prior to age 60 that such benefit commences.

(e) Vested Terminated Benefits. Upon a termination of employment with an Employer or a Subsidiary after a Period of Service of at least 10 years but before attaining age 55, a Participant shall receive the annual annuity benefit as calculated under Section 3.1(a) commencing at age 65; provided that if the benefit commences prior to age 65, it shall be reduced by .625% for each month prior to age 65 that such benefit commences. (See Section 5.1(b) for payment date.)

(f) Disability. If a Participant becomes Disabled and receives for an 18 month period disability benefits from the Disability Plan, the Accrual Amount per one year Period of Service, as specified by written notice from Administrator, shall be reduced by 50% for each one year Period of Service commencing as of the first day of the month following the expiration of such 18 month period until the first to occur:

(i) the date of a Participant's return to active employment with an Employer, or

(ii) the date of termination of employment, or

(iii) the date disability benefits cease under the Disability Plan.

ARTICLE IV. VESTING DATE.

4.1 Vesting. A Participant shall vest in his/her annuity benefit described in Section 3.1 after a Period of Service of at least 10 years. If employment terminates with an Employer or Subsidiary at any time prior to the satisfaction of such Period of Service, all benefits described in Article III of the Plan shall be forfeited and shall not be restored upon rehire or recommencement of participation.

4.2 Forfeiture of Benefits. Notwithstanding Section 4.1 to the contrary, Accrued Benefits (whether or not in pay status) shall be terminated and forfeited in the following circumstances:

(i) a termination of employment for Cause;

(ii) within 2 years of a termination of employment, the solicitation of the customers, or clients of the Employer or any affiliate of the Employer by the Participant in order to compete with his/her Employer or any affiliate of the Employer;

(iii) within 2 years of termination of employment, the hiring of, or the attempt to hire, the Employees of the Employer or any affiliate of the Employer;

(iv) at any time after a termination of employment, a release to any party unrelated to an Employer of secret or confidential information obtained by the Participant in the course of his/her employment, except as the case may be required by law; or

(v) at any time, an attempt to assign, encumber or hypothecate benefits as provided in Section 7.1.

ARTICLE V. PAYMENT.

5.1(a) Annuity Payments on Retirement. If employment terminates as a result of Normal Retirement or Early Retirement, benefits shall commence on the first day of the month following such Normal or Early Retirement in the form specified in Section 3.1(a) and subject to the reduction specified in Section 3.1(d), if applicable. The Administrator may, in his/her sole discretion, specify a form of annuity other than a single life annuity. The Administrator shall specify such actuarial factors as he/she deems reasonable or appropriate in converting the single life annuity under Section 3.1(a) into such other annuity form.

(b) Other Annuity Payment. Except as otherwise provided in Section 5.1(a) above, payment of the annuity benefit under the Plan shall be made at the same time, in the same form of payment as of the Participant's Final Salary Benefit under the Retirement Plan. The Administrator may, however, in his/her and absolute discretion, provide for a different form of payments. The Administrator shall specify such actuarial factors as he/she deems reasonable or appropriate in converting the single life annuity under Section 3.1(a) into such other annuity form.

5.2 Survivor Benefit After Termination of Employment. In the event that a Participant with a vested annuity benefit dies after his/her employment has terminated but before the annuity commences, the Surviving Spouse of such individual shall receive an amount equal to that provided to a surviving spouse under a 50% joint and survivor annuity commencing on the first day of the month following (i) the date of death if death occurs after age 55 or (ii) the date that such Participant would have attained age 55 if death occurs before age 55. The amount of such spousal annuity shall be based upon the assumption that the Participant had received the benefit specified in Section 3.1(a) on the later of the day preceding his date of death or age 55, in the form of a 50% joint and survivor benefit, and immediately died. The Administrator may,

specify such actuarial factors as he/she deems reasonable or appropriate in converting the single life annuity under Section 3.1(a) into a 50% joint and survivor annuity benefit.

5.3 Small Benefits. If any annuity payment hereunder is $200.00 or less per month, the Administrator shall, within a reasonable period of time following the date that the first such payment is due, convert such amount into a lump sum utilizing such actuarial factors as he/she deems appropriate or reasonable and shall pay out the lump sum value as soon as practicable thereafter. Payment of such lump sum shall relieve and discharge the Plan of all liability to make further payments.

5.4 Responsibility for Payment. Payment of annuity benefits under the Plan shall be made by the Employer who last employed the Participant. In the case benefits are payable with respect to a Participant whose service included employment with more than one Employer, the Administrator, in his sole discretion , shall determine any amounts to be reimbursed by the prior Employer to the Employer paying benefits hereunder.

5.5 Withholding. The Employer shall withhold any amount required to be withheld under applicable Federal, state and local laws, and any such payment shall be reduced by the amount so withheld.

5.6 Participant's Rights Unsecured. All annuity payments under the Plan shall be made from the general funds of the Employer. No assets of the Employer shall be required to be segregated or earmarked to represent any liability for the annuity benefits under Section 3.1, but the Employer shall have the right to establish vehicles to assist it in meeting its obligations hereunder. The rights of any person to receive benefits under the Plan shall be only those of a general unsecured creditor; and such status shall not be enhanced by reason of the establishment of any vehicles to assist the Employer in meeting its obligations hereunder.

ARTICLE VI AMENDMENT AND TERMINATION.

6.1 Amendment. The Board may amend the Plan in any respect and at any time; provided, however, that no amendment shall have the effect of reducing (i) any benefit then being paid to any Participant or to any other person pursuant to Articles III, or (ii) the Accrued Benefit under Section 3.1(a), theretofore accrued on behalf of any Participant.

6.2 Termination. The Board may terminate the Plan at any time. In the event of termination, the Plan shall continue in force with respect to any Participant, or other person entitled to an Accrued Benefit under Article III to the extent accrued under the Plan prior to its termination, and shall be binding upon any successor to substantially all the assets of the Corporation or any other Employer. Notwithstanding the foregoing, the Board may determine that it is in the best interests of the Corporation, the Employers or the Participants to terminate the Plan in its entirety and distribute to each Participant (or each person entitled to receive payments hereunder) the value of his/her benefits hereunder, utilizing such actuarial factors, as the Administrator in his/her sole discretion shall deem reasonable.

ARTICLE VII. GENERAL PROVISIONS.

7.1 Assignability. No right to receive payments hereunder shall be transferable or assignable by a Participant, other than by will or by the laws of descent and distribution or by a court of competent jurisdiction. Any other attempted assignment or alienation of payments hereunder shall be void and of no force or effect and shall result in forfeiture of benefits.

7.2 Administration. Except as otherwise provided herein, the Plan shall be administered by the Administrator, who shall have the authority to adopt rules and regulations for carrying out the provisions of the Plan, and who shall interpret, construe and implement the provisions of the Plan, including eligibility to participate, Initial Plan Participation Date, Accrual Amount, the entitlement to benefits, the amount of benefits and actuarial factors.

7.3 Legal Opinions. The Administrator may consult with legal counsel, who may be counsel for the Bank or other counsel, with respect to his obligations or duties hereunder, or with respect to any action proceeding or any question of law, and shall not be liable with respect to any action taken, or omitted, by him in good faith pursuant to the advice of such counsel.

7.4 Liability. Any decision made or action taken by the Board, the board of directors (or governing body) of an Employer, Committee, the Administrator or any employee of the Corporation or of any Employer, arising out of, or in connection with, the construction, administration, interpretation and effect of the Plan, shall be within absolute discretion of such person, and will be conclusive and binding on all parties. Neither the Administrator nor a member of the Board or the board of directors (or governing body) of an Employer or the Committee and no Employee shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of the Plan have been delegated or for anything done or omitted to be done in connection with this Plan, except in circumstances involving bad faith.

7.5 Corporate Reorganization. In the event that a corporation or unincorporated entity ceases to meet the definition of an Employer, such corporation or entity shall cease to be an Employer under the Plan and its employees shall cease to be Participants under the Plan. Benefits shall be frozen as specified in Article II.

7.6 Construction. The masculine gender, where appearing in this Plan, shall be deemed to also include the feminine gender. The singular shall also include the plural, where appropriate.

7.7 Claims and Appeals. The Administrator shall establish a claims and appeals procedure that satisfies the requirements of Part 5 of Title I of ERISA.

7.8 Governing Law. The Plan shall be construed and administered in accordance with the laws of the State of New York.

7.9 Not an Employment Contract. Nothing herein shall be construed to confer upon any person any legal right to continued employment with the Corporation or any Subsidiary.

EXHIBIT 10.14

BENEFIT EQUALIZATION PLAN OF THE CHASE MANHATTAN CORPORATION AND CERTAIN SUBSIDIARIES

PURPOSE.

This Plan is a pension plan designed to provide supplemental retirement benefits to a select group of management or highly compensated employees who were previously covered by retirement plans of Chemical Banking Corporation and Manufacturers Hanover Corporation. This Plan shall be unfunded and shall not be subject to Parts 2, 3 or 4 of Title 1 of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended from time to time.

ARTICLE I. DEFINITIONS.

The following are defined terms wherever they appear in the Plan:

"Accrued Benefit" shall mean the amount calculated pursuant to Section 3.1(a) as of any determination date, as if the Participant had terminated employment on such date. It shall not include actuarial factors, payment dates, form of payment and other optional benefits hereunder.

"Administrator" shall mean the individual holding the title Director Human Resources of the Corporation or the Bank, or any successor title.

"Bank" shall mean The Chase Manhattan Bank, or any successor thereto, whether by merger, consolidation, purchase of substantially all its assets, or otherwise.

"Board" shall mean the Board of Directors of the Corporation; provided that any action taken by the Compensation and Benefits Committee of the Board (including any action pursuant to Article 6.1) shall be considered an action of the Board for purposes of this Plan.

"Cause" shall mean either (i) any violation of the Code of Conduct of the Corporation, including, but not limited to, an act or acts of personal dishonesty resulting or intended to result in the personal enrichment of the Participant to the detriment of his/her Employer and gross negligence or willful misconduct in the performance of the Participant's duties, or (ii) the issuance of an order by a United States or State bank regulatory authority, removing the Participant from office pursuant to a disciplinary proceeding based on the actions of the Participant.

"Committee" shall mean the Compensation and Benefits Committee of the Board.

"Corporation" shall mean The Chase Manhattan Corporation or any successor thereto, whether by merger, consolidation, purchase of substantially all its assets, or otherwise.

"Disability Plan" shall mean the Long-Term Disability Plan of The Chase Manhattan and Certain Affiliated Companies or any successor plan.

"Disabled" or "Disability" shall mean a condition resulting in the receipt of benefits by a Participant under the Disability Plan.

"Early Retirement" shall mean a termination of employment of an Eligible Employee with an Employer or any Subsidiary on or after attaining age 55 and with a Period of Service of at least 10 years. Notwithstanding the foregoing, "Early Retirement" shall also mean a termination of employment of an Eligible Employee with an Employer or any Subsidiary if such Eligible Employee is entitled to retiree medical benefits under the Bank's Retiree Medical Plan by virtue of his/her actual age and actual years of service and not by virtue of any contractual obligation of his/her Employer or any Subsidiary.

"Effective Date" shall mean August 1, 1995.

"Eligible Employee" shall mean an individual who is a salaried employee of an Employer and who by written act of the Committee is designated as eligible for benefits under this Plan.

"Employer" shall mean the Corporation or any Subsidiary which is designated by the Administrator as an Employer.

"Excess Retirement Plan" shall mean the Excess Retirement Plan of The Chase Manhattan Corporation and Certain Subsidiaries, including any obligation to a Participant under the former Executive Cash Plan of Chemical Banking Corporation and Certain Subsidiaries.

"Executive Cash Plan for Retirement" shall mean the Executive Cash Plan for Retirement of The Chemical Banking Corporation and Certain Subsidiaries, the obligations of which became part of the Excess Retirement Plan.

"Executive Retirement Plan" shall mean the Executive Retirement Plan of The Chase Manhattan Corporation and Certain Subsidiaries..

"Final Average Salary" shall mean, as of any determination date, the average annual Salary received by a Participant from an Employer during a Period of Service consisting of any 60 consecutive month period within a 120 consecutive month period immediately preceding a Retirement Date which will produce the highest annual average salary.

"Normal Retirement" shall mean termination of employment of a Participant with an Employer or any Subsidiary on or after attaining age 60 with a Period of Service of at least 10 years.

"Participant" shall mean each Eligible Employee of the Employer who is eligible to participate under Section 2.1.

"Period of Service" shall have the meaning ascribed thereto by the Retirement Plan; provided that a Period of Service shall exclude service prior to the date of acquisition with respect to an entity acquired by an Employer after January 1, 1995, unless the Administrator specifies to the contrary.

"Plan" shall mean the Benefit Equalization Plan of The Chase Manhattan Corporation and Certain Subsidiaries.

"Retirement Date" shall mean Early or Normal Retirement or any date thereafter.

"Retirement Plan" shall mean the Retirement Plan of The Chase Manhattan Bank and Certain Affiliated Companies, or its successor plan.

"Salary" shall mean the regular base rate of pay of a Participant from an Employer for services rendered. Further, "Salary" does not include salary advances, bonus, incentive compensation, severance, deferred compensation, payments under this Plan or any other employee benefit plan (other than a wage continuation plan as a result of a short-term disability), accrued vacation paid in a lump sum on termination of employment, or any other kind of extra or additional remuneration.

"Split Dollar Plan" shall mean the Permanent Life Insurance Plan of Manufacturers Hanover Trust Company.

"Subsidiary" shall mean an entity in which an Employer owns directly, or indirectly, fifty percent or more of the outstanding voting common stock or, if not a corporation, fifty percent or more of the voting power of such entity.

"Surviving Spouse" shall have the meaning ascribed under the Retirement Plan upon the death of a Participant.

ARTICLE II. PARTICIPATION.

2.1 Participation. Each employee designated by the Committee at its July 18,1995 meeting as an Eligible Employee shall participate in this Plan. The Committee, by written resolution, may designate additional salaried employees as Eligible Employees. As of April 1, 1999, no additional salaried employees have been designated.

2.2 Discontinued Participation by Election of Employer. Notwithstanding the continued employment of a Participant with an Employer, the Administrator may in the exercise of his/her sole discretion, terminate the participation of any Participant by written notice to the Participant. No additional benefits shall be accrued under Section 3.1(a) from the date active participation ceases hereunder as specified by the Administrator. Such Accrued Benefit shall remain subject to the vesting requirements under Section 4.1.

ARTICLE III. BENEFITS.

3.1 (a) Annuity Benefits. Subject to Sections 3.1(b)-(c), each Participant who is vested pursuant to Section 4.1 and who terminates employment with his or her Employer or any Subsidiary, shall receive an annual annuity, payable in 12 equal monthly installments, for life commencing at age 60, equal to the excess of:

(I) the product of:

(i) two percent of Final Average Salary, and

(ii) the Periods of Service (but not more than 30 years) commencing with the date that the Participant became eligible to participate in the Retirement Plan or any predecessor retirement plan, including those of Chemical Bank and Manufacturers Hanover Trust Company, and ending with the date that employment terminates with his/her Employer (or if earlier the date, specified in Section 2.2); over

(II) the sum of benefits payable, if any, to the Participant from:

(i) the Retirement Plan;

(ii) the Excess Retirement Plan, including, as successor to, obligations under the Executive Cash Plan for Retirement;

(iii) the Executive Retirement Plan, and

(iv) the Split Dollar Plan.

By way of clarification, benefits payable under a predecessor plan of those listed in this Section 3.1(a) II shall be included.

(b) Conversion. The offset benefits described in Section 3.1(a)(II) shall be assumed to be payable on the date specified in Article V hereof and shall be assumed to be payable in the form of a single life annuity, in either case, notwithstanding any election of the Participant to the contrary. Upon Early Retirement, the annual amount as calculated under Section 3.1(a)(I) (without reference to II) shall be reduced by 0.5% for each month prior to age 60 that such benefit commences. The offset benefits described in Section 3.1(a)(II) shall, to the extent not otherwise payable in the form of a single life annuity, be converted into a single life annuity utilizing the actuarial factors specified in the Retirement Plan, including, but not limited to, the discount rate on thirty year Treasuries. In the absence of an appropriate actuarial factor under the Retirement Plan, the Administrator shall specify the relevant factor in his/her sole discretion.

(c) Failure to Participate. Solely for purposes of calculating a benefit hereunder in the event that a Participant eligible to participate in a plan listed in Section 3.1(a)(II) either failed to participate or did not participate to the fullest extent permitted by any such plan, the offset

benefit under Section 3.1(a) (II) with respect to such plan shall be adjusted upward so that the Participant shall be treated as if he or she had participated or had participated to the fullest extent permitted by the terms of the applicable plan.

3.2 Normal Retirement. Upon Normal Retirement, a Participant shall receive the annual annuity benefit as calculated under Section 3.1(a) without actuarial reduction.

3.3 Disability. If a Participant becomes Disabled and receives for an 24 month period disability benefits from the Disability Plan, the Participant shall continue to participate in this Plan until the first to occur:

(i) the date of termination of employment,

(ii) the date disability benefits cease under the Disability Plan, or

(iii) the election to commence benefits under any plan listed in Section 3.1(a)(II).

ARTICLE IV. VESTING DATE.

4.1 Vesting. A Participant shall vest in his/her annuity benefit described in Section 3.1 upon reaching his or her Retirement Date. If employment terminates with an Employer or Subsidiary at any time prior to reaching his or her Retirement Date, all benefits described in Article III of the Plan shall be forfeited and shall not be restored upon rehire or recommencement of participation.

4.2 Forfeiture of Benefits. Notwithstanding Section 4.1 to the contrary, Accrued Benefits (whether or not in pay status) shall be terminated and forfeited in the following circumstances:

(i) a termination of employment for Cause;

(ii) within 2 years of a termination of employment, the solicitation of the customers, or clients of the Employer or any affiliate of the Employer by the Participant in order to compete with his/her Employer or any affiliate of the Employer;

(iii) within 2 years of termination of employment, the hiring of, or the attempt to hire, the Employees of the Employer or any affiliate of the Employer;

(iv) at any time after a termination of employment, a release to any party unrelated to an Employer of secret or confidential information obtained by the Participant in the course of his/her employment, except as the case may be required by law; or

(v) at any time, an attempt to assign, encumber or hypothecate benefits as provided in Section 7.1.

ARTICLE V. PAYMENT.

5.1 Timing of Payment. Payment of the Annuity Benefit shall be made at the such time and, in the such form of payment, as the Administrator may, in his/her and absolute discretion, provide. The Administrator shall utilize the actuarial factors specified in the Retirement Plan or in the absence of such factors, such actuarial factors as he/she deems reasonable or appropriate.

5.2 Survivor Benefit. In the event that a Participant dies after his Retirement Date but before the annuity commences, the Surviving Spouse of such individual shall receive an amount equal to that provided to a surviving spouse under a 50% joint and survivor annuity commencing as of the first day of the month following the date of death. The amount of such spousal annuity shall be based upon the assumption that (i) the Participant had received the benefit specified in

Section 3.1(a) on the day preceding his/her date of death, (ii) the benefit was converted into the form of a 50% joint and survivor benefit, and (iii) the Participant immediately died. The Administrator shall utilize the actuarial factors specified in the Retirement Plan and in the absence of such factors, such actuarial factor as he/she deems reasonable or appropriate, to convert the single life annuity to a joint or survivor annuity.

5.3 Small Benefits. If any annuity payment hereunder is $100.00 or less per month, the Administrator may, within a reasonable period of time following the date that the first such payment is due, convert such amount into a lump sum utilizing such actuarial factors as he/she deems appropriate or reasonable and shall pay out the lump sum value as soon as practicable thereafter. Payment of such lump sum shall relieve and discharge the Plan of all liability to make further payments.

5.4 Responsibility for Payment. Payment of annuity benefits under the Plan shall be made by the Employer who last employed the Participant. In the case benefits are payable with respect to a Participant whose service included employment with more than one Employer, the Administrator, in his sole discretion, shall determine any amounts to be reimbursed by the prior Employer to the Employer paying benefits hereunder.

5.5 Withholding. The Employer shall withhold any amount required to be withheld under applicable Federal, state and local laws, and any such payment shall be reduced by the amount so withheld.

5.6 Participant's Rights Unsecured. All annuity payments under the Plan shall be made from the general funds of the Employer. No assets of the Employer shall be required to be segregated or earmarked to represent any liability for the annuity benefits under Section 3.1, but the Employer shall have the right to establish vehicles to assist it in meeting its obligations hereunder. The rights of any person to receive benefits under the Plan shall be only those of a general unsecured creditor; and such status shall not be enhanced by reason of the establishment of any vehicles to assist the Employer in meeting its obligations hereunder.

ARTICLE VI AMENDMENT AND TERMINATION.

6.1 Amendment. The Board may amend the Plan in any respect and at any time; provided, however, that no amendment shall have the effect of reducing (i) any benefit then being paid to any Participant or to any other person pursuant to Articles III, or (ii) the Accrued Benefit under Section 3.1(a), theretofore accrued on behalf of any Participant.

6.2 Termination. The Board may terminate the Plan at any time. In the event of termination, the Plan shall continue in force with respect to any Participant, or other person entitled to an Accrued Benefit under Article III to the extent accrued under the Plan prior to its termination, and shall be binding upon any successor to substantially all the assets of the Corporation or any other Employer. Notwithstanding the foregoing, the Board may determine that it is in the best interests of the Corporation, the Employers or the Participants to terminate the Plan in its entirety and distribute to each Participant (or each person entitled to receive payments hereunder) the value of his/her benefits hereunder, utilizing such actuarial factors, as the Administrator in his/her sole discretion shall deem reasonable.

ARTICLE VII. GENERAL PROVISIONS.

7.1 Assignability. No right to receive payments hereunder shall be transferable or assignable by a Participant, other than by will or by the laws of descent and distribution or by a court of competent jurisdiction. Any other attempted assignment or alienation of payments hereunder shall be void and of no force or effect and shall result in forfeiture of benefits.

7.2 Administration. Except as otherwise provided herein, the Plan shall be administered by the Administrator, who shall have the authority to adopt rules and regulations for carrying out the provisions of the Plan, and who shall have complete and absolute discretionary authority to interpret, construe and implement the provisions of the Plan, including eligibility to participate, the entitlement to benefits, the amount of benefits and actuarial factors.

7.3 Legal Opinions. The Administrator may consult with legal counsel, who may be counsel for the Bank or other counsel, with respect to his obligations or duties hereunder, or with respect to any action proceeding or any question of law, and shall not be liable with respect to any action taken, or omitted, by him in good faith pursuant to the advice of such counsel.

7.4 Liability. Any decision made or action taken by the Board, Committee, the Administrator, arising out of, or in connection with, the construction, administration, interpretation and effect of the Plan, shall be within absolute discretion of such person, and will be conclusive and binding on all parties. Neither the Administrator nor a member of the Board or the Committee shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of the Plan have been delegated or for anything done or omitted to be done in connection with this Plan, except in circumstances involving bad faith.

7.5 Corporate Reorganization. In the event that a corporation or unincorporated entity ceases to meet the definition of an Employer, such corporation or entity shall cease to be an Employer under the Plan and its employees shall cease to be Participants under the Plan. Benefits shall be frozen as specified in Article II.

7.6 Construction. The masculine gender, where appearing in this Plan, shall be deemed to also include the feminine gender. The singular shall also include the plural, where appropriate.

7.7 Claims and Appeals. The Administrator shall establish a claims and appeals procedure that satisfies the requirements of Part 5 of Title I of ERISA.

7.8 Governing Law. The Plan shall be construed and administered in accordance with the laws of the State of New York.

7.9 Not an Employment Contract. Nothing herein shall be construed to confer upon any person any legal right to continued employment with the Corporation or any Subsidiary.

EXHIBIT 10.15

JPMORGAN CHASE & CO.

SEVERANCE POLICY -- SUMMARY OF TERMS

PURPOSE: To provide severance and other termination-related benefits in the case of involuntary termination, except for cause.

BENEFIT AMOUNT: For select executive officers other than the CEO, an amount equal to two times current base salary, plus eligibility for a discretionary payment at the sole determination of the Firm. The total amount will be paid in installments over 24 months following a separation from service. In the event that an executive officer is a "specified employee" (i.e. a top paid 50 employee) as defined by Section 409A, payment of such installments will be delayed for the six month period following separation from service with a make up payment in the seventh month equal to the delayed installments .

TREATMENT OF STOCK AWARDS: Under the current terms and conditions of restricted stock unit awards and option /stock appreciation right (SAR) grants, upon a job elimination:

(1) officers would be entitled to continued vesting of restricted stock units; and

(2) stock options and SARs would become exercisable immediately and remain exercisable for their original remaining term for persons who are retirement eligible and for up to the lesser of two years or their original term for persons not retirement eligible.

WELFARE BENEFITS: Officers can elect to continue to receive medical and dental benefits for two years following such separation from service.

Other severance provisions (if any) applicable to any Named Executive Officers are contained in their respective employment agreements.

EXHIBIT 10.19

SUMMARY OF BANK ONE CORPORATION
DIRECTOR DEFERRED COMPENSATION PLAN

Effective January 1, 2001

1. Amendment and Restatement. The First Chicago NBD Corporation Plan for Deferring the Payment of Director's Fees is renamed as the Bank One Corporation Director Deferred Compensation Plan and has been amended and restated effective January 1, 2001.

2. Predecessor Plans. All deferred compensation programs for directors established by Bank One's predecessors are merged into the Director Deferred Compensation Plan effective December 31, 2000 or such later date as is administratively feasible.

3. Investments. Directors may elect phantom investments that mirror the investment choices available under the Savings and Investment Plan (excluding the Bank One common stock fund), which elections may be changed on a daily basis (i.e., to the same extent as investments in the SIP).

4. Distributions. Distributions under the Plan will commence as soon as administratively practicable following the close of the calendar year in which the director retires. Directors may elect to receive deferred amounts in a lump sum or in annual installments over a period of up to 15 years, and payments may be accelerated in the discretion of the Plan administrator.

5. Beneficiaries. Beneficiaries will receive payment of all deferred amounts in a lump sum as soon as practicable following the director's death.

6. Plan Administrator. The Plan Administrator will be the Organization, Compensation and Nominating Committee of the Board of Directors.

EXHIBIT 10.21

BANK ONE CORPORATION
DEFERRED COMPENSATION PLAN
Effective January 1, 2000

1. Purpose. The purpose of the BANK ONE CORPORATION Deferred Compensation Plan (the "Plan") is to provide individuals described in Section 3 who are employees of BANK ONE CORPORATION (the "Corporation") and its subsidiaries and affiliates (each an "Employer"; collectively, the "Employers") with the opportunity to elect to defer the payment of all or a portion of their Covered Compensation.

2. Definitions.

(a) Beneficiary means any person or entity designated by a Participant on a form provided by the Plan Administrator to receive benefits in the event of the death of the Participant. Each designation shall revoke a Participant's previous designations and shall be effective only when filed in writing and accepted by the Plan Administrator during the Participant's lifetime. If a Participant fails to designate a Beneficiary in the manner provided above, the Participant's account hereunder shall be distributed to the legal representative or representatives of the Participant's estate.

(b) Board means the Board of Directors of the Corporation, excluding any member who is an officer or Employee of the Corporation.

(c) BOC Plan means the Banc One Corporation Compensation Deferral Plan, as in existence immediately prior to the Effective Date.

(d) Committee means the Organization, Compensation and Nominating Committee of the Board.

(e) Code means the Internal Revenue Code of 1986, as amended.

(f) Corporation means BANK ONE CORPORATION or its successor or successors and its fifty percent (50%) or more owned subsidiaries.

(g) Covered Compensation means the amount of a Participant's annual cash incentive bonus or bi-weekly salary, as well as any other cash compensation, designated by the Committee as eligible for deferral. The Committee may express such amount as a whole percentage or a whole dollar amount, and the Plan Administrator shall communicate such limits to the Participant prior to his or her enrollment in the Plan.

(h) Effective Date means the effective date of this amended and restated Plan, January 1, 2000.

(i) Educational Account means an account established at the election of a Participant, consisting of funds the Participant elects to use for eligible educational expenses, as provided under Section 6(c) hereof and rules established by the Plan Administrator for the administration of Educational Accounts.

(j) Eligible Employee means an Employee who satisfies the requirements of Section 3.

(k) Employee means an individual who is employed by an Employer.

(l) Exchange Act means the Securities Exchange Act of 1934, as amended.

(m) FCNBD Plan means the First Chicago NBD Corporation Deferred Compensation Plan, as in existence immediately prior to the Effective Date.

(n) FUSA Plan means the First USA Deferred Compensation Plan, as in existence immediately prior to the Effective Date.

(o) Investment Funds means those investment alternatives under the Plan which will be used to calculate the periodic investment experience of each Participant's account and shall be the investment alternatives offered under the BANK ONE CORPORATION Savings and Investment Plan or any other investment alternatives designated by the Committee.

(p) Participant means either (i) an Eligible Employee who has elected to defer all or a portion of Covered Compensation, (ii) a former Employee for whom an account is maintained under the Plan, or (iii) an individual whose unfunded accrued benefit under another unfunded, non-tax-qualified deferral plan is transferred to this Plan, as described in Section 3.

(q) Plan means the BANK ONE CORPORATION Deferred Compensation Plan. This Plan is an amendment and restatement of the FCNBD Plan and the BOC Plan, and is also intended to replace the FUSA Plan as of the effective date of this amendment and restatement.

(r) Plan Administrator means the Corporation's Head of Compensation and Benefits; provided, however, that, the Committee shall be the Plan Administrator with respect to any Participant who is an "officer" as defined in Section 16 of the Exchange Act.

3. Eligibility. The Committee shall designate the Employees who are eligible to participate in this Plan. In addition, each individual who is a participant under the FCNBD Plan or BOC Plan as in effect on the day immediately preceding the Effective Date and each former Employee for whom an account is maintained under the Plan shall participate in this Plan to the extent of any deferred amounts that remain unpaid.

4. Transfers from Other Plans. Subject to the approval of the Plan Administrator, the Plan may accept the transfer of (a) any unfunded account or benefit that would otherwise be accrued on behalf of an individual under the terms of an agreement in effect between such individual and the Corporation or an entity acquired by or merged with or into the Corporation; and (b) an individual's accrued benefit from another unfunded deferred compensation or severance plan maintained by the Corporation, or an entity acquired by or merged with or into the Corporation, at which time the individual will become a Participant to the extent of the transferred unfunded account or benefit. Such transferred benefit shall be credited to the Participant's account under this Plan and shall become subject to the terms and conditions of this Plan.

5. Election to Defer Covered Compensation. An Eligible Employee may elect to defer payment of Covered Compensation for a period established by the Plan Administrator. Such period may be determined by reference to a specific date or event. The Plan Administrator shall establish guidelines and procedures regarding an Eligible Employee's right to elect and/or modify an election to defer the payment of Covered Compensation. The Plan Administrator may revise such guidelines and procedures from time to time as it deems necessary or appropriate.

6. Participant's Account.

(a) The amount of Covered Compensation that has been deferred shall be credited to a memorandum or book entry account maintained on behalf of the Participant. Amounts credited pursuant to this Plan are credited for bookkeeping purposes only, shall not represent either a cash deposit or actual shares or units in any of the Investment Funds, shall not give any Participant any special right in cash or shares held or owned by the Corporation, and shall not give rise to any cause of action by Participants against the Corporation, except at such time as the Participant shall become entitled to receive payment in cash in accordance with the terms of this Plan. The Plan Administrator shall furnish quarterly statements to Participants showing the amounts credited to each of the Investment Funds as of the statement date.

(b) Amounts transferred under Section 3 from a plan, program or arrangement maintained by the Corporation (including a plan maintained solely for the purpose of providing retirement benefits for Employees in excess of the limitations imposed by Sections 401(a)(17), 401(k), 402(g) and 415 of the Code) may, in the Plan Administrator's sole discretion, be aggregated with other deferred amounts.

(c) The Plan Administrator may, in its sole discretion, establish rules under which a Participant may elect to segregate amounts from his or her account into a separate Educational Account to be used to pay specified educational expenses. The Participant shall be required to make elections regarding the establishment of an Educational Account within time periods established by the Plan Administrator. The Plan Administrator, in its sole discretion, may aggregate with other deferred amounts any funds previously designated by a Participant for allocation to an Educational Account, subject to any restrictions and penalties provided under Section 10(d).

7. Investment of Participant's Account. A Participant shall elect to have his or her account treated as if invested in one (1) or more of the Investment Funds. The Participant's account will be adjusted periodically to reflect the investment experience of the Investment Funds that the Participant elected. Each Participant may file an election with the Plan Administrator (in the manner prescribed by the Plan Administrator) to reallocate the investment of his account among the Investment Funds. The frequency, timing and form of investment reallocation directions shall be determined by the Plan Administrator. To the extent necessary to comply with Section 16 of the Exchange Act, the Plan Administrator shall establish rules regarding and otherwise restrict the extent to which an "officer," as defined under Section 16 of the Exchange Act, may elect to have his or her account, or any portion thereof, treated as though it were invested in the BANK ONE CORPORATION common stock investment fund. If a Participant fails to make an election under this Section 7, his or her account shall be treated as though it were invested in the Investment Fund consisting of shares of a money market fund. In addition and notwithstanding the foregoing, the Plan Administrator may, in its sole discretion, determine the investment treatment afforded to amounts allocated by a Participant to an Educational Account.

8. Benefit. A Participant shall be entitled to a distribution of his account, equal to the amount deferred or transferred and adjusted for the investment experience attributable to such deferred or transferred amounts as though such amounts been invested in the Investment Funds as directed by the Participant.

9. Distribution of Accounts Pursuant to Participant's Election.
The Plan Administrator, in its sole discretion, shall establish rules governing the distribution of a Participant's account, including special rules governing the distribution of a Participant's benefits at the time of his or her (a) death or (b) termination of employment prior to satisfying specified age and service requirements for retirement.

10. Payments Prior to Death or Termination of Employment.

(a) In the event a Participant experiences an unforeseeable emergency, as determined under paragraph (b) below, the Plan Administrator may authorize the distribution of all or a portion of the Participant's account, without regard to the payment dates otherwise established by the Plan Administrator under Sections 5 and 9, but only if the Plan Administrator determines that such action is necessary to prevent severe financial hardship to the Participant. Such action shall be taken only if a Participant (or his legal representatives or successors) signs an application describing fully the circumstances which are deemed to justify the payment, together with an estimate of the amounts necessary to prevent severe financial hardship. Each such application shall be approved by the Plan Administrator, who shall certify that, according to the best of his knowledge and belief the statements on the application are true. The Plan Administrator, in its sole discretion, may suspend deferrals of Covered Compensation by Participants receiving distributions under this Section 10(a) for up to twelve (12) months following receipt of such distributions by the Participants.

(b) For the purpose of this Section 10, the term "unforeseeable emergency" shall mean a severe financial hardship to a Participant or his dependents (as defined in Section 152(a) of the Code), loss of a Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances beyond the Participant's control. Hardship payments shall only be made to the extent necessary to satisfy the emergency need, and shall not be made to the extent that the hardship is or may be relieved through other means, including reimbursement or compensation, by insurance or otherwise, or by cessation of deferrals under this Plan.

(c) Upon the request of a Participant, the Plan Administrator may also authorize the distribution of all or a portion of the Participant's account, without regard to the payment dates established by the Plan Administrator under Sections 5 and 9, provided the portion of the Participant's account from which such distribution is made is first reduced by an amount that shall equal the greater of either (i) ten percent (10%) of the applicable portion of the Participant's account, or (ii) a "substantial penalty" as determined by the Plan Administrator upon advice of counsel so as to assure there is no constructive receipt of Participants' accounts under the Plan.

(d) In the event that a Participant establishes an Educational Account (as described under Section 6(c) hereof), the Participant may request a distribution from his or her Educational Account in order to pay eligible educational expenses. The Plan Administrator shall establish guidelines and procedures relating to (i) the types and verification of eligible education expenses, and (ii) requests for payments from an Educational Account. If amounts remain in a Participant's Educational Account at the close of the period determined by the Plan Administrator for use thereof, or if the Plan Administrator determines that amounts paid to a Participant from his or her Educational Account are not used for eligible educational expenses, the Plan Administrator may reduce the amount remaining in the Participant's Educational Account by an amount equal to the greater of (i) the amount remaining in the Educational Account or so misused by the Participant (as applicable), multiplied by ten percent (10%), or (ii) a "substantial penalty" as determined by the Plan Administrator upon advice of counsel so as to assure there is no constructive receipt of Participants' accounts under the Plan. If the funds remaining in the Participant's Educational Account are insufficient to make such reduction, the Plan Administrator shall reduce the Participant's account by the amount determined under the preceding sentence.

11. Acceleration of Payment. The Chief Executive Officer or Chairman of the Board of the Corporation may, in his sole discretion, accelerate any payment under this Plan for any Participants who are not "officers," as defined under Section 16 of the Exchange Act. The Committee may, in its sole discretion, accelerate any payment under this Plan for Participants who are "officers," as defined under Section 16 of the Exchange Act.

12. Withholding. In administering the Plan, the Corporation shall withhold any sums required to be withheld under any applicable local, state and federal tax laws.

13. Valuation of Account Prior to Distribution. A Participant's distributable account shall be valued as of the first business day of the month of payment.

14. Administration. This Plan shall be administered by the Plan Administrator, and its decision on any matter involving the interpretation of the Plan shall be final and binding on all parties; provided, however, that the Plan Administrator may not take any action with respect to any benefits payable to the Plan Administrator under the Plan unless such action could have been taken even if he were not the Plan Administrator. The Plan Administrator shall have the full responsibility, power and authority to administer the Plan and, within the limits provided by the Plan, the power to: (a) Determine, in its sole discretion, all questions arising concerning the construction and interpretation of the Plan and in its administration, including, but not by way of limitation, the determination of the rights of eligibility under the Plan of Employees, Participants, and Beneficiaries, the amount of their respective benefits and the timing and method of distribution, and to interpret and remedy, if necessary, ambiguities, inconsistencies, or omissions;

(b) Adopt such rules and regulations as it may deem reasonably necessary for the proper and efficient administration of the Plan and consistent with its purpose;

(c) Enforce the Plan, in accordance with its terms and with the Plan Administrator's rules and regulations; and

(d) Do all other acts, in its judgment necessary or desirable, for the proper and advantageous administration of the Plan.

15. Miscellaneous.

(a) Prohibition on Alienation. Benefits under the Plan may not be anticipated, alienated, assigned or encumbered and any attempt to do so shall be void; except however, to the extent permitted by applicable law, the Corporation, in its sole discretion, may reduce a Participant's account by any amounts owing by the Participant to the Corporation.

(b) Litigation by Participants or Other Persons. To the extent permitted by law, if a legal action begun against the Corporation or an Employee or director thereof, or the Board, or any member thereof, by or on behalf of any person results adversely to that person, or if a legal action arises because of conflicting claims to benefits accrued and/or payable to a Participant or Beneficiary, the cost to the Corporation or Employee or director thereof, or the Board or any member thereof, of defending the action will be charged to the extent possible to the sums, if any, that were involved in the action or were payable to, or on account of, the Participant or Beneficiary concerned.

(c) Indemnification. Any person who is or was a director, officer, or Employee of the Corporation and each member of the Board shall be indemnified and saved harmless by the Corporation from and against any and all liability or claims of liability to which such person may be subjected by reason of any act done or omitted to be done in good faith with respect to the administration of the Plan, including all expenses reasonably incurred in the Participant's defense in the event that the Corporation fails to provide such defense.

(d) Rights to Employment. Participation in the Plan shall not confer upon any Participant any right with respect to continued employment by the Corporation.

(e) Expenses. All expenses of administering the Plan shall be borne by the Corporation.

(f) Other Plans. Nothing contained herein shall prevent the Corporation from establishing or maintaining other plans in which Participants in this Plan may also participate.

(g) Facility of Payment. When, in the Plan Administrator's opinion, a Participant or Beneficiary is under a legal disability or incapacitated in any way so as to be unable to manage the Participant's or Beneficiary's financial affairs, the Plan Administrator may direct that the amount of the Participant's or Beneficiary's payment hereunder be made to the Participant's or Beneficiary's legal representative or to another person for such Participant's or Beneficiary's benefit, or the Plan Administrator may direct that such amount be applied for the benefit of the Participant or Beneficiary in any way the Plan Administrator considers advisable.

(h) Notices. Any communication, statement or notice addressed to a Participant who is a current Employee at his work location or to a former Employee at his last post office address shown on his employer's records, will be binding upon the Participant for all purposes of the Plan. Neither the Plan Administrator nor the Corporation shall be obliged to search for or ascertain the whereabouts of any Participant. For purposes of this Section 15(h), the term "Participant" includes any person entitled by reason of a Participant's death or legal disability to that Participant's deferred Covered Compensation under the Plan.

(i) Records. All records held by Corporation Compensation with respect to an Employee shall be binding upon everyone for purposes of the Plan.

16. Amendment and Termination. The Corporation, by a resolution of the Committee, may amend or terminate the Plan at any time; provided, however, that, except as may otherwise be required by law, no such amendment to or termination of the Plan shall reduce the benefits to which a Participant (or his Beneficiary) is entitled under the Plan as of the date of such amendment or termination. The Chief Executive Officer or the Head of Human Resources of the Corporation may amend the Plan in any non-material respect. Whether the amendment is material or not shall be determined by Chief Executive Officer or Head of Human Resources in his sole discretion.

17. Financing of Plan Benefits. Any benefits payable to a Participant or Beneficiary under the Plan shall be financed from the general assets of the Participant's employer, and no Participant, Beneficiary or group of Participants and/or Beneficiaries shall acquire any claim upon any specific asset of an employer solely by reason of his being a Participant or Beneficiary under the Plan. This paragraph shall not prohibit the Corporation from transferring assets to a grantor trust for the purpose of providing benefits hereunder, which grantor trust shall remain subject to the claims of the Corporation's creditors. The accounting and recordkeeping of this Plan shall be entirely separate from any other plan.

18. Gender and Number. Words denoting the masculine gender shall include the feminine and neuter genders, the singular shall include the plural and the plural shall include the singular wherever required by the context.

19. Severability. The Plan is intended to comply in all aspects with applicable law and regulation, including Section 16 of the Exchange Act and Rule 16b-3 of the Securities Exchange Commission. If any provision of the Plan shall be held invalid, illegal or unenforceable in any respect under applicable law and regulation, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and the invalid, illegal or unenforceable provision shall be deemed null and void; provided however, that, to the extent permissible by law, any provision which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit the Plan to comply with all applicable laws.

20. Benefits Intended for Select Group of Management or Highly Compensated Employees. This Plan is intended to be maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees and shall be interpreted and administered accordingly.

21. Controlling Laws. To the extent not superseded by Federal law, the laws of Illinois, without regard to its laws of conflict, shall be controlling in all matters relating to the Plan.

EXHIBIT 10.26

BANC ONE CORPORATION
INVESTMENT OPTION PLAN

Preamble

BANC ONE CORPORATION (the "Company") hereby establishes the BANC ONE CORPORATION Investment Option Plan (the "Plan"), effective as of the date specified herein.

The purpose of the Plan is to provide a vehicle for the payment of compensation, otherwise payable to participating Employees, with options. The Plan is intended to be a nonqualified option plan within the meaning of Section 83 of the Internal Revenue Code, as amended, and is not intended to be covered by the provisions of the Employee Retirement Income Security Act of 1974, as amended.

ARTICLE I
Definitions

As used in this Plan, the following capitalized words and phrases have the meanings indicated, unless the context requires a different meaning:

1.1 "Beneficiary" means the person or persons who, pursuant to the Plan, are entitled to exercise Options after a Participant's death.

1.2 "Board of Directors" or "Board" means the Board of Directors of the Company.

1.3 "Code" means the Internal Revenue Code of 1986, any amendments thereto, and any regulations on rulings issued thereunder.

1.4 "Committee" means the Personnel and Compensation Committee of the Board, which is comprised of two or more non-Employee Directors, and which shall have the authority of said Board with respect to this Plan.

1.5 "Company" means BANC ONE CORPORATION, or any successor thereto.

1.6 "Designated Property" means shares of regulated investment companies or any other property, except for cash, cash equivalents, or securities of the Company or its affiliates, designated by the Committee as subject to purchase through the exercise of an Option.

1.7 "Effective Date" means August 1, 1998.

1.8 "Employee" means any individual who is employed by the Employer.

1.9 "Employer" means BANC ONE CORPORATION, including all of its Related Companies and any successor corporation or other entity resulting from a merger or consolidation into or with the Company or a transfer or sale of substantially all of the assets of the Employer.

1.10 "Exercise Date" means, with respect to any Option, the date determined under Section 3.2.

1.11 "Exercise Price" means the price that a Participant must pay in order to exercise an Option.

1.12 "Fair Market Value" means the closing price of the Designated Property reflected in The Wall Street Journal, or other recognized market source, as determined by the Committee, on the applicable date of reference hereunder, or if there is no sale on such date, then the closing price on the last previous day on which a sale is reported.

1.13 “Grant Date” means, with respect to any Option, the date on which an Option first becomes effective, which date will not be earlier than the date on which the Committee takes action to award the Option.

1.14 “Option” means the right of a Participant, granted by the Company in accordance with the terms of this Plan, to purchase Designated Property from the Company at the Exercise Price established under Section 2.3.

1.15 “Option Agreement” means an agreement, the form of which has been approved by the Committee, acknowledging the issuance of the Option(s) and setting forth any terms that are not specified in this Plan.

1.16 “Participant” means any individual who has received an award of Options in accordance with Section 2.2 that has not either expired or been exercised.

1.17 “Plan” means the BANC ONE CORPORATION Investment Option Plan, as set forth herein and as from time to time amended.

1.18 “Related Company” means a subsidiary or any entity, which, on the Grant Date of an Option, is a member of a common controlled group with BANC ONE CORPORATION pursuant to Code Section 1563 (a)(1).

1.19 “Severance of Employment” means a Participant whose resignation has been requested by an executive or officer of the Employer under threat of discharge due to reorganization, change of control, or merger of the Company as designated by the Company.

1.20 “Share” means shares of any publicly traded mutual fund underlying an Option.

1.21 “Spread” means the difference between the Exercise Price and the Fair Market Value of the Designated Property underlying an Option.

1.22 “Termination for Cause” means a Participant who resigns or involuntarily terminates due to employee misconduct as determined by the Company pursuant to established employment guidelines.

1.23 “Termination of Employment” means a Participant separation from the service of the Employer for any reason other than death, Disability or Retirement. For purposes of this Section: 1) “Disability” shall mean eligibility for benefits under BANC ONE CORPORATION’s Long Term Disability Plan or any other long term disability plans sponsored by the Company; 2) “Retirement” shall mean termination of employment with eligibility for immediate retirement benefits under the BANC ONE CORPORATION Cash Balance Pension Plan or any other qualified defined benefit plan sponsored by the Company.

1.24 “Voluntary Termination of Employment” means a Participant who resigns from employment either by written resignation with notice or by simply abandoning employment at some point with or without notice.

1.25 Rules of construction

1.25.1 Governing law. The construction and operation of this Plan are governed by the laws of the state of Ohio.

1.25.2 Headings. The headings of Articles, Sections and Subsections are for reference only and are not to be utilized in construing the Plan.

1.25.3 Gender. Unless clearly inappropriate, all pronouns of whatever gender refer indifferently to persons or objects of any gender.

1.25.4 Singular and plural. Unless clearly inappropriate, singular terms refer also to the plural number and vice versa.

1.25.5 Severability. If any provision of this Plan is held to be illegal or invalid for any reason, the remaining provisions are to remain in full force and effect and to be construed and enforced in accordance with the purposes of the Plan as if the illegal or invalid provision did not exist.

ARTICLE II
Award of Options

2.1 Eligibility for awards. Awards of Options may be made to any Employee selected by the Committee. In making this selection, and in determining the form and amount of Options, the Committee will consider any factors it deems relevant.

2.2 Awarding of Options. Recipients of Options are determined from time to time by the Committee. The Committee may condition the award of any Option on the surrender by the Participant of right to receive salary, bonus or other cash compensation otherwise payable in the future by the Employer to the Participant. The Committee may also award other options at its discretion. Awards become effective on the Grant Date. Awards may be made at any time on or after the Effective Date and prior to the termination of the Plan.

2.3 Selection of Designated Property; Exercise Price; Other Terms. When an Option is awarded, the Committee will specify the Designated Property that may be purchased by exercise of the Option, the Grant Date, and will fix any terms of the Option not specified in the Plan. On the day the Option is awarded, the Designated Property that may be purchased by exercising the Option must be readily tradable on an established market or consist wholly of interests readily tradable on an established market. Unless otherwise specified in a particular Option Agreement, the Exercise Price will equal the greater of twenty-five percent (25%) of the Fair Market Value of the Designated Property on the Grant Date or on the Exercise Date.

2.4 Acquisition of Designated Property. If the Company acquires Designated Property purchasable upon the exercise of an Option, such Designated Property must:

(a) not be subject to any security interest, whether perfected or not, or to any option or contract under which any other person may acquire any interest in it; and

(b) be readily tradable on an established market or consist wholly of interests in property that is readily tradable on an established market.

2.5 Effect of dividends and distributions with respect to Designated Property under Option. All dividends and distributions with respect to Designated Property will be treated as if reinvested in additional property of the same kind (or as nearly the same kind as feasible, if the property of the same kind is not available), and will immediately be subject to the Option related to the Designated Property. However, the Exercise Price of an Option to purchase Designated Property will be adjusted to include the greater of twenty- five percent (25%) of the fair market value of the reinvestment on the date of the reinvestment or the date of exercise of the Option. The reinvestment of dividends and distributions does not extend or modify the term or other conditions of the Option, other than adjusting the Exercise Price and amount of Designated Property.

2.6 Substitution of other property for Designated Property. At any time after the grant of an Option, the Committee may, in its discretion, substitute other property of equal value for Designated Property subject to that Option. After substitution, such Option shall not be exercisable for six months or the period specified in the Option Agreement, whichever is less.

ARTICLE III
Exercise of Options

3.1 Period for exercise of Options. Except as otherwise provided in the Plan, Options may be exercised by a Participant at any time during the period beginning six months after the Grant Date and ending on the

earliest of:

(a) nine (9) months after the Grant Date, or if later, sixty (60) days following the end of the calendar year in which Termination of Employment occurs as a result of the Participant's Voluntary Termination of Employment or Termination for Cause,

(b) one (1) year after the Participant's Termination of Employment as a result of the Participant's death,

(c) three (3) years after Severance of Employment pursuant to Company programs not designated under (d) below,

(d) ten (10) years after the Participant's Termination of Employment, if such Participant terminates due to retirement, disability, designated Severance of Employment, or other situations designated by the Company, or

(e) twenty (20) years after the Grant Date.

If the Company has a Change of Control, as defined in the Amended and Restated BANC ONE CORPORATION Compensation Deferral Plan, all Awards of Options hereunder may be exercised by the Participant as of the first business day following the change of control.

If the Participant is or may be an employee whose remuneration from the Company is subject to Code Section 162(m), as determined by the Committee, the Committee may condition, limit and/or delay the exercise of such Participant's Options in such manner as the Committee may in good faith determine to be necessary, or desirable, in order to prevent disallowance of the Company's deductions by reason of Code Section 162(m) with respect to the exercise of such Options.

An Option may not be exercised during the a Participant's lifetime except by the Participant or, in the event of the Participant's legal incapacity, by his guardian or legal representative acting in a fiduciary capacity on behalf of the Participant under state law and court supervision. If a Participant dies before all of the Options have been exercised, any Options that remain outstanding may be exercised by the Beneficiary, subject to all of the terms, conditions, and restrictions applicable to the Options had death not occurred.

Any Option that has not been exercised by the close of business on the last day provided for under the Plan or in the Option Agreement for exercise thereof (or under any extension thereof) will expire automatically and will not thereafter be exercisable.

3.2 Procedure for exercising an Option. A Participant may exercise an Option by giving written notice to the Committee. Such written notice of exercise must be in such a form as the Committee may require, must be properly completed, and must be mailed or delivered to the Committee, or to such other person(s) designated pursuant to Section 5.1. Options may be exercised, in any combinations or amounts subject to the restrictions set for in the Plan, except that the Committee may from time to time require a minimum number of Options to be exercised at one time, but such minimum number will not be designed to impose any substantial restriction on a Participant's ability to exercise Options. Except as otherwise provided in the Plan or in any Option Agreement, the "Exercise Date" of an Option will be the first Business Day on which the Committee is in actual receipt of the written notice of exercise. Upon exercise of an Option, the Participant must pay the Exercise Price of the Option to the Company. The consideration to be paid in satisfaction of the Exercise Price will be cash in the form of currency, check, or other cash equivalent, in each case acceptable to the Company. The Exercise Price must be paid in full before the delivery of the Designated Property will be made in accordance with Section 3.4.

3.3 Tax Withholding. Whenever Designated Property is to be delivered upon exercise of an Option under the Plan, the Company will require as a condition of such delivery (a) a cash payment by the Participant of an amount sufficient to satisfy all federal, state, local, foreign or other tax withholding requirements related thereto, (b) the withholding of such amount from any Designated Property to be delivered to the Participant, (c) the withholding of such amount from compensation otherwise due to the Participant, or (d)

any combination of the foregoing, at the election of the Participant with the consent of the Company. As soon as practicable following receipt by the Company of a properly completed notice of exercise of an Option from a Participant, the Company will notify the Participant of the withholding amount determined by the Company.

3.4 Delivery of Designated Property. Following the Exercise Date and receipt by the Company of both the Exercise Price and tax withholding or authorization to withhold, the Company will use its reasonable best efforts to deliver the Designated Property to the Participant, or cause such delivery of the Designated Property to the Participant to occur within ten business days. The Company will not, however, be required to issue any fractional shares of Designated Property, and the Committee may provide for the elimination of fractions or for the settlement thereof in cash. In the event that the listing, registration or qualification of the Option or the

Designated Property on any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with, the exercise of the Option, then the Option will not be exercised in whole or in part until such listing, registration, qualification, consent or approval has been effected or obtained.

3.5 Vesting of Options. Participants shall at all times be 100% vested in Options granted by the Committee under this Plan unless otherwise provided in the Option Agreement.

3.6 Inalienability of Options. No Option granted under this Plan may be transferred, assigned or alienated, except as provided herein, and no Option shall be subject to execution, attachment or similar process, and any attempt to transfer, assign, alienate, execute upon attach, or subject to process any Option will be void.

3.7 Beneficiary. The Committee may permit a Participant to designate a Beneficiary on a form therefor prescribed by the Committee on which the Participant may designate a Beneficiary (and change a previous designation) by filing the prescribed form with the Committee. If so prescribed by the Committee, such form may allow the designation of multiple Beneficiaries and/or successor Beneficiary or successor Beneficiaries. The consent of the Participant's current Beneficiary is not required for a change of Beneficiary, and no Beneficiary has any rights under this Plan except as are provided by its terms. The rights of a Beneficiary who predeceases the Participant immediately terminate. Unless a Beneficiary has been designated in accordance with this
Section 3.7 and such Beneficiary survives the Participant, the Beneficiary of any Participant is the estate.

ARTICLE IV
Amendment or Termination of the Plan

4.1 Company's right to amend or terminate Plan. The Board may, in its sole discretion, at any time and from time to time, amend, in whole or in part, any of the provisions of this Plan or may terminate it as a whole or with respect to any Participant or group of Participants. Any such amendment is binding upon all Participants and Beneficiaries, the Committee, the Company, the Employer, and all other affected parties. Any action of the Board amending or terminating the Plan becomes effective as of the date specified therein. Any action of the Board amending or terminating the Plan will not affect adversely any Option awarded prior to such action of the Board, except for amendments that would be permissible amendments if made by the Committee to an Option Agreement under Section 4.2(a), Section 4.2(b), or Section 4.2(d). The Board will provide written notice of any such amendment or termination of the Plan to the Committee, the Company, the Employer, and any other affected parties, including Participants and Beneficiaries. as soon as practicable following the adoption of such amendment or termination.

4.2 Amendment of Options. An Option Agreement may be amended by the Committee at any time if the Committee determines that an amendment is necessary or advisable as a result of:

(a) any addition to or change in the Code, a federal or state securities law or any other law or regulation, which occurs after the Grant Date and by its terms applies to the Option,

(b) any substitutions of Designated Property pursuant to Section 2.6,

(c) any Plan amendment or termination pursuant to Section 4.1, provided that the amendment does not materially affect the terms, conditions and restrictions applicable to the Option, or

(d) any circumstances not specified in Paragraphs (a), (b), (c), with the consent of the Participant.

Any such amendment by the Committee is binding upon the affected Participant, any Beneficiary of the Participant, and all other parties in interest. The Committee will provide written notice to the affected Participant as soon as practicable after the Committee action amending the Option Agreement.

ARTICLE V
Administration

5.1 Plan Administration. This Plan shall be administered by the Committee. The Committee shall periodically make determinations with respect to participation of Employees in this Plan and, except as otherwise required by law or this Plan, the Option Agreement terms including vesting schedules, price, restriction or option period, dividend rights, post-retirement and termination rights, payment alternatives such as cash or mutual fund units, or other means of payment consistent with the purpose of this Plan, and such other terms and conditions as the Committee deems appropriate. Except as otherwise required by this Plan, the Committee shall have authority to make determinations pursuant to any Plan provision or Option Agreement which shall be final and binding on all persons. The Committee may designate persons other than its members to carry out its responsibilities under such conditions or limitations as it may set, other that its authority with regard to Options granted to Reporting Persons.

5.2 Powers of the Committee. For purposes of the Plan, the Committee will have, in addition to any other powers conferred by the Plan, by law or in Section 5.1, the following powers:

(a) to substitute Designated Property as provided in Section 2.6;

(b) to maintain all records necessary for the administration of the Plan;

(c) to prescribe, amend, and rescind rules for the administration of the Plan to the extent that they are not inconsistent with the terms thereof;

(d) to appoint such individuals and subcommittees as it deems desirable for the conduct of its affairs and the administration of the Plan;

(e) to employ counsel, accountants and other consultants to aid in exercising its powers and carrying out its duties under the Plan; and

(f) to perform any other acts necessary and proper for the conduct of its affairs and the administration of the Plan, except those reserved by the Board.

5.3 Determinations by the Committee. The Committee will interpret and construe the Plan and the Option Agreements, and its interpretations determinations will be conclusive and binding on all Participants, Beneficiaries and any other persons claiming an interest under the Plan or any Option Agreement.

5.4 Indemnification. The Company will indemnify and hold harmless each member of the Committee and any persons acting on behalf of the Committee against any and all expenses and liabilities arising out of such member’s action or failure to act in such capacity, excepting only expenses and liabilities arising out of such member’s own willful misconduct or gross negligence.

(a) Expenses and liabilities against which a member of the Committee or any persons acting on behalf of the Committee is indemnified hereunder will include, without limitation, the amount of any settlement or

judgment, costs, counsel fees and related charges reasonably incurred in connection with a claim asserted or a proceeding brought against them or the settlement thereof.

(b) This right of indemnification will be in addition to any other rights to which any member of the Committee or any persons acting on behalf of the Committee may be entitled.

(c) The Company may, at its own expense, settle any claim asserted or proceeding brought against any member of the Committee or any persons acting on behalf of the Committee when such settlement appears to be in the best interests of the Company, with such member's consent which will not be unreasonably withheld.

ARTICLE VI
Miscellaneous Provisions

6.1 No Rights to Designated Property. Neither the Participant, a Beneficiary nor any assignee will be, or will have any of the rights and privileges of a shareholder or owner with respect to any Designated Property purchasable or issuable upon the exercise of an Option, prior to the date of exercise of such Option.

6.2 Priority to Designated Property. Designated Property shall be the property of the Company and subject to the claims of the Company's creditors in the event of the Company's bankruptcy or insolvency. No Participant will have any priority claim to, security interest in, or any other right to Designated Property superior to the rights of a general creditor of the Company.

6.3 No Right to Continued Employment. Nothing contained in the Plan will be deemed to give any person the right to be retained in the employ of the Company or any Related Company, or to interfere with the right of the Company to discharge any person at any time without regard to the effect that such discharge will have upon such person's rights or potential rights, if any, under the Plan. The provisions of the Plan are in addition to, and not a limitation on, any rights that a Participant may have against the Company by reason of any employment or other agreement with the Company.

6.4 Relation to Other Benefits. Any economic or other benefit to the Participant under the Plan or any Option will not be taken into account in determining any benefits under any profit-sharing, retirement, or other benefit or compensation plan or arrangement maintained by the Company or the Employer, and will not affect the amount of any life insurance coverage available under any life insurance plan or arrangement covering employees of the Employer, except to the extent provided under such plan or arrangement.

6.5 Notices. Unless otherwise specified in an Option Agreement, any notice to be provided under the Plan to the Committee will be mailed (by certified mail, postage prepaid) or delivered to the Committee in care of the Company at its executive offices, and any notice to the Participant will be mailed (by certified mail, postage prepaid) or delivered to the Participant at the current address shown on the payroll records of the Company. No notice will be binding on the Committee until received by the Committee, and no notice will be binding on the Participant until received by the Participant.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed by its duly authorized officer and its corporate seal to be hereunto affixed by authority of its Board of Directors this ___ day of ___, 1999.

BANC ONE CORPORATION

By:_____
Senior Vice President and Secretary

[Corporate Seal]

Exhibit 10.31

JPMorgan Chase & Co.
Long-Term Incentive Plan Award Agreement

Subject to acceptance of this Award Agreement including its Terms and Conditions (which form a part of this Award Agreement), JPMorgan Chase & Co. ("JPMorgan Chase") grants to you, as a matter of separate inducement and not in lieu of salary or other compensation for services, the following award pursuant to the JPMorgan Chase 1996 Long-Term Incentive Plan ("Plan"). Except as otherwise specified in the attached Terms and Conditions or herein, exercisability of the award is conditioned upon you being continuously employed by JPMorgan Chase or a subsidiary from the Grant Date to each relevant exercise date.

Stock Appreciation Awards

Subject to acceptance of this Award Agreement including its Terms and Conditions, you are awarded below stock appreciation rights referred to as "Stock Appreciation Awards." Stock Appreciation Awards entitle you, upon exercise, to receive from JPMorgan Chase without payment a number of shares of JPMorgan Chase Common Stock, the Fair Market Value of which, as of the exercise date, is equal to the excess of the Fair Market Value of one share of such Common Stock on such exercise date over the Exercise Price per Stock Appreciation Award (set forth below) multiplied by the number of Stock Appreciation Awards being exercised.

Grant Date:	January 20, 2005
Number Granted:	
Exercise Price:	$37.47
Expiration Date:	January 20, 2015

The exercisable schedule for this award is as follows:

Number	Exercisable Dates
	January 25, 2008
	January 25, 2009
	January 25, 2010

You acknowledge that you have received this Award Agreement, the attached Terms and Conditions and Prospectus applicable to this award. You further certify that you have read such materials and you:

o Agree to accept and be bound by this Award Agreement including the Terms and Conditions effective as of the Grant Date. To accept this Award Agreement no further action is required. If you have not declined this award by the deadline date below, you will have accepted this Award Agreement; OR

o Decline this Award Agreement. To decline, you must click on the "Decline Award" button by the deadline date below. If the award is declined, it will be cancelled effective as of the Grant Date.

Grantee:
Date:

JPMorgan Chase & Co.
/s/ John J. Farrell

JPMorgan Chase & Co.
Long-Term Incentive Plan Award Agreement

Subject to acceptance of this Award Agreement including its Terms and Conditions (which form a part of this Award Agreement), JPMorgan Chase & Co. ("JPMorgan Chase") grants to you, as a matter of separate inducement and not in lieu of salary or other compensation for services, the following award pursuant to the JPMorgan Chase 1996 Long-Term Incentive Plan ("Plan"). Except as otherwise specified in the attached Terms and Conditions or herein, exercisability of the award is conditioned upon you being continuously employed by JPMorgan Chase or a subsidiary from the Grant Date to each relevant exercise date.

Stock Appreciation Awards

Subject to acceptance of this Award Agreement including its Terms and Conditions, you are awarded below stock appreciation rights referred to as "Stock Appreciation Awards." Stock Appreciation Awards entitle you, upon exercise, to receive from JPMorgan Chase without payment a number of shares of JPMorgan Chase Common Stock, the Fair Market Value of which, as of the exercise date, is equal to the excess of the Fair Market Value of one share of such Common Stock on such exercise date over the Exercise Price per Stock Appreciation Award (set forth below) multiplied by the number of Stock Appreciation Awards being exercised.

Grant Date:	January 20, 2005	The exercisable schedule for this award is as follows:	
Number Granted:		Number	Exercisable Dates
Exercise Price:	$37.47		January 25, 2007
Expiration Date:	January 20, 2015		January 25, 2008

You acknowledge that you have received this Award Agreement, the attached Terms and Conditions and Prospectus applicable to this award. You further certify that you have read such materials and you:

o Agree to accept and be bound by this Award Agreement including the Terms and Conditions effective as of the Grant Date. To accept this Award Agreement no further action is required. If you have not declined this award by the deadline date below, you will have accepted this Award Agreement; OR

o Decline this Award Agreement. To decline, you must click on the "Decline Award" button by the deadline date below. If the award is declined, it will be cancelled effective as of the Grant Date.

Grantee:
Date:

JPMorgan Chase & Co.
/s/ John J. Farrell

JPMORGAN CHASE & CO. 1996 LONG-TERM INCENTIVE PLAN

TERMS AND CONDITIONS OF JANUARY 20, 2005
STOCK APPRECIATION AWARDS

Award Agreement

These terms and conditions are made part of the Award Agreement dated as of January 20, 2005 ("Grant Date") awarding stock appreciation rights (referred to as "Stock Appreciation Awards") pursuant to the terms of the JPMorgan Chase & Co. 1996 Long-Term Incentive Plan ("Plan"). To the extent the terms of the Award Agreement (all references to which will include these terms and conditions) conflict with the Plan, the Plan will govern.

The grant of this award is contingent upon your acceptance of this Award Agreement. Unless you decline by the deadline and in the manner specified in the Award Agreement, you will have accepted this award and be bound by these terms and conditions, effective as of the Grant Date. If you decline the award, it will not become effective and will be cancelled as of the Grant Date.

Capitalized terms that are not defined in the Award Agreement will have the same meaning as set forth in the Plan.

JPMorgan Chase & Co. will be referred to throughout the Award Agreement as "JPMorgan Chase," and together with its subsidiaries as the "Firm."

Form and Purpose of Award

Stock Appreciation Awards represent the right, following exercise, to receive (without payment), a number of shares of JPMorgan Chase Common Stock, the Fair Market Value of which, as of the date of exercise, is equal to the excess of the Fair Market Value of one share of such Common Stock on such exercise date over the Exercise Price, multiplied by the number of Stock Appreciation Awards being exercised. The Firm will retain from each distribution the number of shares of Common Stock required to satisfy tax withholding obligations.

The purpose of this award is to motivate your future performance and to align your interests with those of the Firm and its shareholders.

Exercisable Dates/Expiration Date

Your award will become exercisable on the "Exercisable Dates" set forth in your Award Agreement, provided that you are continuously employed by the Firm through the relevant Exercisable Date or you meet the requirements to allow your award to remain outstanding upon termination of employment as described below. Your award will remain exercisable until the **earlier of** the tenth anniversary of the Grant Date (the "Expiration Date") or the date the award is cancelled pursuant to this Award Agreement. No Stock Appreciation Award may be exercised after its Expiration Date.

Termination of Employment

Except as explicitly set forth below, any Stock Appreciation Awards outstanding under this award will be cancelled effective on the date your employment with the Firm terminates for any reason.

Subject to "Your Obligations" and the other requirements below, you will be eligible to have your Stock Appreciation Awards remain outstanding for the period described below following the termination of your employment if one of the following circumstances applies to you:

- **Job Elimination:**

If the Director Human Resources of the Firm or his nominee in his sole discretion determines that the Firm terminated your employment because your job was eliminated, your outstanding Stock Appreciation Awards (whether or not exercisable on your date of termination) will become exercisable as of your date of termination and will remain exercisable for the two year period immediately following your termination of employment but in no event beyond the Expiration Date. Any unexercised Stock Appreciation Awards outstanding at the end of the period specified in the preceding sentence, including Stock Appreciation Awards that were exercisable prior to termination of employment, shall be cancelled.

January 20, 2005 Stock Appreciation Awards (continued...)

- **Retirement:**

Your award will become exercisable on the Exercisable Dates and will remain exercisable up to its Expiration Date provided that your employment was not terminated for "Cause" and you meet the following criteria:

- Your employment terminates after you reach at least age 55 and complete at least 15 years of Cumulative Service of which at least the 5 years immediately preceding termination of employment are continuous (or your employment terminates due to a job elimination after you reach at least age 50 and complete at least 20 years of Cumulative Service), and

- For the one year period following the termination of your employment, or if longer, during the period that your Stock Appreciation Awards remain outstanding, you do not perform services (including self-employment) for
  - competitor of the Firm in any capacity, or
  - a non-competitor in a role within your profession; provided that you may work for a government, education or Not-for-Profit Organization.

You must notify JPMorgan Chase in writing if you perform services during the period specified above that do not meet the foregoing criteria.

In the event that you meet the requirements for both job elimination and retirement as described above, you will be accorded retirement treatment for the purposes of your award. However, the retirement employment restrictions will not apply to you.

The definitions of Cause, Cumulative Service, Competitor and Not-for-Profit Organization are found on page 5.

Release/Certification

Upon the termination of your employment you must timely execute and deliver a release of claims in favor of the Firm, having such form and terms as the Firm shall specify, to have all or any portion of your award remain outstanding after termination of your employment under any of the foregoing circumstances.

Additionally, in the case of Retirement, you must certify on the authorized form of the Firm at the time of any exercise of your Stock Appreciation Awards that you have complied with the employment restrictions and otherwise complied with the terms of the Award Agreement. (See "Your Obligations.")

If JPMorgan Chase in its sole discretion determines that you are not in compliance with any of the foregoing employment restrictions applicable to you or if you fail to return the required release within the specified deadline or fail to certify your compliance with the Award Agreement as described above, your outstanding Stock Appreciation Awards will be cancelled. If the Firm discovers after shares have been distributed to you that you were not in compliance with such restrictions during any applicable time period, then you will be required to repay the gain on exercise (as of the exercise date) less withholding taxes or the number of any shares distributed to you.

Death or Disability

If you die while employed by the Firm with outstanding Stock Appreciation Awards, then such outstanding Stock Appreciation Awards (whether or not exercisable as of the date of death) will become exercisable as of the date of death and will remain exercisable by your designated beneficiary until their Expiration Date.

If you die after your employment terminates, then any Stock Appreciation Awards then outstanding to you (whether or not exercisable as of the date of death) will become exercisable as of the date of death and may be exercised by your designated beneficiary for the period that you could have exercised such Stock Appreciation Awards.

For these purposes, your beneficiary is the designated beneficiary on file with the Human Resources Department, or if no beneficiary has been designated or survives you, then your estate.

In the event your employment terminates as a result of your permanent and total disability as defined in the JPMorgan Chase & Co. Long Term Disability Plan (or for non-U.S. employees the equivalent local country plan), your outstanding Stock Appreciation Awards will continue to be subject to the same employment restrictions as described above for "Retirement" and your award will become exercisable on the date(s) specified in your Award Agreement and will remain exercisable up to its Expiration Date.

January 20, 2005 Stock Appreciation Awards (continued...)

Your Obligations

As consideration for the grant of this award, you agree to comply with and be bound by the following:

· **Non-Solicitation of Employees and Customers:**

During your employment by the Firm and for the one year period following the termination of your employment, or if longer, during the period that your Stock Appreciation Awards remain outstanding, you will not directly or indirectly, whether on your own behalf or on behalf of any other party, without the prior written consent of the Director Human Resources of JPMorgan Chase: (i) solicit or encourage any of the Firm's then current employees to leave the Firm or to apply for employment elsewhere; (ii) hire any employee or former employee who was employed by the Firm at the date your employment terminated, unless the individual's employment terminated more than six months before the date of hire or because his or her job was eliminated; or (iii) solicit or induce or attempt to induce to leave the Firm, or divert or attempt to divert from doing business with the Firm, any then current customers, suppliers or other persons or entities that were serviced by you or whose names became known to you by virtue of your employment with the Firm, or otherwise interfere with the relationship between the Firm and such customers, suppliers or other persons or entities. This does not apply to publicly known institutional customers that you service after your employment with the Firm without the use of the Firm's confidential or proprietary information.

These restrictions do not apply to authorized actions you take in the normal course of your employment with the Firm, such as employment decisions with respect to employees you supervise or business referrals in accordance with the Firm's policies**.**

· **Confidential Information:**

You may not, either during your employment with the Firm or thereafter, directly or indirectly use or disclose to anyone any confidential information related to the Firm's business, except as explicitly permitted by the JPMorgan Chase Code of Conduct and applicable policies or law or legal process. "Confidential information" shall have the same meaning for the Award Agreement as it has in the JPMorgan Chase Code of Conduct.

· **Non-Disparagement:**

You may not, either during your employment with the Firm or thereafter, make or encourage others to make any statement or release any information that is intended to, or reasonably could be foreseen to, embarrass or criticize the Firm or its employees, directors or shareholders as a group. This shall not preclude you from responding truthfully to questions or requests for information to the government, a regulator or in a court of law in connection with a legal or regulatory investigation or proceeding.

· **Compliance with Award Agreement:**

You agree that you will provide the Firm with any information reasonably requested to determine compliance with the Award Agreement, and you authorize the Firm to disclose the terms of the Award Agreement to any third party who might be affected thereby, including your prospective employer.

Remedies

If you violate any of the provisions as set forth above in "Your Obligations", all outstanding Stock Appreciation Awards under your award will be immediately cancelled.

In addition, if you received shares under this award during the one year prior to (i) the violation of any of these obligations or (ii) the termination of your employment for Cause, you will be required to pay the Firm liquidated damages by returning to the Firm either (i) a cash amount equal to the gain on exercise (as of the exercise date) less withholding taxes, or (ii) the net number of shares of Common Stock that were distributed pursuant to the exercise.

You agree that this payment will be liquidated damages and is not to be construed in any manner as a penalty. You acknowledge that a violation or attempted violation of these obligations will cause immediate and irreparable damage to the Firm, and therefore agree that the Firm shall be entitled as a matter of right to an injunction, from any court of competent jurisdiction, restraining any violation or further violation of such terms; such right to an injunction, however, shall be cumulative and in addition to whatever other remedies the Firm may have under law or equity. In any action or proceeding by the Firm to enforce the terms and conditions of this Award Agreement where the Firm is the prevailing party, the Firm shall be entitled to recover from you its reasonable attorneys' fees and expenses incurred in such action or proceeding.

Not a Shareholder Until Exercise

You shall not be deemed for any purpose to be or have rights as a shareholder of JPMorgan Chase with respect to the shares of Common Stock subject to Stock Appreciation Awards until such Stock Appreciation Awards are exercised. No adjustments shall be made for cash dividends or distributions or other rights for which the record date is prior to the date you become a shareholder of record of JPMorgan Chase. Shares upon exercise will be issued in accordance with JPMorgan Chase's procedures for issuing stock.

Administrative Provisions

The Award Agreement will be binding upon any successor in interest to JPMorgan Chase, by merger or otherwise.

The exercise of Stock Appreciation Awards shall be in accordance with the Firm's procedures for exercises of such awards. The date of exercise shall be the date when the properly completed notice of exercise is received and accepted by the Firm or its designee in accordance with the Firm's procedures.

Except as provided in the next succeeding sentence, Stock Appreciation Awards shall not be assignable or transferable or subject to any lien, obligation or liability. You may make a gift of unexpired, unexercised Stock Appreciation Awards, subject to the Firm's prior consent, to an immediate family member or a trust (or similar vehicle) for the benefit of these immediate family members (or beneficiaries) as defined below. JPMorgan Chase may condition its prior consent to receipt of an agreement by you and proposed transferee containing such terms and conditions and undertakings as JPMorgan Chase deems appropriate in its sole and absolute discretion. No attempted transfer will be valid without the Firm's prior consent. "Immediate family members" include your parents, parents-in-law, children (including adopted children), grandchildren, and siblings or a trust exclusively for the benefit of one or more of these immediate family members. Your spouse is an Immediate Family Member but only if Stock Appreciation Awards are transferred to a trust (or similar vehicle) for the benefit of such spouse, which trust includes one or more other Immediate Family Members as beneficiaries.

JPMorgan Chase may, in its sole discretion and for any reason, cancel outstanding unexercised Stock Appreciation Awards and substitute an equal number of non-qualified stock options to purchase the same number of shares of common stock of JPMorgan Chase represented by the cancelled Stock Appreciation Awards. Such substituted options shall have the same exercise price, Expiration Date and other terms and conditions that were applicable to the Stock Appreciation Awards; provided that the method of exercise and the payment of exercise price, as well as the method of payment of withholding taxes, may be changed by JPMorgan Chase.

Nothing contained in the Award Agreement constitutes a contract of continued employment. Employment is at-will and may be terminated by either you or JPMorgan Chase for any reason at any time.

The Award Agreement, the Plan and Prospectus supercede any other agreement, whether written or oral, that may have been entered into by the Firm and you relating to this award. This Award Agreement may not be amended except in writing signed by the Director Human Resources of JPMorgan Chase.

If any portion of the above provisions is found to be unenforceable, any court of competent jurisdiction may reform the restrictions as to time, geographical area or scope to the extent required to make the provision enforceable under applicable law.

JPMorgan Chase's failure to enforce any provision of the Award Agreement or similar awards and agreements, either with respect to you or other former or current employees, will not constitute a waiver of its right to enforce the Award Agreement with respect to any prior or subsequent breach of the Award Agreement, including the right to pursue any and all available remedies for the breach.

To the extent not preempted by federal law, the laws of the state of New York (without reference to conflict of law principles) will apply to this award and the Plan.

January 20, 2005 Stock Appreciation Awards (continued...)

The Director Human Resources has sole and complete authority to interpret and administer this Award Agreement, including, without limitation, the power to (i) interpret the Plan and the terms of this Award Agreement; (ii) determine the reason for termination of employment and application of the employment restrictions; (iii) decide all claims arising with respect to this Award; and (iv) delegate such authority as he deems appropriate. Any determination by the Director Human Resources shall be binding on all parties.

The Board of JPMorgan Chase and the Compensation and Management Development Committee of the Board reserve the right to amend this Award Agreement at any time and for any reason before a change in control of JPMorgan Chase, as such term is defined by the Board from time to time. After a change in control of JPMorgan Chase, this Award Agreement may not be amended in any way that is adverse to your interests without your prior written consent.

Definitions

Cause means (i) breach of any rule or regulation of any regulatory authority having jurisdiction over the Firm; (ii) indictment or conviction of a felony or for any fraudulent act, embezzlement, theft or a crime of moral turpitude; (iii) failure to perform your duties or abide by the work ethic of the Firm or to follow reasonable directives of your manager within the scope of your duties; (iv) a violation of the JPMorgan Chase Code of Conduct or human resources policies; (v) any act or failure to act that is injurious to the Firm, monetarily or otherwise, in each case as determined in the sole discretion of the Director Human Resources or his delegate.

Competitor means a business enterprise that engages in any activity or owns or controls a significant interest in any entity that engages in any activity that, in either case, competes with any activity in which the Firm is engaged in any place in the world. The determination of whether you are working for a Competitor is in the Firm’s sole discretion.

Cumulative Service has the meaning set forth in the JPMorgan Chase Retirement Plan.

A Not-for-Profit Organization means an entity exempt from tax under state law and exempt from tax under Section 501(c)(3) of the Internal Revenue Code. Section 501(c)(3) includes entities organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, or to foster national or international amateur sports competition or for the prevention of cruelty to children or animals.

Exhibit 10.33

JPMorgan Chase & Co.
Long-Term Incentive Plan Award Agreement

Subject to acceptance of this Award Agreement including its Terms and Conditions (which form a part of this Award Agreement), JPMorgan Chase & Co. ("JPMorgan Chase") grants to you, as a matter of separate inducement and not in lieu of salary or other compensation for services, the following award pursuant to the JPMorgan Chase 2005 Long-Term Incentive Plan ("Plan"). Except as otherwise specified in the attached Terms and Conditions or herein, exercisability of the award is conditioned upon you being continuously employed by JPMorgan Chase or a subsidiary from the Grant Date to each relevant exercise date.

Stock Appreciation Awards

Subject to acceptance of this Award Agreement including its Terms and Conditions, you are awarded below stock appreciation rights referred to as "Stock Appreciation Awards." Stock Appreciation Awards entitle you, upon exercise, to receive from JPMorgan Chase without payment a number of shares of JPMorgan Chase Common Stock, the Fair Market Value of which, as of the exercise date, is equal to the excess of the Fair Market Value of one share of such Common Stock on such exercise date over the Exercise Price per Stock Appreciation Award (set forth below) multiplied by the number of Stock Appreciation Awards being exercised.

Grant Date:	October 20, 2005
Number Granted:	
Exercise Price:	$34.78
Expiration Date:	October 20, 2015

The exercisable schedule for this award is as follows:

Number	Exercisable Dates
	October 20, 2008
	October 20, 2009
	October 20, 2010

You acknowledge that you have received this Award Agreement, the attached Terms and Conditions and Prospectus applicable to this award. You further certify that you have read such materials and you:

o Agree to accept and be bound by this Award Agreement including the Terms and Conditions effective as of the Grant Date. To accept this Award Agreement no further action is required. If you have not declined this award by the deadline date below, you will have accepted this Award Agreement; OR

o Decline this Award Agreement. To decline, you must click on the "Decline Award" button by the deadline date below. If the award is declined, it will be cancelled effective as of the Grant Date.

Grantee:
Date:

JPMorgan Chase & Co.
/s/ John J. Farrell

JPMORGAN CHASE & CO. 2005 LONG-TERM INCENTIVE PLAN
TERMS AND CONDITIONS OF OCTOBER 20, 2005
STOCK APPRECIATION AWARDS

Award Agreement

These terms and conditions are made part of the Award Agreement dated as of October 20, 2005 ("Grant Date") awarding stock appreciation rights (referred to as "Stock Appreciation Awards") pursuant to the terms of the JPMorgan Chase & Co. 2005 Long-Term Incentive Plan ("Plan"). To the extent the terms of the Award Agreement (all references to which will include these terms and conditions) conflict with the Plan, the Plan will govern. The Award Agreement, the Plan and Prospectus supercede any other agreement, whether written or oral, that may have been entered into by the Firm and you relating to this award.

The grant of this award is contingent upon your acceptance of this Award Agreement. **Unless you decline** by the deadline and in the manner specified in the Award Agreement, **you will have accepted this award** and be bound by these terms and conditions, effective as of the Grant Date. If you decline the award, the award will not become effective and will be cancelled as of the Grant Date.

Capitalized terms that are not defined in the Award Agreement will have the same meaning as set forth in the Plan.

JPMorgan Chase & Co. will be referred to throughout the Award Agreement as "JPMorgan Chase," and together with its subsidiaries as the "Firm."

Form and Purpose of Award

Stock Appreciation Awards represent the right, following exercise, to receive (without payment), a number of shares of JPMorgan Chase Common Stock, the Fair Market Value of which, as of the date of exercise, is equal to the excess of the Fair Market Value of one share of such Common Stock on such exercise date over the Exercise Price, multiplied by the number of Stock Appreciation Awards being exercised. The Firm will retain from each distribution the number of shares of Common Stock required to satisfy tax withholding obligations.

The purpose of this award is to motivate your future performance and to align your interests with those of the Firm and its shareholders.

Exercisable Dates/Expiration Date

Your award will become exercisable on the "Exercisable Dates" set forth in your Award Agreement, provided that you are continuously employed by the Firm from the date of grant through the relevant Exercisable Date or you meet the requirements to allow your award to remain outstanding upon termination of employment as described below. Your award will remain exercisable until the **earlier of** the tenth anniversary of the Grant Date (the "Expiration Date") or the date the award is cancelled pursuant to this Award Agreement. No Stock Appreciation Award may be exercised after its Expiration Date.

Termination of Employment

Except as explicitly set forth below, any Stock Appreciation Awards outstanding under this award will be cancelled effective on the date your employment with the Firm terminates for any reason.

- **Job Elimination:**

In the event that the Director Human Resources of the Firm or his nominee in his sole discretion determines that the Firm terminated your employment because your job was eliminated, then any Stock Appreciation Awards that were exercisable on your termination date will remain exercisable for the ninety day period immediately following your termination date, but in no event beyond the Expiration Date. In the case of a job elimination as described above, if your termination date is on or after October 20, 2006 and prior to October 20, 2008, then twenty percent of your Stock Appreciation Award will become exercisable on

October 20, 2005 Stock Appreciation Awards (continued...)

the date your employment terminates and will remain exercisable for the ninety day period following your employment termination date.

You must timely execute and deliver a release of claims in favor of the Firm, having such form and terms as the Firm shall specify, to have all or any portion of your award remain exercisable for such ninety day period. If you fail to return the required release within the specified deadline, your outstanding Stock Appreciation Awards will be cancelled. In the event that you meet the requirements for both job elimination and retirement as described in the following section, you will be accorded job elimination treatment for the purposes of your award.

- **Retirement:**

If your employment terminates for reasons other than "Cause" after you reach age 55 and complete at least 15 years of Cumulative Service of which at least the 5 years immediately preceding termination of employment are continuous, then any Stock Appreciation Awards that were exercisable as of the date of your termination will remain exercisable for a ninety day period following your termination date but in no event beyond the Expiration Date.

- **Death or Total Disability:**

In lieu of the number of Stock Appreciation Awards that become exercisable as set forth in your Award Agreement, if you die while employed by the Firm, or in the event your employment terminates as a result of your permanent and total disability as defined in the JPMorgan Chase & Co. Long Term Disability Plan (or for non-U.S. employees the equivalent local country plan), then twenty percent of your award will become exercisable for each completed year of service from the Grant Date to the date of your termination of employment. Such outstanding Stock Appreciation Awards will remain exercisable by you (or your beneficiary in the case of your death) for a ninety-day period following the date of termination of your employment but in no event beyond the Expiration Date. In the case of death, your beneficiary is the designated beneficiary on file with the Human Resources Department, or if no beneficiary has been designated or survives you, then your estate.

Any Stock Appreciation Awards that are not exercised within the applicable 90-day period set forth above will be cancelled.

The definitions of Cause and Cumulative Service are found on page 5.

Restriction on Disposition of Shares Derived from an Exercise Under this Award

If you exercise any part of your award before the fifth anniversary of the Grant Date, then you may not sell, assign, transfer, pledge or encumber the net number of shares of Common Stock derived from such exercise until the fifth anniversary of the Grant Date. Notwithstanding the foregoing, this restriction on disposition and transfer of shares shall not apply to your beneficiary in the event of your death.

Your Obligations

As consideration for the grant of this award, you agree to comply with and be bound by the following:

- **Non-Solicitation of Employees and Customers:**

During your employment by the Firm and for one year following the termination of your employment, you will not directly or indirectly, whether on your own behalf or on behalf of any other party, without the prior written consent of the Director Human Resources of JPMorgan Chase: (i) solicit or encourage any of the Firm's then current employees to leave the Firm or to apply for employment elsewhere;

(ii) hire any employee or former employee who was employed by the Firm at the date your employment terminated, unless the individual's employment terminated more than six months before the date of hire or because his or her job was eliminated; or (iii) solicit or induce or attempt to induce to leave the Firm, or divert or attempt to divert from doing business with the Firm, any then current customers, suppliers or other persons or entities that were serviced by you or whose names became known to you by virtue of your employment with the Firm, or otherwise interfere with the relationship between the Firm and such customers, suppliers or other persons or entities. This does not apply to publicly known institutional customers that you service after your employment with the Firm without the use of the Firm's confidential or proprietary information.

These restrictions do not apply to authorized actions you take in the normal course of your employment with the Firm, such as employment decisions with respect to employees you supervise or business referrals in accordance with the Firm's policies**.**

- **Confidential Information:** You may not, either during your employment with the Firm or thereafter, directly or indirectly use or disclose to anyone any confidential information related to the Firm's business, except as explicitly permitted by the JPMorgan Chase Code of Conduct and applicable policies or law or legal process. "Confidential information" shall have the same meaning for the Award Agreement as it has in the JPMorgan Chase Code of Conduct.

- **Non-Disparagement:** You may not, either during your employment with the Firm or thereafter, make or encourage others to make any public statement or release any information that is intended to, or reasonably could be foreseen to, embarrass or criticize the Firm or its employees, directors or shareholders as a group. This shall not preclude you from reporting to the Firm's management or directors or to the government or a regulator conduct you believe to be in violation of the law or the Firm's Code of Conduct or responding truthfully to questions or requests for information to the government, a regulator or in a court of law in connection with a legal or regulatory investigation or proceeding.

- **Compliance with Award Agreement:** You agree that you will provide the Firm with any information reasonably requested to determine compliance with the Award Agreement, and you authorize the Firm to disclose the terms of the Award Agreement to any third party who might be affected thereby, including your prospective employer.

Remedies

If you violate any of the provisions as set forth above in "Your Obligations" all outstanding Stock Appreciation Awards under your award and any shares that are subject to the restriction on disposition of shares described above will be immediately cancelled.

In addition, if you do not have shares subject to the restriction on disposition of shares but you received shares under this award resulting from an exercise during the one year prior to (i) the violation of any of these obligations or (ii) the termination of your employment for Cause, you will be required to pay the Firm liquidated damages by returning to the Firm either (i) a cash amount equal to the gain on exercise (as of the exercise date) less withholding taxes, or (ii) the net number of shares of Common Stock that were distributed pursuant to the exercise.

You agree that this payment will be liquidated damages and is not to be construed in any manner as a penalty. You acknowledge that a violation or attempted violation of these obligations will cause immediate and irreparable damage to the Firm, and therefore agree that the Firm shall be entitled as a matter of right to an

injunction, from any court of competent jurisdiction, restraining any violation or further violation of such terms; such right to an injunction, however, shall be cumulative and in addition to whatever other remedies the Firm may have under law or equity. In any action or proceeding by the Firm to enforce the terms and conditions of this Award Agreement where the Firm is the prevailing party, the Firm shall be entitled to recover from you its reasonable attorneys' fees and expenses incurred in such action or proceeding.

Not a Shareholder Until Exercise

You shall not be deemed for any purpose to be or have rights as a shareholder of JPMorgan Chase with respect to the shares of Common Stock subject to Stock Appreciation Awards until such Stock Appreciation Awards are exercised. No adjustments shall be made for cash dividends or distributions or other rights for which the record date is prior to the date you become a shareholder of record of JPMorgan Chase. Shares upon exercise will be issued in accordance with JPMorgan Chase's procedures for issuing stock.

Administrative Provisions

The Award Agreement will be binding upon any successor in interest to JPMorgan Chase, by merger or otherwise.

The exercise of Stock Appreciation Awards shall be in accordance with the Firm's procedures for exercises of such awards. The date of exercise shall be the date when the properly completed notice of exercise is received and accepted by the Firm or its designee in accordance with the Firm's procedures. If, according to local country tax regulations, a withholding tax liability arises at a time after the date of exercise, JPMorgan Chase may implement any procedures necessary to ensure that the withholding obligation is fully satisfied, including, but not limited to, restricting transferability of the shares.

Except as provided in the next succeeding sentence, Stock Appreciation Awards shall not be assignable or transferable or subject to any lien, obligation or liability. You may make a gift of unexpired, unexercised Stock Appreciation Awards, subject to the Firm's prior consent, to an immediate family member or a trust (or similar vehicle) for the benefit of these immediate family members (or beneficiaries) as defined below. JPMorgan Chase may condition its prior consent to receipt of an agreement by you and proposed transferee containing such terms and conditions and undertakings as JPMorgan Chase deems appropriate in its sole and absolute discretion. No attempted transfer will be valid without the Firm's prior consent. "Immediate family members" include your parents, parents-in-law, children (including adopted children), grandchildren, and siblings or a trust exclusively for the benefit of one or more of these immediate family members. Your spouse is an Immediate Family Member but only if Stock Appreciation Awards are transferred to a trust (or similar vehicle) for the benefit of such spouse, which trust includes one or more other Immediate Family Members as beneficiaries.

JPMorgan Chase may, in its sole discretion and for any reason, cancel outstanding unexercised Stock Appreciation Awards and substitute an equal number of non-qualified stock options to purchase the same number of shares of common stock of JPMorgan Chase represented by the cancelled Stock Appreciation Awards. Such substituted options shall have the same exercise price, Expiration Date and other terms and conditions that were applicable to the Stock Appreciation Awards; provided that the method of exercise and the payment of exercise price, as well as the method of payment of withholding taxes, may be changed by JPMorgan Chase.

In the event you are approved for a voluntary discretionary leave in excess of one month, and any equivalent leaves globally as determined by region HR management (e.g., leaves that do not qualify as FMLA, Medical or Disability),

the Exercisable Date of any outstanding Stock Appreciation Award will be extended by the length of the leave (rounded to full months) in accordance with the Firm's policy for such leaves.

Nothing contained in the Award Agreement constitutes a contract of continued employment. Employment is at-will and may be terminated by either you or JPMorgan Chase for any reason at any time.

This Award Agreement may not be amended except in writing signed by the Director Human Resources of JPMorgan Chase.

If any portion of the above provisions is found to be unenforceable, any court of competent jurisdiction may reform the restrictions as to time, geographical area or scope to the extent required to make the provision enforceable under applicable law.

JPMorgan Chase's failure to enforce any provision of the Award Agreement or similar awards and agreements, either with respect to you or other former or current employees, will not constitute a waiver of its right to enforce the Award Agreement with respect to any prior or subsequent breach of the Award Agreement, including the right to pursue any and all available remedies for the breach.

To the extent not preempted by federal law, the laws of the state of New York (without reference to conflict of law principles) will apply to this award and the Plan.

The Director Human Resources has sole and complete authority to interpret and administer this Award Agreement, including, without limitation, the power to (i) interpret the Plan and the terms of this Award Agreement; (ii) determine the reason for termination of employment and application of the post-employment obligations; (iii) decide all claims arising with respect to this Award; and (iv) delegate such authority as he deems appropriate. Any determination by the Director Human Resources shall be binding on all parties.

The Board of JPMorgan Chase and the Compensation and Management Development Committee of the Board reserve the right to amend this Award Agreement at any time and for any reason before a change in control of JPMorgan Chase, as such term is defined by the Board from time to time. After a change in control of JPMorgan Chase, this Award Agreement may not be amended in any way that is adverse to your interests without your prior written consent.

Definitions

Cause means (i) breach of any rule or regulation of any regulatory authority having jurisdiction over the Firm; (ii) indictment or conviction of a felony or for any fraudulent act, embezzlement, theft or a crime of moral turpitude; (iii) failure to perform your duties or abide by the work ethic of the Firm or to follow reasonable directives of your manager within the scope of your duties; (iv) a violation of the JPMorgan Chase Code of Conduct or human resources policies; (v) any act or failure to act that is injurious to the Firm, monetarily or otherwise, in each case as determined in the sole discretion of the Director Human Resources or his delegate.

Cumulative Service has the meaning set forth in the JPMorgan Chase Retirement Plan.

Exhibit 10.34

December 29, 2005

Charles W. Scharf
JPMorgan Chase & Co.

Dear Charlie -

As we have discussed, we hereby amend and restate as of the date hereof that certain letter agreement dated February 25, 2004. Reference to the effective date means July 1, 2004, the effective date of merger of Bank One Corporation and JPMorgan Chase & Co. (the "Company").

Office Location: New York, New York

Company Equity Awards Granted Prior to the Effective Date:

- Upon any termination of employment with the Company (other than a termination by the Company for Cause) following the effective date, (1) all outstanding stock options granted prior to the effective date vest in full and become immediately exercisable (2) Company options granted prior to the effective date remain exercisable for not less than three years following the date of termination (or longer period as per terms, e.g., if executive satisfied retirement rule), but in no event longer than the original full term, and (3) non-compete provision of the restrictive covenants in the Company equity awards granted prior to the effective date lapses.

Termination following the effective date: Termination protection for 3 years after the effective date as follows:

- Without Cause by the Company or by the Executive for Good Reason:
    1. Full vesting of all equity incentive awards including the initial restricted stock award granted July 1, 2004 (with other post-effective date awards vesting in accordance with their terms), with the Company options granted prior to the effective date remaining exercisable for three years following the date of termination (or longer period as per terms, e.g., if executive satisfies retirement rule), but in no event beyond the original full term and post-effective date option grants remaining exercisable in accordance with their terms unless a longer period is provided for pursuant to the terms of the JPMorgan Chase Executive Severance Policy; and
    2. All other benefits provided under the JPMorgan Chase Executive Severance Policy to similarly-situated executives. Under JPMorgan Chase's current severance policy, which as you know is subject to change at the discretion of the Company, you will be eligible for severance in case of involuntary termination, except for Cause, in an amount equal to two times current base salary, plus a further amount determined at the discretion of JPMorgan Chase.
- For this purpose, "Cause" shall mean: (1) continued failure to perform duties or continued failure to abide by the written policies of the Company after notice and a reasonable opportunity to cure (provided that such written policies have been previously provided to

the executive); (2) gross misconduct which is demonstrably injurious to the Company; or (3) conviction or plea of guilty or nolo contendere to the commission of a felony.

- For this purpose, “Good Reason” shall mean relocation from the location set forth above.
- Death or Involuntary Termination due to Disability: full vesting of all equity incentive awards, with the Company options granted prior to the effective date remaining exercisable for not less than three years following the date of termination (or longer period as per terms, e.g., death, disability or retirement rule) and post-effective date grants remaining exercisable in accordance with their terms, but not beyond the original full term; other vested benefits.
- Excise Tax Gross-Up: If any payments under this Agreement or otherwise are subject to Section 4999 of the Code, the executive will be paid an additional payment such that the executive will be placed in the same after-tax position as if no excise tax had been imposed, if the net after-tax benefit to the executive exceeds $100,000.

Miscellaneous:

- No mitigation or offset.
- Governed by New York law.

If the above reflects your understanding, please sign this letter in the space below.

Very truly yours,

/s/ James Dimon
James Dimon

ACKNOWLEDGED AND AGREED

/s/ Charles W. Scharf
Charles W. Scharf

Exhibit 12.1
JPMorgan Chase & Co.

Computation of ratio of earnings to fixed charges

Year ended December 31, 2005 (in millions, except ratios)	
Excluding interest on deposits	
Income before income taxes	**$ 12,215**
Fixed charges:	
Interest expense	**15,074**
One-third of rents, net of income from subleases[a]	**359**
Total fixed charges	**15,433**
Add: equity in undistributed loss of affiliates	**107**
Earnings before taxes and fixed charges, excluding capitalized interest	**$ 27,755**
Fixed charges, as above	**$ 15,433**
Ratio of earnings to fixed charges	**1.80**
Including interest on deposits	
Fixed charges, as above	**$ 15,433**
Add: interest on deposits	**10,295**
Total fixed charges and interest on deposits	**$ 25,728**
Earnings before taxes and fixed charges, excluding capitalized interest, as above	**$ 27,755**
Add: interest on deposits	**10,295**
Total earnings before taxes, fixed charges and interest on deposits	**$ 38,050**
Ratio of earnings to fixed charges	**1.48**

(a) The proportion deemed representative of the interest factor.

Exhibit 12.2
JPMorgan Chase & Co.

Computation of ratio of earnings to fixed charges and preferred stock dividend requirements

Year ended December 31, 2005 (in millions, except ratios)	
Excluding interest on deposits	
Income before income taxes	**$ 12,215**
Fixed charges:	
Interest expense	**15,074**
One-third of rents, net of income from subleases[a]	**359**
Total fixed charges	**15,433**
Add: equity in undistributed loss of affiliates	**107**
Earnings before taxes and fixed charges, excluding capitalized interest	**$ 27,755**
Fixed charges, as above	**$ 15,433**
Preferred stock dividends (pre-tax)	**19**
Fixed charges including preferred stock dividends	**$ 15,452**
Ratio of earnings to fixed charges and preferred stock dividend requirements	**1.80**
Including interest on deposits	
Fixed charges including preferred stock dividends, as above	**$ 15,452**
Add: interest on deposits	**10,295**
Total fixed charges including preferred stock dividends and interest on deposits	**$ 25,747**
Earnings before taxes and fixed charges, excluding capitalized interest, as above	**$ 27,755**
Add: interest on deposits	**10,295**
Total earnings before taxes, fixed charges and interest on deposits	**$ 38,050**
Ratio of earnings to fixed charges and preferred stock dividend requirements	**1.48**

(a) The proportion deemed representative of the interest factor.

Exhibit 21.1
JPMorgan Chase & Co.

List of Subsidiaries

JPMorgan Chase had the following subsidiaries at December 31, 2005:

Name	Organized under the laws of	Percentage of voting securities owned by immediate parent
BOI Leasing Corporation	Indiana	100%
Banc One Building Management Corporation	Wisconsin	100
Banc One Capital Holdings Corporation	Ohio	100
BOCP Holdings Corporation	Ohio	100
BOCF, LLC	Delaware	80(a)
BOCNY, LLC	Delaware	100
BOME Investors, Inc.	Delaware	100
Banc One Capital Partners BC, LLC	Ohio	80
Banc One Capital BIDCO-1998, LLC	Louisiana	100
Banc One Capital Partners Holdings, Ltd.	Ohio	100
Banc One Capital Partners II, LLC	Delaware	100
Banc One Capital Partners, LLC	Delaware	100
Banc One Capital Partners IV, Ltd.	Ohio	100
Banc One Capital Partners V, Ltd.	Ohio	100
Banc One Capital Partners VI, Ltd.	Ohio	100
Banc One Stonehenge Capital Fund Wisconsin, LLC	Delaware	100
Tax Credit Acquisitions II, LLC	Ohio	100
Banc One Securities Corporation	Ohio	100
Chase Investment Services Corp.	Delaware	100
Banc One Deferred Benefits Corporation	Ohio	98
Banc One Financial LLC	Delaware	100
JPMorgan Capital Corporation	Delaware	100
Bank One Investment Corporation	Delaware	100
OEP Holding Corporation	Delaware	100
OEP Management LLC	Delaware	93.75
One Equity Partners II, L.P.	Cayman Islands, BWI	99.9
One Equity Partners LLC	Delaware	99.8
First Chicago Capital Corporation	Delaware	100
JPMorgan Capital (Canada) Corp.	Canada	100
One Mortgage Partners Corp.	Vermont	100
First Chicago Equity Corporation	Illinois	100
First Chicago Leasing Corporation	Delaware	100
FCL Ship Fifteen, Inc.	Delaware	100
FCL Ship Fourteen, Inc.	Delaware	100
FM Holdings I, Inc.	Delaware	100
FM Holdings II, Inc.	Delaware	100
First Chicago Lease Holdings, Inc.	Delaware	100
Palo Verde Leasing Corporation	Delaware	100
First Chicago Lease Investments, Inc.	Delaware	100
Fountains FSC, Ltd.	Bermuda	100
GHML Holdings I, Inc.	Delaware	100
GHML Holdings II, Inc.	Delaware	100
GTC Fund III Holdings, Inc.	Delaware	100
GTC Fund IV Holdings, Inc.	Delaware	100
GTC Fund V Holdings, Inc.	Delaware	100
JPMorgan Housing Corporation	Delaware	100
Cooper Project, L.L.C.	Delaware	100
NLTC Fund Holdings I, Inc.	Delaware	100
OX FCL Two, Inc.	Delaware	100
SAHP 130 Holdings, Inc.	Delaware	100
JPMorgan Capital Management LLC	Delaware	100

Name	Organized under the laws of	Percentage of voting securities owned by immediate parent
Banc One Financial Services, Inc.	Indiana	100
Banc One Insurance Holdings, Inc.	Arizona	100
Banc One Insurance Company	Vermont	100
Banc One Life Reinsurance Company	Arizona	100
Chase Insurance Agency, Inc.	Wisconsin	100
Chase Insurance Life and Annuity Company	Illinois	100
Chase Insurance Life Company	Illinois	100
Chase Insurance Life Company of New York	New York	100
Banc One Kentucky Insurance Company	Kentucky	100
Banc One Neighborhood Development Corporation	Ohio	100
Bank One Trust Company, National Association	United States	100
Bank One Education Finance Corporation	Ohio	100
Bridge Acquisition Holdings, Inc.	Delaware	100
CCC Holding, Inc.	Delaware	100
Chase Commercial Corporation	Delaware	100
CMRCC, Inc.	New York	100
Chase Home Mortgage Corporation of the Southeast	Florida	100
Chase Lincoln First Commercial Corporation	Delaware	100
Chase Manhattan Realty Leasing Corporation	New York	100
PV2-APS 150 Corporation	Delaware	100
PV2-PNM December 35 Corporation	Delaware	100
Palo Verde 1-PNM August 50 Corporation	Delaware	100
Palo Verde 1-PNM December 75 Corporation	Delaware	100
Chase Shareholder Services of California, Inc.	Delaware	100
Chatham Ventures, Inc.	New York	100
J.P. Morgan Partners (BHCA) , L.P.	California	80(b)
J.P. Morgan Partners (SBIC), LLC	California	100
Chemical Equity Incorporated	New York	100
Chemical Investments, Inc.	Delaware	100
Clintstone Properties Inc.	New York	100
Hambrecht & Quist Group	Delaware	100
Hambrecht & Quist California	California	100
H&Q Holdings Inc.	Delaware	100
Hambrecht & Quist Guaranty Finance, LLC	California	100
Hatherley Insurance Ltd.	Bermuda	100
Homesales, Inc.	Delaware	100
J.P. Morgan Capital Financing Limited	England	100
Aldermanbury Investments Limited	England	100
J.P. Morgan Chase International Financing Limited	England	100
Robert Fleming Holdings Limited	England	100
Copthall Overseas Limited	England	100
Robert Fleming (Luxembourg) (Joint Ventures) Sarl	Luxembourg	100
Robert Fleming Investment Trust Limited	England	100
J.P. Morgan Chase Community Development Corporation	Delaware	100
J.P. Morgan Chase National Corporate Services, Inc.	New York	100
J.P. Morgan Corporate Services Limited	England	100
Robert Fleming Holdings Inc.	Delaware	100
J.P. Morgan Equity Holdings, Inc.	Delaware	100
CBD Holdings Ltd.	Delaware	100
Chase Life & Annuity Co.	Ohio	100
Chase Life & Annuity Company of New York	New York	100
Great Lakes Insurance Company	Delaware	100
CMC Holding Delaware Inc.	Delaware	100
Chase Bank USA, National Association	United States	100
Card Acquisition Funding LLC	Delaware	100
Chase BankCard Services, Inc.	Delaware	100
Chase Data Services Corporation	Delaware	100
First USA Services, Inc.	Delaware	100
First USA Management Services, Inc.	Delaware	100
J.P. Morgan Investor Services Co.	Delaware	100

Name	Organized under the laws of	Percentage of voting securities owned by immediate parent
JPMorgan Insurance Agency, Inc.	Delaware	100
Chase Re Limited	Bermuda	100
J.P. Morgan Personal Wealth Management, Inc.	Delaware	100
J.P. Morgan Trust Company of Delaware	Delaware	100
J.P. Morgan Trust Company, National Association	United States	100
Texas Commerce Shareholders Company	Texas	100
J.P. Morgan Funding Corp.	England	99.99
J.P. Morgan Futures Inc.	Delaware	100
J.P. Morgan GT Corporation	Delaware	100
J.P. Morgan International Holdings Corp.	Delaware	100
J.P. Morgan Trust Company (Bahamas) Limited	Bahamas	100
J.P. Morgan Trust Company (Cayman) Limited	Cayman Islands, BWI	100
JPMAC Holdings Inc.	Delaware	100
J.P. Morgan Invest Inc.	Delaware	100
J.P. Morgan Retirement Plan Services LLC	Delaware	100
J.P. Morgan Private Investments Inc.	Delaware	100
J.P. Morgan Services Asia Holdings Limited	Mauritius	100
J.P. Morgan Services India Private Limited	India	100
J.P. Morgan Services Inc.	Delaware	100
J.P. Morgan Ventures Corporation	Delaware	100
DNT Asset Trust	Delaware	100
Ventures Business Trust	Delaware	100
J.P. Morgan Ventures Energy Corporation	Delaware	100
JPMP Capital Corp.	New York	100
J.P. Morgan Partners, LLC	Delaware	100
JPMP Capital, LLC	Delaware	100
J.P. Morgan Capital, L.P.	Delaware	99.5
J.P. Morgan SBIC Holdings LLC	Delaware	100
JPMCC Luxembourg Corporation	Luxembourg	100
J.P. Morgan Capital Luxembourg S.a.r.l.	Luxembourg	100
JPMCC Belgium S.P.R.L.	Belgium	100
JPMCC Belgium (SCA)	Belgium	100
J.P. Morgan Partnership Capital Corporation	Delaware	100
J.P. Morgan Partnership Investment Corporation	Delaware	100
J.P. Morgan Whitney Partnership Corporation	Delaware	100
Peabody Real Estate Partnership Corporation	Delaware	100
JPMorgan Asset Management Holdings Inc.	Delaware	100
Highbridge Capital Management, LLC	Delaware	55
J.P. Morgan Investment Management Inc.	Delaware	100
JPMorgan Asset Management (Asia) Inc.	Delaware	100
J.P. Morgan Fleming Asset Management (Japan) Limited	Japan	100
JF Asset Management (Singapore) Limited	Singapore	100
JF Asset Management International Limited	British Virgin Islands	100
JF Asset Management Limited	Hong Kong	100
JF Funds Limited	Hong Kong	100
JF Asset Management (Taiwan) Limited (Chinese char. name prevails)	Taiwan	100
JFAM Securities Taiwan Limited (Chinese char. name prevails)	Taiwan	100
JPMorgan Asset Management (Canada) Inc.	Canada	100
JPMorgan Asset Management International Limited	England	100
JPMorgan Asset Management Holdings (UK) Limited	England	100
JPMorgan Asset Management (UK) Limited	England	100
J.P. Morgan Investment Management Limited	England	100
JPMorgan Asset Management (London) Limited	England	100
JPMorgan Asset Management Holdings (Luxembourg) S.a r.l.	Luxembourg	100
JPMorgan Asset Management (Europe) S.a.r.l.	Luxembourg	100
JPMorgan Asset Management France SAS	France	100
JPMorgan Asset Management Societa di Gestione del Risparmio SpA	Italy	99.9
JPMorgan Asset Management Luxembourg S.A.	Luxembourg	100
JPMorgan Asset Management Advisory Company S.a r.l.	Luxembourg	99.99
JPMorgan Fleming srl	Italy	100
JPMorgan Asset Management Marketing Limited	England	100
JPMorgan Equity Plan Managers Limited	England	100

Name	Organized under the laws of	Percentage of voting securities owned by immediate parent
JPMorgan Funds Limited	Scotland	100
JPMorgan Invest (UK) Limited	England	100
JPMorgan Investments Limited	England	100
Save & Prosper Insurance Limited	England	100
Save & Prosper Pensions Limited	England	100
JPMorgan Life Limited	England	100
JPMorgan Chase Bank, Dearborn	Michigan	100
Pierpont Real Estate Company	Delaware	100
JPMorgan Chase Bank, National Association	United States	100
Anexsys Holdings, Inc.	Delaware	100
BOILL IHC, Inc.	Nevada	100
Chase BankCard LLC	Delaware	100
BONA Capital I, LLC	Delaware	100
BONA Capital II, LLC	Delaware	100
BOTAC, Inc.	Nevada	100
Banc One Acceptance Corporation	Ohio	100
Banc One Arizona Leasing Corporation	Arizona	100
Banc One Building Corporation	Illinois	100
Banc One Community Development Corporation	Delaware	100
Banc One Equipment Finance, Inc.	Indiana	100
Banc One Kentucky Vehicle Leasing Company	Kentucky	100
Bank One International Corporation	United States	100
Banc One POS Services Corporation	Ohio	100
Banc One Real Estate Investment Corp.	Delaware	100
Bank One Auto Securitization LLC	Delaware	100
Bank One Equity Investors - BIDCO, Inc.	Louisiana	100
CSL Leasing Inc.	Delaware	100
Cedar Hill International Corp.	Delaware	100
Chase Access Services Corporation	Delaware	100
Chase Auto Finance Corp.	Delaware	100
Chase Community Development Corporation	Delaware	100
Chase Education Holdings, Inc.	Delaware	100
Chase Equipment Leasing Inc.	Ohio	100
Chase Funding Corporation	Delaware	100
Chase Home Finance Inc.	Delaware	100
Chase Home Finance LLC	Delaware	100
Chase Merchant Ventures, Inc.	Delaware	100
Chase Mortgage Holdings, Inc.	Delaware	100
Chase Preferred Capital Corporation	Delaware	100
CPCC Delaware Statutory Trust	Delaware	100
CPCC Texas Limited Partnership	Texas	95
CPCC Massachusetts Business Trust	Massachusetts	100
Chase Ventures Holdings, Inc.	New Jersey	100
The Home Loan Group, LP	California	50
Colson Services Corp.	Delaware	100
Cross Country Insurance Company	Vermont	100
FC Energy Finance I, Inc.	Delaware	100
FC Energy Finance II, Inc.	Delaware	100
FNBC Leasing Corporation	Delaware	100
ICIB Fund I Holdings, Inc.	Delaware	100
Genesis Holding Corporation	Delaware	100
Harvest Opportunity Holdings Corp.	New York	100
Independence Park Building Inc.	Delaware	100
J.P. Morgan Alternative Asset Management, Inc.	Delaware	100
J.P. Morgan Chase Custody Services, Inc.	Delaware	100
J.P. Morgan Electronic Financial Services, Inc.	New York	100
J.P. Morgan FCS Corporation	Texas	100
J.P. Morgan International Inc.	United States	100
Bank One International Holdings Corporation	United States	100
Bank One Europe Limited	England	100
J.P. Morgan International Finance Limited	United States	100
Chase Manhattan Holdings Limitada	Brazil	99.99

Name	Organized under the laws of	Percentage of voting securities owned by immediate parent
Dearborn Merchant Services, Inc	Canada	100
Inversiones Y Asesorias Chase Manhattan Limitada	Chile	99.94
J.P. Morgan & Cie S.A.	France	100
J.P. Morgan (S.E.A.) Limited	Singapore	70(c)
J.P. Morgan (Suisse) SA	Switzerland	100
J.P. Morgan Bank (Ireland) plc	Republic of Ireland	100
J.P. Morgan Bank International LLC	Russian Federation	98
J.P. Morgan Bank Luxembourg S.A.	Luxembourg	99.99
J.P. Morgan Beteiligungs-und Verwaltungsgesellschaft mbH	Germany	99.8
J.P. Morgan AG	Germany	100
J.P. Morgan Fonds Services GmbH	Germany	100
J.P. Morgan Capital Holdings Limited	England	72.72(d)
CaTO Finance II C.V.	Netherlands	98.79
CaTO Finance V Limited Partnership	England	99
J.P. Morgan Chase (UK) Holdings Limited	England	100
J.P. Morgan Chase International Holdings	England	100
Crosby Sterling (Holdings) Limited	England	100
J.P. Morgan EU Holdings Limited	England	100
J.P. Morgan Equities Limited	South Africa	100
J.P. Morgan Europe Limited	England	91.62(e)
J.P. Morgan Markets LLP	England	36.02(f)
J.P. Morgan Chase Finance Limited	England	65(g)
J.P. Morgan Securities Ltd.	England	98.95
Robert Fleming (Overseas) Number 2 Limited	England	100
J.P. Morgan plc	England	100
Crosby Sterling Limited	England	100
J.P. Morgan Trustee and Depositary Company Limited	England	100
J.P. Morgan Luxembourg International S.a.r.l.	Luxembourg	99.99
J.P. Morgan Chase Bank Berhad	Malaysia	100
J.P. Morgan Chile Limitada	Chile	99.8
J.P. Morgan Funding South East Asia Private Limited	Singapore	100
J.P. Morgan Grupo Financiero S.A. De C.V.	Mexico	99.46
Banco J.P. Morgan S.A., Institucion de Banca Multiple, J.P. Morgan Grupo Financiero	Mexico	100
J.P. Morgan Holdings (Hong Kong) Limited	Hong Kong	100
Copthall Mauritius Investment Limited	Mauritius	100
J.P. Morgan Futures (Korea) Limited	South Korea	100
J.P. Morgan Securities (Far East) Limited	Hong Kong	100
J.P. Morgan Broking (Hong Kong) Limited	Hong Kong	100
J.P. Morgan International Derivatives Ltd.	Channel Islands	100
J.P. Morgan International Holdings Limited	Cayman Islands, BWI	100
Fledgeling Nominees International Limited	Cayman Islands, BWI	100
J.P. Morgan India Securities Holdings Limited	Mauritius	100
J.P. Morgan India Private Limited	India	99.99
J.P. Morgan Indonesia Holdings (B.V.I.) Limited	British Virgin Islands	100
J.P. Morgan Securities (Taiwan) Limited	Taiwan	80(h)
J.P. Morgan Securities Holdings (Bermuda) Limited	Bermuda	100
J.P. Morgan Securities Singapore Private Limited	Singapore	100
PGW Limited	Thailand	100
JPMorgan Securities (Malaysia) Sdn. Bhd.	Malaysia	100
Jadeling Malaysia Holdings Limited	British Virgin Islands	100
J.P. Morgan Investimentos e Financas Ltda.	Brazil	99.79
J.P. Morgan Malaysia Ltd.	Malaysia	100
J.P. Morgan Overseas Capital Corporation	Delaware	100
J.P. Morgan Australia Group Pty Limited	Australia	100
J.P. Morgan Operations Australia Limited	Australia	100
J.P. Morgan Administrative Services Australia Limited	Australia	100
J.P. Morgan Australia Limited	New South Wales	100
J.P. Morgan Financial Services New Zealand Limited	Australia	100
J.P. Morgan Institutional Services Australia Limited	Australia	100
J.P. Morgan Nominees Australia Limited	Australia	100
J.P. Morgan Portfolio Services Limited	Australia	100

Name	Organized under the laws of	Percentage of voting securities owned by immediate parent
J.P. Morgan Trust Australia Limited	Australia	100
JFOM Pty Limited	Australia	100
Edrus Limited	Australia	100
J.P. Morgan Markets Australia Pty Limited	Australia	100
J.P. Morgan Espana S.A.	Spain	100
JPMorgan Gestion, Sociedad Gestora de Instituciones de Inversion Colectiva, S.A.	Spain	100
JPMorgan Sociedad de Valores, S.A.	Spain	79(i)
J.P. Morgan International Bank Limited	England	100
J.P. Morgan Securities Canada Inc.	Canada	100
J.P. Morgan Whitefriars Inc.	Delaware	100
J.P. Morgan Whitefriars (UK)	England	99.99
PT J.P. Morgan Securities Indonesia	Indonesia	42.5(j)
J.P. Morgan Partners (CMB Reg K GP), Inc.	Delaware	100
J.P. Morgan Scotland (Services) Ltd.	England	100
J.P. Morgan Securities (C.I.) Limited	Channel Islands	100
J.P. Morgan (Jersey) Limited	Channel Islands	100
J.P. Morgan Securities Asia Private Limited	Singapore	78.47(k)
J.P. Morgan Securities Holdings (Hong Kong) Limited	Hong Kong	86.38(l)
J.P. Morgan Securities (Asia Pacific) Limited	Hong Kong	100
J.P. Morgan Securities Holdings (Caymans) Limited	Cayman Islands, BWI	100
J.P. Morgan Securities India Private Limited	India	99.99
J.P. Morgan Securities South Africa (Proprietary) Limited	South Africa	100
J.P. Morgan Services Japan Ltd.	Delaware	100
J.P. Morgan Trust Bank Ltd.	Japan	72.16(m)
J.P. Morgan Trust Company (Jersey) Limited	Channel Islands	100
JPMorgan Chase Vastera International Corp.	Delaware	100
Vastera Bermuda LP	Bermuda	99.99
JPMorgan Securities (Thailand) Limited	Thailand	50.1(n)
JPMorgan Securities Preparation KK	Japan	100
NorChem Participacoes e Consultoria S.A.	Brazil	50
Norchem Holdings e Negocios S.A.	Brazil	48.97(o)
BOL Canada II Sub, Inc.	Delaware	100
BOL Canada II Trust	Delaware	100
BO Leasing II ULC	Canada	100
BOL Canada I, Inc.	Delaware	100
BOL Canada I Sub, Inc.	Delaware	100
BO Leasing I ULC	Canada	100
BOL Canada III, Inc.	Delaware	100
BOL Canada III Sub, Inc.	Delaware	100
BO Leasing III ULC	Canada	100
Banco J.P. Morgan S.A.	Brazil	99.27
J.P. Morgan Corretora de Cambio e Valores Mobiliarios S.A.	Brazil	100
J.P. Morgan S.A. Distribuidora de Titulos e Valores Mobiliarios	Brazil	100
Bedford Holdings, Inc.	Delaware	100
Willard Holdings, Inc.	Delaware	100
Woodward Holdings, Inc.	Delaware	100
J.P. Morgan Mortgage Acquisition Corp.	Delaware	100
J.P. Morgan Mortgage Capital Inc.	Delaware	100
J.P. Morgan Partners (23A SBIC Manager), Inc.	Delaware	100
J.P. Morgan Partners (23A SBIC), L.P.	Delaware	80(p)
J.P. Morgan Property Exchange Inc.	Delaware	100
J.P. Morgan Treasury Technologies Corporation	Delaware	100
JPMorgan Chase Vastera, Inc.	Delaware	100
Vastera Solution Services Corporation	Delaware	100
JPMorgan Investment Advisors Inc.	Ohio	100
Security Capital Research & Management Incorporated	Delaware	100
JPMorgan Merger Subsidiary Inc.	Delaware	100
Kscott Holding Corp.	Delaware	100
Liberty Payment Services, Inc.	Kentucky	100
Manufacturers Hanover Leasing International Corp.	Delaware	100
Chase Leasing of Texas, Inc.	Delaware	100

Name	Organized under the laws of	Percentage of voting securities owned by immediate parent
Naugatuck Holding Corp.	Delaware	100
Orcas Island Corp.	Delaware	100
South Cutler Corporation	Delaware	100
Systems & Services Technologies, Inc.	Delaware	100
JPMorgan Distribution Services, Inc.	Delaware	100
JPMorgan Funds Management, Inc.	Delaware	100
JPMorgan Mezzanine Corporation	Delaware	100
JPMorgan Securities Holdings LLC	Delaware	100
J.P. Morgan Institutional Investments Inc.	Delaware	100
J.P. Morgan Securities Inc.	Delaware	100
Neovest Holdings, Inc.	Delaware	100
Neovest, Inc.	Utah	100
JPMorgan Special Situations Asia LLC	Delaware	100
J.P. Morgan Investment Holdings II (Mauritius) Limited	Mauritius	67
Tong Yuan Asset Management Limited Liability Company	China	90
Silver Peak Investments (Mauritius) Limited	Mauritius	100
LabMorgan Corporation	Delaware	100
LabMorgan Investment Corporation	Delaware	100
MorServ, Inc.	Delaware	100
NBD Community Development Corporation	Michigan	100
Offshore Equities, Inc.	New York	100
Park Assurance Company	Vermont	100
Special Situations Investing Inc.	Delaware	100
Support Development Corporation	Delaware	100

(a) JPMorgan Capital Corporation owns 20%.
(b) JPMP Master Fund Manager, L.P. owns 20%.
(c) J.P. Morgan International Finance Limited owns 30%.
(d) J.P. Morgan Overseas Capital Corporation owns 27.27%.
(e) J.P. Morgan International Finance Limited owns 8.38%.
(f) J.P. Morgan plc, J.P. Morgan Securities Ltd. and J.P. Morgan Whitefriars (UK) owns 27.07%, 27.29% and 9.62%, respectively.
(g) J.P. Morgan Securities Ltd. owns 35%.
(h) Robert Fleming Investment Trust Limited and JF Securities Overseas Limited each own 10%.
(i) J.P. Morgan & Cie S.A. and J.P. Morgan Securities Ltd., respectively, own 19% and 2%.
(j) J.P. Morgan Indonesia Holdings (B.V.I.) Limited and J.P. Morgan Securities Asia Private Limited own 42.5% and 13.75%, respectively.
(k) J.P. Morgan Securities Holdings (Bermuda) Limited and J.P. Morgan Luxembourg International S.a.r.l. respectively own 11.53% and 10%.
(l) J.P. Morgan Securities Asia Private Limited owns 10.77%. J.P. Morgan Securities (Far East) Limited owns 2.85%.
(m) J.P. Morgan & Cie S.A. owns 27.84%.
(n) J.P. Morgan International Finance Limited and J.P. Morgan International Holdings Limited own 30.28% and 19.61%, respectively.
(o) Chase Manhattan Holdings Limitada owns 29.27%.
(p) JPMP Master Fund Manager, L.P. owns 20%.

Exhibit 23.1

Consent of independent registered public accounting firm

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form S-3 (Nos. 33-49965, 33-64261, 333-14959, 333-14959-01, 333-14959-02, 333-14959-03, 333-15649, 333-16773, 333-16773-01, 333-16773-02, 333-16773-03, 333-19719, 333-19719-01, 333-19719-02, 333-22437, 333-37567, 333-37567-03, 333-42807, 333-52826, 333-52962, 333-52962-01, 333-52962-02, 333-56573, 333-56587, 333-56587-03, 333-68500, 333-68500-01, 333-68500-02, 333-68500-03, 333-68500-04, 333-70639, 333-71876, 333-94393, 333-107207, 333-116771, 333-116771-03, 333-116773, 333-116773-01, 333-116774, 333-116774-01, 333-116775, 333-116775-02, 333-116822, 333-117770, 333-117775, 333-117785, 333-117785-01, 333-117785-02, 333-117785-03, 333-117785-04, 333-117785-05, 333-126750, 333-128506 and 333-130051) and in the Registration Statements on Form S-8 (Nos. 33-01776, 33-40272, 33-40675, 33-49909, 33-49911, 33-49913, 33-54547, 33-62453, 33-63833, 333-02073, 333-07941, 333-15281, 333-22451, 333-31634, 333-31656, 333-31666, 333-47350, 333-64476, 333-73119, 333-92217, 333-92737, 333-112967 and 333-125827) of JPMorgan Chase & Co. or affiliates of our report dated February 24, 2006 relating to the financial statements, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears on page 86 of this Form 10-K.

/s/ PricewaterhouseCoopers LLP

New York, New York

March 8, 2006

Exhibit 31.1
JPMorgan Chase & Co.

CERTIFICATION

I, William B. Harrison, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of JPMorgan Chase & Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the Consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2006

/s/ William B. Harrison, Jr.

William B. Harrison, Jr.
Chairman of the Board

Exhibit 31.2
JPMorgan Chase & Co.

CERTIFICATION

I, James Dimon, certify that:

1. I have reviewed this annual report on Form 10-K of JPMorgan Chase & Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the Consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2006

/s/ James Dimon

James Dimon
President and Chief Executive Officer

Exhibit 31.3
JPMorgan Chase & Co.

CERTIFICATION

I, Michael J. Cavanagh, certify that:

1. I have reviewed this annual report on Form 10-K of JPMorgan Chase & Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the Consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2006

/s/ Michael J. Cavanagh

Michael J. Cavanagh
Executive Vice President and Chief Financial Officer

Exhibit 32
JPMorgan Chase & Co.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of JPMorgan Chase & Co. on Form 10-K for the period ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of JPMorgan Chase & Co., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of JPMorgan Chase & Co.

Date: March 8, 2006 By: /s/ William B. Harrison, Jr.

William B. Harrison, Jr.
Chairman of the Board

Date: March 8, 2006 By: /s/ James Dimon

James Dimon
President and Chief Executive Officer

Date: March 8, 2006 By: /s/ Michael J. Cavanagh

Michael J. Cavanagh
Executive Vice President and Chief Financial Officer

This certification accompanies this Form 10-K and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section.

A signed original of this written statement required by Section 906 has been provided to, and will be retained by, JPMorgan Chase & Co. and furnished to the Securities and Exchange Commission or its staff upon request.