

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, 1999

Commission file
number 1-5805

The Chase Manhattan Corporation
(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, N.Y.
(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
10.84% Cumulative Preferred Stock (Stated Value--\$25)
10.96% Cumulative Preferred Stock (Stated Value--\$25)
Adjustable Rate Cumulative Preferred Stock, Series L (Stated Value--\$100)
Adjustable Rate Cumulative Preferred Stock, Series N (Stated Value--\$25)
7.50% Subordinated Notes Due 2003
Floating Rate Subordinated Notes Due 2003
Floating Rate Subordinated Notes Due August 1, 2003
6.50% Subordinated Notes Due 2005
6.25% Subordinated Notes Due 2006
6 1/8% Subordinated Notes Due 2008
6.75% Subordinated Notes Due 2008
6.50% Subordinated Notes Due 2009
Guarantee of 7.34% Capital Securities, Series D, of Chase Capital IV
Guarantee of 7.03% Capital Securities, Series E, of Chase Capital V
Guarantee of 7.00% Capital Securities, Series G, of Chase Capital VII

All such securities are listed on the New York Stock Exchange.

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

Number of Shares of Common Stock outstanding on February 29, 2000: 817,792,605

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 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.

The aggregate market value of The Chase Manhattan Corporation Common Stock held by non-affiliates of The Chase Manhattan Corporation on February 29, 2000 was \$65,062,000,000.

Document incorporated by reference
in this Form 10-K

Part of Form 10-K into
which incorporated

Proxy statement for the annual meeting of
stockholders to be held May 16, 2000
(other than information included in the
proxy statement pursuant to Rule 402 (i),
(k) and (l) of Regulation S-K)

Part III

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PART I

ITEM 1: BUSINESS

OVERVIEW

The Chase Manhattan Corporation ("Chase") is a bank holding company organized under the laws of the State of Delaware in 1968 and registered under the Bank Holding Company Act (the "BHCA") of 1956.

Chase conducts its domestic and international financial services businesses through various bank and nonbank subsidiaries. The principal bank subsidiaries of Chase are: The Chase Manhattan Bank ("Chase Bank"), a New York banking corporation headquartered in New York City, Chase Manhattan Bank USA, National Association ("Chase USA"), a national bank headquartered in Wilmington, Delaware and Chase Bank of Texas, National Association ("Chase Texas"). The principal nonbank subsidiary of Chase is Chase Securities Inc. ("CSI"), which is engaged in securities underwriting and dealing activities.

The bank and nonbank subsidiaries of Chase operate nationally as well as through overseas branches, representative offices and affiliated banks.

LINES OF BUSINESS

Chase's activities are internally organized, for management reporting purposes, into three major business franchises (Global Bank, National Consumer Services and Global Services). A description of Chase's business franchises and the products and services they provide to their respective client bases are discussed in the "Lines of Business Results" section of Management's Discussion and Analysis ("MD&A") beginning on page 29 and Note Twenty-Three on page 82.

COMPETITION

Chase and its subsidiaries and affiliates operate in a highly competitive environment. Chase's bank subsidiaries compete with other domestic and foreign banks, thrift institutions, credit unions, and mutual funds for deposits and other sources of funds. In addition, Chase and its bank and nonbank subsidiaries face increased competition with respect to the diverse financial services and products they offer. Competitors include finance companies, brokerage firms, investment banking companies, merchant banks, insurance companies, credit card companies, mortgage banking companies, leasing companies, e-commerce and other internet-based companies, and a variety of other financial services and advisory companies. It is possible that competition will become even more intense as a result of the recent enactment of the financial modernization legislation discussed in more detail below.

SUPERVISION AND REGULATION

Financial Modernization Legislation: In November 1999, long-awaited financial modernization legislation, entitled the Gramm Leach Bliley Act ("GLBA"), was enacted that eliminated certain legal barriers separating the conduct of various types of financial services businesses, such as commercial banking, investment banking and insurance. In addition, GLBA substantially revamped the regulatory scheme within which financial institutions such as Chase operate. While certain provisions of GLBA became effective upon enactment, many major provisions do not become effective until March 11, 2000 or May 2001 and most of the regulations implementing the law have not yet been issued. As a result, while certain of the provisions of GLBA expected to affect Chase's operations are summarized below, the overall impact of GLBA on Chase cannot be predicted at this time.

Permissible Business Activities; Conversion to Financial Holding Company: Prior to enactment of GLBA, a registered bank holding company such as Chase could engage only in the business of managing and controlling banks and furnishing specified services to subsidiaries and could not acquire any nonbanking company unless the company's business was so closely related to banking as to be a proper incident thereto. Upon effectiveness of GLBA, bank holding companies meeting certain eligibility criteria may elect to become "financial holding companies", which may engage in any activities that are "financial in nature", as well as in additional activities that the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") determines are incidental or complementary to financial activities. Under GLBA, "financial activities" specifically include insurance, securities underwriting and dealing, merchant banking, investment advisory and lending activities.

Chase anticipates that it will become a financial holding company as of March 13, 2000, or as soon thereafter as practicable. As such, Chase will be permitted to conduct, or to acquire companies engaged in, permissible financial or other activities without prior approval by the Federal Reserve Board (but subject to certain new conditions imposed by GLBA). Federal Reserve Board approval will continue to be required for acquisitions of banks or savings associations. In particular, upon effectiveness of Chase's election to become a financial holding company:

- o Various restrictions imposed by the Glass-Steagall Act will be eliminated, including restrictions on: (i) affiliations between Chase's bank subsidiaries and certain securities firms, (ii) Chase's ability to control and distribute mutual funds and (iii) the portion of Chase's revenues that may be derived from securities underwriting and dealing activities;
- o BHCA restrictions on Chase's ability to acquire substantial equity ownership or control of nonfinancial companies will be eliminated in the merchant banking context, thereby permitting certain nonbank subsidiaries of Chase to make merchant banking investments in unlimited amounts, subject to conditions imposed by GLBA; and
- o Limitations on Chase's insurance activities will be eliminated.

PART I

Under interim regulations implemented by the Federal Reserve Board, if any depository institution controlled by a financial holding company ceases to be well-capitalized or well-managed, the Federal Reserve Board may impose corrective capital 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 interim 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. Chase believes that its subsidiaries currently meet the capital, management and CRA requirements necessary to permit them 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.

Primary Regulation of Chase; Functional Regulation Under GLBA: As a bank holding company, Chase's primary Federal regulator is currently the Federal Reserve Board. Upon effectiveness of Chase's election to become a financial holding company under GLBA, the current regulatory system will be modified by a system of "functional regulation", in which the Federal Reserve Board will act as an "umbrella regulator" and certain of Chase's subsidiaries will be regulated directly by additional regulatory authorities based on the particular activities of those subsidiaries (e.g., securities and investment advisory activities will be regulated by the Securities and Exchange Commission (the "SEC") and insurance activities will be regulated by state insurance commissioners). Under the new system, Chase must continue to file reports and other information with, and submit to examination by, the Federal Reserve Board as umbrella regulator. However, under GLBA, with respect to matters affecting functionally regulated subsidiaries, the Federal Reserve Board will be required to defer to the applicable functional regulators unless the Federal Reserve Board concludes that the activities at issue pose a risk to a depository institution or breach a specific law the Federal Reserve Board has authority to enforce.

While GLBA provides generally for the system of functional regulation described above, detailed regulations implementing that system have not yet been adopted by the various regulators. Accordingly, Chase is unable to determine at this time the extent to which the new system will affect the particular regulatory obligations of Chase and its subsidiaries or their relationships with their respective regulators.

Impact of GLBA on Activities of Bank Subsidiaries: Under GLBA, subject to certain conditions imposed by their respective banking regulators, national and state-chartered banks will be permitted to form "financial subsidiaries" that may conduct financial or incidental activities, thereby permitting bank subsidiaries to engage in certain activities that were previously impermissible. In order to insulate the parent bank from the risk of these new financial activities, GLBA imposes several safeguards and restrictions on financial subsidiaries, including that the bank's equity investment in the financial subsidiary be deducted from the bank's assets and tangible equity for purposes of calculating the bank's capital adequacy. In addition, GLBA imposes new restrictions on transactions between the bank and its financial subsidiaries similar to restrictions currently applicable to transactions between banks and nonbank affiliates. See "FDICIA" and "Other Supervision and Regulation" below.

Effect of GLBA on Bank Broker-Dealer and Investment Advisory Activities: To promote the system of functional regulation described above, GLBA provides for the amendment of certain Federal securities laws to eliminate various exemptions previously available to banks. For example, following May 2001, banks will no longer be exempt from the broker-dealer provisions of the Securities Exchange Act of 1934. As a result, as of that date, Chase's bank subsidiaries must either register with the SEC as broker-dealers or cease conducting activities deemed broker-dealer activities. GLBA does retain a more limited exemption from broker-dealer registration for certain "banking" products and activities, including, among others, municipal and exempted securities transactions; brokerage, safe keeping and custody arrangements; and trust, securitization and derivatives products and activities. Effective May 2001, the Investment Advisers Act of 1940 also will be amended to eliminate certain provisions exempting banks from the registration requirements of that statute, and the Investment Company Act of 1940 will be amended to provide the SEC with regulatory authority over various bank mutual fund activities.

Dividend Restrictions: Federal law imposes limitations on the payment of dividends by the subsidiaries of Chase that are state member banks of the Federal Reserve System (a "state member bank") or national banks. Nonbank subsidiaries of Chase are not subject to those limitations. The amount of dividends that may be paid by a state member bank, such as Chase Bank, or by a national bank, such as Chase USA or Chase Texas, 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 bank obtains the approval of its appropriate Federal banking regulator (which, in the case of a state member bank, is the Federal

Reserve Board and, in the case of a national bank, is the Office of the Comptroller of the Currency (the "Comptroller of the Currency"). Under the undivided profits test, a dividend may not be paid in excess of a bank's "undivided profits." See Note Seventeen on page 76 for the amount of dividends that Chase's principal bank subsidiaries could pay, during 2000, to their respective bank holding companies without the approval of their relevant banking regulators.

In addition to the dividend restrictions described above, the Federal Reserve Board, the Comptroller of the Currency and the Federal Deposit Insurance Corporation ("FDIC") have authority to prohibit or to limit the payment of dividends by the banking organizations they supervise, including 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: The Federal banking regulators have adopted risk-based capital and leverage guidelines that require that Chase's capital-to-assets ratios 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. For a further discussion of Tier 1 Capital and Tier 2 Capital, see Note Eighteen on page 76. 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.

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%.

The risk-based capital requirements explicitly identify concentration of credit risk and certain risks arising from non-traditional activities, and the management of those risks, as important factors to consider in assessing an institution's overall capital adequacy. 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 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).

In March 2000, the Federal banking agencies published for comment regulations to amend the risk-based capital requirements with respect to recourse arrangements and securitization transactions. In general, the proposal would amend the risk-based capital standards in order to treat recourse obligations and direct credit substitutes (such as letters of credit and spread accounts) more consistently for risk-based capital purposes. The proposed amendments also set forth a multi-level approach to assessing capital requirements in certain asset securitizations.

The Federal banking regulators have also established minimum leverage ratio guidelines. The leverage ratio is defined as Tier 1 Capital divided by average total assets (net of allowance for credit losses, goodwill and certain intangible assets). The minimum leverage ratio is 3% for strong bank holding companies (i.e., those rated composite 1 under the Bank subsidiaries, Other subsidiaries, Parent company, Earnings and Capital adequacy ("BOPEC") rating system) and for bank holding companies that 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.

Tier 1 Components: Capital surplus and common stock remain the most important forms of capital at Chase. Because common equity has no maturity date and because dividends on common stock are paid only when and if declared by the Board of Directors, common equity is available to absorb losses over long periods of time. Noncumulative perpetual preferred stock is similar to common stock in its ability to absorb losses. If the Board of Directors does not declare a dividend on noncumulative perpetual preferred stock in any dividend period, the holders of the instrument are never entitled to receive that dividend payment. Chase's noncumulative preferred stock is a type commonly referenced as a "FRAP": a fixed-rate/adjustable preferred stock. However, because the interest rate on FRAPs may increase (up to a pre-determined ceiling), the Federal Reserve treats Chase's noncumulative FRAPs in a manner similar to cumulative perpetual preferred and trust preferred securities. The Federal Reserve permits cumulative perpetual preferred stock and trust preferred securities to be included in Tier 1 Capital, but only up to certain limits, as these financial instruments do not provide as strong protection against losses as common equity and noncumulative, non-FRAP securities. Cumulative perpetual preferred stock does not have a maturity date, similar to other forms of Tier 1 Capital. However, any dividends not declared on cumulative preferred stock accumulate and thus continue to be due to the holder of the instrument until all arrearages are satisfied. Trust preferred securities are a type of security generally issued by a special purpose trust established and owned by Chase. Proceeds from the issuance to the public of the trust preferred security are lent to Chase for at least 30 (but not more than 50) years. The intercompany note that evidences this loan provides that the interest payments by 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 Chase preferred or common stock nor on the outstanding trust preferred securities issued to the public.

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Tier 2 Components: Long term subordinated debt (generally having an initial maturity of 10 - 12 years) is the primary form of Chase's Tier 2 Capital. Subordinated debt is deemed a form of regulatory capital because payments on the debt are subordinated to other creditors of Chase, including holders of senior and medium long-term debt and counterparties on derivative contracts.

Under GLBA, all financial holding companies would also be considered bank holding companies for purposes of the capital requirements described above. However, GLBA specifically prohibits the Federal Reserve Board from imposing capital adequacy rules on certain functionally regulated subsidiaries (such as broker-dealers and insurance companies) that are in compliance with the applicable capital requirements of their functional regulators. Because the Federal Reserve Board has not yet proposed amendments to its capital requirements in response to these provisions, Chase cannot predict the impact of any such amended guidelines on its capital ratios.

The risk-based minimum capital requirements adopted by the Federal banking agencies follow the Capital Accord of the Basle Committee on Banking Supervision. The Basle Committee, which consists of banking supervisors from the principal nations whose banking organizations are active internationally, issued its Capital Accord to achieve convergence in the capital regulations applicable to internationally active banking organizations. In June 1999, the Basle Committee issued a Consultative Paper that sought comment on a proposed replacement for the Capital Accord. The replacement would consist of a "three-pillar" framework that would entail more differentiated minimum capital requirements based on perceived creditworthiness; closer regulatory supervision; and greater market discipline to be achieved through enhanced public disclosure.

FDICIA: The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") revised certain provisions of the Federal Deposit Insurance Act, as well as certain other Federal banking statutes. In general, FDICIA provides for expanded regulation of depository institutions and their affiliates, including parent holding companies, by their Federal banking regulators and 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.

Pursuant to FDICIA, the Federal Reserve Board, the FDIC and the Comptroller of the Currency adopted regulations setting forth a five-tier scheme for measuring the capital adequacy of the depository institutions they supervise. Under the regulations (commonly referred to as the "prompt corrective action" rules), an institution would be placed in one of the following five capital categories when these ratios fall within the prescribed ranges:

	Ratios		
	Total Capital	Tier 1 Capital	Tier 1 Leverage
	----- At Least -----		
Well Capitalized	10%	6%	5%
Adequately Capitalized	8%	4%	4% (a)
	----- Less Than -----		
Undercapitalized	8%	4%	4% (a)
Significantly Undercapitalized	6%	3%	3%
Critically Undercapitalized	Tangible equity to total assets of 2% or less		

(a) May be 3% in some cases.

An institution may be treated as being in a capital category lower than that indicated based on other supervisory criteria.

Supervisory actions by the appropriate Federal banking regulator generally will depend upon an institution's classification within the five capital categories. The regulations apply only to banks and not to bank holding companies such as Chase; however, subject to limitations that may be imposed pursuant to GLBA, as described below, the Federal Reserve Board is authorized to take appropriate action at the holding company level based on 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 may be liable for civil money damages for failure to fulfill its commitments on that guarantee.

Under FDICIA only a "well capitalized" depository institution may, without prior regulatory approval, accept brokered deposits (e.g. deposits solicited by a bank's affiliates on its behalf), offer interest rates on deposits significantly higher than the prevailing rate in its market or "pass through" deposit insurance coverage to the participants of certain employee benefit plans.

As of December 31, 1999, each of Chase's banking subsidiaries was "well capitalized".

FDIC Insurance Assessments: FDICIA also required 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.

Depository institutions insured by the Bank Insurance Fund ("BIF") are required to pay premiums ranging from 0 basis points to 27 basis points of domestic deposits. Each of Chase's banks, including Chase Bank, Chase USA and Chase Texas, currently qualifies for the 0 basis point assessment. All depository institutions must also pay an annual assessment so that the Financing Corporation ("FICO") may pay interest on bonds it issued in connection with the resolution of savings association insolvencies occurring prior to 1991. The FICO assessment is 1.2 basis points of domestic deposits in the case of BIF-insured

institutions such as Chase Bank, Chase USA and Chase Texas. The rate schedules are subject to future adjustments by the FDIC. In addition, the FDIC has authority to impose special assessments from time to time, subject to certain limitations specified in the Deposit Insurance Funds Act.

Powers of the FDIC Upon Insolvency of an Insured Depository Institution: An FDIC-insured depository institution (such as Chase's bank subsidiaries) 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). "Default" is generally defined as the appointment of a conservator or receiver and "in danger of default" is defined as certain conditions indicating that a default is likely to occur absent regulatory assistance. 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: (i) to transfer any of the depository institution's assets and liabilities to a new obligor without the approval of the depository institution's creditors; (ii) to enforce the terms of the depository institution's contracts pursuant to their terms; or (iii) 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 disaffirmance 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 those of Chase's subsidiaries that are insured depository institutions, such as Chase Bank, Chase USA and Chase Texas, including, without limitation, obligations under senior or subordinated debt issued by those banks to investors (referred to 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 domestic deposit liabilities (including the FDIC, as subrogee of the depositors) have priority over the claims of other unsecured creditors of the institution, including public noteholders, in the event of the liquidation or other resolution of the institution. As a result, whether or not the FDIC ever sought to repudiate any obligations held by public noteholders of any subsidiary of Chase that is an insured depository institution, such as Chase Bank, Chase USA or Chase Texas, the public noteholders would be treated differently from, and could receive, if anything, substantially less than, the depositors of the depository institution.

Other Supervision and Regulation: Under current Federal Reserve Board policy, 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.

Subject to the restrictions under GLBA described in the preceding paragraph, any loans by a bank holding company to any of its subsidiary banks are subordinate in right of payment to deposits and to 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 will be assumed by the bankruptcy trustee and entitled to a priority of payment.

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

Chase's bank and nonbank subsidiaries are subject to direct supervision and regulation by various other Federal and state authorities (many of which will be considered "functional regulators" under GLBA). Chase Bank, as a New York State-chartered bank and state member bank, is subject to supervision and regulation by the New York State Banking Department as well as by the Federal Reserve Board and the FDIC. Chase's national bank subsidiaries, such as Chase USA and Chase Texas, are subject to substantially similar supervision and regulation by the Comptroller of the Currency. Supervision and regulation by each of the foregoing regulatory agencies generally include 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. Chase also conducts securities underwriting, dealing and brokerage activities through CSI and other broker-dealer subsidiaries, all of which are subject to the regulations of the SEC and the National Association of Securities Dealers, Inc. As of February 1, 2000, CSI became a member of the New York Stock Exchange. The operations of The Chase Vista Funds, the mutual funds advised by Chase, are also subject to regulation by the SEC. The types of activities in which the foreign branches of Chase Bank and the international subsidiaries of Chase may engage are subject to various restrictions imposed by the Federal Reserve Board. Those foreign branches and international subsidiaries are also subject to the laws and banking authorities of the countries in which they operate.

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The activities of Chase Bank, Chase USA and Chase Texas as consumer lenders are also 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 new requirements imposed by GLBA, Chase and its subsidiaries will be required periodically to disclose to its retail customers Chase's policies and practices with respect to (i) the sharing of nonpublic customer information with Chase affiliates and others and (ii) 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.

As part of its commitment to protecting customer privacy, Chase, in January 2000, agreed with the New York State Attorney General that it will not disclose any customer information to third-party marketing firms, other than the customer's name, address and phone number. In addition, if the customer does not want to receive any offers or information from any third-party marketing firms, the customer may "opt-out" of such solicitations, in which case, no private information about the customer will be shared with third-party marketing firms.

IMPORTANT FACTORS THAT MAY AFFECT FUTURE RESULTS

From time to time, Chase 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" or other words of similar meaning. Forward-looking statements give Chase's current expectations or forecasts of future events, circumstances or results. Chase's disclosure in this report, including in the MD&A section, contains forward-looking statements. Chase may also make forward-looking statements in its other documents filed with the SEC and in other written materials. In addition, Chase's senior management may make forward-looking statements orally to analysts, investors, representatives of the media and others.

Any forward-looking statements made by or on behalf of Chase speak only as of the date they are made. 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 Chase may make in its Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q and its Current Reports on Form 8-K.

All forward-looking statements, by their nature, are subject to risks and uncertainties. Chase's actual future results may differ materially from those set forth in Chase's forward-looking statements. Factors that might cause Chase's future financial performance to vary from that described in its forward-looking statements include the credit, market, operational, liquidity, interest rate and other risks discussed in the MD&A section of this report and in other periodic reports filed with the SEC. In addition, the following discussion sets forth certain risks and uncertainties that Chase believes could cause its actual future results to differ materially from expected results. However, other factors besides those listed below or discussed in Chase's reports to the SEC could also adversely affect Chase's results and the reader should not consider any such list of factors to be a complete set of all potential risks or uncertainties. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

Business Conditions and General Economy. Chase is a leading provider of services in the global banking, global services and national consumer services businesses. The profitability of these businesses could be adversely affected by a worsening of general economic conditions in the United States or abroad, including a downturn in domestic or foreign securities and trading market conditions. Such factors could adversely affect the value or credit quality of Chase's on-balance sheet and off-balance sheet assets and the revenues based on the mark-to-market values in certain of its businesses, including Chase Capital Partners. An economic downturn or significantly higher interest rates could increase the risk that a greater number of Chase's customers would become delinquent on their loans or other obligations to Chase, or would refrain from obtaining additional debt. Further, a higher rate of delinquencies by customers or counterparties would result in a higher level of charge-offs and a higher level of provision for Chase, which could adversely affect Chase's income. See also "Factors Affecting Allowance for Credit Losses" on the following page. In addition, a higher level of domestic or foreign interest rates or a downturn in trading markets could affect the amount of assets under management by Chase (for example, by affecting the flows of moneys to or from the mutual funds managed by Chase) and impact the willingness of financial investors to participate in loan syndications and underwritings managed by Chase.

Competition. Chase operates in a highly competitive environment and expects various factors to cause competitive conditions to continue to intensify. For example, technological advances and the growth of e-commerce have made it possible for non-depository institutions to offer products and services that were traditionally banking products and for financial institutions to compete with technology companies in providing electronic and internet-based financial solutions. In addition, investment banks and insurance companies are increasingly

competing in traditional banking businesses, such as syndicated lending and consumer banking, and banking institutions are continuing to diversify their financial products and services into non-traditional areas. Chase expects this cross-industry competition to continue to intensify, particularly as continued merger activity produces larger, better-capitalized companies that are capable of offering a wider array of products and services. In addition, the enactment of financial modernization legislation, discussed above, may further accelerate competitive trends by eliminating various regulatory barriers to cross-industry activities and acquisitions.

Foreign Operations; Trading in Foreign Securities. Chase does business throughout the world, including in developing regions of the world commonly known as emerging markets. Chase's businesses and revenues derived from foreign operations are subject to risk of loss from unfavorable political and diplomatic developments, currency fluctuations, social instability, changes in governmental policies or policies of central banks, expropriation, nationalization, confiscation of assets and changes in legislation relating to foreign ownership. Chase also invests in the securities of corporations located in foreign jurisdictions, including emerging markets. Revenues from the trading of foreign securities may also be subject to negative fluctuations as a result of the above factors. The impact of these fluctuations could be accentuated because, generally, foreign trading markets, particularly in emerging markets countries, are smaller, less liquid and more volatile than U.S. trading markets.

Operating Risk. Chase, like all large corporations, is exposed to many types of operating risk, including the risk of fraud by employees or outsiders, unauthorized transactions by employees or operational errors, including clerical or recordkeeping errors or errors resulting from faulty computer or telecommunications systems. Given the high volume of transactions at Chase, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, Chase's necessary dependence upon automated systems to record and process its transaction volume may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect. Although Chase maintains a system of controls designed to keep operating risk at appropriate levels, Chase has suffered losses from operating risk and there can be no assurance that Chase will not suffer losses from operating risks in the future.

Government Monetary Policies and Economic Controls. Chase's businesses and earnings are affected by general economic conditions, both domestic and international. Chase's businesses and earnings are also affected by the fiscal or other policies that are adopted by various regulatory authorities of the U.S., foreign 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 may also impact the value of financial instruments held by Chase. These actions of the Federal Reserve Board also determine to a significant degree the cost to Chase of funds for lending and investing. The nature and impact of future changes in economic and market conditions and fiscal policies are not predictable and are beyond Chase's control. In addition, these policies and conditions can impact Chase's customers and counterparties, both in the U.S. and abroad, which may increase the risk that such customers or counterparties default on their obligations to Chase.

Factors Affecting Revenues. Chase's management categorizes the revenue components of Chase's operating earnings as either market-sensitive revenues or less market-sensitive revenues. Market-sensitive revenues are affected by many factors, including Chase's credit standing and its success in proprietary positioning, volatility in interest rates and in equity and debt markets, and the economic, political and business factors described above. Chase anticipates that its market-sensitive revenues will experience volatility from time to time as a result of these factors. Management also expects that less market-sensitive revenues will experience fluctuations from time-to-time and, accordingly, the annual growth rate of its less market-sensitive revenues may not continue to accelerate each and every year at the pace achieved during the past four years.

Factors Affecting Allowance for Credit Losses. Chase's allowances for credit losses are intended to cover probable credit losses inherent in the credit extension process for loans and lending-related commitments. Each of the components of the allowances for credit losses is based upon management's estimates of probable loss from various segments of the portfolio. Estimating losses is inherently uncertain. The estimation process assumes that past experience is a valid indicator for estimating prospective losses, which may not always be the case. The accuracy of estimates reflected in the allowance may be affected by a number of factors, ranging from external macroeconomic factors to limitations inherent in the estimation methodology itself. These factors include, among others: general economic and political developments; structural changes that may affect particular industries; currency devaluations that may affect cross-border exposures; changes in underwriting standards; legal and regulatory requirements affecting reserving practices; the volatility of default probabilities, rating migrations and loss severity; and the quality of available data.

FOREIGN OPERATIONS

For geographic distributions of average assets, total revenue, total expense, income before income tax expense and net income, see Note Twenty-Four on page 84. For a discussion of foreign loans, see Note Four on page 67 and see the sections entitled "Commercial Loans" and "Cross-Border Exposure" in the MD&A, on pages 42 and 43, and "Cross-Border Outstandings," on page 96.

PART I

ITEM 2: PROPERTIES

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

Chase also owns and occupies a 60-story building at One Chase Manhattan Plaza in New York City. This location has approximately 2 million square feet of commercial office and retail space, of which approximately 800,000 square feet is leased to outside tenants.

Chase also owns and occupies a 22-story building at 4 New York Plaza, New York City, with 900,000 square feet of commercial office and retail space.

Chase built in 1992 and fully occupies a two-building complex known as Chase MetroTech Center in downtown Brooklyn, New York. This facility contains approximately 1.75 million square feet and houses, among other things, operations and product support functions.

Chase and its subsidiaries also own and occupy administrative and operational facilities in Hicksville, New York; Tampa, Florida; Tempe, Arizona; and in Houston, Arlington, and El Paso, Texas.

Chase occupies, in the aggregate, approximately 945,000 square feet of space in the United Kingdom. The most significant components of leased space in London are 350,000 square feet at 125 London Wall and 170,000 square feet at Thomas More Square. Chase also owns and occupies a 300,000 square foot operations center in Bournemouth.

In addition, Chase and its subsidiaries occupy branch offices and other administrative and operational facilities throughout the U.S. and in foreign countries under various types of ownership and leasehold agreements.

The majority of the properties occupied by Chase are used across all of Chase's business segments and for corporate activities.

ITEM 3: LEGAL PROCEEDINGS

As previously reported, 50-Off Stores, Inc. v. Banque Paribas (Suisse) S.A., a lawsuit in the United States District Court for the Western District of Texas alleging conversion of shares of common stock held in a custody account of The Chase Manhattan Bank, judgment was entered against the Bank for \$148.6 million in punitive and compensatory damages, plus post-judgment interest. On appeal by Chase, the United States Court of Appeals for the Fifth Circuit reversed the punitive damage award of \$138 million, resulting in a remaining award of \$10.6 million in compensatory damages. Both the plaintiff and Chase filed petitions for rehearing with the Fifth Circuit, which petitions were denied. Plaintiff filed a petition for a writ of certiorari with the U.S. Supreme Court, which petition was also denied. The \$10.6 million judgment of the Fifth Circuit is now final.

In June 1999, Sumitomo Corporation filed a lawsuit against The Chase Manhattan Bank in the United States District Court for the Southern District of New York. The complaint alleges that during the period from 1994 to 1996, the Bank assisted a Sumitomo employee in making copper trades by funding unauthorized loans to the Sumitomo employee. The complaint alleges that the Bank knew the employee did not have authority to enter into the transactions on behalf of Sumitomo. The complaint asserts claims under the Racketeer Influenced and Corrupt Practices Act ("RICO") and New York common law and alleges damages of \$532 million (subject to trebling under RICO), plus punitive damages.

CSI has been named as a defendant in five of eleven actions that were filed in the United States District Court for the Northern District of Oklahoma beginning in October 1999 arising out of the failure of Commercial Financial Service, Inc. ("CFS"). Plaintiffs in these actions are institutional investors who purchased over \$1.6 billion in original face amount of asset-backed securities issued by CFS. The securities were backed by delinquent credit card receivables. In addition to CSI, the defendants in various of the actions are the founders and key executives of CFS, as well as its auditors, its outside counsel and the rating agencies that rated the securities. CSI is alleged to have been the investment banker to CFS and to have acted as an initial purchaser and as placement agent in connection with the issuance of certain of the securities. Plaintiffs allege that defendants either knew or were reckless in not knowing that the securities were sold to plaintiffs on the basis of misleading misrepresentations and omissions of material facts. The complaints against CSI assert claims under the Securities Exchange Act of 1934, the Oklahoma Securities Act, and under common law theories of fraud and negligent misrepresentation. In the actions against CSI, plaintiffs seek approximately \$930 million in damages allegedly suffered as a result of defendants' misrepresentations and omissions, plus punitive damages. CSI has not yet answered or moved with respect to the complaints.

In addition to the matters described above, Chase and its subsidiaries have been named from time to time as defendants in various legal actions and proceedings arising in connection with their respective businesses and have been involved from time to time in investigations and proceedings by governmental agencies. In view of the inherent difficulty of predicting the outcome of such matters, Chase cannot state what the eventual outcome of pending matters will be. Chase is contesting the allegations made in each pending matter and believes, based on current knowledge and after consultation with counsel, that the outcome of such matters will not have a material adverse effect on the consolidated financial condition of Chase, but may be material to Chase's operating results for any particular period, depending on the level of Chase's income for such period.

ITEM 4: SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age (at December 31, 1999)	Positions and offices held with Chase
William B. Harrison, Jr.	56	Chairman and Chief Executive Officer of Chase and Chase Bank. From June through December 1999, Mr. Harrison had been President and Chief Executive Officer of Chase and Chase Bank, prior to which he had been Vice Chairman of the Board.
Walter V. Shipley	64	Chairman and Chief Executive Officer of Chase and Chase Bank 1983-1992 and 1994 to June 1999. Chairman of Chase and Chase Bank, June 1999 through December 1999, retiring effective January 1, 2000.
Donald L. Boudreau	59	Vice Chairman of Chase and Chase Bank, responsible for National Consumer Services. Until 1997, Mr. Boudreau had been responsible for Chase's consumer credit businesses and, prior to the merger, a Vice Chairman and a Director of heritage Chase.
Neal S. Garonzik	52	Vice Chairman of Chase and Chase Bank, responsible for asset management business and strategic initiatives in equities and, since January 2000, private banking and Chase.com. Mr. Garonzik joined Chase in 1999. Until 1997, he was with Morgan Stanley Dean Witter & Co., most recently as a member of the firm's management committee and head of its equity division, and from 1997 until joining Chase he was a private investor.
Donald H. Layton	49	Vice Chairman of Chase and Chase Bank. He is responsible for Global Markets and the international infrastructure and, since 1999, Global Services.
James B. Lee Jr.	47	Vice Chairman of Chase and Chase Bank. He is responsible for Global Client Management and Investment Banking.
Denis J. O'Leary	43	Executive Vice President of Chase and Chase Bank, responsible since January 2000 for Chase.com and prior to that Deputy Manager of Chase's National Consumer Services business. From 1993 through 1997, he was Chase's chief information officer.
Marc J. Shapiro	52	Vice Chairman of Chase and Chase Bank, responsible for Finance, Risk Management and Administration, and since January 2000 for Chase Technology Solutions. Until 1997, he was Chairman and Chief Executive Officer of Chase Bank of Texas (formerly Texas Commerce Bank).
Joseph G. Sponholz	55	Vice Chairman of Chase and Chase Bank, responsible until January 2000 for Chase.com and Chase Technology Solutions. Until 1997, he had been Executive Vice President and Chief Administrative Officer.
Jeffrey C. Walker	44	Managing Partner of Chase and of Chase Capital Partners, Chase's global private equity fund.
Dina Dublon	46	Chief Financial Officer of Chase and Chase Bank. Until 1998, she was Executive Vice President, Corporate Planning, and prior to the merger she was Corporate Treasurer.
John J. Farrell	47	Director of Human Resources of Chase and Chase Bank. Prior to the merger, he held the same position at heritage Chase.
Frederick W. Hill	49	Director of Corporate Marketing and Communications of Chase and Chase Bank since 1997. Before joining Chase, he had been Senior Vice President, communications and community relations, for McDonnell Douglas Corporation since 1995.
William H. McDavid	53	General Counsel of Chase and Chase Bank.
Joseph L. Sclafani	50	Executive Vice President and Controller of Chase and Chase Bank.
Robert S. Strong	50	Executive Vice President and Chief Credit Officer of Chase and Chase Bank. Prior to the merger, he was responsible for the global portfolio management unit at heritage Chase.

Unless otherwise noted, during the five fiscal years ended December 31, 1999, all of Chase's above-named executive officers have continuously held senior-level positions with Chase or its predecessor institutions, Chemical Banking Corporation and The Chase Manhattan Corporation (heritage Chase), which merged on March 31, 1996. There are no family relationships among the foregoing executive officers.

PART II, III & IV

PART II

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The outstanding shares of Chase's common stock are listed and traded on the New York Stock Exchange and the London Stock Exchange Limited. For the quarterly high and low prices of 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 86. Chase declared quarterly cash dividends on its common stock in the amount of \$.41 per share for each quarter of 1999 and \$.36 per share for each quarter of 1998. At February 29, 2000, there were 97,725 holders of record of Chase's common stock.

During the fourth quarter of 1999, shares of common stock of Chase were issued in transactions exempt from registration under Section 4(2) of the Securities Act of 1933. Such shares of common stock of Chase were issued to retired directors who had deferred receipt of common stock pursuant to the Deferred Compensation Plan for Non-Employee Directors and to active directors who elected to receive, rather than defer, an annual stock grant. These issuances amounted to 320 shares on October 1, 1999, and 3,230 shares on December 1, 1999.

ITEM 6: SELECTED FINANCIAL DATA

For five-year selected financial data, see "Selected Financial Data (Unaudited)" on page 87.

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's discussion and analysis of financial condition and results of operations, entitled "Management's Discussion and Analysis", appears on pages 18 through 55.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information related to market risk, see the "Market Risk Management" section on pages 45 through 50, Note One on page 61 and Note Nineteen on page 77.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements, together with the notes thereto and the report of PricewaterhouseCoopers LLP dated January 18, 2000 thereon, appear on pages 56 through 86. Supplementary financial data for each full quarter within the two years ended December 31, 1999 is included on page 86 in the table entitled "Supplementary Information - Selected Quarterly Financial Data (Unaudited)". Also included is a "Glossary of Terms" on page 88.

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS OF CHASE

See Item 13 below.

ITEM 11: EXECUTIVE COMPENSATION

See Item 13 below.

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

See Item 13 below.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information related to Chase's Executive Officers is included on page 9. Pursuant to Instruction G (3) to Form 10-K, the remainder of the information to be provided in Items 10, 11, 12 and 13 of Form 10-K (other than information pursuant to Rule 402 (i), (k) and (l) of Regulation S-K) are incorporated by reference to Chase's definitive proxy statement for the annual meeting of stockholders, to be held May 16, 2000, which proxy statement will be filed with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days of the close of Chase's 1999 fiscal year.

PART IV

ITEM 14: EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) EXHIBITS, FINANCIAL STATEMENTS AND 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 56.

2. Financial Statement Schedules

None.

3. Exhibits

3.1 Restated Certificate of Incorporation of The Chase Manhattan Corporation (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-8 (File No. 333-07941) of The Chase Manhattan Corporation).

3.2 Certificate of Amendment of Restated Certificate of Incorporation of The Chase Manhattan Corporation (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-3 (File No. 333-56573) of The Chase Manhattan Corporation).

3.3 Certificate of Designations of Fixed/Adjustable Rate, Noncumulative Preferred Stock of The Chase Manhattan Corporation (incorporated by reference to Exhibit 3.3 to the Registration Statement on Form S-3 (File No. 333-56573) of The Chase Manhattan Corporation).

3.4 By-laws, as amended as of June 1, 1999, of The Chase Manhattan Corporation (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-8 (File No. 333-92217) of The Chase Manhattan Corporation).

4.1 Indenture, dated as of December 1, 1989, between Chemical Banking Corporation and The Chase Manhattan Bank (National Association), as succeeded to by Bankers Trust Company, as Trustee (incorporated by reference to Exhibit 4.9 to the Registration Statement on Form S-3 (File No. 33-32409) of Chemical Banking Corporation).

4.2(a) Indenture, dated as of April 1, 1987, as amended and restated as of December 15, 1992, between Chemical Banking Corporation and Morgan Guaranty Trust Company of New York, as succeeded to by U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, dated December 22, 1992, of Chemical Banking Corporation, File No. 1-5805).

4.2(b) Second Supplemental Indenture, dated as of October 8, 1996, between The Chase Manhattan Corporation and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), as Trustee, to the Indenture, dated as of April 1, 1987, as amended and restated as of December 15, 1992 (incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-3 (File No. 333-14959) of The Chase Manhattan Corporation).

4.3(a) Indenture, dated as of July 1, 1986, between The Chase Manhattan Corporation and Bankers Trust Company, as Trustee (incorporated by reference to Exhibit (4) (a) to the Registration Statement on Form S-3 (File No. 33-7299) of The Chase Manhattan Corporation).

4.3(b) First Supplemental Indenture, dated as of November 1, 1990, between The Chase Manhattan Corporation and Bankers Trust Company, as Trustee, to the Indenture, dated as of July 1, 1986 (incorporated by reference to Exhibit (4) (b) to the Registration Statement on Form S-3 (File No. 33-40485) of The Chase Manhattan Corporation).

4.3(c) Second Supplemental Indenture, dated as of May 1, 1991, between The Chase Manhattan Corporation and Bankers Trust Company, as Trustee, to the Indenture, dated as of July 1, 1986 (incorporated by reference to Exhibit (4) (c) to the Registration Statement on Form S-3 (File No. 33-42367) of The Chase Manhattan Corporation).

4.3(d) Third Supplemental Indenture, dated as of March 29, 1996, among Chemical Banking Corporation, The Chase Manhattan Corporation and Bankers Trust Company, as Trustee, to the Indenture, dated as of July 1, 1986 (incorporated by reference to Exhibit 4.18 to the Registration Statement on Form S-3 (File No. 333-14959) of The Chase Manhattan Corporation).

PART IV

- 4.4(a) Amended and Restated Indenture, dated as of September 1, 1993, between The Chase Manhattan Corporation and Chemical Bank, as Trustee (incorporated by reference to Exhibit (4)(cc) to the Current Report on Form 8-K, dated August 19, 1993, of The Chase Manhattan Corporation, File No. 1-5945).
- 4.4(b) First Supplemental Indenture, dated as of March 29, 1996, among Chemical Banking Corporation, The Chase Manhattan Corporation, Chemical Bank, as resigning Trustee, and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), as successor Trustee, to the Amended and Restated Indenture, dated as of September 1, 1993 (incorporated by reference to Exhibit 4.22 to the Registration Statement on Form S-3 (File No. 333-14959) of The Chase Manhattan Corporation).
- 4.4(c) Second Supplemental Indenture, dated as of October 8, 1996, between The Chase Manhattan Corporation and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), as Trustee, to the Amended and Restated Indenture, dated as of September 1, 1993 (incorporated by reference to Exhibit 4.23 to the Registration Statement on Form S-3 (File No. 333-14959) of The Chase Manhattan Corporation).
- 4.5(a) Indenture, dated as of May 15, 1993, between Margaretten Financial Corporation and The Bank of New York, as Trustee, relating to the 6 3/4% Guaranteed Notes due June 15, 2000 (incorporated by reference to Exhibit 4(a) to the Registration Statement on Form S-3 (No. 33-60262) of Margaretten Financial Corporation).
- 4.5(b) Supplemental Indenture, dated as of July 22, 1994, to the Indenture, dated as of May 15, 1993, among Margaretten Financial Corporation, Chemical Banking Corporation and The Bank of New York, as Trustee, and Guarantee, dated as of July 22, 1994, by Chemical Banking Corporation (incorporated by reference to Exhibit 4.34 to the Current Report on Form 8-K, dated September 28, 1994, of Chemical Banking Corporation, File No. 1-5805).
- 4.6 Junior Subordinated Indenture, dated as of December 1, 1996, between The Chase Manhattan Corporation and The Bank of New York, as Debenture Trustee (incorporated by reference to Exhibit 4.24 to the Registration Statement on Form S-3 (File No. 333-19719) of The Chase Manhattan Corporation).
- 4.7 Guarantee Agreement, dated as of January 24, 1997, between The Chase Manhattan Corporation and The Bank of New York, as Trustee, with respect to the Global Floating Rate Capital Securities, Series B, of Chase Capital II (incorporated by reference to Exhibit 4.8 to the Annual Report on Form 10-K, dated December 31, 1997, of The Chase Manhattan Corporation, File No. 1-5805).
- 4.8 Amended and Restated Trust Agreement, dated as of January 24, 1997, among The Chase Manhattan Corporation, The Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustees named therein, with respect to Chase Capital II (incorporated by reference to Exhibit 4.9 to the Annual Report on Form 10-K, dated December 31, 1997, of The Chase Manhattan Corporation, File No. 1-5805).
- 10.1 Deferred Compensation Plan for Non-Employee Directors of The Chase Manhattan Corporation and The Chase Manhattan Bank, as amended and restated effective December 1996 (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K, dated December 31, 1996, of The Chase Manhattan Corporation, File No. 1-5805).
- 10.2 Post-Retirement Compensation Plan for Non-Employee Directors, as amended and restated as of May 21, 1996 (incorporated by reference to Exhibit 10.2 to the Annual Report on Form 10-K, dated December 31, 1996, of The Chase Manhattan Corporation, File No. 1-5805).
- 10.3 Deferred Compensation Plan of Chemical Banking Corporation and Participating Companies, as amended through January 1, 1993 (incorporated by reference to Exhibit 10.5 to the Annual Report on Form 10-K, dated December 31, 1994, of Chemical Banking Corporation, File No. 1-5805).
- 10.4 The Chase Manhattan Corporation 1996 Long-Term Incentive Plan (incorporated by reference to Schedule 14A, filed on April 17, 1996, of The Chase Manhattan Corporation, File No. 1-5805).
- 10.5 The Chase Manhattan 1994 Long-Term Incentive Plan (incorporated herein by reference to Exhibit 100 to The Chase Manhattan Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994, File No. 1-5945).
- 10.6 Amendment to The Chase Manhattan 1994 Long-Term Incentive Plan (incorporated herein by reference to Exhibit 10S to The Chase Manhattan Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, File No. 1-5945).

- 10.7 Chemical Banking Corporation Long-Term Stock Incentive Plan, as amended and restated as of May 19, 1992 (incorporated by reference to Exhibit 10.7 to the Annual Report on Form 10-K, dated December 31, 1992, of Chemical Banking Corporation, File No. 1-5805).
- 10.8 The Chase Manhattan 1987 Long-Term Incentive Plan, as amended (incorporated by reference to Exhibit 10A to The Chase Manhattan Corporation's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-5945).
- 10.9 Amendment to The Chase Manhattan 1987/82 Long-Term Incentive Plan (incorporated by reference to Exhibit 10T to the Quarterly Report on Form 10-Q, for the quarter ended September 30, 1995, of The Chase Manhattan Corporation, File No. 1-5945)
- 10.10 Long Term Incentive Program of Manufacturers Hanover Corporation (incorporated by reference to Exhibit 10.10 to the Annual Report on Form 10-K, dated December 31, 1997, of The Chase Manhattan Corporation, File No. 1-5805).
- 10.11 Key Executive Performance Plan of The Chase Manhattan Corporation, as amended and restated January 1, 1999 (incorporated by reference to Schedule 14A, filed on March 25, 1999, of the The Chase Manhattan Corporation, File No. 1-5805).
- 10.12 The Chase Manhattan Annual Incentive Arrangement for Certain Executive Officers (incorporated by reference to Exhibit 10W to the Quarterly Report on Form 10-Q, for the quarter ended September 30, 1995, of The Chase Manhattan Corporation, File No. 1-5945)
- 10.13 Forms of severance agreements as entered into by The Chase Manhattan Corporation and certain of its executive officers (incorporated by reference to Exhibit 10.13 to the Annual Report on Form 10-K, dated December 31, 1997, of The Chase Manhattan Corporation, File No. 1-5805).
- 10.14 Form of termination agreement as entered into by The Chase Manhattan Corporation and Donald L. Boudreau (incorporated by reference to the Annual Report on Form 10-K, dated December 31, 1994, of The Chase Manhattan Corporation, File No. 1-5945).
- 10.15 Form of amendment to the termination agreement as entered into by The Chase Manhattan Corporation and Donald L. Boudreau (incorporated by reference to the Quarterly Report on Form 10-Q, dated September 30, 1995, of The Chase Manhattan Corporation, File No. 1-5945).
- 10.16 Permanent Life Insurance Options Plan (incorporated by reference to Exhibit 10.11 to the Annual Report on Form 10-K, dated December 31, 1992, of Chemical Banking Corporation, File No. 1-5805).
- 10.17 Executive Retirement Plan of Chemical Banking Corporation and Certain Subsidiaries (incorporated by reference to Exhibit 10.8 to the Annual Report on Form 10-K, dated December 31, 1995, of Chemical Banking Corporation, File No. 1-5805).
- 10.18 Supplemental Retirement Plan of Chemical Bank and Certain Affiliated Companies, restated effective January 1, 1993 and as amended through January 1, 1995 (incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K, dated December 31, 1995, of Chemical Banking Corporation, File No. 1-5805).
- 10.19 Supplemental Retirement Plan of The Chase Manhattan Bank, as amended (incorporated by reference to Exhibit 10G of The Chase Manhattan Corporation's Annual Report on Form 10-K for the year ended December 31, 1989, File No. 1-5945).
- 10.20 Further Amendment to the Supplemental Retirement Plan of The Chase Manhattan Bank (incorporated by reference to Exhibit 10G of The Chase Manhattan Corporation's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-5945)
- 10.21 Amendment to Supplemental Retirement Plan of The Chase Manhattan Bank (incorporated herein by reference to Exhibit 10Z to The Chase Manhattan Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, File No. 1-5945).
- 10.22 Supplemental Benefit Plan of The Chase Manhattan Bank, as amended (incorporated by reference to Exhibit 10H of The Chase Manhattan Corporation's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-5945).
- 10.23 Amendment to Supplemental Benefit Plan of The Chase Manhattan Bank (incorporated herein by reference to Exhibit 10AA to The Chase Manhattan Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, File No. 1-5945).
- 10.24 TRA86 Supplemental Benefit Plan of The Chase Manhattan Bank, as amended (incorporated by reference to Exhibit 10I of The Chase Manhattan Corporation's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-5945).

PART IV

- 10.25 Amendment to TRA86 Supplemental Benefit Plan of The Chase Manhattan Bank (incorporated herein by reference to Exhibit 10BB to The Chase Manhattan Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, File No. 1- 5945).
- 11.1 Computation of earnings per common share.
- 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 The Chase Manhattan Corporation.
- 22.1 Annual Report on Form 11-K of the 401(k) Savings Plan of The Chase Manhattan Bank (to be filed by amendment pursuant to Rule 15d-21 under the Securities Exchange Act of 1934).
- 23.1 Consent of Independent Accountants.
- 27.1 Financial Data Schedule.

The Chase Manhattan Corporation hereby agrees to furnish to the Commission, upon request, copies of instruments defining the rights of holders for the outstanding nonregistered long-term debt of The Chase Manhattan Corporation and its subsidiaries. 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 The Chase Manhattan Corporation and its subsidiaries on a consolidated basis. In addition, The Chase Manhattan Corporation hereby agrees to file with the Commission, upon request, the Guarantees and the Amended and Restated Trust Agreements for each Delaware business trust subsidiary that has issued Capital Securities. The provisions of such agreements differ from the documents constituting Exhibits 4.8 and 4.9 to this report only with respect to the pricing terms of each series of Capital Securities; these pricing terms are disclosed in Footnote Six of the Notes to Consolidated Financial Statements on page 69.

(B) REPORTS ON FORM 8-K

- o A Current Report on Form 8-K dated October 20, 1999 was filed on October 21, 1999 setting forth The Chase Manhattan Corporation's financial results for the third quarter of 1999.
- o A Current Report on Form 8-K dated November 1, 1999 was filed on November 2, 1999 announcing that fourth quarter trading revenues would be reduced by approximately \$60 million as a result of the correction of prior period trading profits.

This section of the Annual Report provides Management's Discussion and Analysis of financial condition and results of operations for The Chase Manhattan Corporation ("Chase"). See Glossary of Terms on page 88 for a definition of terms used throughout this Annual Report.

Certain Forward-Looking Statements

The Management's Discussion and Analysis contains certain forward-looking statements. Those forward-looking statements are subject to risks and uncertainties and Chase's actual results may differ from those statements. See Chase's reports filed with the Securities and Exchange Commission for a discussion of factors that may cause any differences to occur.

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=> MANAGEMENT'S DISCUSSION AND ANALYSIS
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OVERVIEW

Year ended December 31, (In millions, except per share and ratio data)	1999	1998	Over/ (Under) 1998
OPERATING BASIS (A)			
Revenue	\$22,982	\$19,613	17%
Earnings	5,394	4,016	34
Diluted Earnings Per Share	6.21	4.51	38
Diluted Cash Earnings Per Share	6.56	4.81	36
Shareholder Value Added	2,763	1,406	97
Return on Average Common Equity	24.2%	18.4%	580 bp
Efficiency Ratio	52	55	(300)bp
Cash Efficiency Ratio	51	54	(300)bp
REPORTED BASIS			
Net Income	\$ 5,446	\$ 3,782	44%
Diluted Net Income Per Share	6.27	4.24	48
Return on Average Common Equity	24.5%	17.3%	720 bp
Tier 1 Capital Ratio	8.4	8.3	100 bp

(a) Operating basis excludes the impact of credit card securitizations, restructuring costs and special items. Cash basis is operating basis excluding the impact of the amortization of goodwill and certain other intangibles. See page 20 for further discussion.

bp- Denotes basis points; 100 bp equals 1%.

Chase's 1999 financial results added another solid year to its track record since the 1996 merger of Chase and Chemical, demonstrating the power of Chase's leadership positions and its effective management of capital, risk and expenses. For 1999, operating earnings increased 34% to \$5.4 billion, and diluted operating earnings per share rose 38% to \$6.21. Since the merger, Chase has produced a compound annual growth rate in operating revenues of 11%, a compound annual growth rate in earnings per share of 20% and a return on common equity in excess of 18%.

Diverse Franchise

During 1999, Global Bank had cash operating earnings growth of 49% and revenue growth of 30%, reflecting its increasing market share in investment banking and capital markets activities and its significant private equity business. National Consumer Services posted a 16% increase in cash operating earnings, reflecting improved credit quality and business volume increases, and produced an 8% growth in revenues. Global Services had cash operating earnings growth of 8% and revenue growth of 10%, reflecting the benefit of its leadership positions in a consolidating industry, despite a decline in the level of excess balances maintained by customers.

[Graph 1--See Appendix 1]

OPERATING HIGHLIGHTS FOR 1999:

- => Revenue growth of 17%
- => Earnings per share growth of 38%
- => Shareholder Value Added of \$2.76 billion, up 97%
- => Return on Common Equity of 24%
- => Repurchase of \$2.3 billion of equity and dividend increase of 14%
- => Acquisition of Hambrecht & Quist Group in December 1999

Financial Disciplines

Chase's market-leading businesses are managed with strict financial discipline, with attention to risk, capital and expense management so that they can continue to deliver value for shareholders.

- o Risk management focuses on credit, market and operating risks. Risk management processes include diversification, management of concentrations and stress testing. The allocation of risk-adjusted capital is used to measure the performance of its business units. For example, the capital required to support the commercial loan portfolio declined during the year as credit quality improved.

[Graph 2--See Appendix 1]

Despite an increase in syndicated loans arranged by Chase, the overall commercial loan portfolio on the balance sheet declined slightly as a result of Chase's disciplined loan distribution process. Market risk discipline, including the use of stress testing, extends across all of Chase's businesses. Stress test exposure to potential loss in difficult markets is subject to a system of advisory limits and drives market risk capital allocations.

- o Capital management is driven by the measurement of Shareholder Value Added ("SVA") and a commitment by Chase to strong capitalization. During 1999, risk-weighted assets grew 4%, the Tier 1 Capital ratio exceeded management's target range of 8 - 8.25% and free cash flow from operations permitted significant stock repurchases and important strategic investments.
- o Expense management has resulted in a 51% cash efficiency ratio for 1999. Each year, Chase looks to balance the annual growth rate in operating noninterest expense and the growth rate in revenues. Long-term initiatives, such as the formation of Chase Business Services in 1998 and the planned relocation of major processing operations to lower-cost geographic sites, create longer-term efficiencies and expense savings to support Chase's investment in its growth businesses.

[Graph 3--See Appendix 1]

Investing for Growth

Investing for growth is one of Chase's strategic priorities: a commitment to use its resources to strengthen its competitiveness where it has leadership positions. Recent investments by Chase include the acquisition of the investment banking firm of Hambrecht & Quist Group ("H&Q"), an acquisition of a major mortgage business and a credit card portfolio. Progress also continued on Chase.com initiatives, including an initial public offering by ShopNow.com, an internet company in which Chase has both an equity investment and a credit card alliance; and a venture in Intelisys, an e-commerce business-to-business procurement company.

Chase is a strong believer in e-commerce to propel ongoing growth. Chase.com is intended to be Chase's incubator for developing new internet businesses and for entering into internet-related alliances and joint ventures in order to create significant value for the future. Chase also is web-enabling its existing businesses to enhance distribution and gain new efficiencies. Also, a growing part of Chase's internet business practice is supporting the evolution and growth in the New Economy and, accordingly, approximately 63% of Chase's Private Equity direct investments are in the New Economy.

1999 INITIATIVES

- => Acquisitions
 - o Hambrecht & Quist Group
 - o Mellon Bank Corporation's mortgage business
 - o Huntington National Bank's credit card portfolio
 - => E-Commerce
 - o Chase.com creation
 - o ShopNow.com joint venture (internet shopping mall)
 - o Intelisys joint venture (procurement company)
 - o Spectrum joint venture (electronic bill payment)
 - => Efficiency
 - o Announced planned move of significant processing operations to Houston, Dallas and Tampa
 - o Selling nonstrategic real estate and branches
 - o Consolidation of asset management business
-

Financial Performance Goals

Chase has targeted its financial performance goals over time as:

- o average ROCE of 18% or higher
- o annual growth in operating revenue exceeding 10%
- o double-digit growth in operating earnings per share

MANAGEMENT'S DISCUSSION AND ANALYSIS
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MANAGEMENT PERFORMANCE MEASUREMENTS

-
- => Performance is measured on an operating basis
- => Shareholder Value Added is Chase's primary performance measure of its businesses
-

Operating Basis

Results on an operating basis exclude the impact of restructuring costs, credit card securitizations, and nonrecurring gains and losses (special items). Special items are viewed by management as those revenue and expense transactions that are not part of Chase's normal day-to-day business operations or are unusual in nature, thereby impacting management's analysis of trends. For example, special items include gains or losses on sales of significant nonstrategic assets; interest income from the refund of prior years' taxes; or infrequent charges such as the accelerated vesting of employee stock-based incentive awards. In 1999, management generally defined special items as nonrecurring revenues or expenses in excess of \$50 million.

Periodically, Chase securitizes a portion of its credit card portfolio by selling a pool of credit card receivables to a trust, which issues securities to investors. The receivables underlying the securities that were sold to investors are not included in Chase's consolidated results. Securitization changes Chase's status from that of a lender to that of a servicer. When credit card receivables are securitized, Chase ceases to accrue interest on the receivables and instead receives fees for continuing to service those receivables. As a result, securitization does not significantly affect Chase's reported and operating net income; however, it does affect the classification of items in the Consolidated Statement of Income.

Cash Operating Earnings

Cash operating earnings are defined as operating earnings excluding the impact of amortization of goodwill and certain other intangibles. Cash operating earnings provide management with an indicator of each of its businesses' free cash flow.

Shareholder Value Added

Introduced in 1998, SVA is defined as cash operating earnings minus preferred dividends and a charge for allocated equity capital. The capital charge is calculated by multiplying 13% (management's proxy for the after-tax return required by shareholders for the use of their capital) by the amount of risk-adjusted capital assigned to each business unit.

SVA measures the incremental return generated by each business unit above that required by Chase's shareholders. For example, if new capital can be employed over time at a return in excess of 13% or if activities or assets that do not return 13% on capital can be eliminated, SVA will increase. SVA measures the dollar benefit (or cost) of employing capital to the business units versus returning capital to shareholders. Management measures each business unit on its contribution to long-term growth in SVA.

The following table provides a reconciliation between Chase's reported financial statements and as presented on an operating basis.

Year Ended December 31, (in millions, except per share data)	1999			
	Reported Results (a)	Credit Card (b)	Special Items (c)	Operating Basis

INCOME STATEMENT				
Market-Sensitive Revenue	\$ 7,392	\$ --	\$ --	\$ 7,392
Less Market-Sensitive Revenue	14,825	993	(228)	15,590

Total Revenue	22,217	993	(228)	22,982
Noninterest Expense	12,173	--	(100)	12,073

Operating Margin	10,044	993	(128)	10,909
Credit Costs	1,621	993	--	2,614

Income Before Restructuring Costs	8,423	--	(128)	8,295
Restructuring Costs	48	--	(48)	--

Income Before Income Tax Expense	8,375	--	(80)	8,295
Tax Expense	2,929	--	(28)	2,901

Net Income	\$ 5,446	\$ --	\$ (52)	\$ 5,394

Net Income Per Common Share:				
Basic	\$ 6.49			\$ 6.42
Diluted	6.27			6.21

Year Ended December 31, (in millions, except per share data)	Reported Results (a)	Credit Card (b)	Special Items (c)	Operating Basis
INCOME STATEMENT				
Market-Sensitive Revenue	\$ 5,027	\$ --	\$ --	\$ 5,027
Less Market-Sensitive Revenue	13,629	1,148	(191)	14,586
Total Revenue	18,656	1,148	(191)	19,613
Noninterest Expense	10,854	--	(37)	10,817
Operating Margin	7,802	1,148	(154)	8,796
Credit Costs	1,343	1,148	--	2,491
Income Before Restructuring Costs	6,459	--	(154)	6,305
Restructuring Costs	529	--	(529)	--
Income Before Income Tax Expense	5,930	--	375	6,305
Tax Expense	2,148	--	141	2,289
Net Income	\$ 3,782	\$ --	\$ 234	\$ 4,016
Net Income Per Common Share:				
Basic	\$ 4.35			\$ 4.63
Diluted	4.24			4.51

(a) Represents the amounts that are reported in Chase's financial statements. The only exception is that revenues are categorized between market-sensitive and less market-sensitive revenues, and restructuring costs have been separately displayed.

(b) This column excludes the impact of credit card securitizations. For securitized receivables, amounts that previously would have been reported as net interest income and as provision for loan losses are instead reported as components of noninterest revenue.

(c) Includes restructuring costs and special items. The 1999 special items include \$62 million of interest income from prior years' tax refunds, \$166 million in gains from sales of nonstrategic assets (\$95 million was from the sale of One New York Plaza and \$71 million was from the sale of branches in Beaumont, Texas) and a \$100 million special contribution to The Chase Manhattan Foundation. In 1998, the results included \$191 million of interest income from prior years' tax refunds and \$37 million of costs incurred for accelerated vesting of stock-based incentive awards.

RESULTS OF OPERATIONS

The following section provides a discussion of Chase's results of operations as reported in its financial statements as well as on an operating basis. Management categorizes its revenue components as either market-sensitive or less market-sensitive.

MARKET-SENSITIVE REVENUE

-
- => Market-sensitive revenues in 1999 increased 47% over 1998
- => Market-sensitive revenues have increased at a compound annual growth rate of approximately 15% since 1988
-

Market-sensitive revenues are derived from Chase's extensive Global Bank franchise. These revenues typically are more sensitive to global market factors than those produced by other Chase businesses.

Market-sensitive revenues include investment banking fees, trading revenues (including trading-related net interest income), securities gains and private equity gains. In 1999, total market-sensitive revenues rose by 47% and were approximately \$1,441 million above Chase's current trendline.

[Graph 4--See Appendix 1]

Year Ended December 31, (in millions)	----- 1999	----- 1998
Investment Banking Fees	\$1,887	\$1,502
Trading-Related Revenue	2,882	1,949
Securities Gains	101	609
Private Equity Gains	2,522	967
Total Market-Sensitive Revenue	\$7,392	\$5,027

INVESTMENT BANKING FEES

Chase's investment banking franchise provides integrated financial solutions to corporations, financial institutions, governments, financial sponsors and entrepreneurs worldwide. Investment banking fees include fees from loan syndications, debt and equity securities underwriting, and merger and acquisition advisory activities.

Investment banking fees rose 26% to \$1.89 billion in 1999. These strong results were due to significant market share growth in loan syndications, merger and acquisitions advisory, and corporate bond underwriting, plus focused initiatives in Europe and the New Economy. They also reflect Chase's ability to leverage its broad customer base, strong distribution network and leadership positions in an attractive financial market environment. Over the past five years, Chase's investment banking fees have increased at a compound annual growth rate of 26%.

Loan Syndications

Chase has been the world's leading arranger of syndicated loan financing for eight consecutive years. The syndicated loan market is the world's largest new-issue corporate capital market. During 1999, Chase was book manager on 34% of U.S. syndicated credit facilities, up significantly from 26% in 1998. This represented \$357 billion in 1999, a volume increase of 31% over the prior year. Chase has led numerous benchmark syndicated loan transactions in 1999, including those for New Economy companies, non-U.S. borrowers and acquisition-related financings.

Year Ended December 31,	----- 1999		----- 1998	
	U.S. Market Rank	Share	U.S. Market Rank	Share
Loan Syndications(a)	1	34%	1	26%
High-Yield(b)	4	11%	6	6%
Investment Grade(a)	3	12%	5	8%
Mergers and Acquisitions(a)	6	14%	9	10%

(a) Source is Thomson Financial Securities Data ("TFSD").

(b) Source is McCarthy, Crisanti & Maffei, Inc ("MCM").

Debt and Equity Securities Underwriting

Chase underwrites a wide variety of debt securities globally and, as a result of the acquisition of H&Q, now provides equity underwriting to the fastest growing sectors of the New Economy in the U.S. Before being acquired by Chase, H&Q

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ranked as the 3rd leading equity underwriter to the technology sector. Over the past three years, Chase has become a "bulge bracket" underwriter in investment grade and high-yield corporate U.S. debt securities as well as Asian bonds, in addition to its long-standing strong Latin American capabilities.

Merger and Acquisition Advisory

High levels of merger and acquisition advisory activities continued throughout 1999 as a result of consolidation and globalization among various industries. Chase advised on merger and acquisition transactions totaling \$295 billion in worldwide announced transaction volume, a 68% increase from the prior year. Chase has improved in market rank and share, rising to 6th in the U.S. and 14% in the U.S., respectively.

[Graph 5--See Appendix 1]

TRADING-RELATED REVENUE

Chase's extensive trading organization serves institutional investors and corporations from a network of 30 trading rooms around the world. Chase is the world's largest foreign exchange and derivatives dealer (with more than \$12 trillion in notional volume outstanding). Chase makes markets in more than 60 currencies and is the leading market maker in U.S. dollar interest rate products. Products include spot and forward foreign exchange contracts, as well as a broad array of derivative financial instruments that are used by clients to manage exposures to changes in interest rates, currencies, and equities and commodities prices.

Chase also is a market maker in the major debt markets, with particular emphasis on the U.S., the new Euro and cross-border markets.

Trading-related revenue, which includes trading-related net interest income, increased 48% from 1998 to \$2.88 billion, primarily as a result of strong performance across traditional products, particularly debt instruments and interest rate products, and in other products, such as equity and commodity derivatives.

During the fourth quarter of 1999, trading-related revenues were reduced by approximately \$60 million as a result of a correction of trading revenues from previous periods.

Interest Rate Contracts

Revenue from interest rate contracts increased in 1999 as a result of interest rate movements in the European markets. Additionally, the 1998 results were negatively impacted by the economic crisis in Asia.

Foreign Exchange

During 1999, foreign exchange revenues, although strong, declined due to a return to relatively normal volatility in the Asian markets.

Equities and Commodities

Equities and commodities revenue increased for 1999, reflecting favorable market conditions for equity derivative products throughout 1999 and a focus on structured deals.

Debt Instruments and Other

The increase in debt instruments and other resulted from continued improvement in emerging markets activities and in the high-grade bond market, when compared with the unsettled markets of 1998. The 1999 results reflected buoyant primary and secondary debt markets in the U.S. investment grade and Latin American sectors and generally increased market penetration globally.

Year Ended December 31, (in millions)	1999	1998
Trading Revenue - Reported(a)	\$2,137	\$1,238
Net Interest Income Impact(b)	745	711
Total Trading-Related Revenue	\$2,882	\$1,949
Product Diversification:		
Interest Rate Contracts(b)	\$ 989	\$ 607
Foreign Exchange Revenue(b)	807	936
Equities and Commodities(b)	355	156
Debt Instruments and Other(b)	731	250
Total Trading-Related Revenue	\$2,882	\$1,949

(a) Impact of charge-offs for risk management instruments are included in trading revenue. All prior periods have been restated.

(b) For descriptions of net interest income impact and the classes of financial instruments comprising these categories, see Note Two.

Securities investments primarily include liquid securities held in connection with Chase's treasury activities. Chase's domestic and international treasury units manage Chase's asset and liability interest rate risk.

Securities gains realized in 1999 were \$101 million, compared with \$609 million in the prior year. The decline in 1999 was due to higher market interest rates during the year. Additionally, due to adverse market conditions that existed during 1998, many investors chose safer investments, such as U.S. Treasuries, which increased the value of these securities. The 1998 results include significant gains from the sale of these securities.

PRIVATE EQUITY GAINS

Private equity gains largely result from the business of Chase Capital Partners ("CCP"), one of the world's largest and most diversified private equity investors, with investments in more than 25 countries. The table to the right shows CCP's direct and fund investment portfolio, totaling \$8.7 billion at December 31, 1999. In addition, CCP manages \$6.3 billion of leveraged loan/high-yield funds and investments in other equity and asset funds, bringing total funds under management to \$15 billion.

CCP invests throughout the entire life cycle of the business development process and was an early investor in the New Economy. Approximately 63% of CCP's direct investments are in technology, information services, media, telecommunications and life science companies. As a result, Chase is one of the largest participants in this field.

The level of CCP investments has approximately doubled every two years since 1995, reflecting a compound annual growth rate of 43%. The time period for investments to mature also has shortened significantly. These two factors, and a stock market receptive to technology and telecommunications stocks, have contributed to the strong 1999 results.

CCP INVESTMENT PORTFOLIO

December 31, 1999 (in millions)	Carrying Value	Cost
Public Securities (68 Companies)	\$2,611	\$ 707
Non-Public Direct Securities (503 Companies)	4,214	4,332
Non-Public Fund Investments (282 Funds)	1,844	1,867
Total Investment Portfolio	\$8,669	\$6,906

Private equity gains for 1999 totaled \$2.52 billion, an increase of \$1.56 billion (or 161%) over the prior year. These results reflect CCP's increased investment pace, early focus on New Economy areas and a strong equity market. Fueling revenues were initial public offerings of portfolio positions such as Triton PCS, Telecorp PCS, StarMedia and iXL Enterprises; appreciation of other positions; and realized gains from sales of both public and private investments.

PRIVATE EQUITY GAINS

Year Ended December 31, (in millions)	1999	1998
Realized Gains	\$1,257	\$ 916
Mark-to-Market Gains	1,265	51
Total Private Equity Gains	\$2,522	\$ 967

The table above breaks out the private equity gains between realized gains from investment sales and those gains recognized through mark-to-market appreciation. For 1999, approximately half of CCP's private equity revenue was from realized gains.

Since its inception in 1984, CCP has made more than 950 direct equity and mezzanine investments. Since 1984, aggregate liquidated investments have generated internal rates of return in excess of 40%. The pie graph below reflects the diversification of CCP's portfolio by industry sector. CCP also has diverse revenue streams with each industry sector generating internal rates of return of at least 20%.

Chase believes that equity-related investments will continue to make substantial contributions to its earnings, although the timing of the recognition of gains is unpredictable and revenues could vary significantly from period to period.

For a further discussion of CCP's business, visit the CCP web site at: www.chasecapital.com.

[Graph 6--See Appendix 1]

[Graph 7--See Appendix 1]

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LESS MARKET-SENSITIVE REVENUE

=> Less market-sensitive revenues on an operating basis increased 7% in 1999 over 1998

=> Less market-sensitive revenues comprise approximately 68% of Chase's total revenues

Since 1988, less market-sensitive revenues have increased at a CAGR of 3%; however, Chase has experienced an acceleration of this growth rate, as evidenced by annual growth in less market-sensitive revenues of 6 - 8% per year in each of the last four years.

Less market-sensitive revenue on an operating basis includes the components in the table to the right.

Less market-sensitive revenues derive largely from Chase's extensive domestic consumer banking activities, global services and global private banking franchises and from credit products provided to large corporate and middle market clients. These revenues generally experience less market volatility than those global banking revenues which are characterized as market-sensitive.

Year Ended December 31, (in millions)	1999	1998	% Change
Net Interest Income (excluding Trading-Related NII)	\$ 9,272	\$ 9,124	2%
Less Market-Sensitive Fee Revenue:			
Trust, Custody and Investment Management Fees	1,801	1,543	
Credit Card Revenue	1,380	1,175	
Fees for Other Financial Services	2,496	2,093	
Total Less Market-Sensitive Fee Revenue	5,677	4,811	18
Other Revenue	641	651	(2)
Total Less Market-Sensitive Revenue	\$15,590	\$14,586	7%

NET INTEREST INCOME

Net interest income ("NII") is derived from all three of Chase's business franchises. Less market-sensitive operating NII adjusts reported NII for special items, the impact of credit card securitizations and the trading-related NII that is considered part of market-sensitive revenue. The following table reconciles reported NII and less market-sensitive operating NII.

Year Ended December 31,	1999	1998	% Change
Net Interest Income (in millions)			
Reported NII	\$ 8,744	\$ 8,566	2%
Add Impact of Credit Card Securitizations	1,335	1,460	
Less Trading-Related NII	(745)	(711)	
Less Interest on Tax Refunds (a)	(62)	(191)	
Operating NII (Less Market-Sensitive)	\$ 9,272	\$ 9,124	2%
Average Interest-Earning Assets (in billions)			
Reported	\$ 294.2	\$ 296.8	(1)%
Add Impact of Credit Card Securitizations	17.7	18.0	
Less Trading-Related Assets	(52.2)	(61.4)	
Managed (Less Market-Sensitive)	\$ 259.7	\$ 253.4	2%
Net Yield on Interest-Earning Assets (b)			
Reported	2.98%	2.89%	9 bp
Add Impact of Credit Card Securitizations	0.26	0.30	(4)
Impact of Trading-Related NII	0.36	0.48	(12)
Less Impact of Tax Refunds (a)	(0.02)	(0.06)	4
Managed (Less Market-Sensitive)	3.58%	3.61%	(3)bp

(a) In management's view, these tax refunds are special items and are excluded from operating results.

(b) Disclosed on a taxable equivalent basis

bp- Denotes basis points; 100 bp equals 1%.

Reported NII was \$8.74 billion in 1999, an increase of 2% from 1998, and operating NII also increased 2% to \$9.27 billion in 1999. The increase in operating NII was primarily due to higher average managed interest-earning assets, particularly domestic consumer loans. These increases were partially offset by a decline in the average foreign commercial loan portfolio, as Chase continued to reduce its exposure to emerging markets during 1999.

The net yield on a managed basis was 3.58% for 1999, down slightly from 1998. A slight improvement in commercial loan spreads was offset by a decline in interest-free balances (noninterest-bearing funds which support interest-earning assets). As a result of decreases in both the volume and rate earned on interest-free funds, interest-free funds contributed 58 basis points to the net yield in 1999, down from 82 basis points in 1998.

TRUST, CUSTODY AND INVESTMENT MANAGEMENT FEES

Trust, Custody and Investment Management Fees, which are generated by each of the three major franchises, rose 17% to \$1.80 billion in 1999. These favorable results were largely attributable to portfolio acquisitions in the institutional trust business in late 1998 and internally generated growth in the personal and mutual funds businesses.

Institutional

Chase's institutional trust business provides custody and other investor services to mutual funds, investment managers, pension funds, insurance companies and financial institutions throughout the world. Also provided are securities processing services, including trustee and agency services for corporations, municipalities and other issuers. Revenues increased 19% primarily due to the Morgan Stanley Dean Witter & Co. ("Morgan Stanley") global custody acquisition and the PNC Bank Corp. ("PNC") corporate trust portfolio acquisition (both in late 1998), coupled with increased business activity.

Personal

Chase's personal trust fees reflect the business done with retail-based customers and high net worth individuals. Revenues for 1999 grew 11%, when compared with 1998, reflecting strong growth in the U.S.

Year Ended December 31, (in millions)	1999	1998
Trust, Custody and Investment Management Fees:		
Institutional (a)	\$1,076	\$ 905
Personal (b)	518	466
Mutual Funds (c)	174	136
Other Trust Fees	33	36
Total	\$1,801	\$1,543

- (a) Represents fees for trustee, agency, registrar, securities-lending and broker-clearing, custody and maintenance of securities.
- (b) Represents fees for trustee, estate, custody, advisory and investment management services.
- (c) Represents investment management, administrative, custody and other fees in connection with Chase's proprietary global mutual funds.

Mutual Funds

Revenues from Chase's global mutual funds for 1999 increased 28% as the market value of fund assets under management continued to increase during 1999.

The following table shows the growth in Chase's assets under custody and under management. The increase in institutional assets under custody was primarily due to the previously-mentioned portfolio acquisitions.

December 31, (in billions)	1999	1998
Assets Under Administration/Custody:		
Institutional	\$5,415	\$4,646
Personal	110	99
Mutual Funds	51	42
Total	\$5,576	\$4,787
Assets Under Management:		
Institutional	\$ 116	\$ 92
Personal	56	52
Mutual Funds	54	46
Total	\$ 226	\$ 190

CREDIT CARD REVENUE

Chase is the 4th largest bank card issuer in the U.S. At year-end 1999, worldwide managed credit card outstandings stood at \$34 billion, reflecting a 4% increase over the 1998 level.

Credit card revenues include interchange income (which is a transaction-processing fee), late fees, cash advance, annual and overlimit fees as well as servicing fees associated with securitization activities.

Credit card revenue on a reported basis increased 15% for 1999. The higher revenues were due to increased customer usage, higher late fees and lower charge-offs on the securitized portfolio (which increased the servicing fees Chase received from this portfolio).

The following table reconciles Chase's reported credit card revenue and operating credit card revenue, which excludes the impact of credit card securitizations.

Year Ended December 31, (in millions)	1999	1998
Reported Credit Card Revenue	\$1,698	\$1,474
Less Impact of Credit Card		

Securitizations	(318)	(299)

Operating Credit Card Revenue	\$1,380	\$1,175

For a further discussion of the credit card portfolio, see page 41.

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FEES FOR OTHER FINANCIAL SERVICES

Year Ended December 31, (in millions)	1999	1998
Fees for Other Financial Services:		
Mortgage Servicing Fees	\$ 405	\$ 192
Service Charges on Deposit Accounts	393	368
Fees in Lieu of Compensating Balances	378	344
Commissions on Letters of Credit and Acceptances	285	301
Brokerage and Investment Services	198	142
Insurance Fees	171	145
Loan Commitment Fees	139	136
Other Fees	527	465
Total Fees for Other Financial Services	\$2,496	\$2,093

Fees for other financial services increased to \$2.50 billion in 1999. The table above provides the significant components of fees for other financial services.

- o Mortgage servicing fees increased by 111% in 1999 due to a larger servicing portfolio and a lower amortization rate on the mortgage servicing rights. The servicing portfolio increased 46% from prior year levels due to lower prepayments, higher origination volume and the acquisition of the mortgage business from Mellon Bank Corporation ("Mellon") in the third quarter of 1999. During 1999, mortgage interest rates increased, which resulted in lower prepayments of mortgage loans and, as a result, lowered the amortization rate of the mortgage servicing rights.
- o Service charges on deposits increased 7% during 1999, reflecting growth in customer deposits and higher fees charged on deposit-related products.
- o Fees in lieu of compensating balances increased 10% as a result of greater utilization of products by customers and a decrease in the deposit levels of customers paying with compensating balances.
- o Brokerage and investment services rose \$56 million for the year due to a significant increase in customer activity at Brown & Company, Chase's discount brokerage firm within National Consumer Services. In the past year, Brown & Company has tripled its average trades per day to approximately 35,000, two-thirds of which are now online.
- o Insurance fees include fees from credit-related products (such as insuring the payment of credit card and auto loans in the event of loss of life, disability and other catastrophic events), as well as from non-credit-related products (such as life, health and property insurance, and annuities). In 1999, insurance fees rose 18% primarily due to higher annuity sales and new business relating to insuring the payment of credit card debts.
- o Other fees rose 13% during 1999 due to higher interchange income related to debit card transactions, cash management fees pertaining to EZ Pass and higher business volume across a number of products.

OTHER REVENUE

Year Ended December 31, (in millions)	1999	1998
Other Revenue:		
Residential Mortgage		
Origination/Sales Activities	\$ 323	\$ 356
All Other Revenue	318	295
Operating Other Revenue	641	651
Gains on Sales of		
Nonstrategic Assets (a)	166	--
Credit Card Securitizations	24	13
Reported Other Revenue	\$ 831	\$ 664

- (a) In management's view, these gains are special items and are excluded from operating results.

Reported other revenue includes gains from the sale of nonstrategic assets and the impact of credit card securitizations. The 1999 reported results included two special gains: \$95 million from the sale of One New York Plaza and \$71 million from the sale of branches in Beaumont, Texas.

Operating other revenue decreased 2% during 1999 and reflects:

- o Lower revenue from residential mortgage activities (which includes origination and sales of loans and selective dispositions of mortgage servicing rights) as a result of higher interest rates and more competitive pricing during 1999, resulting in lower margins on loan sales;
- o An increase in operating all other revenue, which includes gains in 1999 from sales of student loans, a gain on the sale of upstate New York branches and improved results from the Octagon Credit Investment Fund

(which was established in early 1998, and substantially sold to investors in late 1999), partially offset by the effect of a gain in 1998 from the sale of a foreign operation.

NONINTEREST EXPENSE

-
- => Chase manages operating noninterest expense to support revenue growth
- => Cash operating efficiency ratio of 51% for 1999
-

Year Ended December 31, (in millions, except ratios)	1999	1998
Operating:		
Salaries	\$5,678	\$4,988
Employee Benefits	964	854
Occupancy Expense	866	798
Equipment Expense	1,015	890
Other Expense	3,550	3,287
Operating Noninterest Expense	12,073	10,817
Special Contribution to the Foundation(a)	100	--
Restructuring Costs	48	529
Accelerated Vesting of Stock-Based Incentive Awards (included in Salaries) (d)	--	37
Reported Noninterest Expense	\$12,221	\$11,383
Operating Efficiency Ratio(b)	52.3%	54.9%
Cash Operating Efficiency Ratio(b) (c)	51.0%	53.6%

- (a) Represents a \$100 million special contribution to The Chase Manhattan Foundation included in Other Expense. In management's view, this contribution is a special item and is excluded from operating results.
- (b) Excludes restructuring costs, costs associated with a real estate investment trust ("REIT") subsidiary, nonrecurring revenue and expense items (special items), and the impact of credit card securitizations.
- (c) Excludes the impact of amortization of goodwill and certain other intangibles.
- (d) In management's view, this cost is a special item and is excluded from operating results.

[Graph 8--See Appendix 1]

Total reported noninterest expenses were \$12.22 billion in 1999, an increase from \$11.38 billion last year. Excluding the impact of restructuring costs and special items, operating noninterest expenses were \$12.07 billion in 1999, an increase of 12% from the prior year. The growth in expenses included processing costs and goodwill expense associated with portfolio acquisitions, investment spending on new product offerings, technology spending on Year 2000 and Chase.com, and higher incentive costs.

SALARIES AND EMPLOYEE BENEFITS

The increase in salaries and employee benefits on an operating basis for 1999 was due to higher incentive costs, primarily driven by the growth in market-sensitive revenues. Also contributing to the increase was the net addition of 2,118 full-time equivalent employees. The increased head count reflects the H&Q acquisition, an acquisition in the mortgage business and the impact of internal growth in selected businesses. These increases were partially offset by staff reductions related to initiatives to streamline support functions and realign certain business activities.

The 1998 reported results include \$37 million of costs incurred for the accelerated vesting of stock-based incentive awards.

The following table presents Chase's full-time equivalent employees for the dates indicated.

December 31,	1999	1998
Domestic	63,259	61,472
Foreign	11,542	11,211
Total Full-Time Equivalent Employees	74,801	72,683

OCCUPANCY AND EQUIPMENT EXPENSE

Occupancy expense increased by \$68 million during 1999, compared with 1998. The increase was primarily due to higher occupancy costs resulting from business expansions and acquisitions occurring in late 1998 and 1999.

The higher equipment expense for 1999 reflects depreciation expense from the capitalization of costs related to more advanced hardware systems across all businesses. The increase also was related to higher rental costs for Year 2000 compliant computer equipment. For a discussion of Year 2000 implementation, see the Operating Risk Management Section on page 54.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THE CHASE MANHATTAN CORPORATION

OTHER EXPENSE

Reported other expense for 1999 included a \$100 million special contribution to The Chase Manhattan Foundation. Operating other expense increased by \$263 million in 1999 from 1998 due to the following:

- o Professional services costs increased \$51 million, reflecting higher consultant utilization to work on Year 2000 and Chase.com efforts and a higher level of legal expenses connected with the greater volume of investment banking deals and private equity investments.
- o Marketing expense increased due to aggressive direct mailing programs for Chase's credit cards and to a more visible promotion of the Chase brand.
- o Telecommunications costs rose reflecting increased installation and usage stemming from growth in business volume at all of Chase's major franchises.
- o Selected portfolio acquisitions during late 1998 and 1999 contributed to the increase in the amortization of intangibles.
- o All other expenses increased as a result of greater outside processing volume at Chase Cardmember Services, due in part to higher customer usage, and a global custody acquisition in late 1998.

Year Ended December 31, (in millions)	1999	1998
Other Expense:		
Professional Services	\$ 719	\$ 668
Marketing Expense	459	419
Telecommunications	383	349
Amortization of Intangibles	297	261
Travel and Entertainment	226	243
Minority Interest (a)	49	50
Foreclosed Property Expense	15	5
All Other	1,402	1,292
<hr style="border-top: 1px dashed black;"/>		
Operating Other Expense	3,550	3,287
Foundation Contribution (b)	100	--
<hr style="border-top: 1px dashed black;"/>		
Total Reported Other Expense	\$3,650	\$3,287

(a) Includes REIT minority interest expense of \$44 million in both 1999 and 1998.

(b) Represents special contribution to The Chase Manhattan Foundation.

RESTRUCTURING COSTS

Chase's expense management includes long-term strategic restructuring initiatives, such as the relocation of operations for Global Services businesses and consumer call centers, and other business initiatives, such as the consolidation of operations.

In connection with these new initiatives, in the fourth quarter of 1999, Chase incurred a charge of \$100 million associated with planned consolidation actions in certain businesses and a charge of \$75 million in connection with planned staff reductions and disposition of premises and equipment resulting from the announced relocation of several businesses to Florida, Texas, and Massachusetts. The \$175 million restructuring charge in the fourth quarter of 1999 includes severance costs associated with the relocation of 2,300 positions and the projected elimination of 800 positions (\$125 million). The remaining restructuring costs encompass the planned disposition of certain premises and equipment (\$50 million).

Chase anticipates realizing approximately \$80 million annually in savings from its business consolidation initiatives, commencing in 2001. In addition, Chase anticipates that the total cost of its relocation initiatives will amount to approximately \$360 million (including the aforementioned \$75 million charge taken in 1999, an additional \$200 million of expenses expected to be incurred in 2000, and expenses of approximately \$85 million expected to be incurred in 2001). Annual savings from the relocation initiatives are expected to be approximately \$50 million in 2001, eventually increasing to approximately \$90 million in 2003.

During the 1998 first quarter, Chase incurred a pre-tax charge of \$510 million in connection with initiatives to streamline support functions and realign certain business activities. In December 1999, \$127 million of costs were reversed primarily related to occupancy not fully utilized under the \$510 million charge taken in 1998.

CREDIT COSTS

Credit costs include credit losses related to Chase's securitized credit card loans. The following table shows the components of credit costs.

Year Ended December 31, (in millions)	1999	1998
Provision for Loan Losses	\$1,621	\$1,343
Credit Costs Associated with Credit Card Securitizations	993	1,148
<hr style="border-top: 1px dashed black;"/>		
Operating Credit Costs	\$2,614	\$2,491

Credit costs in 1999 increased from 1998 levels primarily due to the impact of higher charge-offs and lower recoveries in the commercial loan portfolio. For a discussion of Chase's net charge-offs, see page 39.

INCOME TAXES

Chase recognized income tax expense of \$2.93 billion in 1999, compared with \$2.15 billion in 1998. Chase's effective tax rate was 35.0% for 1999, compared with 36.2% for 1998. The improvement in the effective tax rate was the result of the positive impact of tax planning initiatives.

LINES OF BUSINESS RESULTS

CHASE IS ORGANIZED INTO THREE MAJOR BUSINESSES:

=> Global Bank

=> National Consumer Services

=> Global Services

[Graph 9--See Appendix 1]

Chase is organized into three major businesses: Global Bank, National Consumer Services ("NCS") and Global Services. These businesses are segmented based on the products and services provided or the type of customer serviced and reflect the manner in which financial information is evaluated by management. Presenting lines of business information allows for a more informed judgment about Chase as a whole.

Chase allocates equity to its businesses primarily utilizing an economic risk-adjusted capital methodology. This methodology quantifies credit, market and operating risks within each business unit and assigns capital accordingly. The underlying approach to credit, market and operating risk measurement is further described on page 36.

Capital also is assessed against Chase business units for certain non-risk adjusted factors. A "leverage capital tax" is assessed against managed assets and some off-balance sheet instruments. This capital assessment recognizes that Chase must maintain certain minimum regulatory ratios. Businesses also are assessed capital equal to one hundred percent of any goodwill and certain other intangibles generated through acquisitions to create accountability for the use of capital in acquisitions.

These two non-risk adjusted assessments complement the economic risk-adjusted capital allocation and provide the businesses with the financial framework to evaluate the trade-off in the use of capital by the business versus its return to shareholders. Taken all together, these capital elements provide Chase with the attributed capital used to measure SVA for each line of business.

Lines of business results are subject to restatement as appropriate whenever there are refinements to Chase's risk measurement methodology or in management reporting policies or changes to the management organization. For example, organizational changes in 1999 affected the Middle Markets business, which previously reported into the Global Bank and which now reports into National Consumer Services; and the Global Asset Management and Mutual Funds business, which previously was included in Corporate and which now reports into the Global Bank. Prior periods have been restated to reflect these changes.

FINANCIAL RESULTS

The table below provides summary financial information on an operating basis for the three major franchises. The discussion that follows the table focuses on business unit performance within these franchises. See Note Twenty-Three for further disclosure of Chase's business segments.

LINES OF BUSINESS RESULTS

Year Ended December 31, (in millions, except ratios)	Global Bank			National Consumer Services		
	1999	Over/(Under)	1998	1999	Over/(Under)	1998
Operating Revenue	\$10,379	\$2,424	30%	\$9,847	\$ 698	8%
Cash Operating Earnings	3,564	1,177	49	1,677	232	16
Average Common Equity	12,616	640	5	7,823	180	2
Average Managed Assets	235,197	(16,166)	(6)	129,314	10,268	9
Shareholder Value Added	1,885	1,109	143	636	218	52
Cash Return on Common Equity	27.9%	--	850bp	21.1%	--	260bp
Cash Efficiency Ratio	43	--	(600)	50	--	--

Year Ended December 31, (in millions, except ratios)	Global Services			Total (a)		
	1999	Over/(Under)	1998	1999	Over/(Under)	1998
Operating Revenue	\$ 3,120	\$ 294	10%	\$ 22,982	\$ 3,369	17%
Cash Operating Earnings	525	39	8	5,691	1,414	33
Average Common Equity	2,855	672	31	21,977	649	3
Average Managed Assets	16,540	2,204	15	387,858	(3,364)	(1)
Shareholder Value Added	145	(48)	(25)	2,763	1,357	97
Cash Return on Common Equity	18.1%	--	(370)bp	25.6%	--	600bp
Cash Efficiency Ratio	74	--	200	51	--	(300)

(a) Total column includes Support Units and Corporate results, see discussion on page 35.

bp- Denotes basis points; 100 bp equals 1%.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THE CHASE MANHATTAN CORPORATION

GLOBAL BANK

-
- => Global Markets
 - => Chase Capital Partners
 - => Global Investment Banking
 - => Corporate Lending and
Portfolio Management
 - => Global Private Bank
-

[Graph 10 - See Appendix 1]

Global Bank combines the strengths of a leading commercial bank and a leading investment bank to meet the needs of corporations, institutional investors, financial institutions, governments, entrepreneurs and private clients around the world.

BUSINESS PROFILE

The Global Bank integrates a broad range of leading product capabilities, industry knowledge and geographic reach to produce superior customer solutions. Through its presence in approximately 50 countries, the Global Bank serves an extensive array of clients, from large corporations with longstanding global relationships to a growing franchise of clients in the fastest growing sectors of the New Economy. The Hambrecht & Quist acquisition, completed on December 9, 1999, strengthened the Global Bank franchise, which now provides equity underwriting, advisory services and research capabilities for the New Economy sector, further serving Chase's clients' needs.

FINANCIAL HIGHLIGHTS

Global Bank's 1999 results reflect Chase's stronger competitive position. Cash operating earnings in 1999 rose \$1.2 billion, or 49%, due to strong private equity gains, trading-related revenue and investment banking fees, partially offset by higher incentives as a result of strong growth in revenues and also lower securities gains. The cash efficiency ratio was 43%, with a 1999 cash return on equity of 28%.

For a further discussion of Global Bank's integrated products, see the Revenue discussion beginning on page 21.

[Graph 11 - See Appendix 1]

1999 HIGHLIGHTS

- => Cash operating earnings increased by \$1.2 billion
 - => Cash Return on Common Equity was 28%
 - => Cash Efficiency ratio improved to 43%
 - => Acquisition of H&Q
-

Year Ended December 31, (in millions, except ratios)	1999			Over/(Under) 1998		
	Operating Revenues	Cash Operating Earnings	Cash Efficiency Ratio	Operating Revenues	Cash Operating Earnings	Cash Efficiency Ratio
Global Markets	\$4,090	\$1,369	48%	20%	35%	(400)bp
Chase Capital Partners	2,330	1,383	7	178	210	(800)
Global Investment Banking	1,576	335	66	25	15	400
Corporate Lending and Portfolio Management	1,546	548	29	(2)	(2)	100
Global Private Bank	887	169	67	4	(6)	300
Other Global Bank (a)	(50)	(240)	NM	NM	NM	NM
Total	\$10,379	\$3,564	43%	30%	49%	(600)bp

(a) Other Global Bank includes Chase's Global Asset Management and Mutual Funds business and discontinued operations. Total assets under management amounted to \$226 billion at December 31, 1999.

bp- Denotes basis points; 100 bp equals 1%.

NM- Not meaningful

GLOBAL BANK (CONTINUED)

Global Markets

Global Markets is a \$4 billion sales and trading organization that serves institutional investors and corporations from a network of 30 trading rooms around the world. Activities include sales, trading, origination, underwriting and research covering the global foreign exchange, derivatives and fixed income capital markets. Through its treasury operations, Global Markets also manages Chase's interest rate exposures and fixed income portfolios.

Global Markets 1999 cash operating earnings were \$1.4 billion, an increase of 35% from 1998. Cash return on common equity was 43% in 1999. The cash efficiency ratio was 48% in 1999. Operating revenues increased 20% to \$4.1 billion in 1999, as a result of a strong performance across a wide variety of trading products.

The treasury businesses are managed through a "total return" discipline, which measures economic value-added by capturing both realized income (securities gains and net interest income) and unrealized gains or losses on assets and liabilities.

Net interest income and securities gains/losses on Chase's treasury activities complement and offer strategic balance to Chase's principal mark-to-market trading activities.

The total return (pre-tax before expenses) from interest rate risk management activities of the treasury units amounted to \$278 million for 1999, compared with \$523 million for 1998. The decline in total return was related to the higher global interest rate environment during 1999.

Chase Capital Partners

Chase Capital Partners is one of the world's largest and most diversified private equity investors with approximately \$8.7 billion in investments (including \$1.8 billion in fund investments), representing investments in more than 25 countries. CCP invests throughout the entire life cycle of the business development process. CCP has seven offices with over 100 investment professionals and maintains over 30 strategic relationships which are integrated into the CCP deal flow network. CCP currently manages a \$15 billion portfolio which includes over 570 direct equity investments, leveraged loan / high-yield funds and investments in other equity and asset funds.

Gains of \$2.52 billion recognized during 1999 reflected continued strength in the equity markets for technology and internet initial public offerings ("IPOs") and the positive impact of maturing investments within the portfolio. Cash operating earnings increased to \$1.4 billion in 1999, as a result of the strength in the equity markets.

Global Investment Banking

Global Investment Banking ("GIB") advises and provides integrated financial solutions to corporations, financial institutions, governments, financial sponsors and entrepreneurs worldwide. Product offerings include syndicated financing, mergers and acquisitions advisory, high-yield securities underwriting, real estate advisory, restructuring advisory services, project finance, and private placements. As a result of the acquisition of H&Q, Chase, through its Chase H&Q division, now provides equity underwriting, advisory services and research to the fastest growing sectors of the New Economy.

Revenues and cash operating earnings for GIB rose 25% and 15%, respectively, in 1999, when compared with 1998, reflecting continued growth in market share in mergers and acquisitions advisory, high-yield bond underwriting, and loan syndications. Expenses increased due to investment spending during 1999, as a result of a competitive recruiting environment for specialized skills in this growth business.

Corporate Lending and Portfolio Management

Corporate Lending and Portfolio Management (formerly Corporate Lending) provides credit and lending services to clients globally utilizing a strategy that emphasizes loan origination for distribution. An active portfolio management effort is an integral part of corporate lending activities and is focused on managing concentrations by product, borrower, risk grade, industry and geography.

During 1999, both revenues and cash operating earnings decreased 2%, while SVA improved over 1998. The use of SVA in pricing and portfolio analysis has resulted in higher spreads on retained assets and the disposition of less-SVA-attractive loans. During 1999, the loan portfolio's average balance decreased by over \$3 billion and internal risk capital usage decreased by over \$500 million, which contributed to SVA growth with improvements across all geographies.

Global Private Bank

The Global Private Bank serves a client base of high net worth individuals and families. As one of the leading private banks globally, with more than \$150 billion in client assets, Chase focuses on bringing its clients integrated wealth management solutions that leverage all of Chase's capabilities.

Cash operating earnings decreased 6% during 1999 from 1998, reflecting an increase in expenses due primarily to on-going investments in technology and a restructuring of international activities. Revenues for 1999 grew 4% when compared with 1998, with a double-digit increase in the U.S., reflecting strong investment-oriented fee growth, partially offset by lower fees in non-core international activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THE CHASE MANHATTAN CORPORATION

NATIONAL CONSUMER SERVICES

=> Chase Cardmember Services
=> Regional Consumer Banking
=> Chase Home Finance
=> Diversified Consumer Services
=> Middle Markets

National Consumer Services serves 32 million customers nationwide offering a wide variety of financial products and services through a diverse array of distribution channels.

[Graph 12--See Appendix 1]

[Graph 13--See Appendix 1]

BUSINESS PROFILE

NCS is focused on delivering financial solutions to consumers, as well as middle market and small businesses, across the U.S. Financial solutions are delivered to consumers through distribution channels that include:

- o Branch and ATM networks
- o Internet banking
- o Telephone
- o Direct mail

NCS combines a nationwide consumer presence with a leading small business and Middle Market franchise in the New York tri-state region and in key Texas markets. NCS's strategy is driven by information technology, which provides insights into customer behavior, requirements and preferences, enabling development of financial solutions that meet customer needs.

FINANCIAL HIGHLIGHTS

Cash operating earnings and SVA increased by 16% and 52%, respectively, over 1998. The increase in cash operating earnings was attributable to the growth in servicing of residential mortgages and auto loans, higher deposit levels and higher fees, including an increased level of customer activity through Brown & Company, Chase's discount brokerage firm. Also contributing to the growth in cash operating earnings was the significant improvement in credit quality, particularly in Chase's Cardmember Services business, partially offset by significant investments in internet and technology activities. The increased SVA reflects the improvement in earnings and a disciplined use of capital.

Results for National Consumer Services in 2000 are expected to reflect the anticipated benefits of expense management, continuation of good credit quality and moderate revenue growth. However, increases in interest rates during the year would reduce NCS's anticipated growth in cash operating earnings.

1999 HIGHLIGHTS

=> Cash operating earnings increased by 16%
=> Growth in SVA of 52%
=> Cash efficiency ratio was 50%

Year Ended December 31, (in millions, except ratios)	1999			Over/(Under) 1998		
	Operating Revenues	Cash Operating Earnings	Cash Efficiency Ratio	Operating Revenues	Cash Operating Earnings	Cash Efficiency Ratio
Chase Cardmember Services	\$4,004	\$523	35%	2%	16%	-- bp
Regional Consumer Banking	2,410	420	69	9	17	(200)
Chase Home Finance	1,212	284	58	18	13	200
Diversified Consumer Services	1,125	187	53	20	33	--
Middle Markets	980	233	55	2	4	--
Other NCS	116	30	NM	NM	NM	NM
Total	\$9,847	\$1,677	50%	8%	16%	-- bp

bp- Denotes basis points; 100 bp equals 1%.
NM- Not meaningful

NATIONAL CONSUMER SERVICES (CONTINUED)

Chase Cardmember Services

Chase Cardmember Services ("CCS") is the 4th largest bank card issuer in the U.S. CCS also includes Chase's international consumer business, including the 3rd largest credit card issuer in Hong Kong, and other international consumer banking activities, primarily in Hong Kong. CCS is the largest issuer of co-branded gasoline purchase cards (with Shell Oil) and has co-brand relationships with significant partners such as Wal-Mart, Toys "R" Us, Bell Atlantic, Continental Airlines and ShopNow.com, an internet shopping mall. CCS also is the largest merchant processor in the U.S. through a joint venture with First Data Corporation.

CCS earned \$523 million in cash operating earnings in 1999, a 16% increase over 1998. This improvement was driven by higher credit card usage, the impact of competitive pricing initiatives in late 1998 and a significant improvement in credit quality due to lower consumer bankruptcies and enhanced collections performance. Partially offsetting these favorable factors were higher marketing, technology and investment spending. At year-end 1999, worldwide managed credit card outstandings stood at \$34 billion, reflecting a 4% increase over the 1998 level.

Regional Consumer Banking

Regional Consumer Banking ("RCB") has a leading share of primary bank relationships among consumers and small businesses in the New York metropolitan tri-state area and is a leading retail institution in key Texas markets. RCB offers customers convenient access to financial services through the largest branch and proprietary ATM networks in the New York metropolitan region, as well as internet and telephone banking. RCB is also a leader in the development of electronic bill presentment and payment.

RCB generated \$420 million in cash operating earnings in 1999, a 17% improvement over 1998 performance. Revenue increased by 9% reflecting strong deposit growth, higher small business lending volume and increased banking fees. Expenses grew only by 4%, despite significant increases in technology and internet spending. RCB continued to rationalize its physical distribution network in 1999 by selling nonstrategic branches in upstate New York and Texas.

Chase Home Finance

Chase Home Finance ("CHF") serves more than 3.2 million customers nationwide as the largest originator and servicer of residential mortgage loans and is a leading provider of home equity and manufactured housing financing. On September 30, 1999, Chase acquired Mellon's mortgage business, which consisted primarily of a mortgage servicing portfolio. As part of its efforts to broaden distribution channels, CHF has established strategic alliances with home builders and realtors.

In 1999, CHF had cash operating earnings of \$284 million, which was 13% better than its 1998 results. For most of 1999, the housing market was strong and CHF originated \$93.4 billion in mortgage, home equity and manufactured housing loans. This represented a 9% growth over the record levels experienced in 1998. CHF's servicing portfolio also increased significantly (46%), aided by the acquisition of the Mellon mortgage business. Expenses increased as a result of the higher business volumes and technology spending. Management anticipates a decline in origination volume in 2000, when compared with 1999 levels, as a result of a rising interest rate environment.

Diversified Consumer Services

Diversified Consumer Services ("DCS") is one of the largest bank originators of auto loans and leases in the U.S. and a leading provider of student loans through its joint venture with Sallie Mae. DCS also offers brokerage services (principally through Brown & Company) and investment products, including financial planning and investment and retirement services, and insurance.

DCS's cash operating earnings reached \$187 million in 1999, an increase of 33% over 1998. Revenues increased 20%, primarily as a result of net interest income and fee increases due to higher auto outstandings. Additionally, higher volumes in the investment and insurance businesses contributed to the increase. In late 1998, DCS shifted to an originate-and-sell strategy for student loans and, as a result, 1999 included \$49 million of gains on portfolio loan sales, compared with \$25 million in 1998.

Middle Markets

Middle Markets is the leading provider in the New York tri-state area and in key Texas markets of financial services to middle market companies (companies with annual sales ranging from \$3 million to \$500 million).

Middle Markets generated cash operating earnings of \$233 million, a 4% increase over 1998 performance. These results were favorably affected by higher loan volume, improved credit quality and disciplined expense management.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THE CHASE MANHATTAN CORPORATION

GLOBAL SERVICES

-
- => Global Investor Services
 - => Chase Treasury Solutions
 - => Capital Markets Fiduciary Services
-

Global Services is a recognized leader in information and transaction processing services, moving trillions of dollars daily in securities and cash for its wholesale customers.

[Graph 14 - See Appendix 1]

BUSINESS PROFILE

-
- o Global Investor Services ("GIS") provides custody and other investor services to mutual funds, investment managers, pension funds, insurance companies and banks throughout the world. As one of the world's largest custodians, Chase holds in trust and custody \$5.6 trillion in assets. Core products include custody, account administration, trade execution, off-shore fund servicing, investment and risk management, and securities lending.
 - o Chase Treasury Solutions ("CTS") is a leader in providing treasury, cash management, multicurrency payment, trade finance, cross-border liquidity information and web-enabled solutions to corporations, financial institutions, middle market companies, governments and agencies around the world. CTS is the market leader in FedWire, ACH and CHIPS volume.
 - o Capital Markets Fiduciary Services ("CMFS") provides securities processing services, including trustee and agency services for corporations, municipalities and other issuers, as well as support services for a range of capital markets instruments. Product offerings include collateral agency, compliance testing and analytics for collateralized loan and bond obligations. CMFS provides trust services for over \$3 trillion in debt principal.

FINANCIAL HIGHLIGHTS

For 1999, Global Services' cash operating earnings increased by \$39 million, when compared with 1998, and revenue was up 10% for the year. Of Global Services' three major business lines, two had strong revenue growth in 1999. Revenues increased 20% at GIS, primarily resulting from the acquisition of a global custody business from Morgan Stanley in late 1998. Revenues increased 16% at CMFS due to the PNC corporate trust portfolio acquisition in late 1998, coupled with increased business activity. Revenues at CTS, Chase's cash management business, were consistent with last year's level primarily due to a decline in the level of excess balances maintained by customers and by a moderation in the growth of processing services.

Expenses increased due to investment spending and costs related to Year 2000 initiatives coupled with costs incurred to address recordkeeping functions related to bond administration (see the Operating Risk Management section on page 54).

Chase expects to effect certain efficiency improvements in its Global Services business during 2000.

[Graph 15 - See Appendix 1]

1999 HIGHLIGHTS

- => Cash operating earnings increased by 8%
 - => Cash return on common equity was 18%
 - => Operating revenue increased by 10%
-

Year Ended December 31, (in millions, except ratios)	1999			Over/(Under) 1998		
	Operating Revenues	Cash Operating Earnings	Cash Efficiency Ratio	Operating Revenues	Cash Operating Earnings	Cash Efficiency Ratio
Global Services	\$3,120	\$525	74%	10%	8%	200 bp

bp- Denotes basis points; 100 bp equals 1%.

SUPPORT UNITS AND CORPORATE

Chase.com

The Chase.com organization was created in June 1999 and is intended to be Chase's incubator for developing new internet businesses and for entering into internet-related alliances and joint ventures in order to create significant value for the future. Chase also is web-enabling each of its existing businesses to enhance distribution and gain new efficiencies. Also, a growing part of Chase's internet business practice is supporting the evolution and growth in the New Economy.

During the 1999 third quarter, Chase invested in and created a credit card alliance with ShopNow.com, an internet company which provides customers with a convenient way to make purchases through the internet. Other examples of Chase.com initiatives include a joint venture Chase formed with Wells Fargo & Company and First Union Corporation called Spectrum, which will permit the payment of bills electronically. Chase.com is also involved with Chase's venture in Intelisys, an e-commerce business-to-business procurement company.

Chase Business Services

Chase Business Services ("CBS") was established in 1998 to manage Chase's support services such as real estate management, human resource operations, procurement and financial services. CBS's mission is to provide these services to Chase businesses in a manner which is competitive with comparable providers in terms of price and service quality. CBS is leveraging technology and gaining cost-efficiencies to provide services that are better, faster, easier and cheaper. Since its inception, CBS has contributed significant savings, which are being invested into selective growth opportunities within Chase. Savings are achieved through improved business practices such as consolidation of services, improved vendor management, use of technology, reduction in demand for services and outsourcing.

Technology Solutions

Technology Solutions is a multifaceted technology company within Chase. Technology Solutions processes more than \$4 trillion in transactions daily and manages over 300 business application systems. Technology Solutions provides support for line of business driven e-commerce infrastructure needs, including Chase.com and ChaseWeb, and positions Chase as an industry leader in business-driven technology deployment. Specific products and services include data processing and network services, system development and maintenance, website and groupware development as well as website hosting to Chase businesses worldwide.

Corporate

Corporate includes the effects remaining at the corporate level after the implementation of management accounting policies.

For 1999, Corporate and the other support units had a cash operating loss of \$75 million, compared with a cash operating loss of \$41 million in 1998. Prior periods have been restated to reflect refinements in management reporting policies or changes to the management organization.

Chase utilizes an internal expense allocation process that aligns the cost of each of its operational and staff support services, such as those listed above, with the respective revenue generating businesses. This allows Chase to evaluate the performance of each of its businesses on a fully allocated basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THE CHASE MANHATTAN CORPORATION

RISK MANAGEMENT

-
- => Credit Risk Management
 - => Market Risk Management
 - => Capital and Liquidity Risk Management
 - => Operating Risk Management
-

Chase is in the business of managing risk to create shareholder value. The major risks to which Chase is exposed are credit, market and operating risk.

Chase's risk management is guided by several principles, including:

- o Formal definition of risk management governance;
- o Risk oversight independent of business units;
- o Continual evaluation of risk appetite, communicated through risk limits;
- o Diversification;
- o Disciplined risk assessment and measurement, including Value-at-Risk analysis and portfolio stress testing; and
- o Performance measurement (SVA) that allocates risk-adjusted capital to business units.

Risk management and oversight begins with the Risk Policy Committee of the Board of Directors, which approves the governance of these activities, delegating the formulation of policy and day-to-day risk oversight and management to Chase's Executive Committee and to the three corporate risk committees:

- o Credit Risk Committee
- o Market Risk Committee
- o Capital Committee

The Executive Committee provides guidance regarding strategies and risk appetite and is responsible for an integrated view of Chase's risk exposures, including the interdependencies among its various risk categories. The corporate risk committees have decision-making authority for their respective areas of responsibility, with major policy decisions and risk exposures subject to review by the Executive Committee.

Chase's adoption of SVA, which incorporates a risk-adjusted capital methodology as its primary performance measure has strengthened its risk management discipline by highlighting to the business units the cost of capital that will be charged to them based on the particular credit, market and operational risks of their activities. The result of this discipline has been controlled growth in, and a lower risk profile for, the assets on Chase's balance sheet.

Risk Policy Committee of Board of Directors		

o Oversees Risk Management		

Executive Committee		

o Strategic Guidance		
o Integrated View		

-----	-----	-----
Credit Risk Committee	Market Risk Committee	Capital Committee
-----	-----	-----
o Establishes policies for credit risk management, including limits for country, product, industry and single obligor exposures.	o Establishes policies for market risk management, including market risk limits for all trading, investment securities and balance sheet activities.	o Establishes capital and liquidity policies.
o Responsible for the methodology, models and assumptions used to measure credit risk.	o Responsible for the methodology, models and assumptions used to measure market and interest rate risk.	o Responsible for methodology used to measure and allocate operating risk.
o Oversees Chase's credit portfolio optimization strategies, risk profile trends, critical problem	o Monitors and reviews current positions for compliance with established limits.	o Approves policies and methodologies for funds transfer pricing, internal capital allocation and SVA.
		o Monitors and reviews capital policy execution and strategies.

portfolio and
allowances for credit
losses.

CREDIT RISK MANAGEMENT

-
- => Disciplined processes are in place that are intended to ensure that credit risks are accurately assessed and properly approved and monitored
 - => An independent credit risk management function exists within each major business unit
-

Credit risk is the risk of loss due to borrower or counterparty default. Credit risk is managed at both the transaction and portfolio levels. Risk management processes are disciplined and designed both to preserve the independence and integrity of risk assessment and to integrate effectively with business management.

CREDIT RISK MANAGEMENT PROCESS

Risk Measurement

Chase's credit risk management discipline begins with an assessment of the risk of loss resulting from the default by an obligor or counterparty. All credit exposures are assessed, whether on- or off- balance sheet. These exposures include loans, receivables under derivative and foreign exchange contracts, and lending-related commitments (e.g., letters of credit and undrawn commitments to extend credit).

Using statistical techniques, estimates are made, for each segment of the portfolio, of expected losses (on average, over a cycle) and unexpected losses. The latter represents the potential volatility of actual losses relative to the expected level of loss. These estimates drive the credit cost allocations to business units, which are incorporated into the business unit SVA measurement. Consequently, a unit's credit risk profile is an important factor in assessing its performance.

Credit losses are not the most significant indicator of risk. If losses were entirely predictable, the expected loss rate could be factored into product prices and covered as a normal and recurring cost of doing business. It is the volatility or uncertainty of loss rates around expected levels that creates risk and is the primary concern of credit risk management.

The risks of the consumer and commercial portfolios are markedly different. Broadly speaking, losses on consumer exposures are more predictable, less volatile and less cyclical than losses on commercial exposures. For the latter, the loss volatility can be much greater over the course of an economic cycle.

The Cost of Credit Risk - Loss Provisions and Capital Allocation

Chase uses its estimates of expected loss and loss volatility, respectively, to set risk-adjusted loss provisions and allocate credit risk capital by portfolio segment. Within the consumer businesses, allocations are differentiated by product and product segment. In the commercial portfolio, allocations are differentiated by risk rating, maturity and industry. Off-balance sheet exposures are converted to loan equivalent amounts, based on their probability of being drawn, before applying the expected loss and capital factors.

Risk Management Processes

Chase's credit risk management process is guided by policies and procedures established by the Chief Credit Officer. At both the business unit and corporate level, disciplined processes are in place that are intended to ensure that risks are accurately assessed and properly approved and monitored.

In addition to establishing corporate-wide policies and procedures, the Chief Credit Officer has the primary responsibility for the credit risk measurement framework, allocating the cost of credit, assessing concentration risks, setting limits to provide for adequate portfolio diversification, delegating approval authorities and managing problem assets.

Within each major business unit, there is an independent credit risk management function that reports jointly to the business executive and the Chief Credit Officer. These units are responsible for the tactical credit decision making. They approve significant new transactions and product offerings, have the final authority over credit risk assessment and monitor the credit risk profile of the business unit's portfolio.

[Graph 17--See Appendix 1]

Improving Credit Quality

The segment of the commercial portfolio with internal ratings equivalent to investment grade ratings has grown approximately \$5 billion in 1999. The "below investment grade" component has been reduced largely as a result of diligent efforts to reduce Chase's cross-border exposures. Commercial nonperforming assets increased \$158 million during 1999 but remained a fairly modest 1% of the total commercial credit-related portfolio. The overall result: at December 31, 1999, 54% of Chase's commercial credit-related assets were investment grade, while 46% were below investment grade, including 1% nonperforming.

Diversification

Chase is focused on diversifying its commercial credit-related assets. The graph below displays credit-related assets of Chase's 10 largest industry groups.

- o Commercial banking, Chase's largest industry group, results from its market-leading positions in derivatives and in providing credit to other financial institutions. It is a high-quality portfolio, as evidenced by its large share of investment grade exposures.
- o The second largest industry group consists of clients of Chase's private banking, investment management and discount brokerage operations. That group's diversification is a result of the large numbers of individual clients comprising it.
- o The 3rd largest industry group is the holding and investment companies component. The underlying exposures are not highly correlated with each other, providing a diversified, high-quality portfolio.
- o The remaining industry groups are each less than 5% of Chase's total commercial outstandings, providing a diversified base of industry exposure.

Net Charge-Offs

In 1999, Chase's commercial net charge-offs increased by \$206 million from 1998. The increase was predominantly caused by the deteriorating creditworthiness of one large customer in Asia and significantly lower recoveries in 1999. Chase continued to reduce exposures in emerging market countries throughout the year and took a substantial charge-off for the one large Asian customer during the 1999 fourth quarter. Chase's net charge-off rate on average commercial loans was 0.63% for 1999 and 0.40% for 1998. Chase expects that the annual commercial loan net charge-off rate, over time, will be in the range of 40 - 60 basis points.

[Graph 18--See Appendix 1]

MANAGEMENT'S DISCUSSION AND ANALYSIS
THE CHASE MANHATTAN CORPORATION

Consumer

Chase's consumer portfolio is diversified by many different products, including mortgages, credit cards and auto loans. This portfolio is primarily domestic and is geographically well-diversified.

Chase's managed consumer portfolio totaled \$106 billion at December 31, 1999, an increase of \$4 billion or 4% during 1999. The following pie graph provides a summary of Chase's consumer portfolio by loan type and the related charge-off rates. Chase's largest component, residential mortgage loans, comprises 43% of the total consumer portfolio and is primarily secured by first mortgages. The credit card portfolio, which accounted for approximately one-third of Chase's consumer outstandings, showed a significant improvement in its charge-off rate in 1999. Auto finance, which accounted for approximately 17% of the consumer portfolio, operated at modest charge-off rates during 1999.

[Graph 19--See Appendix 1]

CONSUMER LOANS BY GEOGRAPHIC REGION

December 31, (in millions)	Residential Mortgage Loans		Managed Credit Card Loans		Auto Financings	
	1999	1998	1999	1998	1999	1998
New York City	\$5,962	\$5,889	\$2,058	\$2,096	\$1,577	\$1,421
New York (Excluding New York City)	2,109	1,955	2,166	2,204	827	805
Remaining Northeast	6,209	6,072	6,183	5,969	4,070	3,705
Total Northeast	14,280	13,916	10,407	10,269	6,474	5,931
Southeast	5,690	5,208	6,238	5,807	2,991	2,571
Midwest	3,223	3,434	6,260	5,918	1,823	1,648
Texas	3,575	3,311	2,721	2,588	3,668	2,961
Southwest (Excluding Texas)	1,205	1,174	1,578	1,484	853	827
California	12,519	11,029	4,286	4,297	2,135	2,081
West (Excluding California)	3,770	3,759	2,082	1,899	498	437
Foreign	1,520	1,467	761	718	48	1
Total	\$45,782	\$43,298	\$34,333	\$32,980	\$18,490	\$16,457

CREDIT-RELATED PORTFOLIO -- YEAR-TO-YEAR ANALYSIS

The following table presents credit-related information for the dates indicated.

As of or for the year ended December 31, (in millions, except ratios)	Credit-Related Assets		Nonperforming Assets		Net Charge-offs		Past Due 90 Days and Over and Accruing	
	1999	1998	1999	1998	1999	1998	1999	1998
CONSUMER LOANS								
Domestic Consumer:								
1-4 Family Residential Mortgages	\$ 44,262	\$ 41,831	\$ 286	\$ 313	\$ 29	\$ 31	\$ --	\$ 3
Credit Card - Reported	15,633	14,229	40 (c)	--	828	762	280	302
Credit Card Securitizations(a)	17,939	18,033	--	--	993	1,148	348	379
Credit Card - Managed	33,572	32,262	40	--	1,821	1,910	628	681
Auto Financings	18,442	16,456	83	50	81	77	2	20
Other Consumer(b)	6,902	8,375	7	6	196	167	65	97
Total Domestic Consumer	103,178	98,924	416	369	2,127	2,185	695	801
Foreign Consumer	2,800	2,939	22	23	37	25	15	10
Total Consumer Loans	105,978	101,863	438	392	2,164	2,210	710	811
COMMERCIAL LOANS								
Domestic Commercial:								
Commercial and Industrial	48,097	43,123	380	331	207	(66)	23	42
Commercial Real Estate	3,636	3,984	51	41	(14)	(14)	5	1
Financial Institutions	4,211	6,583	12	1	45	(2)	--	--
Total Domestic Commercial Loans	55,944	53,690	443	373	238	(82)	28	43
Foreign Commercial:								
Commercial and Industrial	25,179	25,532	642	603	322	408	4	7
Commercial Real Estate	125	367	--	--	--	--	--	--
Financial Institutions	3,598	4,537	96	22	4	24	20	24
Foreign Governments	3,274	4,798	41	50	(2)	6	--	--
Total Foreign Commercial Loans	32,176	35,234	779	675	324	438	24	31
DERIVATIVE AND FX CONTRACTS								
Commercial and Industrial	12,512	12,488	--	13	NA	NA	1	--
Financial Institutions	19,749	19,414	34	37	NA	NA	--	--
Foreign Governments	1,350	1,353	--	--	NA	NA	--	--
Total Derivative and FX Contracts	33,611	33,255	34	50	NA	NA	1	--
Total Commercial Credit-Related	121,731	122,179	1,256	1,098	562	356	53	74
Total Managed Credit-Related	\$227,709	\$224,042	\$1,694	\$1,490	\$2,726	\$2,566	\$ 763	\$885
Assets Acquired as Loan Satisfactions			102	116				
Total Nonperforming Assets			\$1,796	\$1,606				

As of or for the year ended December 31, (in millions, except ratios)	Average Annual Net Charge-off Rate	
	1999	1998

CONSUMER LOANS		
Domestic Consumer:		
1-4 Family Residential Mortgages	.07%	.08%
Credit Card - Reported	5.82	5.74
Credit Card Securitizations(a)	5.60	6.36
Credit Card - Managed	5.70	6.10
Auto Financings	.45	.54
Other Consumer(b)	2.80	1.90
Total Domestic Consumer	2.13	2.29
Foreign Consumer	1.11	.65
Total Consumer Loans	2.10	2.22
COMMERCIAL LOANS		
Domestic Commercial:		
Commercial and Industrial	.45	NM
Commercial Real Estate	NM	NM
Financial Institutions	1.07	NM
Total Domestic Commercial Loans	.44	NM
Foreign Commercial:		
Commercial and Industrial	1.21	1.60
Commercial Real Estate	NM	NM
Financial Institutions	.11	.43
Foreign Governments	NM	.13
Total Foreign Commercial Loans	.95	1.20
DERIVATIVE AND FX CONTRACTS		
Commercial and Industrial	NA	NA

Financial Institutions	NA	NA
Foreign Governments	NA	NA

Total Derivative and FX Contracts	NA	NA

Total Commercial Credit-Related	.48	.29

Total Managed Credit-Related	1.23%	1.14%

Assets Acquired as Loan Satisfactions		

Total Nonperforming Assets		

- (a) Represents the portion of Chase's credit card receivables that have been securitized. For further discussion of credit card securitizations, see page 20.
- (b) Consists of installment loans (direct and indirect types of consumer finance), student loans and unsecured revolving lines of credit. There are essentially no credit losses in the student loan portfolio due to the existence of Federal and State government agency guarantees. At December 31, 1999 and 1998, student loans that were past due 90 days and over and still accruing were approximately \$2 million and \$40 million, respectively.
- (c) Includes currently performing loans placed on a cash basis because of concerns as to collectibility.
- NA- Not applicable-Risk management instruments are marked to market and are included as part of the valuation of Chase's Trading Assets-Risk Management Instruments.
- NM- Not meaningful

Consumer Loans

Residential Mortgage Loans:

1-4 family residential mortgage loans increased 6% at December 31, 1999, when compared with the 1998 year-end. Charge-offs for 1999 decreased \$2 million, when compared with the previous year, despite the 6% growth in the portfolio in 1999. The 1999 net charge-off rate decreased to .07%, reflecting the continued strong credit quality of the portfolio.

Credit Card Loans: Chase analyzes its credit card portfolio on a "managed basis," which includes credit card receivables on the balance sheet, as well as credit card receivables that have been securitized.

Managed credit card receivables increased 4% in 1999 compared with 1998. The decrease in the net charge-off rate was a result of lower customer bankruptcy levels. Management anticipates that the managed credit card net charge-off ratio for full-year 2000 will be lower than for the full-year 1999.

Auto Financings: Auto financings increased 12% from 1998, reflecting strong consumer demand during the first half of 1999 due to favorable pricing programs. The 1999 charge-off rate of .45% is indicative of this portfolio's selective approach to asset origination.

Other Consumer Loans: Other domestic consumer loans decreased 18% from 1998 due to the sale of student loans during the first half of 1999. The increase in the net charge-off rate in 1999 reflects the sale of government-guaranteed student loans and higher losses in an expanding new product line.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THE CHASE MANHATTAN CORPORATION

Commercial Loans

Commercial and Industrial: The commercial and industrial portfolio consists primarily of loans made to large corporate and middle-market customers. The domestic commercial portfolio increased \$5.0 billion from 1998 year-end. Net charge-offs were \$207 million, or .45% of the portfolio, in 1999, compared with net recoveries in 1998. Net charge-offs for the portfolio remained at a low level, indicative of the portfolio's diversification and strong credit quality.

The foreign commercial and industrial portfolio totaled \$25.2 billion at December 31, 1999 and outstandings were relatively unchanged from 1998 year-end levels. Nonperforming foreign commercial and industrial loans increased \$39 million, primarily due to a single Asian credit. Net charge-off levels for 1999 decreased in comparison with the prior year by \$86 million, or 21%. The decline reflects an improvement from the particularly adverse market conditions in the third quarter of 1998.

Commercial Real Estate: The commercial real estate portfolio represents loans secured primarily by real property (other than loans secured by mortgages on 1-4 family residential properties, which are included in the consumer loan portfolio). Chase carefully monitors its exposure to commercial real estate. Commercial real estate loans decreased \$0.6 billion from 1998, principally as a result of securitizations, sales and repayments.

Financial Institutions: The financial institutions portfolio includes loans to commercial banks and companies whose businesses primarily involve lending, financing, investing, underwriting or insurance. Loans to financial institutions decreased \$3.3 billion in 1999 from 1998 levels, primarily in the domestic portion of the portfolio. Nonperforming financial institution loans increased by \$85 million in 1999, primarily in the foreign portfolio. The total portfolio experienced net charge-offs of \$49 million in 1999, compared with \$22 million in 1998.

Foreign Governments: This portfolio consists of loans to governments of foreign countries and their ministries, departments and agencies. Foreign government loans were \$3.3 billion at December 31, 1999, a \$1.5 billion decrease from year-end 1998. Net recoveries for the portfolio were \$2 million in 1999, compared with net charge-offs of \$6 million in 1998.

Derivative and Foreign Exchange Contracts

In the normal course of its business, Chase utilizes derivative and foreign exchange financial instruments to meet the financial needs of its customers, to generate revenues through its trading activities, and to manage its exposure to fluctuations in interest and currency rates.

Chase uses the same credit procedures when entering into derivative and foreign exchange transactions as it does for traditional lending products.

Chase's primary counterparties in derivatives and foreign exchange are investment grade financial institutions, most of which are dealers in these products.

Many of Chase's derivative and foreign exchange contracts are short-term, which also mitigates credit risk as transactions settle quickly. The table at the bottom of the page provides the remaining maturities of derivative and foreign exchange contracts outstanding at December 31, 1999 and 1998. The lengthening of the maturity profile during 1999 is the result of the improved creditworthiness of Chase over the last several years (as evidenced by credit rating upgrades) and the maturation of the derivatives market where longer maturities are becoming more commonplace.

Chase does not deal, to any significant extent, in derivatives which dealers of derivatives (such as other banks and financial institutions) consider to be leveraged. As a result, the mark-to-market exposure of such derivatives was not material at December 31, 1999.

At December 31, 1999, nonperforming derivative contracts were \$34 million, compared with \$50 million at December 31, 1998.

MATURITY PROFILE	1999				1998			
	Interest Rate Contracts	Foreign Exchange Contracts	Equity, Commodity and Other Contracts	Total	Interest Rate Contracts	Foreign Exchange Contracts	Equity, Commodity and Other Contracts	Total
December 31,								
Less than 1 year	15%	90%	27%	34%	15%	93%	38%	37%
1 to 5 years	46	8	69	38	48	5	59	37
Over 5 years	39	2	4	28	37	2	3	26
Total	100%	100%	100%	100%	100%	100%	100%	100%

Percentages are based upon remaining contract life of mark-to-market exposure amounts.

CROSS-BORDER EXPOSURE

Chase has an extensive country risk process to aid in managing its cross-border exposures. As part of this process, Chase includes both its credit-related lending and trading exposures in assessing its cross-border risk. At December 31, 1999, total cross-border assets were 17.8% of Chase's total managed assets. At that date, Chase's combined exposures in emerging markets in Latin America and Asia totaled 2.7% of total managed assets. Chase has reduced Latin American exposure by 4% and Asian exposure by 11% during 1999. These reductions were made because Chase implemented a strategy to lower its exposure as a result of the increased risk profile of these markets. Management believes Chase's current level of cross-border exposure reflects appropriate levels of business, market, credit and capital risk given its business mix. At these levels of risk, Chase remains committed to these markets.

[Graph 20--See Appendix 1]

The following table presents Chase's cross-border exposure to emerging Latin American and Asian countries. Cross-border disclosure is based on the Federal Financial Institutions Examination Council ("FFIEC") guidelines governing the determination of cross-border risk.

SELECTED COUNTRY EXPOSURE(a)

December 31, (in billions)	1999				1998			
	Lending-Related(b)	Trading-Related(c)	Gross Local Country Assets	Less Local Funding	Net Cross-Border Exposure(a)	Country-Related Resale Agreements(a)	Net Cross-Border Exposure	Country-Related Resale Agreements
LATIN AMERICA								
Brazil	\$ 0.9	\$ 0.2	\$ 1.3	\$ (1.0)	\$ 1.4	\$ 0.9	\$ 2.3	\$ 0.9
Argentina	2.1	0.2	0.4	(0.3)	2.4	0.6	2.3	0.5
Mexico	1.6	0.8	0.4	(0.4)	2.4	0.5	1.8	0.4
Chile	0.9	--	0.1	(0.1)	0.9	--	0.9	--
Colombia	0.6	--	--	--	0.6	--	0.8	--
Venezuela	0.3	--	--	--	0.3	0.1	0.4	--
All Other Latin America(d)	0.7	0.1	0.8	(0.8)	0.8	--	1.0	--
Total Latin America	\$ 7.1	\$ 1.3	\$ 3.0	\$ (2.6)	\$ 8.8	\$ 2.1	\$ 9.5	\$ 1.8
EMERGING ASIA								
International Monetary Fund ("IMF") Countries:								
South Korea	\$ 0.6	\$ 0.2	\$ 0.9	\$ (0.3)	\$ 1.4	\$ --	\$ 2.4	\$ --
Indonesia	0.8	0.1	0.1	(0.1)	0.9	--	1.2	--
Thailand	0.1	0.1	0.7	(0.2)	0.7	--	0.9	--
Subtotal	1.5	0.4	1.7	(0.6)	3.0	--	4.5	--
Other Emerging Asia:								
Hong Kong	0.4	0.1	4.5	(4.5)	0.5	--	0.8	--
Singapore	0.8	0.1	0.1	(0.1)	0.9	--	0.8	--
Philippines	0.1	0.1	0.3	(0.1)	0.4	--	0.6	--
Malaysia	0.1	0.1	0.6	(0.1)	0.7	--	0.6	--
China	0.2	0.2	0.1	(0.1)	0.4	--	0.6	--
All Other Asia	0.3	--	0.5	(0.3)	0.5	--	0.5	--
Total Emerging Asia(e)	\$ 3.4	\$ 1.0	\$ 7.8	\$ (5.8)	\$ 6.4	\$ --	\$ 8.4	\$ --

- (a) Cross-border disclosure is based on FFIEC guidelines governing the determination of cross-border risk. Under FFIEC guidelines, resale agreements are reported by the country of the issuer of the underlying security. Chase, however, does not consider the cross-border risk of resale agreements to depend upon the country of the issuer of the underlying security and, as a result, has presented these amounts separately in the above table.
- (b) Includes loans and accrued interest receivable, interest-bearing deposits with banks, acceptances, other monetary assets, issued letters of credit and undrawn commitments to extend credit.
- (c) Includes cross-border trading debt and equity instruments and the mark-to-market exposure of foreign exchange and derivative contracts. The amounts associated with foreign exchange and derivative contracts are presented after taking into account the impact of legally enforceable master netting agreements.
- (d) Excludes Bermuda and Cayman Islands.
- (e) Excludes Japan, Australia and New Zealand. The net cross-border exposure for Japan, Australia and New Zealand at December 31, 1999 was \$4.9 billion, \$2.0 billion and \$0.3 billion, respectively, compared with \$5.2 billion, \$1.9 billion and \$0.6 billion, respectively, at December 31, 1998. Japan also had country-related resale agreements of \$3.3 billion at December 31, 1999, compared with \$1.7 billion at December 31, 1998.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THE CHASE MANHATTAN CORPORATION

ALLOWANCE FOR CREDIT LOSSES

Loans

Chase's Allowance for Loan Losses is intended to cover probable credit losses as of December 31, 1999 for which either the asset is not specifically identified or the size of the loss has not been fully determined. Within the allowance, there are both specific and expected loss components as well as a residual component.

The specific loss component covers those commercial loans deemed by Chase to be criticized. Chase internally categorizes its criticized commercial loans into three groups: doubtful, substandard and special mention.

All nonperforming loans are characterized as either doubtful or substandard. Nonperforming commercial loans are considered by Chase to be impaired loans. The allowance for impaired loans is computed using the methodology under SFAS 114. An allowance is established when the discounted cash flows (or collateral value or observable market price) of an impaired loan is lower than the carrying value of that loan. For the purposes of computing the specific loss component of the allowance, larger impaired loans are evaluated individually and smaller impaired loans are evaluated as a pool using Chase's historical loss experience for this class of assets. The criticized but still performing loans are also evaluated as a pool using historical loss rates.

The expected loss component covers performing commercial loans (except criticized loans) and consumer loans.

Expected losses are the product of default probability and loss severity. The computation of the expected loss component of the allowance is based on estimates of these factors in Chase's credit risk capital model. These estimates are differentiated by risk rating and maturity for commercial loans and by product for consumer loans.

The expected loss estimates for each consumer loan portfolio are based primarily on Chase's recent historical loss experience for the applicable portfolio.

In addition, a portfolio segment component may be established for a particular geographic or industry segment of the portfolio, if, in management's judgment, it is probable that expected losses for that component will be higher than indicated by the base level expected loss factors from the credit risk capital model.

Finally, a residual component is maintained to cover uncertainties that could affect management's estimate of probable losses. The residual component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific losses and expected losses in both the commercial and consumer portfolio. It is expected that the residual component of the allowance will range between 10% and 20% of the total Allowance for Loan Losses.

Factors affecting the uncertainty of specific loss and expected loss estimates include the volatility of default probabilities, rating migrations and loss severity. These uncertainties could also relate to current macroeconomic and political conditions, the impact of currency devaluations on cross-border exposures, changes in underwriting standards, unexpected correlations within the portfolio, or other factors.

Chase's Credit Risk Committee reviews, at least quarterly, the Allowance for Loan Losses relative to the risk profile of the portfolio and current economic conditions. The allowance is adjusted based on that review if, in management's judgment, changes are warranted.

During 1999, there was an improvement in Chase's credit risk profile and, accordingly, Chase reduced its Allowance for Loan Losses by \$95 million in the fourth quarter. In 1998, the Allowance for Loan Losses was reduced by \$75 million as a result of the redesignation of \$75 million of the allowance to Trading Assets: Risk Management Instruments. As of December 31, 1999, Chase deems its allowance to be adequate (i.e. sufficient to absorb losses that may currently exist but are not yet identifiable).

Lending-Related Commitments

To provide for risks of losses inherent in the credit extension process, management also computes specific and expected loss components as well as a residual component for lending-related commitments, using a methodology similar to that used for the loan portfolio. At December 31, 1999 and 1998, the Allowance for Credit Losses on Lending-Related Commitments was \$170 million, which amount is reported in Other Liabilities.

ALLOWANCE FOR CREDIT LOSSES

December 31, (in millions, except ratios)	1999	1998
Allowance for Loan Losses	\$3,457	\$3,552
Allowance for Loan Losses to:		
Nonperforming Loans	208%	247%
Loans at Period-End	1.96	2.06
Average Loans	1.99	2.10

Allowance for Credit Losses on Lending-Related Commitments \$ 170 \$ 170

MARKET RISK MANAGEMENT

-
- => Stress Testing and Value-at-Risk are equally important in managing revenue volatility
 - => Market risk disciplines extend across trading, asset / liability and investment activities
 - => Internal capital is allocated on the basis of the higher of Stress Test or VAR
-

Market risk is the exposure to adverse changes in the values of financial instruments caused by changes in market prices or rates, including changes in interest rates, foreign exchange rates, and equity and commodity prices.

OVERVIEW

Chase has developed comprehensive market risk management practices that incorporate and, in many instances, set the standard for best practices in risk management techniques and risk management execution.

Chase's Market Risk Management Group consists of approximately 60 professionals located in New York, London, Hong Kong, Tokyo and Brazil and functions independently from Chase's business units.

Chase is exposed to market risk in its trading portfolios because the values of its trading positions are sensitive to changes in market prices and rates. Market risks generally are categorized as interest rate, foreign exchange, equity and commodity risks.

Chase also is exposed to market risk in its investment portfolio and commercial banking activities (Asset/Liability ("A/L") activities) because the revenues Chase derives from these activities, such as net interest income and securities gains and losses, are sensitive to changes in interest rates. Interest rate risk arises from a variety of factors, including differences in timing between the maturity or repricing of assets, liabilities and derivatives. For example, the repricing characteristics of loans and other interest-earning assets do not necessarily match those of deposits, borrowings or other liabilities.

In trading, investment and A/L activities, Chase also is exposed to basis risk, which is the difference in the pricing characteristics of two instruments. Basis risk occurs when the market rates or pricing indices for different financial instruments change at different times or by different amounts. For example, when Chase's Prime-priced commercial loans are funded with LIBOR-indexed liabilities, Chase is exposed to the difference between changes in Prime and LIBOR rates.

In 1999, Chase extended the market risk measurement and control disciplines used in its trading and investment portfolios to its A/L activities. The result of this effort has been an enhanced management of the market risk in its A/L activities and an improved picture of market risk across Chase as a whole.

RISK MEASUREMENT

Because no single risk statistic can reflect all aspects of market risk, Chase utilizes several risk measures. These measures are Value-at-Risk ("VAR"), stress testing and other nonstatistical risk measures. Their use in combination is key to enhancing the stability of revenues from market risk activities because, taken together, these risk measures provide a more comprehensive view of market risk exposure than any of them taken individually.

Value-at-Risk

VAR is a measure of the dollar amount of potential loss from adverse market moves in an everyday market environment. The VAR looks forward one trading day and is the loss expected to be exceeded with a 1 in 100 chance.

The VAR methodology used at Chase is historical simulation, which assumes that actual observed historical changes in market indices, such as interest rates, foreign exchange rates, and equity and commodity prices, reflect future possible changes. In its daily VAR calculations, Chase uses the most recent one-year historical changes in market prices and rates. Chase's historical simulation is applied to end-of-day positions, and it is shown by individual position and by aggregated positions by business, geography, currency and type of risk.

Statistical models of risk measurement, such as VAR, provide an objective, independent assessment of how much risk is being taken. Chase's historical simulation methodology permits consistent and comparable measurement of risk across instruments and portfolios. Historical simulation also makes it easy to examine the VAR for any desired segment of the total portfolio and to examine that segment's contribution to total risk. The VAR calculations are performed for all material trading and investment portfolios and for all material market risk-related A/L activities.

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All statistical models have a degree of uncertainty associated with the assumptions employed. Chase believes its use of historical simulation for its VAR calculations is not as dependent on assumptions about the distribution of portfolio losses as are other VAR methodologies that are parameter-based. The Chase VAR methodology assumes that the relationships among market rates and prices that have been observed over the last year are valid for estimating risk over the next trading day. In addition, Chase's VAR estimate, as with all VAR methodologies, is dependent on the quality of available market data. Recognizing these shortcomings, Chase uses diagnostic information to evaluate continually the reasonableness of its VAR model. This information includes the calculation of statistical confidence intervals around the daily VAR estimate and daily "back testing" of VAR against actual financial results.

Stress Testing

Whereas VAR captures Chase's exposure to unlikely events in normal markets, stress testing discloses the risk under plausible events in abnormal markets. Portfolio stress testing is integral to the market risk management process and is co-equal with, and complementary to, VAR as a risk measurement and control tool. Giving equal weight to each produces a risk profile that is diverse, disciplined and flexible enough to capture revenue-generating opportunities during times of normal market moves but that also is prepared for periods of market turmoil.

Chase's corporate stress tests are built around changes in market rates and prices that result from pre-specified economic scenarios, including both historical and hypothetical market events. Using economic events (actual and hypothetical) as a basis for stress testing allows easier interpretation of stress results than scenarios based on arbitrarily specified shocks to market rates, volatilities or correlations. As with VAR, stress test calculations are performed for all material trading, investment and A/L portfolios. Stress test scenarios are chosen so they test "conventional wisdom" and focus on risks relevant to the positions taken in Chase's portfolios.

Chase's stress test methodology assumes no actions are taken during a stress event to change the risk profile of its portfolios. This captures the decreased liquidity that frequently accompanies abnormal markets and results in a conservative stress loss estimate.

Stress scenarios are built using a very detailed view of markets. For each corporate stress scenario, more than 11,000 individual shocks to market rates and prices are specified. These include, for example, highly detailed yield curve and credit spread shocks involving more than 60 countries, maturity-specific shocks to market volatilities and shocks to individual foreign exchange cross-rates. By minimizing the use of approximations and proxies in the construction of stress scenarios, the stress results are enhanced at the aggregate level and can be disaggregated to examine meaningfully the exposures arising from smaller portfolios or individual positions.

A key to the success of stress testing at Chase is continuous review and updating of stress scenarios. This is a dynamic process that is responsive to changes in positions and economic events and looks to prior stress tests to identify areas where scenario refinements can be made. During 1999, Chase implemented or substantially modified six corporate stress test scenarios.

Corporate stress tests are performed approximately monthly on randomly selected dates. As of December 31, 1999, Chase's corporate stress tests consisted of six historical and five hypothetical scenarios. The historical scenarios included the 1994 bond market sell-off, the 1994 Mexican peso crisis and the 1998 Russian crisis. The hypothetical scenarios included examinations of potential market crises originating in the United States, Japan and the Euro bloc. For example, in Chase's hypothetical "flight to quality" scenario, political instability in certain emerging markets causes a general sell-off in emerging markets assets and an investment "flight" to U.S. and selected other "safe haven" countries.

Stress testing also is utilized at the trading desk level, thereby permitting traders and their management to explore in detail the impact of those economic scenarios that most stress the factors unique to the individual business activity. Desk-level stress tests are performed weekly.

Chase also performs NII stress tests that highlight exposures from factors such as administered rates (e.g., prime lending rate), pricing strategies on consumer and business deposits, changes in balance sheet mix and the effect of various options embedded in the balance sheet. NII stress tests take into account forecasted balance sheet changes (such as asset sales and securitizations, as well as prepayment and reinvestment behavior).

At year-end 1999, Chase's corporate NII stress tests consisted of one historical and four hypothetical scenarios.

Nonstatistical Risk Measures

Nonstatistical risk measures include net open positions, basis point values, option sensitivities, position concentrations and position turnover. These risk measures provide additional information on an exposure's "size" and "direction." For example, a basis point value for a portfolio shows whether a one one-hundredth percentage point (or one "basis point") increase in a market rate will give rise to a profit or loss and of what magnitude.

During the first quarter of 1999, Chase extended the use of basis point value ("BPV"), previously used only for its trading portfolios, to supplement other measures of interest rate and basis risk in Chase's A/L activities.

RISK MANAGEMENT

Chase has evolved a multi-tiered, many faceted approach to market risk control, combining several quantitative risk measurement tools.

Included among the controls instituted at Chase are Board of Directors-approved VAR limits and stress-loss advisory limits and the incorporation of stress test exposures into Chase's internal capital allocation methodology. When a Board-approved VAR or stress-loss advisory is exceeded, a review of the portfolio is automatically triggered.

Primary control of risk is established through limits. Chase's limit structure extends to desk-level activities and includes a listing of authorized instruments, maximum tenors, statistical and nonstatistical limits and loss advisories. The limit structure promotes the alignment of corporate risk appetite with trading, investment and A/L risk-taking activities.

VAR limits on market risk activities exist at the aggregate and business unit levels. In addition, Chase maintains nonstatistical risk limits to control risk in those instances where statistical assumptions break down. Criteria for risk limits include, among other factors, relevant market analysis, market liquidity, prior track record, business strategy, and management experience and depth. Risk limits are reviewed regularly to maintain consistency with trading strategies and material developments in market conditions, and are updated at least twice a year. Chase also uses stop-loss advisories to inform line management when losses are sustained from a trading activity. Chase believes the use of nonstatistical measures and stop-loss advisories in tandem with VAR limits reduces the likelihood that potential trading losses will reach the daily VAR limit under normal market conditions.

Trading Activities

Chase is exposed to interest rate, foreign exchange, equity and commodity market risk in its trading portfolios. No single risk statistic can reflect all aspects of market risk; in addition, market risk exposures change continuously through daily trading activities. Nonetheless, the tables that follow provide a meaningful overview of Chase's market risk exposure arising from its trading activities.

Value-at-Risk

The table that follows represents Chase's average and period-end VARs for its total trading portfolio and for each of the major components constituting that portfolio.

(in millions)	Marked-to-Market Trading Portfolio				
	Year Ended December 31, 1999			At December 31, 1999	At December 31, 1998
	Average VAR	Minimum VAR	Maximum VAR	VAR	VAR
Interest Rate	\$20.2	\$10.7	\$36.5	\$20.0	\$20.1
Foreign Exchange	7.0	2.3	21.3	3.0	2.3
Equities	6.3	3.4	10.1	7.2	4.6
Commodities	3.5	1.9	9.0	3.4	2.6
Hedge Fund Investments	4.1	3.1	4.6	3.3	NA
Less: Portfolio Diversification	(17.0)	NM	NM	(13.7)	(8.9)
Total VAR	\$24.1	\$12.3	\$41.8	\$23.2	\$20.7

NM- Because the minimum and maximum may occur on different days for different risk components, it is not meaningful to compute a portfolio diversification effect. In addition, Chase's average and period-end VAR is less than the sum of the VARs of its market risk components due to risk offsets resulting from portfolio diversification.

NA - Not available. Chase started reporting in 1999 its market risk exposure to hedge fund investments as a separate VAR category.

[Graph 21--See Appendix 1]

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This is the first year in which Chase is reporting its market risk exposure to hedge fund investments as a separate VAR category.

The preceding chart contains a histogram of Chase's daily market risk-related revenue for 1999 and 1998. Market risk-related revenue is defined as the daily change in value in mark-to-market trading portfolios plus any trading-related NII or other revenue. Trading-related NII includes interest recognized on interest-earning and interest-bearing trading-related positions as well as management allocations reflecting the funding cost or benefit associated with trading positions.

In 1999, Chase posted positive daily market risk-related revenue for 250 out of 260 days, with 62 days exceeding positive \$20 million. In 1998, Chase posted positive daily market risk-related revenue for 222 out of 259 days, with 49 days exceeding positive \$20 million. The increase in the number of days in which trading revenues exceeded \$20 million in 1999 versus 1998 underscores Chase's success in its continued efforts to build key trading activities. Chase incurred no daily trading losses in excess of \$20 million in 1999, compared with six days in 1998.

Stress Testing

The following table represents the potential stress test loss (pre-tax) in Chase's trading portfolio predicted by Chase's stress test scenarios. This is the first year that Chase is providing this stress testing information. Chase's average potential trading-related stress test loss was predicted to be approximately \$186 million pre-tax in 1999. Chase's largest potential stress test loss of \$302 million was observed under a replay of the historical 1998 Russian crisis scenario. At the date of this stress test, Chase had a larger-than-usual exposure to interest rates in Latin America and Asia. In addition to the 1998 Russian crisis scenario, the historical 1994 bond market sell-off scenario frequently is a scenario that produces potential large stress test losses in Chase's trading portfolio.

Marked-to-Market Trading Activities					
Largest Monthly Stress Test - Pre-Tax					

Year Ended December 31, 1999					
(in millions)	-----			At December	At December
	Average	Minimum	Maximum	1999	1998

Stress Test Loss - Pre-Tax	\$(186)	\$(112)	\$(302)	\$(231)	\$(150)

Investment Portfolio and Asset/Liability Activities

The tables that follow are intended to provide a meaningful representation of market risk exposure in Chase's investment portfolio and A/L activities at the dates indicated. However, these exposures change constantly as a result of changes in the portfolios. In addition, these risk measurements do not take into account all factors that have an effect on Chase's investment portfolios and A/L activities, such as changes in credit quality.

Net Interest Income: Stress Testing

Chase previously has reported its NII sensitivity as its estimate of accounting income sensitivity to an immediate 100 basis point shock in interest rates. NII sensitivity takes into account forecasts of balance sheet changes (such as securitizations or prepayment and reinvestment) and forecasts of changes in interest rate spreads.

At December 31, 1999, Chase's NII sensitivity over the next 12 months to an immediate 100 basis point shock in interest rates was estimated to be approximately 3% of projected net income for full-year 2000. At December 31, 1998, Chase's exposure under the same scenario was approximately 3% of projected 1999 net income.

As a result of the convergence between trading and investment portfolios and A/L activities, in 1999 Chase implemented Net Interest Income stress testing. NII stress testing differs from NII sensitivity in that it allows for changes in the level and shape of the yield curve as well as changes in interest rate spreads over a one-year period. As a result, Chase views NII stress testing as producing more realistic results than NII sensitivity. NII stress testing also results in more conservative estimates of NII sensitivity because yield curve levels in one year frequently change more than 100 basis points. In addition, NII stress tests assume no management response to unfavorable market conditions for an entire year.

Chase has implemented NII stress testing using historical and hypothetical scenarios. The historical scenario is a replay of the rate and spread changes that occurred in 1994. The various hypothetical scenarios examine the impact of alternative patterns in the U.S. dollar yield curve and in U.S. dollar spreads. At year-end 1999, Chase's largest potential NII stress test loss was estimated to be approximately 8% of projected net income for full-year 2000.

Value-at-Risk

At December 31, 1999, Chase's average and period-end VARs for its investment portfolio and market risk-related A/L activities, and for each of the major components constituting those portfolios, were as follows:

(in millions)	Market Risk-Related A/L Activities				
	Year Ended December 31, 1999			At December 31, 1999	At December 31, 1998
	Average VAR	Minimum VAR	Maximum VAR		
Interest Rate	\$77.2	\$ 63.3	\$99.3	\$66.7	\$79.7
Hedge Fund Investments (a)	9.6	0.6	15.4	0.6	NA
Less: Portfolio Diversification	(9.2)	NM	NM	(0.6)	--
Total VAR	\$77.6	\$ 63.4	\$99.8	\$66.7	\$79.7

(a) Represents Chase's investment in Long-Term Capital Management, which was largely disposed of by year-end.

NM- Because the minimum and maximum may occur on different days for different risk components, it is not meaningful to compute a portfolio diversification effect. In addition, Chase's average and period-end VAR is less than the sum of the VARs of its market risk components due to risk offsets resulting from portfolio diversification.

NA - Not available. Chase started reporting in 1999 its market risk exposure to hedge fund investments as a separate VAR category.

Average aggregate VAR increased from 1998, due to an acquisition of a large mortgage servicing portfolio in September 1999. VARs tend to be larger during periods in which Chase takes a particular view on interest rates in its investment portfolios. Investment portfolio positions are generally taken in liquid instruments such as government securities and mortgage-backed securities.

Nonstatistical Risk Measures

Chase disclosed previously its exposure to interest rate risk using a "funding gap" measure. Funding gaps represent net notional exposure at various maturities. In 1999, Chase replaced funding gaps with a BPV measure. As described above, BPV measures the change in market value of Chase's investment portfolio and A/L activities to a one basis point increase in interest rates (directional risk) or one basis point widening of spreads (basis risk).

BPV measures the potential change in the market value of Chase's investment portfolio and A/L activities, while the NII stress test measures the potential change in Chase's earnings. In addition, the BPV measure incorporates all future cash flows discounted to the present while the NII stress test looks forward one year only. As a result, BPV exposures will generally be much greater than the NII stress test for the same position.

The table that follows shows that Chase had an average directional BPV value of (\$4.9) million (pre-tax), indicating that the market value of Chase's A/L positions would decline approximately \$5 million for every one basis point increase in interest rates along the interest rate yield curve. This compares with a directional BPV of (\$6.4) million at December 31, 1998.

The following table also shows that the economic value of Chase's investment portfolio and A/L activities would decline by \$10.7 million (pre-tax) for every one basis point widening of interest rate spreads. This compares with a BPV of (\$15.4) million at December 31, 1998.

The BPV measures in the following table include exposure to U.S. dollar interest rates as well as exposure to non-U.S. dollar interest rates. Exposure to non-U.S. dollar interest rates is less than 10% of Chase's total directional interest rate exposure. Exposure to non-U.S. dollar basis risk is immaterial.

Foreign currency exposures arising from A/L activities conducted in Chase's overseas units and net investments in overseas entities are managed through the use of foreign exchange forward contracts. Foreign currency exposures are matched to hedge the impact of foreign exchange rate changes. At December 31, 1999, Chase's earnings sensitivity to changes in foreign currency rates was immaterial.

(in millions)	Market Risk-Related A/L Activities				
	Year Ended December 31, 1999			At December 31, 1999	At December 31, 1998
	Average	Minimum	Maximum		
Directional Risk	\$ (4.9)	\$ (4.0)	\$ (6.8)	\$ (4.7)	\$ (6.4)
Basis Risk	\$ (10.7)	\$ (7.3)	\$ (13.2)	\$ (13.2)	\$ (15.4)

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Economic Value Stress Testing

As part of the extension of its market risk measurement and control discipline to its investment portfolio and A/L activities, in 1999 Chase implemented economic value stress testing for its investment portfolios and A/L activities. Economic value stress testing represents the anticipated change in value of Chase's assets and liabilities under certain stress test scenarios. This contrasts with the more conventional NII stress testing analysis, discussed previously, that shows the potential change in Chase's accounting earnings over the next year.

Although Chase performs several historical and hypothetical stress test scenarios, one historical scenario - the 1994 bond sell-off - throughout 1999 has consistently produced the largest potential loss. This scenario hypothesizes significant increases in interest rates and significant increases in spreads. As of December 31, 1999, the potential impact of the 1994 bond sell-off scenario on the economic value of Chase's investment portfolio and A/L activities would be equivalent to less than 1% of Chase's market capitalization.

Aggregate Exposure

The table that follows represents Chase's average and period-end VARs for its trading and investment portfolios and A/L activities.

Chase's average and period-end VARs are less than the sum of the respective trading and A/L VARs shown in the above tables (by \$19.3 million and \$15.9 million, respectively) due to risk offsets, resulting from portfolio diversification that occurs across the trading and A/L portfolios. The increase in the average VAR between 1998 and 1999 levels is the result of the VAR increase in the A/L portfolio, as discussed above.

Chase conducts daily VAR "backtesting" for both regulatory compliance with the Basle Committee on Banking Supervision market risk capital rules and for internal evaluation of VAR against trading revenues. During 1999, no daily trading loss exceeded that day's trading VAR. This compares with an expected number of approximately 3 days.

(in millions)	Aggregate Portfolio				
	Year Ended December 31, 1999			At December 31, 1999	At December 31, 1998
	Average VAR	Minimum VAR	Maximum VAR		
Trading Portfolio	\$ 24.1	\$ 12.3	\$ 41.8	\$23.2	\$20.7
Market Risk-Related A/L Activities	77.6	63.4	99.8	66.7	79.7
Less: Portfolio Diversification	(19.3)	NM	NM	(15.9)	(17.9)
Aggregate VAR	\$ 82.4	\$ 67.4	\$106.3	\$74.0	\$82.5

NM- Because the minimum and maximum may occur on different days for different risk components, it is not meaningful to compute a portfolio diversification effect. In addition, Chase's average and period-end VAR is less than the sum of the VARs of its market risk components due to risk offsets resulting from portfolio diversification.

Impact of A/L Derivative Activity

The following table reflects the deferred gains and losses on closed derivative contracts and unrecognized gains and losses on open derivative contracts utilized in Chase's A/L activities.

December 31, (in millions)	1999	1998	Change
A/L Derivative Contracts:			
Net Deferred Gains	\$ 205	\$402	\$ (197)
Net Unrecognized Gains (Losses)	(877)	110	(987)
Net A/L Derivative Gains (Losses)	\$(672)	\$512	\$(1,184)

Net deferred gains and losses on closed contracts relate to futures, forwards and swaps used in connection with available-for-sale securities, loans, deposits and debt. The net unrecognized gains and losses relating to A/L activities are largely the result of interest rate swaps, options, forward and futures contracts primarily used in connection with loans, deposits and debt. For a further discussion of unrecognized gains/losses on open derivative contracts, see Note Twenty-Two.

Deferred gains and losses are expected to be amortized as yield adjustments in NII or recognized in noninterest revenue over the periods reflected in the following table. Premiums relating to open A/L option contracts are included on

the balance sheet and are amortized as a reduction to NII or noninterest revenue over the periods reflected in the following table.

Year Ended December 31, (in millions)	----- Net Deferred Gains/(Losses)	----- Option Premiums
2000	\$ 16	\$101
2001	(1)	28
2002	15	12
2003	16	9
2004 and After	159	1
Total	\$205	\$151

CAPITAL AND LIQUIDITY RISK MANAGEMENT

- => Chase maintains capital and liquidity levels to support operations, even under stress conditions
- => Chase is committed to maintaining strong capitalization, to the reinvestment of capital in new businesses and to the return of excess capital to shareholders

CAPITAL

Chase's capital levels are determined taking into consideration several factors, including internal credit risk models, market risk models, operational risk concerns, Federal Reserve guidelines, competitor levels and rating agency guidelines.

Chase sets a variety of internal capital targets. Currently, Chase's most important capital target is to maintain a Tier 1 Capital ratio in the range of 8% to 8.25%. Capital generated in excess of this target will be used for purchases of Chase common stock or for future investment and acquisition opportunities. The Capital Committee reviews Chase's capital targets and policies regularly in light of changing economic conditions and business needs.

Year Ended December 31, (in billions)	1999	1998	1997
SOURCES OF FREE CASH FLOW			
Cash Operating Earnings Less Dividends	\$ 4.3	\$ 2.9	\$ 2.7
Plus: Preferred Stock and Equivalents/Special Items	0.2	(0.7)	0.8
Less: Capital for Internal Asset Growth	(1.0)	(0.3)	(2.6)
Total Sources of Free Cash Flow	\$ 3.5	\$ 1.9	\$ 0.9
USES OF FREE CASH FLOW			
Increases (Decreases) in Capital Ratios	\$ 0.1	\$ 1.2	\$(0.7)
Acquisitions	1.1	0.8	0.4
Repurchases Net of Stock Issuances for Employee Plans	2.3	(0.1)	1.2
Total Uses of Free Cash Flow	\$ 3.5	\$ 1.9	\$ 0.9

[Graph 22--See Appendix 1]

Capital targets may not always be maintained on a quarter-to-quarter basis. A large acquisition may cause the capital levels to drop below target temporarily. The acquisition of H&Q caused Chase to significantly reduce common stock repurchases during the fourth quarter of 1999.

The chart above, sources/uses of free cash flow shows how Chase viewed its capital generation and use during the past three years. The "sources of free cash flow" shows that the primary source of Chase's free capital is cash operating earnings (less dividend requirements) generated in the ordinary course by Chase's businesses. As assets grow in

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the normal course of Chase's businesses, Chase is required to retain additional capital in order to maintain its capital ratios within targeted levels. Therefore, the sources of free cash flow equals the retained earnings generated, less the additional capital needed to support new assets in order to maintain targeted capital ratios. This total amount is Chase's "free cash" or capital in excess of target ratios.

The "uses of free cash flow" shows the uses to which Chase's "excess capital" has been put during the past three years. Excess capital has been used to support goodwill and other assets acquired through acquisition and for share purchases. The line "Increases (Decreases) in Capital Ratios" represents the amount of capital retained by Chase, causing Chase's capital ratios to rise (or fall) from targeted levels.

During 1999, \$3.5 billion of free cash flow was generated, 84% more than that generated during 1998 and more than three times that generated in 1997. During 1999, less capital was needed for internal growth (the primary use of capital in 1997) or to bolster capital ratios (the primary use of capital in 1998). The excess cash flow in 1999 was primarily used for stock repurchases and to support the H&Q acquisition.

Dividends: In the first quarter of 1999, Chase raised the quarterly cash dividend on its common stock to \$.41 per share from \$.36 per share. Chase's dividend policy is to pay common stock dividends equal to approximately 25% to 35% of Chase's operating earnings, less preferred stock dividends. Chase's future dividend policies will be determined by its Board of Directors taking into consideration Chase's earnings and financial condition and applicable governmental regulations and policies.

Buybacks: During 1999, Chase purchased its common stock under an authorization announced in November 1998. As of December 31, 1999, Chase had purchased approximately net \$2.3 billion under this program.

On January 19, 2000, Chase authorized the commencement of a new repurchase program. Under the new authorization, Chase may purchase up to \$5 billion of its common stock in the open market or through negotiated transactions, in addition to any amounts necessary to provide for issuances under Chase's dividend reinvestment plan and its various stock-based director and employee benefit plans.

Regulatory Capital: The Federal Reserve requires Chase to maintain certain minimum capital-to-assets ratios. These risk-based capital ratios are determined by allocating assets and specified off-balance sheet financial instruments into four weighted categories, with higher levels of capital being required for categories perceived as representing greater risk. Capital is divided into two tiers: Tier 1 Capital and Tier 2 Capital. In addition to retained earnings, the Federal Reserve permits Chase to raise Tier 1 and Tier 2 Capital by issuing different types of financial instruments to the public. These financial instruments are then classified as either Tier 1 or Tier 2, depending upon their terms and the types of conditions or covenants they place upon the issuer.

Tier 1 Capital includes securities with no fixed maturity date, such as common stock, nonredeemable perpetual preferred stock and the minority interest of nonconsolidated affiliates (which may include securities commonly referred to as "trust preferreds").

At December 31, 1999, Chase had \$728 million principal amount of cumulative perpetual preferred stock outstanding and \$2,538 million principal amount of trust preferred securities outstanding. Additionally, at December 31, 1999, Chase had \$200 million of noncumulative

[Graph 23--See Appendix 1]

December 31, (In millions)	1999	1998

Tier 1 Capital		
Common Stockholders' Equity	\$24,160	\$22,435
Nonredeemable Preferred Stock	928	1,028
Minority Interest (a)	3,301	2,806
Less: Goodwill	2,856	2,030
Nonqualifying Intangible Assets	80	123

Tier 1 Capital	\$25,453	\$24,116

Tier 2 Capital		
Long-Term Debt and Other Instruments		
Qualifying as Tier 2	7,405	7,093
Qualifying Allowance for Credit Losses	3,627	3,620

Tier 2 Capital	11,032	10,713

Total Qualifying Capital	\$36,485	\$34,829

(a) Minority interest includes trust preferred stocks of certain business trust subsidiaries and the preferred stock of a REIT subsidiary of Chase. For a further discussion, see Notes Six and Seven.

perpetual preferred stock outstanding (commonly referred to as a "FRAP"). Federal Reserve guidelines currently provide that cumulative preferred, trust preferred and noncumulative FRAP securities may not constitute more than 25% of an issuer's Tier 1 capital. At December 31, 1999, these forms of securities constituted approximately 14% of Chase's Tier 1 Capital.

Tier 2 Capital includes subordinated long-term debt and similar instruments and "qualified loan loss reserves," such as the allowance for loan losses. The amount of subordinated long-term debt that may be included in Tier 2 Capital may not exceed more than 50% of the issuer's Tier 1 Capital. In addition, the capital treatment accorded long-term subordinated debt is reduced as it approaches maturity. Qualified loan loss reserves may be included in Tier 2 Capital up to 1.25% of risk-weighted assets. Total Tier 2 Capital is limited to 100% of Tier 1 Capital.

Capital Ratios: Chase's level of capital at December 31, 1999 remained strong, with capital ratios in excess of regulatory guidelines. Management estimates that risk-weighted assets at December 31, 1999 increased approximately \$5 billion as a result of Year 2000-related balance sheet management actions of Chase and cash management activities of clients. Chase's Tier 1 capital ratio was 8.4% at December 31, 1999, despite the temporary growth in the year-end risk-weighted assets and net repurchases of \$2.3 billion during the year. Chase's Total Capital ratio was 12.1% and the Tier 1 Leverage ratio (defined as Tier 1 Capital divided by average total assets, net of allowance for loan losses, goodwill and other intangible assets) was 6.6% at December 31, 1999. Regulatory minimum capital ratios are 4%, 8% and 3%, respectively.

[Graph 24--See Appendix 1]

LIQUIDITY

While capital is held to absorb losses over time, liquidity is managed to meet Chase's known and unanticipated cash funding needs. Chase must maintain sufficient liquidity for operations and to meet payment demands on borrowings and to make new loans and investments as opportunities arise.

Maintaining too much liquidity is costly. Chase manages its liquidity on a daily basis, both at the parent company and subsidiary levels. In managing liquidity, Chase takes into account the various legal limitations on the extent to which its subsidiary banks may pay dividends to their parent companies or finance their affiliates.

The parent company routinely accesses liquidity in the public markets through the issuance of medium term notes and commercial paper. Contingency plans exist (such as lines of credit) that could be implemented on a timely basis to minimize the liquidity risks that might arise upon the occurrence of a dramatic change in market conditions.

Liquidity management provides for the appropriate mix of "core" and "non-core" deposits and capital to raise funds. A major source of liquidity for Chase's bank subsidiaries derives from their ability to generate core deposits. Core deposits include all deposits, except noninterest bearing time deposits and certificates of deposit of \$100,000 or more. Chase also generates substantial non-core deposits from its Global Services business and from low-cost wholesale deposits (including foreign deposits and purchases of Federal funds).

Chase holds marketable securities and other short-term investments that can be readily converted to cash. In addition, as part of Chase's ongoing capital management process, loan syndication networks and securitization programs are utilized to facilitate the disposition of assets when deemed desirable.

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OPERATING RISK MANAGEMENT & OTHER EVENTS

- => Management maintains a comprehensive system of internal controls intended to provide for proper authorization of transactions, the safeguarding of assets and the reliability of financial records
- => Successful completion of Year 2000 initiatives

Chase is exposed to many types of operating risk, including the risk of fraud by employees or outsiders, unauthorized transactions by employees, and errors relating to computer and telecommunications systems.

OPERATING RISK MANAGEMENT

Chase maintains systems of controls that it believes are reasonably designed to provide management and the Board of Directors with timely and accurate information about the operations of Chase. These systems have been designed to keep operating risk at appropriate levels in view of Chase's financial strength, the characteristics of its businesses and the markets in which it operates, and the competitive and regulatory environment to which it is subject. However, Chase has suffered losses from operating risk from time to time as discussed below and there can be no assurance that Chase will not suffer such losses in the future.

Chase has identified some deficiencies in the computerized bond recordkeeping system in the bond paying agency function within Chase's Capital Markets Fiduciary Services group. These deficiencies include an overstatement by the computer system of the amount of outstanding bonds and matured unrepresented bonds and other items.

Because of these deficiencies, Chase is currently unable to totally confirm through a complete reconciliation of the relevant accounts that the value of bonds that could potentially be presented for payment does not exceed the amount of cash on hand for payment of such bonds. Chase has under way a project to correct the system's deficiencies and to reconcile the affected accounts. Chase incurred some immaterial costs in the second half of 1999 in connection with this project. While management considers it likely that additional costs will be incurred during the remaining course of the project, it does not, based upon its experience to date, expect them to be material. The Securities and Exchange Commission has commenced an investigation relating to the question of whether, in connection with this matter, there have been violations of its transfer agency recordkeeping or reporting regulations and whether Chase's disclosure regarding these issues have been adequate and timely.

In early 2000, Chase established two additional risk committees that are under the responsibility of Chase's Executive Committee. The Operating Risk Committee will review the design of the control function within Chase and the Fiduciary Risk Committee will be responsible for approving Chase's policies for fiduciary risk.

A Look Back at Y2K: As a result of the extensive efforts undertaken by Chase's Year 2000 ("Y2K") Program over the last four and a half years, Chase successfully managed the millennium date change. The fourth quarter of 1999 was focused almost entirely on final preparations for the event.

Chase's Year 2000 Program Office established 79 command centers worldwide, which were staffed during the transition weekend of December 30, 1999 - January 4, 2000, monitoring "wellness checks" of facilities and systems. These efforts enabled Chase, as businesses opened worldwide in 2000, to operate normally across all product lines and geographies, without it experiencing any material interruptions or causing any material disruptions to its customers. Ongoing problem tracking and reporting will continue throughout 2000 in order to manage any latent Y2K issues that may arise. Full-year 1999 costs for Chase's Y2K efforts remained at approximately \$158 million.

OTHER EVENTS

Acquisition of Hambrecht & Quist

Chase acquired the H&Q Group for \$1.46 billion on December 9, 1999. The acquisition was accounted for under the purchase method. Revenues and expenses of H&Q were included in Chase's Global Investment Banking results for the period subsequent to December 8, 1999.

For the fiscal year ended September 30, 1999, H&Q had gross revenues of \$653 million, net income of \$119 million and earnings per share of \$4.45. H&Q's total assets at September 30, 1999 were \$1.0 billion. These results are not included in Chase's 1999 financial results.

ACCOUNTING AND REPORTING DEVELOPMENTS, & COMPARISON BETWEEN 1998 AND 1997

ACCOUNTING AND REPORTING DEVELOPMENTS

Derivatives

In 1998, the FASB issued SFAS 133, which establishes accounting and reporting standards for all derivative instruments, including certain derivative instruments embedded in other financial instruments (collectively referred to as derivatives), and for hedging activities. SFAS 133 requires that an entity measure all derivatives at fair value and recognize those derivatives as either assets or liabilities on the balance sheet. The change in a derivative's fair value is generally to be recognized in current period earnings.

During the second quarter of 1999, the FASB issued SFAS 137, which delayed the effective date of SFAS 133 for one year, with early adoption permitted. Chase will, therefore, not be required to adopt SFAS 133 until calendar year 2001. Chase already recognizes the derivatives used in its trading activities on its balance sheet at fair value, with changes in the fair values of such derivatives included in earnings. This represents the substantial majority of the derivatives utilized by Chase. With respect to those other derivatives used as hedges of its assets, liabilities and commitments, Chase is currently assessing the impact of the adoption of SFAS 133 on its hedging activities and its effect on its financial condition and operating performance.

Allowance for Loan Losses

In 1999, the Accounting Standard Executive Committee of the AICPA formed the Allowance for Loan Losses Task Force ("Task Force") to research current accounting guidance and practices as they relate to loan losses. The initial expectations are that the Task Force will develop a statement of position that will provide additional accounting and reporting guidance and clarification on the factors to consider in determining the allowance for loan losses. The Task Force is in its early stages of deliberation and its impact on the financial industry is yet to be determined.

COMPARISON BETWEEN 1998 AND 1997

Results of Operations

Chase's operating earnings were \$4.02 billion in 1998, an increase of 4% from 1997. Diluted operating earnings per share increased 8%, when compared with the prior year.

Reported net income was \$3.78 billion in 1998, compared with \$3.71 billion in 1997. Diluted net income per share was \$4.24 in 1998, compared with \$4.01 in 1997.

Operating revenues in 1998 rose 11% to \$19.61 billion, reflecting a 19% increase in market-sensitive revenues and an 8% increase in less market-sensitive revenues. Market-sensitive revenue growth in 1998 included double-digit increases in investment banking fees, securities gains and private equity gains. Trading-related revenue increased slightly, despite difficult market conditions in the 1998 third quarter.

The increase in less market-sensitive revenues from 1997 reflected higher trust, custody and investment management fees and credit card revenue. Operating net interest income was \$9.12 billion in 1998, a 3% increase from the previous year. The increase was primarily due to higher volumes of consumer-related loans (particularly residential mortgages) and domestic commercial loans, partially offset by the impact of generally narrower spreads on loans.

Operating expenses were \$10.82 billion in 1998, an increase of 11% from the prior year. The growth in expenses included costs associated with portfolio acquisitions, investment spending on new product offerings, Y2K, European Monetary Union ("EMU") and other technology spending, and higher incentive costs, partially offset by the impact of the capitalization of certain software costs.

Credit costs during 1998 were \$2.49 billion, an increase of \$694 million from the 1997 level, primarily due to higher credit losses in the commercial portfolio, particularly for exposures related to Asia and Russia, and in the credit card portfolio. The provision for loan losses increased by \$539 million, or 67%, from the 1997 level due to increased foreign commercial charge-offs, primarily as a result of conditions in Asia and Russia, and the generally lower credit quality of an acquired credit card portfolio.

Income tax expense in 1998 was \$2.15 billion, compared with \$2.20 billion in 1997. The effective tax rate was 36.2% for 1998, compared with 37.3% for 1997.

Lines of Business Results

Global Bank operating revenues in 1998 rose \$742 million, or 10%, due to higher investment banking fees, strong growth in most global markets activities and private equity gains, despite unusually high volatility in the financial markets during the second half of 1998. Operating expenses increased 15% over 1997, while credit costs rose by \$252 million. Cash operating earnings and SVA for 1998 decreased \$44 million and \$132 million, respectively.

National Consumer Services cash operating earnings for 1998 increased \$109 million, or 8%, over 1997. Revenue growth of 10% contributed to the increase in cash operating earnings and reflected higher revenues and volumes across all of NCS's businesses. SVA was relatively flat compared with 1997 due to an increased capital allocation to NCS as a result of acquired portfolios.

Global Services cash operating earnings in 1998 increased \$55 million, or 13%,

from 1997. SVA increased \$50 million in 1998. Revenue growth was strong across all three businesses within Global Services, rising 10% overall due, in part, to higher operating volumes from portfolio acquisitions. Earnings also benefited from continued productivity gains, tempered by technology investments related to preparations for Y2K and EMU initiatives.

=> MANAGEMENT'S REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING AND REPORT
OF INDEPENDENT ACCOUNTANTS
THE CHASE MANHATTAN CORPORATION

To Our Stockholders:

The management of Chase has the responsibility for preparing the accompanying consolidated financial statements and for their integrity and objectivity. The statements were prepared in accordance with accounting principles generally accepted in the United States. The consolidated financial statements include amounts that are based on management's best estimates and judgments. Management also prepared the other information in the annual report and is responsible for its accuracy and consistency with the consolidated financial statements.

Management maintains a comprehensive system of internal control to assure the proper authorization of transactions, the safeguarding of assets and the reliability of the financial records. The system of internal control provides for appropriate division of responsibility and is documented by written policies and procedures that are communicated to employees. Chase maintains a strong internal auditing program that independently assesses the effectiveness of the system of internal control and recommends any possible improvements. Management believes that as of December 31, 1999, Chase maintains an effective system of internal control.

The Audit Committee of the Board of Directors reviews the systems of internal control and financial reporting. The Committee, which is comprised of directors who are independent from Chase, meets and consults regularly with management, the internal auditors and the independent accountants to review the scope and results of their work.

The accounting firm of PricewaterhouseCoopers LLP has performed an independent audit of Chase's financial statements. Management has made available to PricewaterhouseCoopers LLP all of Chase's financial records and related data, as well as the minutes of stockholders' and directors' meetings. Furthermore, management believes that all representations made to PricewaterhouseCoopers LLP during its audit were valid and appropriate. The firm's report appears below.

/s/ William B. Harrison Jr.

William B. Harrison, Jr.
Chairman and Chief Executive Officer

/s/ Marc J. Shapiro

Marc J. Shapiro
Vice Chairman
Finance, Risk Management and Administration

/s/ Dina Dublon

Dina Dublon
Executive Vice President
and Chief Financial Officer

January 18, 2000

PricewaterhouseCoopers [LOGO]

PricewaterhouseCoopers LLP o 1177 Avenue of the Americas o New York, NY 10036

To the Board of Directors and Stockholders
of The Chase Manhattan Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of changes in stockholders' equity and of cash flows present fairly, in all material respects, the financial position of The Chase Manhattan Corporation and its subsidiaries at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Corporation'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 auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 the opinion expressed above.

/s/ PricewaterhouseCoopers LLP

January 18, 2000

=> CONSOLIDATED BALANCE SHEET
THE CHASE MANHATTAN CORPORATION

December 31, (in millions, except share data)	----- 1999	----- 1998
ASSETS		
Cash and Due from Banks	\$ 16,229	\$ 17,068
Deposits with Banks	28,076	7,212
Federal Funds Sold and Securities Purchased Under Resale Agreements	23,823	18,487
Trading Assets:		
Debt and Equity Instruments	30,191	24,844
Risk Management Instruments	33,078	32,848
Securities:		
Available-for-Sale	60,625	62,803
Held-to-Maturity (Market Value: \$876 in 1999 and \$1,703 in 1998)	888	1,687
Loans (Net of Allowance for Loan Losses of \$3,457 in 1999 and \$3,552 in 1998)	172,702	169,202
Premises and Equipment	4,439	4,055
Due from Customers on Acceptances	622	1,223
Accrued Interest Receivable	2,505	2,316
Other Assets	32,927	24,130
Total Assets	\$ 406,105	\$ 365,875
LIABILITIES		
Deposits:		
Domestic:		
Noninterest-Bearing	\$ 49,468	\$ 47,541
Interest-Bearing	80,132	85,886
Foreign:		
Noninterest-Bearing	6,061	4,082
Interest-Bearing	106,084	74,928
Total Deposits	241,745	212,437
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	50,148	41,632
Commercial Paper	8,509	7,788
Other Borrowed Funds	5,145	7,239
Acceptances Outstanding	622	1,223
Trading Liabilities	38,573	38,502
Accounts Payable, Accrued Expenses and Other Liabilities, Including the Allowance for Credit Losses of \$170 in 1999 and 1998	17,056	14,291
Long-Term Debt	17,602	16,187
Guaranteed Preferred Beneficial Interests in Corporation's Junior Subordinated Deferrable Interest Debentures	2,538	2,188
Total Liabilities	381,938	341,487
Commitments and Contingencies (See Note Twenty-Six)		
PREFERRED STOCK OF SUBSIDIARY	550	550
STOCKHOLDERS' EQUITY		
Preferred Stock	928	1,028
Common Stock (Authorized 1,500,000,000 Shares, Issued 881,874,621 Shares in 1999 and 881,688,611 Shares in 1998)	882	882
Capital Surplus	9,714	9,836
Retained Earnings	17,547	13,544
Accumulated Other Comprehensive Income (Loss)	(1,454)	392
Treasury Stock, at Cost (54,703,888 Shares in 1999 and 33,703,249 Shares in 1998)	(4,000)	(1,844)
Total Stockholders' Equity	23,617	23,838
Total Liabilities, Preferred Stock of Subsidiary and Stockholders' Equity	\$ 406,105	\$ 365,875

The Notes to Consolidated Financial Statements are an integral part of these Statements.

=> CONSOLIDATED STATEMENT OF INCOME
THE CHASE MANHATTAN CORPORATION

Year Ended December 31, (in millions, except per share data)	1999	1998	1997
INTEREST INCOME			
Loans	\$13,113	\$13,389	\$12,921
Securities	3,216	3,616	3,028
Trading Assets	1,705	2,431	2,770
Federal Funds Sold and Securities Purchased Under Resale Agreements	1,451	2,211	2,607
Deposits with Banks	752	642	525
Total Interest Income	20,237	22,289	21,851
INTEREST EXPENSE			
Deposits	6,592	6,840	6,561
Short-Term and Other Borrowings	3,653	5,612	5,903
Long-Term Debt	1,248	1,271	1,134
Total Interest Expense	11,493	13,723	13,598
Net Interest Income	8,744	8,566	8,253
Provision for Loan Losses	1,621	1,343	804
Net Interest Income After Provision for Loan Losses	7,123	7,223	7,449
NONINTEREST REVENUE			
Investment Banking Fees	1,887	1,502	1,136
Trust, Custody and Investment Management Fees	1,801	1,543	1,307
Credit Card Revenue	1,698	1,474	1,088
Fees for Other Financial Services	2,496	2,093	1,983
Trading Revenue	2,137	1,238	1,323
Securities Gains	101	609	312
Private Equity Gains	2,522	967	831
Other Revenue	831	664	575
Total Noninterest Revenue	13,473	10,090	8,555
NONINTEREST EXPENSE			
Salaries	5,678	5,025	4,598
Employee Benefits	964	854	839
Occupancy Expense	866	798	767
Equipment Expense	1,015	890	792
Restructuring Costs	48	529	192
Other Expense	3,650	3,287	2,906
Total Noninterest Expense	12,221	11,383	10,094
Income Before Income Tax Expense	8,375	5,930	5,910
Income Tax Expense	2,929	2,148	2,202
NET INCOME	\$ 5,446	\$ 3,782	\$ 3,708
Net Income Applicable to Common Stock	\$ 5,375	\$ 3,684	\$ 3,526
NET INCOME PER COMMON SHARE			
Basic	\$ 6.49	\$ 4.35	\$ 4.15
Diluted	6.27	4.24	4.01

The Notes to Consolidated Financial Statements are an integral part of these Statements.

=> CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
THE CHASE MANHATTAN CORPORATION

Year Ended December 31, (in millions)	1999	1998	1997
PREFERRED STOCK			
Balance at Beginning of Year	\$ 1,028	\$ 1,740	\$ 2,650
Issuance of Stock	--	200	--
Redemption of Stock	(100)	(912)	(910)
Balance at End of Year	928	1,028	1,740
COMMON STOCK			
Balance at Beginning of Year	882	441	441
Issuance of Common Stock for a Two-for-One Stock Split	--	441	--
Balance at End of Year	882	882	441
CAPITAL SURPLUS			
Balance at Beginning of Year	9,836	10,360	10,459
Issuance of Common Stock for a Two-for-One Stock Split	--	(441)	--
Issuance of Common Stock and Options for the (Purchase Accounting) Acquisition of H&Q	215	--	--
Shares Issued and Commitments to Issue Common Stock for Employee Stock-Based Awards and Related Tax Effects	(337)	(83)	(99)
Balance at End of Year	9,714	9,836	10,360
RETAINED EARNINGS			
Balance at Beginning of Year	13,544	11,086	8,610
Net Income	5,446	3,782	3,708
Cash Dividends Declared:			
Preferred Stock	(71)	(98)	(182)
Common Stock	(1,372)	(1,226)	(1,050)
Balance at End of Year	17,547	13,544	11,086
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)			
Balance at Beginning of Year	392	112	(271)
Other Comprehensive Income (Loss)	(1,846)	280	383
Balance at End of Year	(1,454)	392	112
TREASURY STOCK, AT COST			
Balance at Beginning of Year	(1,844)	(1,997)	(895)
Purchase of Treasury Stock	(4,349)	(1,091)	(2,169)
Reissuance of Treasury Stock	1,981	1,244	1,067
Reissuance of Treasury Stock for the (Purchase Accounting) Acquisition of H&Q	212	--	--
Balance at End of Year	(4,000)	(1,844)	(1,997)
Total Stockholders' Equity	\$ 23,617	\$ 23,838	\$ 21,742
COMPREHENSIVE INCOME			
Net Income	\$ 5,446	\$ 3,782	\$ 3,708
Other Comprehensive Income (Loss)	(1,846)	280	383
Comprehensive Income	\$ 3,600	\$ 4,062	\$ 4,091

The Notes to Consolidated Financial Statements are an integral part of these Statements.

=> CONSOLIDATED STATEMENT OF CASH FLOWS
THE CHASE MANHATTAN CORPORATION

Year Ended December 31, (in millions)	1999	1998	1997
OPERATING ACTIVITIES			
Net Income	\$ 5,446	\$ 3,782	\$ 3,708
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Provision for Loan Losses	1,621	1,343	804
Restructuring Costs	48	529	192
Depreciation and Amortization	1,403	1,170	951
Net Change In:			
Trading-Related Assets	(4,865)	14,996	(11,437)
Accrued Interest Receivable	(189)	1,043	(339)
Other Assets	(6,752)	(5,030)	(2,264)
Trading-Related Liabilities	172	(14,445)	14,708
Accrued Interest Payable	732	(714)	123
Other Liabilities	(812)	1,591	(627)
Other, Net	(180)	(673)	(358)
Net Cash Provided (Used) by Operating Activities	(3,376)	3,592	5,461
INVESTING ACTIVITIES			
Net Change In:			
Deposits with Banks	(20,864)	(4,326)	5,458
Federal Funds Sold and Securities Purchased Under Resale Agreements	(5,229)	8,626	(5,673)
Loans Due to Sales and Securitizations	40,913	45,400	26,967
Other Loans, Net	(42,381)	(52,052)	(37,445)
Other, Net	(387)	(801)	64
Proceeds from the Maturity of Held-to-Maturity Securities	799	1,382	959
Purchases of Held-to-Maturity Securities	(21)	(91)	(130)
Proceeds from the Maturity of Available-for-Sale Securities	8,834	27,035	10,250
Proceeds from the Sale of Available-for-Sale Securities	85,479	162,870	95,045
Purchases of Available-for-Sale Securities	(95,432)	(201,622)	(109,849)
Cash Used in Acquisitions	(3,142)	(981)	(5,153)
Proceeds from Divestitures of Nonstrategic Businesses and Assets	235	--	847
Net Cash Used by Investing Activities	(31,196)	(14,560)	(18,660)
FINANCING ACTIVITIES			
Net Change In:			
Noninterest-Bearing Domestic Demand Deposits	1,927	938	3,914
Domestic Time and Savings Deposits	(5,754)	14,310	4,509
Foreign Deposits	33,135	3,501	4,500
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	8,409	(10,679)	5,969
Other Borrowed Funds	(1,373)	3,422	(2,126)
Other, Net	(352)	(352)	(556)
Proceeds from the Issuance of Long-Term Debt and Capital Securities	4,710	5,182	3,945
Repayments of Long-Term Debt	(2,965)	(1,949)	(2,134)
Proceeds from the Issuance of Stock	1,842	1,232	967
Redemption of Preferred Stock	(100)	(912)	(910)
Treasury Stock Purchased	(4,349)	(1,091)	(2,585)
Cash Dividends Paid	(1,402)	(1,278)	(1,212)
Net Cash Provided by Financing Activities	33,728	12,324	14,281
Effect of Exchange Rate Changes on Cash and Due from Banks	5	8	17
Net Increase (Decrease) in Cash and Due from Banks	(839)	1,364	1,099
Cash and Due from Banks at the Beginning of the Year	17,068	15,704	14,605
Cash and Due from Banks at the End of the Year	\$ 16,229	\$ 17,068	\$ 15,704
Cash Interest Paid	\$ 10,761	\$ 13,009	\$ 13,475
Taxes Paid	\$ 785	\$ 1,405	\$ 1,144

The Notes to Consolidated Financial Statements are an integral part of these Statements.

=> NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE CHASE MANHATTAN CORPORATION

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Chase Manhattan Corporation ("Chase") is a bank holding company organized under the laws of the State of Delaware and registered under the Bank Holding Company Act.

Chase conducts its worldwide financial services businesses through various bank and nonbank subsidiaries. The principal bank subsidiaries of Chase are The Chase Manhattan Bank ("Chase Bank"), a New York State bank headquartered in New York City; Chase Bank of Texas, National Association ("Chase Texas"), a national bank headquartered in Houston, Texas; and Chase Manhattan Bank USA, National Association ("Chase USA"), a national bank headquartered in Wilmington, Delaware. The principal nonbank subsidiary of Chase is Chase Securities Inc., which is engaged in securities underwriting and dealing activities. For a discussion of Chase's business segment information, see Note Twenty-Three.

The accounting and financial reporting policies of Chase and its subsidiaries conform to generally accepted accounting principles ("GAAP") and prevailing industry practices. Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. Financial statements prepared in conformity with GAAP require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expense and disclosure of contingent assets and liabilities.

Chase acquired the H&Q Group ("H&Q") on December 9, 1999. The acquisition was accounted for under the purchase method. Revenues and expenses of H&Q were included in Chase's results for the period subsequent to December 8, 1999.

Certain amounts in prior periods have been reclassified to conform to the current presentation. The following is a description of significant accounting policies.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Chase and its majority-owned subsidiaries, after eliminating intercompany balances and transactions. Equity investments of 20%-50% ownership interest are generally accounted for in accordance with the equity method of accounting and are reported in Other Assets. Chase's proportional share of earnings (losses) of these companies is included in Other Revenue.

Assets held in an agency or fiduciary capacity by Chase are not assets of Chase and, accordingly, are not included in the Consolidated Balance Sheet.

TRADING ACTIVITIES

Chase trades debt and equity instruments and risk management instruments, as discussed below. These 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.

Realized and unrealized gains (losses) on these instruments are recognized in Trading Revenue.

Debt and Equity Instruments; Securities Sold, Not Yet Purchased; and Structured Notes: Debt and equity instruments, which include securities, loans and other credit instruments held for trading purposes, are reported as Trading Assets. Interest earned on debt securities and dividends earned on equity instruments are reported as interest income. Included in Trading Liabilities are obligations to deliver securities sold but not yet purchased and structured notes. Interest payable on securities sold but not yet purchased and structured notes is reported as interest expense.

Risk Management Instruments: Chase deals in interest rate, foreign exchange, equity, commodity and other contracts to generate trading revenues. These contracts include futures, forwards, forward rate agreements, swaps, and options (including interest rate caps and floors). The estimated fair values of these contracts are reported on a gross basis as Trading Assets-Risk Management Instruments for contracts having a positive fair value and Trading Liabilities for contracts having a negative fair value. Contracts executed with the same counterparty under legally enforceable master netting agreements are presented on a net basis.

DERIVATIVES USED IN ASSET/LIABILITY ACTIVITIES

As part of its asset/liability activities, Chase uses interest rate swaps, futures, forward rate agreements and option contracts (including interest rate caps and floors) to hedge exposures or to modify the interest rate characteristics of related balance sheet items. Derivative contracts used for asset/liability activities have a "high correlation" with the balance sheet item being hedged. These derivative contracts are linked to specific assets or liabilities or groups of similar assets or liabilities. This high-level correlation is required both at inception and throughout the hedge period. A risk-reduction criterion is also required for futures contracts.

The derivative contracts that meet the above criteria are accounted for under the accrual method or available-for-sale ("AFS") fair value method, as discussed below. Derivative contracts that subsequently fail to meet the criteria are redesignated as trading activities.

Accrual Method: Under the accrual method, interest income or expense on derivative contracts is accrued, and there is no recognition of unrealized gains

and losses on the derivatives on the balance sheet. Premiums on option contracts are amortized over the contract life to interest income, interest expense or noninterest revenue.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE CHASE MANHATTAN CORPORATION

Available-for-Sale Fair Value Method: Derivatives linked to AFS securities are carried at fair value. The accrual of interest income or interest expense on these derivatives is reported in Interest Income on Securities. Changes in the market values of these derivatives, exclusive of net interest accruals, are reported, net of applicable taxes, in the Accumulated Other Comprehensive Income caption in Stockholders' Equity. This policy is consistent with the reporting of unrealized gains and losses on the related AFS securities.

For both of the above accounting methods, realized gains and losses from the settlement or termination of derivative contracts are deferred as adjustments to the carrying values of the related balance sheet items. The realized gains and losses are amortized to interest income, interest expense or noninterest revenue over the appropriate risk management periods (generally the remaining life of the derivative at the date of its termination or the remaining life of the linked asset or liability). Amortization commences when the contract is settled or terminated. If the related assets or liabilities are sold or otherwise disposed of, then the deferred gains and losses on the derivative contracts are recognized as a part of the gain or loss on the disposition of the related assets or liabilities.

RESALE AND REPURCHASE AGREEMENTS

Chase enters into purchases of securities under agreements to resell ("resale agreements") and sales of securities under agreements to repurchase ("repurchase agreements") of substantially identical securities. Resale agreements and repurchase agreements are generally accounted for as secured lending and secured borrowing transactions, respectively.

The amounts advanced under resale agreements and the amounts borrowed under repurchase agreements are carried on the balance sheet at the amount advanced or borrowed plus accrued interest. Interest earned on resale agreements and interest incurred on repurchase agreements are reported as interest income and interest expense, respectively. Chase offsets resale and repurchase agreements executed with the same counterparty under legally enforceable netting agreements that meet the applicable netting criteria. Chase takes possession of securities purchased under resale agreements. Chase monitors the market value of these securities and adjusts the level of collateral for resale and repurchase agreements, as appropriate. During 1999, the maximum month-end balances of outstanding resale and repurchase agreements were \$34.0 billion and \$43.6 billion, respectively. The daily average amounts of outstanding resale and repurchase agreements were \$29.0 billion and \$38.1 billion, respectively.

SECURITIES

Securities are classified as available-for-sale when, in management's judgment, they may be sold in response to or in anticipation of changes in market conditions. AFS securities and the related hedge are carried on the balance sheet at fair value. Unrealized gains and losses on these securities are reported, net of applicable taxes, in the Accumulated Other Comprehensive Income caption in Stockholders' Equity. Securities that Chase has the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortized cost on the balance sheet.

Interest and dividend income on securities, including amortization of premiums and accretion of discounts, are reported in Interest Income on Securities. Interest income is recognized using the interest method. The specific identification method is used to determine realized gains and losses on sales of securities, which are reported in Securities Gains. The carrying value of individual securities is reduced through writedowns against Securities Gains to reflect other-than-temporary impairments in value.

Chase anticipates prepayment of principal in the calculation of the effective yield for mortgage-backed securities ("MBS") and collateralized mortgage obligations ("CMO"). The prepayment of MBSs and CMOs is actively monitored through Chase's portfolio management function. Chase typically invests in MBSs and CMOs with stable cash flows, thereby limiting the impact of interest rate fluctuations on the portfolio. Management regularly performs simulation testing regarding the impact that market conditions would have on its MBS and CMO portfolios. MBSs and CMOs that management believes have high prepayment risk are included in the AFS portfolio and are reported at fair value.

LOANS

Loans are generally reported at the principal amount outstanding, net of the allowance for loan losses, unearned income and any net deferred loan fees (nonrefundable yield-related loan fees, net of related direct origination costs). Loans held for sale are carried at the lower of aggregate cost or fair value. Certain loans meeting the accounting definition of a security under SFAS 115 are classified as loans and measured at fair value. Interest income is recognized using the interest method or on a basis approximating a level rate of return over the term of the loan.

Chase sells or securitizes certain commercial and consumer loans. Some loans are sold with recourse to Chase for which appropriate reserves are provided. Gains and losses are reported in Other Revenue.

Nonaccrual loans are those loans 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 past due 90 days or more 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 when a loan is placed on nonaccrual status. Interest income on nonaccrual loans is recognized only to the

extent received in cash. However, where there is doubt regarding the ultimate collectibility of the loan principal, all cash receipts are thereafter applied to reduce the carry-

ing value of the loan. 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. This policy excludes residential mortgage products and auto financings, which are accounted for in accordance with the nonaccrual loan policy discussed above. Credit card loans, for example, are charged off at the earlier of 180 days past due or 75 days after notification of the filing of bankruptcy. Other consumer products are generally charged off at 120 days past due. Accrued interest is reversed against interest income when the consumer loan is charged off.

Chase accounts for and discloses nonaccrual commercial loans as impaired loans. Impaired loans are carried at the present value of the future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or at the fair value of the collateral if the loan is collateral-dependent. Chase recognizes interest income on impaired loans as discussed above for nonaccrual loans. Chase 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.

A collateralized loan is considered an in-substance foreclosure and is reclassified to Assets Acquired as Loan Satisfaction only when Chase has taken physical possession of the collateral, regardless of whether formal foreclosure proceedings have taken place.

ALLOWANCE FOR CREDIT LOSSES

Chase's Allowance for Loan Losses is intended to cover probable credit losses as of December 31, 1999 for which either the asset is not specifically identified or the size of the loss has not been fully determined. Within the allowance, there are both specific and expected loss components as well as a residual component.

The specific loss component covers those commercial loans deemed by Chase to be criticized. Chase internally categorizes its criticized commercial loans into three groups: doubtful, substandard and special mention.

All nonperforming loans are characterized as either doubtful or substandard. Nonperforming commercial loans are considered by Chase to be impaired loans. The allowance for impaired loans is computed using the methodology under SFAS 114. An allowance is established when the discounted cash flows (or collateral value or observable market price) of an impaired loan is lower than the carrying value of that loan. For the purposes of computing the specific loss component of the allowance, larger impaired loans are evaluated individually and smaller impaired loans are evaluated as a pool using Chase's historical loss experience for this class of assets. The criticized but still performing loans are also evaluated as a pool using historical loss rates.

The expected loss component covers performing commercial loans (except criticized loans) and consumer loans.

Expected losses are the product of default probability and loss severity. The computation of the expected loss component of the allowance is based on estimates of these factors in Chase's credit risk capital model. These estimates are differentiated by risk rating and maturity for commercial loans and by product for consumer loans.

The expected loss estimates for each consumer loan portfolio are based primarily on Chase's recent historical loss experience for the applicable portfolio.

In addition, a portfolio segment component may be established for a particular geographic or industry segment of the portfolio, if, in management's judgment, it is probable that expected losses for that component will be higher than indicated by the base level expected loss factors from the credit risk capital model.

Finally, a residual component is maintained to cover uncertainties that could affect management's estimate of probable losses. The residual component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific losses and expected losses in both the commercial and consumer portfolio. It is expected that the residual component of the allowance will range between 10% and 20% of the total Allowance for Loan Losses.

Factors affecting the uncertainty of specific loss and expected loss estimates include the volatility of default probabilities, rating migrations and loss severity. These uncertainties could also relate to current macroeconomic and political conditions, the impact of currency devaluations on cross-border exposures, changes in underwriting standards, unexpected correlations within the portfolio, or other factors.

Chase's Credit Risk Committee reviews, at least quarterly, the Allowance for Loan Losses relative to the risk profile of the portfolio and current economic conditions. The allowance is adjusted based on that review if, in management's judgment, changes are warranted.

During 1999, there was an improvement in Chase's credit risk profile and, accordingly, Chase reduced its Allowance for Loan Losses by \$95 million in the fourth quarter. In 1998, the Allowance for Loan Losses was reduced by \$75 million as a result of the redesignation of \$75 million of the allowance to Trading Assets: Risk Management Instruments. As of December 31, 1999, Chase deems its allowance to be adequate (i.e. sufficient to absorb losses that may currently exist but are not yet identifiable).

To provide for risks of losses inherent in the credit extension process,

management also computes specific and expected loss components as well as a residual component for lending-related commitments, using a methodology similar to that used for the loan portfolio.

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 Loan Losses
Lending-Related Commitments	Other Liabilities	Fee Revenue

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE CHASE MANHATTAN CORPORATION

During the second quarter of 1999, Chase reclassified the Allowance for Credit Losses on Risk Management Instruments to be included as part of the valuation of its Trading Assets: Risk Management Instruments. All prior periods were reclassified.

PREMISES AND EQUIPMENT

Premises and equipment, including leasehold improvements, are carried at cost less accumulated depreciation and amortization. Capital leases are included in premises and equipment at the capitalized amount less accumulated amortization. Depreciation and amortization of premises are included in Occupancy Expense, while depreciation of equipment is included in Equipment Expense. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the owned asset and, for leasehold improvements, over the lesser of the remaining term of the leased facility or the estimated economic life of the improvement. Maintenance and repairs are charged to expense as incurred, while major improvements are capitalized.

Chase capitalizes the eligible costs of specified activities related to computer software developed or obtained for internal use.

OTHER ASSETS

Private Equity Investments: Public securities held by Chase Capital Partners are marked-to-market at the quoted public value less liquidity discounts, with the resulting unrealized gains/(losses) included in the income statement. Chase's valuation policy for public securities incorporates the use of liquidity discounts and price averaging methodologies in certain circumstances to take into account the fact that Chase can not immediately realize such public quoted values due to the numerous regulatory, corporate and contractual sales restrictions. Nonpublic investments are carried at cost, which is viewed as an approximation of fair value. The carrying value of nonpublic investments is adjusted for holdings in which a subsequent investment by an unaffiliated party indicates a valuation in excess of cost and for holdings for which evidence of an other-than-temporary decline in value exists.

Assets Acquired as Loan Satisfaction: Assets acquired in full or partial satisfaction of loans, primarily consisting of real estate, are reported at the lower of cost or fair value (less costs to sell for real estate). Writedowns at the date of transfer (to Assets Acquired as Loan Satisfaction) are charged to the Allowance for Loan Losses and subsequently are charged to Foreclosed Property Expense. For real estate, operating expenses (net of related revenues) and gains and losses on sales are reported in Foreclosed Property Expense.

Intangibles: Goodwill and other acquired intangibles, such as core deposits and credit card relationships, are amortized over the estimated periods to be benefited, generally ranging from 7 to 25 years, with an average maturity of 16 years. An impairment review is performed periodically on these assets.

Mortgage Servicing Rights: Capitalized mortgage servicing assets consist of purchased and originated servicing rights. These rights are amortized into Fees for Other Financial Services in proportion to, and over the period of, the estimated future net servicing income stream of the underlying mortgage loans. Mortgage servicing rights are assessed for impairment based on the fair value of the right and any related derivative contracts. Impairment is evaluated by stratifying the mortgage servicing rights by interest rate bands. Fair value is determined considering market prices for similar assets or based on discounted cash flows using market-based prepayment estimates for similar coupons as well as incremental direct and indirect costs.

FEE-BASED REVENUE

Investment banking fees primarily include fees received for managing and syndicating loan arrangements; providing financial advisory services in connection with leveraged buyouts, recapitalizations, and mergers and acquisitions; arranging private placements; and underwriting debt and equity securities. Investment banking fees are recognized when the services to which they relate have been provided. In addition, recognition of syndication fees is subject to satisfying certain syndication tests.

Trust, custody and investment management fees primarily include fees received in connection with personal, corporate, and employee benefit trust and investment management activities.

Credit card revenues primarily include interchange income, late fees, cash advance, annual and overlimit fees, as well as servicing fees earned in connection with securitization activities. Credit card revenues are generally recognized as billed, except for annual fees, which are recognized over a 12-month period.

Fees for other financial services primarily include fees from deposit accounts, mortgage servicing, loan commitments, standby letters of credit, compensating balances, insurance products, brokerage services and other financial service-related products. All of these fees are generally recognized over the period that the related service is provided.

INCOME TAXES

Chase recognizes both the current and deferred tax consequences of all transactions that have been recognized in the financial statements. The deferred tax liability (asset) is determined based on applicable tax rates which will be in effect when the underlying items of income and expense are expected to be reported to the taxing authorities. Net deferred tax assets, whose realization is dependent on taxable earnings of future years, are recognized when a "more-likely-than-not" criterion is met. Annual deferred tax expense (benefit)

is equal to the change in the deferred tax liability (asset) account from the beginning to the end of the year. A current tax liability (asset) is recognized for the estimated taxes payable or refundable for the current year.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are translated to U.S. dollars using applicable rates of exchange. Gains and losses on foreign currency translation from operations for which the functional currency is other than the U.S. dollar, together with related hedges and tax effects, are reported in Other Comprehensive Income within Stockholders' Equity. For foreign operations for which the U.S. dollar is the functional currency, gains and losses resulting from converting foreign currency assets, liabilities, and related hedges to the U.S. dollar are reported in the income statement.

STATEMENT OF CASH FLOWS

Cash and cash equivalents reported in the Consolidated Statement of Cash Flows represent the amounts included in the balance sheet caption Cash and Due from Banks. Cash flows from loans and deposits are reported on a net basis.

2 - TRADING ACTIVITIES

TRADING REVENUE

The following table sets forth the components of total trading-related revenue.

Year Ended December 31, (in millions)	1999	1998	1997
Trading Revenue(a)	\$ 2,137	\$ 1,238	\$ 1,323
Net Interest Income Impact(b)	745	711	613
Total Trading-Related Revenue	\$ 2,882	\$ 1,949	\$ 1,936
Product Diversification:			
Interest Rate Contracts(c)	\$ 989	\$ 607	\$ 704
Foreign Exchange Revenue(d)	807	936	790
Equities and Commodities(e)	355	156	148
Debt Instruments and Other(f)	731	250	294
Total Trading-Related Revenue	\$ 2,882	\$ 1,949	\$ 1,936

- (a) Impact of charge-offs for risk management instruments are included in trading revenue. All prior periods have been restated.
- (b) Trading-related net interest income includes interest recognized on interest-earning and interest-bearing trading-related positions as well as management allocations reflecting the funding cost or benefit associated with trading positions. This amount is included in net interest income on the Consolidated Statement of Income.
- (c) Includes interest rate swaps, cross-currency interest rate swaps, foreign exchange forward contracts, interest rate futures and options, forward rate agreements and related hedges.
- (d) Includes foreign exchange spot and option contracts.
- (e) Includes equity securities, equity derivatives, commodities and commodity derivatives.
- (f) Includes U.S. and foreign government and government agency securities, corporate debt instruments, emerging markets debt instruments, debt-related derivatives and credit derivatives.

TRADING ASSETS AND LIABILITIES

The following table presents trading assets and trading liabilities for the dates indicated.

December 31, (in millions)	1999	1998
TRADING ASSETS		
Debt and Equity Instruments:		
U.S. Government, Federal Agencies and Municipal Securities	\$ 5,890	\$ 5,881
Certificates of Deposit, Bankers' Acceptances and Commercial Paper	7,343	3,375
Debt Securities Issued by Foreign Governments	9,688	9,774
Corporate Securities	3,582	1,598
Other	3,688	4,216
Total Trading Assets-Debt and Equity Instruments	\$ 30,191	\$24,844
Risk Management Instruments:		
Interest Rate Contracts	\$ 9,871	\$12,595
Foreign Exchange Contracts	15,836	15,984
Debt, Equity, Commodity and Other Contracts	7,371	4,269
Total Trading Assets-Risk Management Instruments	\$ 33,078	\$32,848
TRADING LIABILITIES		
Risk Management Instruments:		
Interest Rate Contracts	\$ 10,423	\$13,298
Foreign Exchange Contracts	12,053	16,592
Equity, Commodity and Other Contracts	5,270	2,790
Trading Liabilities-Risk Management Instruments	\$ 27,746	\$32,680

Securities Sold, Not Yet Purchased	9,902	4,608
Structured Notes	925	1,214

Total Trading Liabilities	\$ 38,573	\$38,502

Average trading assets and liabilities were as follows for the periods indicated.

Year Ended December 31, (in millions)	----- 1999	----- 1998

Trading Assets-Debt and Equity Instruments	\$ 26,974	\$30,021
Trading Assets-Risk Management Instruments	\$ 29,031	\$36,127

Trading Liabilities-Risk Management Instruments	\$ 27,515	\$37,200
Securities Sold, Not Yet Purchased	8,271	6,604
Structured Notes	1,071	2,855

Total Trading Liabilities	\$ 36,857	\$46,659

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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3 - SECURITIES

See Note One for a discussion of the accounting policies relating to securities. Net gains from available-for-sale securities sold in 1999, 1998 and 1997 amounted to \$101 million (gross gains of \$381 million and gross losses of \$280 million), \$609 million (gross gains of \$949 million and gross losses of \$340 million) and \$312 million (gross gains of \$496 million and gross losses of \$184 million), respectively. There were no sales of held-to-maturity securities during the three years ended December 31, 1999.

Unrealized net losses in Chase's AFS securities portfolio were approximately \$2.5 billion, before taxes, at December 31, 1999, a decrease from a net unrealized gain of approximately \$0.6 billion, before taxes, at year-end 1998. The market valuation does not include the favorable impact of changes in interest rates on related funding.

The amortized cost and estimated fair value of securities, including the impact of related derivatives, were as follows for the dates indicated:

December 31, (in millions)	1999			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AVAILABLE-FOR-SALE SECURITIES				
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	\$27,938	\$ 6	\$ 1,618	\$26,326
Collateralized Mortgage Obligations	5,355	--	19	5,336
U.S. Treasuries	18,297	2	951	17,348
Obligations of State and Political Subdivisions	207	--	2	205
Debt Securities Issued by Foreign Governments	9,469	5	110	9,364
Corporate Debt Securities	379	2	13	368
Equity Securities	783	184	1	966
Other, primarily Asset-Backed Securities(a)	692	32	12	712
Total Available-for-Sale Securities	\$63,120	\$ 231	\$ 2,726	\$60,625
HELD-TO-MATURITY SECURITIES				
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	\$ 687	\$ --	\$ 12	\$ 675
Collateralized Mortgage Obligations	141	--	--	141
U.S. Treasuries	58	--	--	58
Other, primarily Asset-Backed Securities(a)	2	1	1	2
Total Held-to-Maturity Securities	\$ 888	\$ 1	\$ 13	\$ 876
1998				
AVAILABLE-FOR-SALE SECURITIES				
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	\$42,916	\$ 94	\$ 16	\$42,994
Collateralized Mortgage Obligations	260	--	--	260
U.S. Treasuries	8,844	285	13	9,116
Obligations of State and Political Subdivisions	226	1	--	227
Debt Securities Issued by Foreign Governments	8,176	108	58	8,226
Corporate Debt Securities	261	6	12	255
Equity Securities	832	233	7	1,058
Other, primarily Asset-Backed Securities(a)	628	44	5	667
Total Available-for-Sale Securities	\$62,143	\$ 771	\$ 111	\$62,803
HELD-TO-MATURITY SECURITIES				
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	\$ 898	\$ 16	\$ --	\$ 914
Collateralized Mortgage Obligations	720	1	1	720
U.S. Treasuries	65	--	--	65
Other, primarily Asset-Backed Securities(a)	4	--	--	4
Total Held-to-Maturity Securities	\$ 1,687	\$ 17	\$ 1	\$ 1,703

(a) Includes CMOs of private issuers, which generally have underlying collateral consisting of obligations of U.S. Government and Federal agencies and corporations. See Note One for a further discussion.

The amortized cost, estimated fair value and average yield at December 31, 1999 of Chase's AFS and HTM securities by contractual maturity range are presented in the following table.

Available-for-Sale Securities

Held-to-Maturity Securities

Maturity Schedule of Securities December 31, 1999 (in millions)	Amortized Cost	Fair Value	Average Yield(a)	Amortized Cost	Fair Value	Average Yield(a)
Due in One Year or Less	\$ 3,707	\$ 3,658	3.30%	\$ 138	\$ 136	6.92%
Due After One Year Through Five Years	14,916	14,497	5.16	24	24	8.67
Due After Five Years Through Ten Years	9,358	8,792	5.36	1	1	7.42
Due After Ten Years (b)	35,139	33,678	6.20	725	715	6.51
Total Securities	\$ 63,120	\$ 60,625	5.66%	\$ 888	\$ 876	6.63%

- (a) The average yield is based on amortized cost balances at year-end. Yields are derived by dividing interest income (including the effect of related derivatives on AFS securities and the amortization of premiums and accretion of discounts) by total amortized cost. Taxable-equivalent yields are used where applicable.
- (b) Securities with no stated maturity are included with securities with a contractual maturity of ten years or more. Substantially all of Chase's MBSs and CMOs are due in ten 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 3 years for MBSs, and less than 1 year for CMOs.

4 - LOANS

The composition of the loan portfolio at each of the dates indicated was as follows:

December 31, (in millions)	1999			1998		
	Domestic	Foreign	Total	Domestic	Foreign	Total
CONSUMER						
1-4 Family Residential Mortgages	\$ 44,262	\$ 1,520	\$ 45,782	\$ 41,831	\$ 1,467	\$ 43,298
Credit Card	15,633	761	16,394	14,229	718	14,947
Auto Financings	18,442	48	18,490	16,456	1	16,457
Other Consumer	6,902	471	7,373	8,375	753	9,128
Total Consumer	85,239	2,800	88,039	80,891	2,939	83,830
COMMERCIAL						
Commercial and Industrial	48,097	25,179	73,276	43,123	25,532	68,655
Commercial Real Estate:						
Commercial Mortgage	2,836	37	2,873	3,029	337	3,366
Construction	800	88	888	955	30	985
Financial Institutions	4,211	3,598	7,809	6,583	4,537	11,120
Foreign Governments	--	3,274	3,274	--	4,798	4,798
Total Commercial	55,944	32,176	88,120	53,690	35,234	88,924
Total Loans (a)	\$141,183	\$34,976	\$176,159	\$134,581	\$38,173	\$172,754

(a) Loans are presented net of unearned income of \$1,518 million and \$1,667 million at December 31, 1999 and 1998, respectively.

Bonds issued to Chase by foreign governments as part of a debt renegotiation (i.e., "Brady Bonds") are classified as loans but are subject to the provisions of SFAS 115. During 1999, Chase sold substantially all of its holdings of "Brady Bonds". Aggregate cash proceeds of \$553 million from these loan sales approximated carrying value.

Impaired Loans

The table to the right sets forth information about Chase's impaired loans. Chase uses the discounted cash flow method as its primary method for valuing its impaired loans.

December 31, (in millions)	1999	1998
Impaired Loans with an Allowance	\$ 937	\$1,020
Impaired Loans without an Allowance (a)	284	25
Total Impaired Loans	\$1,221	\$1,045
Allowance for Impaired Loans under SFAS 114 (b)	\$ 280	\$ 314
Average Balance of Impaired Loans During the Year	\$1,216	\$ 820
Interest Income Recognized on Impaired Loans During the Year	\$ 15	\$ 10

(a) 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.

(b) The allowance for impaired loans under SFAS 114 is included in Chase's allowance for loan losses.

5 - ALLOWANCE FOR LOAN LOSSES

The table below summarizes the changes in the allowance for loan losses.

Year Ended December 31, (in millions)	1999	1998	1997
Allowance at January 1	\$3,552	\$3,624	\$ 3,549
Provision for Loan Losses	1,621	1,343	804
Charge-Offs	(1,987)	(1,791)	(1,096)
Recoveries	254	373	292
Net Charge-Offs	(1,733)	(1,418)	(804)
Transfer to Other Liabilities	--	--	(100)
Allowance Related to Purchased Portfolios	18	5	172 (a)
Foreign Exchange Translation Adjustment	(1)	(2)	3
Allowance at December 31	\$3,457	\$3,552	\$ 3,624

(a) Includes approximately \$160 million related to the purchase of a credit

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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6 - LONG-TERM DEBT

The following table is a summary of long-term debt (net of unamortized original issue debt discount).

By remaining maturity at December 31, (a) (in millions)	Under 1 year	1-5 years	After 5 years	1999 Total	1998 Total
PARENT COMPANY					
Senior Debt:					
Fixed Rate	\$ 200	\$ 1,386	\$ 117	\$ 1,703	\$ 824
Variable Rate	2,685	3,316	71	6,072	4,525
Modified Interest Rates (b)	5.51 - 6.71%	5.84 - 6.75%	4.74 - 6.36%	4.74 - 6.75%	5.06 - 9.78%
Subordinated Debt:					
Fixed Rate	150	1,218	5,262	6,630	7,152
Variable Rate	250	441	299	990	990
Modified Interest Rates (b)	6.19 - 10.13%	5.22 - 9.38%	5.36 - 7.75%	5.22 - 10.13%	5.22 - 10.38%
Subtotal	\$ 3,285	\$ 6,361	\$ 5,749	\$15,395	\$13,491
SUBSIDIARIES					
Senior Debt:					
Fixed Rate	\$ 165	\$ 166	\$ 116	\$ 447	\$ 779
Variable Rate	25	500	15	540	700
Modified Interest Rates (b)	6.47 - 10.69%	4.00 - 10.47%	5.95 - 10.60%	4.00 - 10.69%	4.00 - 10.60%
Subordinated Debt:					
Fixed Rate	--	321	649	970	967
Variable Rate	--	250	--	250	250
Modified Interest Rates (b)	--	3.24 - 7.25%	6.21 - 6.58%	3.24 - 7.25%	3.24 - 7.25%
Subtotal	\$ 190	\$ 1,237	\$ 780	\$ 2,207	\$ 2,696
Total Long-Term Debt	\$ 3,475	\$ 7,598	\$ 6,529	\$17,602 (c)	\$16,187

(a) Remaining maturity is based on contractual maturity of the debt.

(b) The interest rates shown have been adjusted to reflect the effect of asset/liability derivative contracts, primarily interest rate swaps, used to convert Chase's fixed-rate debt to variable rates. The interest rates shown are those in effect at year-end.

(c) At December 31, 1999, long-term debt aggregating \$2.8 billion was redeemable at the option of Chase, in whole or in part, prior to maturity, based on the terms specified in the respective notes. The aggregate principal amount of debt that matures in each of the five years subsequent to 1999 are \$3,475 million in 2000, \$2,578 million in 2001, \$2,800 million in 2002, \$1,290 million in 2003 and \$930 million in 2004.

Chase issues long-term debt denominated in various currencies, although predominately in U.S. dollars, with both fixed and variable interest rates.

Fixed-rate debt outstanding at December 31, 1999 mature at various dates through 2048 and carry contractual interest rates ranging from 4.00% to 10.60%. The consolidated weighted-average interest rates on fixed-rate debt at December 31, 1999 and 1998 were 7.00% and 7.43%, respectively. Variable-rate debt outstanding, with contractually determined interest rates ranging from 5.27% to 6.90% at December 31, 1999, mature at various dates through 2039. The consolidated weighted-average contractual interest rates on variable-rate debt at December 31, 1999 and 1998 were 6.21% and 5.42%, respectively.

Included in long-term debt are equity contract notes totaling \$150 million at December 31, 1999. At December 31, 1999, Chase had designated proceeds from the sale of capital securities, as defined in regulations by the Board of Governors of the Federal Reserve System ("Federal Reserve Board"), in an amount sufficient to satisfy fully the requirements of its equity contract notes.

Chase has guaranteed several long-term debt issues of its subsidiaries. Guaranteed debt totaled \$360 million at December 31, 1999.

GUARANTEED PREFERRED BENEFICIAL INTERESTS IN CORPORATION'S JUNIOR SUBORDINATED DEFERRABLE INTEREST DEBENTURES

At December 31, 1999, seven separate wholly owned Delaware statutory business trusts established by Chase had issued an aggregate \$2,538 million in capital securities, net of discount. The capital securities qualify as Tier 1 Capital of Chase. The proceeds from each issuance were invested in a corresponding series of junior subordinated deferrable interest debentures of Chase. The sole asset of each statutory business trust is the debentures. Chase has fully and unconditionally guaranteed each of the business trust's obligations under each trust's capital securities. Each trust's capital securities are subject to mandatory redemption, in whole or in part, upon repayment of the debentures at their stated maturity or earlier redemption.

The following is a summary of Chase's outstanding capital securities, net of discount, issued by each trust and the junior subordinated deferrable interest debentures issued by Chase to each trust as of December 31, 1999.

(\$ in millions) Name of Trust	Amount of Capital Securities, Net of Discount Issued by Trust(a)	Principal Amount of Chase Debentures, Held by Trust(b)	Stated Maturity of Capital Securities and Debentures	Interest Rate of Capital Securities and Debentures
Chase Capital I	\$ 600	\$ 619	12/1/2026	7.67%
Chase Capital II	494	516	2/1/2027	LIBOR + .50%
Chase Capital III	296	309	3/1/2027	LIBOR + .55%
Chase Capital IV	350	361	12/6/2027	7.34%
Chase Capital V	200	206	3/31/2028	7.03%
Chase Capital VI	248	258	8/1/2028	LIBOR + .625%
Chase Capital VII	350	361	5/15/2029	7.00%
Total	\$ 2,538	\$2,630		

Name of Trust	Interest Payment/Distribution Dates
Chase Capital I	Semi-annual - commencing 6/1/97
Chase Capital II	Quarterly - commencing 5/1/97
Chase Capital III	Quarterly - commencing 6/1/97
Chase Capital IV	Quarterly - commencing 3/31/98
Chase Capital V	Quarterly - commencing 3/31/98
Chase Capital VI	Quarterly - commencing 11/1/98
Chase Capital VII	Quarterly - commencing 7/31/99

- (a) Represents the amount of capital securities issued to the public by each trust. These amounts are reflected as liabilities of Chase.
- (b) Represents the principal amount of Chase debentures held as assets by each trust. These amounts represent intercompany transactions and are eliminated in Chase's consolidated financial statements.

7 - PREFERRED STOCK OF SUBSIDIARY

In September 1996, Chase Preferred Capital Corporation ("Chase Preferred Capital"), a wholly owned subsidiary of Chase Bank, publicly issued 22 million shares of 8.10% Cumulative Preferred Stock, Series A ("Series A Preferred Shares"), with a liquidation preference of \$25 per share. Chase Preferred Capital is a real estate investment trust ("REIT") established for the purpose of acquiring, holding and managing real estate mortgage assets. Dividends on the Series A Preferred Shares are cumulative and are payable quarterly. The dividends are recorded as minority interest expense by Chase.

The Series A Preferred Shares are generally not redeemable prior to September 18, 2001. On or after that date, the Series A Preferred Shares may be redeemed for cash at the option of Chase Preferred Capital, in whole or in part, at a redemption price of \$25 per share, plus any accrued and unpaid dividends. The Series A Preferred Shares are treated as Tier 1 Capital of Chase. The Series A Preferred Shares are not subject to any sinking fund or mandatory redemption and are not convertible into any other securities of Chase Preferred Capital, Chase or any of its subsidiaries. The total amount of Preferred Stock of Subsidiary outstanding at both December 31, 1999 and 1998 was \$550 million.

8 - PREFERRED STOCK

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 shares of preferred stock at December 31, 1999 and 1998 were 27.1 million and 31.1 million, respectively.

During 1999, Chase redeemed its 9.76% Cumulative Preferred Stock, at a redemption price of \$25 per share, together with any accrued but unpaid dividends.

Dividends on shares of each outstanding series of preferred stock are payable quarterly. All the preferred stock outstanding have preference over Chase's common stock for the payment of dividends and the distribution of assets in the event of a liquidation or dissolution of Chase.

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The following is a summary of Chase's preferred stocks outstanding:

	Stated Value and Redemption Price Per Share(a)	Shares (in millions)	Outstanding at December 31,	
			1999	(in millions) 1998
Adjustable Rate, Series L Cumulative	\$ 100.00	2.0	\$ 200	\$ 200
Adjustable Rate, Series N Cumulative	25.00	9.1	228	228
10.96% Cumulative	25.00	4.0	100	100
10.84% Cumulative	25.00	8.0	200	200
Fixed/Adjustable Rate, Noncumulative	50.00	4.0	200	200
9.76% Cumulative	25.00	4.0	--	100

	Earliest Redemption Date	Rate in Effect at December 31, 1999
Adjustable Rate, Series L Cumulative	6/30/1999	5.124%(b)
Adjustable Rate, Series N Cumulative	6/30/1999	5.185(b)
10.96% Cumulative	6/30/2000	10.960
10.84% Cumulative	6/30/2001	10.840
Fixed/Adjustable Rate, Noncumulative	6/30/2003	4.960(b)
9.76% Cumulative	--	--

- (a) Redemption price includes amount shown in the table plus any accrued but unpaid dividends.
- (b) Floating rates are based on certain U.S. Treasury rates. The minimum and maximum rates for Series L and Series N are 4.50% and 10.50%, respectively. The fixed/adjustable rate preferred stock remains fixed at 4.96% through June 30, 2003; thereafter, the minimum and maximum rates are 5.46% and 11.46%, respectively.

9 - COMMON STOCK

Chase is authorized to issue 1.5 billion shares of common stock, with a \$1 par value per share. The number of shares of common stock issued and outstanding were as follows:

December 31, (in millions)	1999	1998	1997
Issued	881.9	881.7	881.5
Held in Treasury	(54.7)	(33.7)	(39.6)
Outstanding	827.2	848.0	841.9

In January 2000, Chase authorized the repurchase of up to \$5 billion of common stock in the open market or through negotiated transactions. This amount is in addition to any amounts necessary to provide for issuances under Chase's dividend reinvestment plan and its various stock-based director and employee benefit plans. The new authorization became effective January 19, 2000.

During 1999, Chase repurchased approximately 54.4 million shares of outstanding common stock under a stock repurchase plan, which began on January 4, 1999. During 1999, approximately 33.6 million shares were issued, primarily from treasury, under various employee stock option and other stock-based plans.

As of December 31, 1999, approximately 111.2 million unissued shares of common stock were reserved for issuance under various employee incentive, option and stock purchase plans.

Common shares issued (newly issued or distributed from treasury) during 1999, 1998 and 1997 were as follows:

Year Ended December 31, (in millions)	1999	1998	1997
Employee Benefit and Compensation Plans(a)	33.3	23.8	22.2
Dividend Reinvestment and Stock Purchase Plans	.3	.3	.3
Total Shares Newly Issued or Distributed from Treasury(b)	33.6	24.1	22.5

- (a) See Note Sixteen for a discussion of Chase's employee stock option plans.
- (b) Shares distributed from treasury were 33.4 million in 1999, 23.9 million in 1998 and 22.5 million in 1997.

On May 19, 1998, the stockholders approved a two-for-one stock split of Chase common stock. A total of 440,767,205 shares of common stock were issued in connection with the split, including 14,176,530 shares held in treasury. As a result of the stock split, \$441 million was reclassified from capital surplus to common stock. The stock split did not cause any changes in the \$1 par value per share of the common stock or in total stockholders' equity.

10 - EARNINGS PER SHARE

Basic and diluted earnings per share ("EPS") were as follows for the dates indicated:

Year Ended December 31, (in millions, except per share data)	----- 1999	----- 1998	----- 1997

BASIC EARNINGS PER SHARE			
Net Income	\$ 5,446	\$ 3,782	\$ 3,708
Less: Preferred Stock Dividends	71	98	182

Net Income Applicable to Common Stock	\$ 5,375	\$ 3,684	\$ 3,526
Weighted-Average Basic Shares Outstanding	828.8	846.1	849.2
Net Income Per Share	\$ 6.49	\$ 4.35	\$ 4.15

DILUTED EARNINGS PER SHARE			
Net Income Applicable to Common Stock	\$ 5,375	\$ 3,684	\$ 3,526

Weighted-Average Basic Shares Outstanding	828.8	846.1	849.2
Add: Broad-Based Options	9.2	6.5	11.4
Options to Key Employees	19.0	16.7	17.8

Total Additional Shares	28.2	23.2	29.2

Weighted-Average Diluted Shares Outstanding	857.0	869.3	878.4

Net Income Per Share	\$ 6.27	\$ 4.24	\$ 4.01

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 common shares outstanding reflect the potential dilution that could occur if convertible securities or other contracts to issue common stock were converted or exercised into common stock. The impact of Chase's stock repurchase program reduces the weighted-average number of common shares for both the basic and diluted EPS computation. For purposes of diluted EPS, net income available for common stock is the same as the basic computation, as Chase had no convertible securities and, therefore, no adjustments to net income available for common stock were necessary.

11 - FEES FOR OTHER FINANCIAL SERVICES

Details of fees for other financial services were as follows:

Year Ended December 31, (in millions)	1999	1998	1997
Mortgage Servicing Fees	\$ 405	\$ 192	\$ 231
Service Charges on Deposit Accounts	393	368	376
Fees in Lieu of Compensating Balances	378	344	314
Commissions on Letters of Credit and Acceptances	285	301	307
Brokerage and Investment Services	198	142	128
Insurance Fees	171	145	91
Loan Commitment Fees	139	136	120
Other Fees	527	465	416
Total Fees for Other Financial Services	\$2,496	\$2,093	\$1,983

12 - RESTRUCTURING COSTS AND OTHER EXPENSE

Restructuring Costs: Chase's expense management includes long-term strategic restructuring initiatives, such as the relocation of operations for Global Services businesses and consumer call centers, and other business initiatives, such as consolidations of operations.

In connection with these new initiatives, in the fourth quarter of 1999, Chase incurred a charge of \$100 million associated with planned consolidation actions in certain businesses and a charge of \$75 million in connection with planned staff reductions and disposition of premises and equipment resulting from the announced relocation of several businesses to Florida, Texas, and Massachusetts. The \$175 million restructuring charge in the fourth quarter of 1999 includes severance costs associated with the relocation of 2,300 positions and the projected elimination of 800 positions (\$125 million). The remaining restructuring costs encompass the planned disposition of certain premises and equipment (\$50 million).

During the 1998 first quarter, Chase incurred a pre-tax charge of \$510 million in connection with initiatives to streamline support functions and realign certain business activities. In December 1999, \$127 million of costs were reversed primarily related to occupancy not fully utilized under the \$510 million charge taken in 1998.

Other Expense: Details of other expense were as follows:

Year Ended December 31, (in millions)	1999	1998	1997
Professional Services	\$ 719	\$ 668	\$ 575
Marketing Expense	459	419	415
Telecommunications	383	349	307
Amortization of Intangibles	297	261	172
Travel and Entertainment	226	243	220
Minority Interest (a)	49	50	74
Foreclosed Property Expense	15	5	12
Special Contribution to the Foundation (b)	100	--	--
All Other	1,402	1,292	1,131
Total Other Expense	\$3,650	\$3,287	\$ 2,906

- (a) Includes REIT minority interest expense of \$44 million in each of 1999, 1998 and 1997.
 (b) Represents a \$100 million special contribution to The Chase Manhattan Foundation.

13 - COMPREHENSIVE INCOME

Comprehensive income for Chase includes net income, as well as the change in unrealized gains and losses on AFS securities and foreign currency translation (each of which includes the impact of related derivatives). Chase has presented these items net of tax in the Statement of Changes in Stockholders' Equity.

The following table presents cumulative other comprehensive income balances:

Year Ended December 31, (in millions)	Unrealized Gains (Losses) On Securities (a)	Translation Adjustments (b)	Cumulative Other Comprehensive Income
Balance December 31, 1996	\$ (288)	\$ 17	\$ (271)
Net change	383	--	383
Balance December 31, 1997	95	17	112
Net change	280	--	280
Balance December 31, 1998	375	17	392
Net change	(1,846)	--	(1,846)
Balance December 31, 1999	\$ (1,471)	\$ 17	\$ (1,454)

(a) Represents the after-tax difference between the fair value and amortized cost of available-for-sale securities portfolio, including securities classified as loans which are subject to the provisions of SFAS 115.

(b) Includes gains and losses on foreign currency translation from operations for which the functional currency is other than the U.S. dollar, together with the related hedges and tax effects.

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The net change in the table below represents other comprehensive income. This net change amount for Chase represents two components: net unrealized holding gains/(losses) and reclassification adjustments. The reclassification adjustment in the table below represents amounts recognized in net income during the period that had previously been displayed as part of other comprehensive income.

Year Ended December 31, (in millions)	1999	1998	1997
Net unrealized holdings gains (losses) arising during the period, net of taxes(a)	\$ (1,717)	\$ 371	\$ 425
Reclassification adjustment for (gains) losses included in net income, net of taxes(b)	(129)	(91)	(42)
Net change	\$ (1,846)	\$ 280	\$ 383

- (a) Net of tax benefit of \$1,169 million in 1999 and net of tax expense of \$219 million in 1998 and \$325 million in 1997.
 (b) Net of taxes of \$88 million, \$54 million and \$32 million for 1999, 1998 and 1997, respectively.

14 - INCOME TAXES

Deferred income tax expense (benefit) results from differences between amounts of assets and liabilities as measured for financial reporting and income tax return purposes. The significant components of deferred tax assets and liabilities are reflected in the following table.

December 31, (in millions)	1999	1998
DEFERRED TAX ASSETS		
Allowance for Credit Losses	\$ 1,022	\$1,038
Allowance Other Than Credit Losses	611	800
Foreign Operations	186	360
Employee Benefits	1,116	784
Fair Value Adjustments	299	--
Other	--	36
Gross Deferred Tax Assets	\$ 3,234	\$3,018
DEFERRED TAX LIABILITIES		
Leasing Transactions	\$ 2,416	\$2,370
Fair Value Adjustments	--	313
Depreciation and Amortization	561	481
Other	199	162
Gross Deferred Tax Liabilities	\$ 3,176	\$3,326
Valuation Allowance	\$ 45	\$ 40
Net Deferred Tax Asset (Liability)	\$ 13	\$ (348)

A valuation allowance has been recorded in accordance with SFAS 109, relating primarily to tax benefits associated with foreign operations and with state and local deferred tax assets.

Chase expects that, when paid, the deferred foreign taxes of \$206 million at December 31, 1999 will be creditable on its Federal income tax return.

The components of income tax expense included in the Consolidated Statement of Income were as follows:

Year Ended December 31, (in millions)	1999	1998	1997
Current Income Tax Expense			
Federal	\$ 828	\$ 723	\$ 813
Foreign	779	712	614
State and Local	241	282	226
Total Current Expense	1,848	1,717	1,653
Deferred Income Tax Expense			
Federal	1,014	446	483
Foreign	42	(17)	(39)
State and Local	25	2	105
Total Deferred Expense	1,081	431	549
Total Income Tax Expense	\$2,929	\$ 2,148	\$2,202

The preceding table does not reflect the tax effects of unrealized gains and losses on available-for-sale securities and certain tax benefits associated with Chase's employee stock plans. The tax effect of these items are recorded directly in stockholders' equity. Stockholders' equity increased by \$1,673 million and \$58 million, respectively, in 1999 and 1998 and decreased by \$35 million in 1997 as a result of these tax effects.

Federal income taxes have not been provided on the undistributed earnings of certain foreign subsidiaries, to the extent such earnings have been reinvested abroad for an indefinite period of time. For 1999, such earnings approximate \$290 million on a pre-tax basis. At December 31, 1999, the cumulative amount of undistributed earnings was approximately \$1,054 million. It is not practicable at this time to determine the income tax liability that would result upon repatriation of these earnings.

The tax expense applicable to securities gains and losses for the years 1999, 1998 and 1997 was \$36 million, \$219 million and \$116 million, respectively.

A reconciliation of the income tax expense computed at the applicable statutory U.S. income tax rate to the actual income tax expense for the past three years is shown in the following table.

Year Ended December 31, (in millions)	1999	1998	1997
Statutory U.S. Federal Tax Expense	\$2,931	\$ 2,075	\$2,068
Increase (Decrease) in Tax Expense			
Resulting from:			
State and Local Income Taxes, Net of			
Federal Income Tax Benefit	173	185	215
Foreign Subsidiary Earnings	(75)	(70)	(45)
Other-Net	(100)	(42)	(36)
Total Income Tax Expense	\$2,929	\$ 2,148	\$2,202

The following table presents the domestic and foreign components of income before income tax expense.

Year Ended December 31, (in millions)	1999	1998	1997
Domestic	\$5,984	\$ 4,315	\$ 4,087
Foreign(a)	2,391	1,615	1,823
Income Before Income Tax Expense	\$8,375	\$ 5,930	\$ 5,910

(a) For purposes of this table, foreign income is defined as income generated from operations located outside the United States.

15 - POSTRETIREMENT EMPLOYEE BENEFITS PLANS

PENSION PLANS

The accompanying table presents the funded status and actuarial assumptions for Chase's noncontributory domestic defined benefit pension plan (the "domestic pension plan"). The domestic pension plan employs a cash balance defined benefit formula that provides for benefits based on salary and service. The 1999 unrecognized amount primarily resulted from higher than expected returns on plan assets.

DOMESTIC PENSION PLAN

As of or for the Year Ended December 31, (in millions)	1999	1998
Benefit Obligation	\$ (2,594)	\$ (2,473)
Plan Assets at Fair Value	3,053	2,880
Plan Assets in Excess of Benefit Obligation	459	407
Unrecognized Amounts	(418)	(275)
Prepaid Pension Cost Reported in Other Assets	\$ 41	\$ 132
Employer Contributions to Trust	\$ --	\$ --
Benefits Paid Out of the Trust	185	174
Weighted-Average Annualized Actuarial Assumptions as of December 31:		
Discount Rate	8.00%	6.75%
Assumed Rate of Long-Term Return on Plan Assets	9.00%	8.50%
Rate of Increase in Future Compensation	5.66%	5.00%

The periodic domestic pension plan expense (reported in Employee Benefits expense) totaled \$91 million in 1999 and \$79 million in each of 1998 and 1997. The increase in the 1999 expense from 1998 primarily reflects higher service costs and lower actuarial gains.

Chase also has a number of other defined benefit pension plans (i.e., domestic plans not subject to Title IV of the Employee Retirement Income Security Act) and several foreign pension plans. Employee Benefits expense related to these plans totaled \$30 million in 1999, \$28 million in 1998 and \$26 million in 1997. At December 31, 1999 and 1998, Chase's liability included in Accrued Expenses related to plans that Chase elected not to prefund fully totaled \$159 million and \$201 million, respectively.

Employee Benefits expense related to defined contribution plans totaled \$142 million in 1999, \$135 million in 1998 and \$127 million in 1997.

POSTRETIREMENT MEDICAL AND LIFE INSURANCE

Chase provides postretirement medical and life insurance benefits to qualifying domestic and foreign employees. These benefits vary with length of service and date of hire and provide for limits on Chase's share of covered medical benefits. The medical benefits are contributory and the life insurance benefits are noncontributory.

POSTRETIREMENT MEDICAL AND LIFE INSURANCE LIABILITY

As of or for the Year Ended December 31, (in millions)	1999	1998
Benefit Obligation	\$ (682)	\$ (767)
Unrecognized Amounts	(179)	(86)
Accrued Postretirement Medical and Life Insurance Cost Reported in Accrued Expenses	\$ (861)	\$ (853)
Benefits Paid(a)	\$ 52	\$ 42

(a) Net of \$8 million and \$7 million of retiree contributions in 1999 and 1998, respectively.

The periodic postretirement medical and life insurance expense (reported in Employee Benefits expense) totaled \$60 million in 1999, \$65 million in 1998 and \$68 million in 1997.

The discount rates and rates of increase for future compensation used to determine the actuarial values for postretirement medical and life insurance benefits are generally consistent with those used for the domestic pension plan. At December 31, 1999, the assumed weighted-average medical benefits cost trend rate used to measure the expected cost of benefits covered was 7.5% for 2000, declining gradually over six years to a floor of 5.6%. The effect of a 1% change in the assumed medical cost trend rate would result in a corresponding change in the December 31, 1999 benefit obligation and 1999 periodic expense by up to 4.4%.

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16 - EMPLOYEE STOCK-BASED INCENTIVES

KEY EMPLOYEE STOCK-BASED AWARDS

Chase has a long-term stock-based incentive plan (the "LTIP") that provides for grants of common stock-based awards, including stock options, restricted stock and restricted stock units ("RSU") to certain key employees. In addition, a portion of incentive compensation exceeding specified levels is paid in restricted stock or RSUs (the "deferred equity plan").

Under the LTIP plan, stock options have been granted with exercise prices equal to Chase's common stock price on the grant date. Generally, options 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. Options generally expire ten years after the grant date.

The accompanying table presents a summary of key employee option activity during the last three years.

KEY EMPLOYEE STOCK OPTIONS

Year Ended December 31,	1999		1998		1997	
(Amounts in thousands, except per share amounts)	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
Options Outstanding, January 1	46,804	\$ 34.57	44,076	\$ 28.14	43,202	\$ 20.75
Granted	14,605 (a)	62.04	11,486	54.92	11,952	46.19
Exercised	(8,490)	27.27	(8,493)	22.70	(10,458)	20.22
Canceled	(481)	58.62	(265)	47.25	(620)	33.75
Options Outstanding, December 31	52,438 (b)	\$ 43.77	46,804	\$ 34.57	44,076	\$ 28.14
Options Exercisable, December 31	29,620	\$ 30.85	27,271	\$ 25.15	27,264	\$ 21.30

(a) Includes 3,416,000 options at a weighted average exercise price of \$23.41 related to acquisition of H&Q.

(b) Of the total options outstanding at December 31, 1999, 9,420,000 options (8,646,000 were exercisable) had exercise prices ranging from \$5 to \$20, or \$15.12 on average, and a weighted-average remaining contractual life of 3.2 years; 11,752,000 options (11,128,000 were exercisable) had exercise prices ranging from \$20.01 to \$40.00, or \$25.90 on average, and a remaining contractual life of 5.1 years; 31,266,000 options (9,846,000 were exercisable) had exercise prices ranging from \$40.01 to \$87.59, or \$59.12 on average, and a remaining contractual life of 8.0 years.

Restricted stock and RSUs are granted at no cost to the recipient. Restricted stock and RSUs 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 dividends on the underlying common stock during the period the RSU is outstanding.

During 1999, 9.4 million of LTIP awards (all payable solely in stock) were granted. For all 1999 LTIP awards, vesting for restricted shares and RSUs is conditioned on continued employment. Of the total 9.4 million LTIP awards granted, vesting of 887,000 of such awards is also conditioned upon Chase's stock price reaching and sustaining target prices (the "targets") during the service period, subject to minimum vesting periods; the awards are forfeited in their entirety if the targets are not achieved ("forfeitable awards"). The target stock price of \$110 for half of the 1999 forfeitable awards exceeded the stock price on the grant date by approximately 50% and the target stock price of \$125 for the other half exceeded the stock price on the grant date by approximately 70%.

Under the LTIP, in 1998 and 1997, 7.8 million and 710,000 awards (all payable solely in stock), respectively, were granted. Of the total 7.8 million LTIP awards granted in 1998, 1.2 million of such awards are forfeitable. Half of the 1998 forfeitable awards vested in 1998 as a result of the target price having been achieved. For the remaining half of the 1998 forfeitable awards, the target price was achieved in 1999 but the awards are still subject to a minimum vesting period. For all the 1997 awards, vesting was conditioned solely on continued employment.

Under the deferred equity plan, additional restricted stock and RSUs are outstanding for which vesting is conditioned solely on continued employment. During 1999, 1998, and 1997, respectively, 99,000, 520,000 and 522,000 of such awards were granted.

BROAD-BASED EMPLOYEE STOCK OPTIONS

Under the Value Sharing Plan originally adopted by Chase in December 1996, annual awards were granted in December of 1996, 1997 and 1998. The 1996, 1997 and 1998 awards became exercisable in 1997, 1998 and 1999, respectively, as a result of the target prices having been achieved. All outstanding options expire 10 years after their respective grant dates. The following table presents the activity in the broad-based employee stock option plans during the past three years.

BROAD-BASED EMPLOYEE STOCK OPTIONS

Year Ended December 31, (Amounts in thousands, except per share amounts)	1999		1998		1997	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
Options Outstanding, January 1	52,540	\$ 49.65	42,808	\$ 43.57	33,756	\$ 32.54
Granted	--	--	21,559	59.94	20,444	55.85
Exercised	(16,572)	52.86	(8,168)	43.92	(10,082)	32.71
Canceled	(2,010)	59.78	(3,659)	44.68	(1,310)	41.66
Options Outstanding, December 31	33,958 (a)	\$ 47.48	52,540	\$ 49.65	42,808	\$ 43.57
Options Exercisable, December 31	33,958	\$ 47.48	31,057	\$ 42.53	22,364	\$ 32.35

(a) Of the total options outstanding at December 31, 1999, all options were exercisable. The exercise prices for the options were: \$17.07 (\$15.39 to \$22.66) for the 2,265,000 options granted under the prior Chase plan; \$20.25 for the 4,489,000 options granted under the prior Chemical plan; and \$43.19 for the 6,658,000 options granted in 1996, \$55.85 for the 8,824,000 options granted in 1997 and \$59.94 for the 11,722,000 options granted in 1998 under the Value Sharing Plan. The average remaining contractual life was 7.4 years for all options outstanding and exercisable.

COMPARISON OF THE FAIR- AND INTRINSIC-VALUE-BASED MEASUREMENT METHODS

Chase accounts for its employee stock-based compensation plans under the intrinsic-value-based method in accordance with SFAS 123. There is no expense recognized for stock options, as they have no intrinsic value on the grant date. Forfeitable restricted stock and RSUs are expensed based upon the target prices. The expense for restricted stock and RSUs other than forfeitable awards is measured by the grant-date stock price. Pre-tax stock compensation expense recognized in reported earnings totaled \$341 million in 1999, \$253 million in 1998 and \$228 million in 1997. In 1998 and 1997, there was \$37 million and \$135 million, respectively, of costs incurred for the accelerated vesting of stock-based incentive awards.

If Chase had adopted the fair-value-based method pursuant to SFAS 123, options would be valued using a Black-Scholes model. Forfeitable restricted stock and RSUs would be valued at the grant-date stock price, after deducting the value assigned to the probability that the stock price would not reach the target. The expense would be the same as under the intrinsic-value-based method for restricted stock and RSUs other than forfeitable awards, and for any awards for which cash payments may be received in lieu of stock. The pro forma net income and basic and diluted earnings per share impact, if the fair-value-based method had been adopted, would have been up to 6.2% lower than reported 1999 amounts, 5.7% lower than reported 1998 amounts, and 2.5% lower than reported 1997 amounts. The impact of stock compensation on pro forma expense increased in 1999 and 1998, as compared with the respective prior years, primarily due to the impact of the vesting of options granted in December 1998 and 1997 under the Value Sharing Plan and the higher fair value of options as compared with the prior years. The 1998 and 1997 Value Sharing Plan options vested when the targets were achieved in 1999 and 1998, respectively, and, therefore, all remaining pro forma expense would have been recognized. The fair value of 1999 and 1998 grants increased over the respective prior years as a result of updated valuation assumptions, based on factors such as an increase in the stock price.

The following table presents the weighted-average grant-date fair value for equity awards and the assumptions used to value the options using a Black-Scholes model for equity awards granted during the past three years.

Year Ended December 31,	1999	1998	1997
Weighted-Average Grant-Date Fair Value (a)			
Options Granted to:			
Key Employees	\$ 27.31	\$ 14.69	\$ 13.29
All Other Employees	--	18.50	14.57
All Restricted Stock and RSUs Payable in Stock	68.54	50.01	47.87
Weighted-Average Annualized Option Valuation Assumptions			
Risk-Free Interest Rate	6.65%	4.81%	5.96%
Expected Dividend Yield (b)	2.23	2.66	2.29
Expected Common Stock Price Volatility	34	31	23
Assumed Weighted-Average Expected Life of Options (in Years)			
Key Employee Stock Options	6.8	6.8	6.3
Broad-Based Employee Stock Options	--	6.0	6.0

(a) Under the fair-value-based method, the grant-date fair value for an option equals the sum of the annual probability of exercise or vested termination, multiplied by the dividend-adjusted Black-Scholes-derived value of an option terminating in that year.

(b) The expected dividend yield is based primarily on historical data at the grant dates.

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17 - RESTRICTIONS ON CASH AND INTERCOMPANY FUNDS TRANSFERS

The Federal Reserve Board requires depository institutions to maintain cash reserves with a Federal Reserve Bank. The average amount of reserve balances deposited by Chase's bank subsidiaries with various Federal Reserve Banks was approximately \$0.7 billion during both 1999 and 1998.

Restrictions imposed by Federal law prohibit Chase and certain other affiliates from borrowing from banking subsidiaries unless the loans are secured in specified amounts. Such secured loans to Chase or to other affiliates generally are 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, as determined by the risk-based capital guidelines. Chase and its affiliates were well within these limits throughout the year.

The principal sources of Chase's income (on a parent company-only basis) are dividends and interest from Chase Bank and the other banking and nonbanking subsidiaries of Chase. In addition to dividend restrictions set forth in statutes and regulations, the Federal Reserve Board, the Office of the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("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 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 December 31, 1999, Chase's bank subsidiaries could pay, in the aggregate, \$2.4 billion in dividends to their respective bank holding companies, without approval of their relevant banking regulators.

18 - CAPITAL

There are two categories of risk-based capital: core capital (referred to as Tier 1 Capital) and supplementary capital (referred to as Tier 2 Capital). Tier 1 Capital includes common stockholders' equity, qualifying preferred stock, minority interest, less goodwill and other adjustments. Tier 2 Capital consists of preferred stock not qualifying as Tier 1, 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. Under the risk-based capital guidelines of the Federal Reserve Board, Chase is required to maintain minimum ratios of Tier 1 and Total (Tier 1 plus Tier 2) Capital to risk-weighted assets. Failure to meet these minimum requirements could result in actions taken by the regulators. Bank subsidiaries are also subject to these capital requirements by their respective primary regulators. Management believes that as of December 31, 1999, Chase met all capital requirements to which it is subject and is not aware of any subsequent events that would alter this classification.

The following table presents the risk-based capital ratios for Chase and its significant banking subsidiaries.

December 31, 1999 (in millions)	Tier 1 Capital (b) (c)	Total Capital (c)	Risk- Weighted Assets (d)	Adjusted Average Assets	Tier 1 Capital (c) (e) Ratio	Total Capital (c) (e) Ratio	Tier 1 Leverage (c) (f) Ratio
Chase (a)	\$ 25,453	\$36,485	\$301,501	\$385,838	8.44%	12.10%	6.60%
Chase Bank	18,648	26,277	238,443	311,398	7.82%	11.02%	5.99%
Chase USA	3,021	4,200	34,726	34,180	8.70%	12.09%	8.84%
Chase Texas	1,605	2,266	18,908	22,554	8.49%	11.98%	7.12%
Well Capitalized Ratios (g)					6.00%	10.00%	5.00% (h)
Minimum Capital Ratios (g)					4.00%	8.00%	3.00%

- (a) Assets and capital amounts for Chase's banking subsidiaries reflect intercompany transactions, whereas the respective amounts for Chase reflect the elimination of intercompany transactions.
- (b) In accordance with Federal Reserve Board risk-based capital guidelines, minority interest for Chase includes preferred stock instruments issued by subsidiaries of Chase. For a further discussion, see Notes Six and Seven.
- (c) The provisions of SFAS 115 do not apply to the calculations of the Tier 1 Capital and Tier 1 Leverage ratios. The risk-based capital guidelines do permit the inclusion of 45% of the pre-tax unrealized gain on certain equity securities in the calculation of Tier 2 Capital.
- (d) Includes off-balance sheet risk-weighted assets in the amounts of \$93,150 million, \$84,908 million, \$2,537 million and \$3,996 million, respectively, at December 31, 1999.
- (e) Tier 1 Capital or Total Capital, as applicable, divided by risk-weighted assets. Risk-weighted assets include assets and off-balance sheet positions, weighted by the type of instruments and the risk weight of the counterparty, collateral or guarantor.
- (f) Tier 1 Capital divided by adjusted average assets (net of allowance for loan losses, goodwill and certain intangible assets).
- (g) As defined by the regulations issued by the Federal Reserve Board, the FDIC and the OCC.
- (h) 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.

19 - DERIVATIVE AND FOREIGN EXCHANGE CONTRACTS

Chase utilizes derivative and foreign exchange financial instruments for both trading and asset/liability activities. A discussion of the credit risk associated with these instruments is included in the Derivative and Foreign Exchange Contracts section of the Management's Discussion and Analysis ("MD&A") on page 42. For a discussion of Chase's market risk, see the Overview within the Market Risk Management section of the MD&A on page 45.

Derivative and Foreign Exchange Instruments Used for Trading Purposes: The credit risk associated with Chase's trading activities is recorded on the balance sheet. The effects of any market risk (gains or losses) on Chase's trading activities have been reflected in trading revenue, as the trading instruments are marked-to-market daily. See Note One.

Derivative and Foreign Exchange Instruments Used for Asset/Liability Activities: A discussion of Chase's use of these instruments for asset/liability activities is included in Note One.

Chase believes the best measure of credit risk is the mark-to-market exposure amount of the derivative or foreign exchange contract. This is also referred to as repayment risk or the replacement cost.

While notional principal is the most commonly used volume measure in the derivative and foreign exchange markets, it is not a useful measure of credit or market risk. The notional principal typically does not change hands, but is simply a quantity upon which interest and other payments are calculated. The notional principal amounts of Chase's derivative and foreign exchange products greatly exceed the possible credit and market loss that could arise from such transactions.

The following table summarizes the aggregate notional amounts of derivative and foreign exchange contracts as well as the credit exposure related to these instruments (after taking into account the effects of legally enforceable master netting agreements).

December 31, (in billions)	Notional Amounts (a)		Credit Exposure	
	1999	1998	1999	1998
INTEREST RATE CONTRACTS				
Interest Rate Swaps				
Trading	\$ 7,127.9	\$ 4,882.4	\$ 8.5	\$ 10.7
Asset/Liability	84.0	97.8	0.4	0.3
Futures, Forwards and Forward Rate Agreements				
Trading	2,531.4	2,090.0	0.2	0.4
Asset/Liability	82.1	74.6	--	--
Purchased Options				
Trading	504.9	443.8	1.2	1.5
Asset/Liability	95.9	52.6	--	--
Written Options				
Trading	650.6	503.2	--	--
Asset/Liability	50.1	27.5	--	--
Total Interest Rate Contracts				
	\$11,126.9	\$ 8,171.9	\$ 10.3	\$ 12.9
FOREIGN EXCHANGE CONTRACTS				
Spot, Forward and Futures Contracts				
Trading	\$ 1,232.5	\$ 1,532.6	\$ 9.6	\$ 11.0
Asset/Liability	9.6	54.0	--	--
Other Foreign Exchange Contracts (b)				
Trading	408.4	449.8	6.2	5.0
Asset/Liability	1.6	4.2	--	--
Total Foreign Exchange Contracts				
	\$ 1,652.1	\$ 2,040.6	\$ 15.8	\$ 16.0
DEBT, EQUITY, COMMODITY AND OTHER CONTRACTS				
Trading	\$ 157.6	\$ 140.5	\$ 7.4	\$ 4.3
Total Debt, Equity, Commodity and Other Contracts				
	\$ 157.6	\$ 140.5	\$ 7.4	\$ 4.3
Total Credit Exposure Recorded on the Balance Sheet			\$ 33.5	\$ 33.2

(a) The notional amounts of exchange-traded interest rate contracts, foreign exchange contracts, and equity, commodity and other contracts were \$1,075.4 billion, \$3.0 billion and \$13.0 billion, respectively, at December 31, 1999, compared with \$699.3 billion, \$3.3 billion and \$3.9 billion, respectively, at December 31, 1998. The credit risk for these contracts was minimal as exchange-traded contracts principally settle daily in cash.

(b) Includes notional amounts of purchased options, written options and cross-currency interest rate swaps of \$93.5 billion, \$ 97.2 billion and \$219.3 billion, respectively, at December 31, 1999, compared with \$137.0 billion, \$137.9 billion and \$179.1 billion, respectively, at December 31, 1998.

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When Chase has more than one transaction outstanding with a counterparty, and there exists a legally enforceable master netting agreement with the counterparty, the "net" mark-to-market exposures represent the netting of the positive and negative exposures with the same counterparty. Net mark-to-market is, in Chase's view, the best measure of credit risk when there is a legally enforceable master netting agreement between Chase and the counterparty.

Classes of Derivative and Foreign Exchange Instruments: The following instruments are used by Chase for purposes of both trading and asset/liability activities.

Derivative and foreign exchange instruments may be broadly categorized as exchange-traded or over-the-counter ("OTC"). Exchange-traded instruments are executed through a recognized exchange as standardized contracts and are primarily futures and options. OTC contracts are executed between two counterparties that negotiate specific agreement terms, including the underlying instrument, notional amount, exercise price and maturity. In this context, the underlying instrument may include interest rates, foreign exchange rates, commodities, debt or equity instruments.

Interest rate swaps are contracts in which a series of interest rate flows in a single currency is exchanged over a prescribed period. Interest rate swaps are the most common type of derivative contract that Chase utilizes for both assets and liabilities. An example of a situation in which Chase would utilize an interest rate swap would be to convert its fixed-rate debt to a variable rate. By entering into the swap, the principal amount of the debt would remain unchanged but the interest streams would change. Cross-currency interest rate swaps are contracts that generally involve the exchange of both interest and principal amounts in two different currencies.

Interest rate futures and forwards are contracts for the delayed delivery of securities or money market instruments. The selling party agrees to deliver, on a specified future date, a specified instrument at a specified price or yield.

Forward rate agreements are contracts to exchange payments on a specified future date, based on a market change in interest rates from trade date to contract settlement date.

Interest rate options, including caps and floors, are contracts to modify interest rate risk in exchange for the payment of a premium when the contract is initiated. As a writer of interest rate options, Chase receives a premium in exchange for bearing the risk of unfavorable changes in interest rates. Conversely, as a purchaser of an option, Chase pays a premium for the right, but not the obligation, to buy or sell a financial instrument or currency at predetermined terms in the future. Foreign currency options are similar to interest rate options, except that they are based on foreign exchange rates.

Chase's use of written options as part of its asset/liability activities is permitted only in those circumstances where they are specifically linked to purchased options. All unmatched written options are included in the trading portfolio at fair value.

Foreign exchange contracts are used for the future receipt or delivery of foreign currency at previously agreed-upon terms.

Debt, equity, commodity and other contracts include swaps and options and are similar to interest rate contracts, except that the underlying instrument is debt, equity or commodity-related. Credit derivatives are considered debt-related and are included in this category of derivatives.

These instruments are all subject to market risk, representing potential loss due to adverse movements in the underlying instrument. Credit risk arises primarily from OTC contracts, since exchange-traded contracts are generally settled daily.

Market risk is reduced by entering into offsetting positions using other financial instruments.

Credit risk is reduced significantly by entering into legally enforceable master netting agreements. To further reduce exposure, management may obtain collateral. The amount and nature of the collateral obtained is based on management's credit evaluation of the customer. Collateral held varies, but may include cash, securities, accounts receivable, inventory, property, plant and equipment and real estate.

20 - OFF-BALANCE SHEET LENDING-RELATED FINANCIAL INSTRUMENTS

In addition to derivative and foreign exchange instruments, Chase also utilizes lending-related financial instruments in order to meet the financing needs of its customers. Chase issues commitments to extend credit, standby and other letters of credit and guarantees, and also provides securities-lending services. For lending-related financial instruments, the contractual amount of the financial instrument represents the maximum potential credit risk if the counterparty does not perform according to the terms of the contract. A large majority of these commitments expire without being drawn upon. As a result, total contractual amounts are not representative of Chase's actual future credit exposure or liquidity requirements for these commitments.

Additionally, to provide for risks of losses inherent in the credit extension process, management computes specific and expected loss components as well as a residual component for lending-related commitments. At December 31, 1999 and 1998, the Allowance for Credit Losses on Lending-Related Commitments was \$170 million, which is reported in Other Liabilities.

The following table summarizes the contract amounts relating to Chase's lending-related financial instruments at December 31, 1999 and 1998.

OFF-BALANCE SHEET LENDING-RELATED
FINANCIAL INSTRUMENTS

December 31, (in millions)	----- 1999	----- 1998
Credit Card Lines	\$ 88,702	\$ 80,763
Other Unfunded Commitments to Extend Credit	165,381	144,519
Standby Letters of Credit and Guarantees (Net of Risk Participations of \$6,531 and \$6,666)	30,800	32,277
Other Letters of Credit	4,190	3,740
Customers' Securities Lent	83,117	58,592

Unfunded commitments to extend credit are agreements to lend to a customer who has complied with predetermined contractual conditions. Commitments generally have fixed expiration dates.

Standby letters of credit and guarantees are conditional commitments issued by Chase generally to guarantee the performance of a customer to a third party in borrowing arrangements, such as commercial paper, bond financing, construction and similar transactions. The credit risk involved in issuing standby letters of credit is essentially the same as that involved in extending loan facilities to customers and may be reduced by participations to third parties. Chase holds collateral to support those standby letters of credit and guarantees when deemed necessary.

Customers' securities lent are customers' securities held by Chase, as custodian, which are lent to third parties. Chase obtains collateral, with a market value exceeding 100% of the contract amount, for customers' securities lent, which is used to indemnify customers against possible losses resulting from third-party defaults.

21 - 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 have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic conditions.

Chase regularly monitors various segments of its credit risk portfolio to assess potential concentration risks and to obtain collateral when deemed necessary.

Chase's exposures within these major segments are diversified and these diversification factors reduce concentration risk. For geographic and other concentrations, reference is made to the following tables in the MD&A:

Table on:

Residential Mortgage Loans by Geographic Region	Page 40
Managed Credit Card Loans by Geographic Region	Page 40
Auto Financings by Geographic Region	Page 40
Derivative and Foreign Exchange Contracts	Page 42
Cross-Border Exposure	Page 43

The table below indicates major product and industry segments, including both on-balance sheet (principally loans) and off-balance sheet (principally commitments to extend credit) exposures.

December 31, (in billions)	1999 Distributions			1998 Distributions		
	Credit Exposure	On-Balance Sheet	Off-Balance Sheet	Credit Exposure	On-Balance Sheet	Off-Balance Sheet
Credit Cards	\$105.1	\$ 16.4	\$ 88.7	\$ 95.7	\$ 14.9	\$ 80.8
Residential Mortgages	49.1	45.8	3.3	45.2	43.3	1.9
Depository Institutions	73.8	52.0	21.8	51.5	33.9	17.6
Auto Financings	18.7	18.5	0.2	16.8	16.5	0.3
Commercial Real Estate	6.2	3.8	2.4	7.0	4.4	2.6
Total	\$252.9	\$ 136.5	\$ 116.4	\$216.2	\$113.0	\$103.2

22 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the current amount that would be exchanged between willing parties (other than in a forced sale or liquidation), and is best evidenced by a quoted market price, if one exists.

Quoted market prices are not available for all of Chase's financial instruments. As a result, the fair values presented are estimates derived using present value or other valuation techniques and may not be indicative of net realizable value. In addition, the calculation of estimated fair value is based on market conditions at a specific point in time and may not be reflective of future fair values.

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 Chase. For example, the values associated with the various ongoing businesses that Chase operates are excluded. Chase has developed long-term relationships with its customers through its deposit base and its 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 Chase, but their fair value is not disclosed in this Note.

Fair values among financial institutions are not comparable due to the wide range of permitted valuation techniques and numerous estimates that must be made. This lack of objective valuation standard introduces a great degree of subjectivity to these derived or estimated fair values. Therefore, readers are cautioned in using this information for purposes of evaluating the financial

condition of Chase, compared with other financial institutions.

The following summary presents the methodologies and assumptions used to estimate the fair value of Chase's financial instruments required under the guidelines of SFAS 107.

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FINANCIAL ASSETS

Assets for Which Fair Value Approximates Carrying Value: The fair values of certain financial assets carried at cost, including cash and due from banks, deposits with banks, Federal funds sold and securities purchased under resale agreements, due from customers on acceptances, short-term receivables and accrued interest receivable, are considered to approximate their respective carrying values due to their short-term nature and generally negligible credit losses.

Trading Assets: Chase carries trading assets, which include debt and equity instruments as well as the positive fair value on derivative and foreign exchange instruments, at estimated fair value.

Securities: Available-for-sale securities and related derivative contracts are carried at fair value. Held-to-maturity securities are carried at amortized cost. The fair value of actively-traded securities is determined by the secondary market, while the fair value for nonactively traded securities is based on independent broker quotations.

Loans: Loans are valued using methodologies suitable for each type of loan.

The fair value of Chase's commercial loan portfolio is estimated by assessing the two main risk components of the portfolio: credit and interest. The estimated cash flows are adjusted to reflect the inherent credit risk and then are discounted, using a rate appropriate for each maturity that incorporates the effects of interest rate changes. Generally, emerging market loans are valued based on secondary market prices.

For consumer installment loans (including auto financings) and residential mortgages for which market rates for comparable loans are readily available, the fair values are estimated by discounting cash flows, adjusted for prepayments. The discount rates used for consumer installment loans are current rates offered by commercial banks and thrifts. For residential mortgages, secondary market yields for comparable MBSs, adjusted for risk, are used. The fair value of credit card receivables is estimated by discounting expected cash flows. The discount rates used for credit card receivables incorporate the effects of interest rate changes only, since the estimated cash flows are adjusted for credit risk.

Other Assets: This caption consists primarily of private equity investments. Nonpublic investments are carried at cost, which is viewed as an approximation of fair value. The carrying value of nonpublic investments is adjusted for holdings in which a subsequent investment by an unaffiliated party indicates a valuation in excess of cost and for holdings for which evidence of an other-than-temporary decline in value exists.

Public securities held by Chase Capital Partners are valued at quoted market prices (prior to any liquidity discounts) for the purpose of fair value disclosure required by SFAS 107.

FINANCIAL LIABILITIES

Liabilities for Which Fair Value Approximates Carrying Value: SFAS 107 requires that the fair value disclosed for deposit liabilities with no stated maturity (i.e., demand, savings and certain money market deposits) be equal to the carrying value. SFAS 107 does not allow for the recognition of the inherent funding value of these instruments.

The fair value of foreign deposits, Federal funds purchased and securities sold under repurchase agreements, commercial paper, other borrowed funds, acceptances outstanding, accounts payable and accrued liabilities are considered to approximate their respective carrying values due to their short-term nature.

Domestic Time Deposits: The fair value of time deposits is estimated by discounting cash flows based on contractual maturities at the interest rates for raising funds of similar maturity.

Trading Liabilities: Chase carries trading liabilities, which include securities sold, not yet purchased, structured notes, and derivative and foreign exchange contracts, at estimated fair value.

Long-Term Debt-Related Instruments: The valuation of long-term debt, including the guaranteed preferred beneficial interests in Chase's junior subordinated deferrable interest debentures, takes into account several factors, including current market interest rates and Chase's credit rating. Quotes are gathered from various investment banking firms for indicative yields for Chase's securities over a range of maturities.

Lending-Related Commitments: Chase has reviewed the unfunded portion of commitments to extend credit as well as standby and other letters of credit and has determined that the fair value of such financial instruments is not material.

The following table presents the carrying value and estimated fair value of financial assets and liabilities valued under SFAS 107, and certain derivative contracts used for asset/liability activities related to these financial assets and liabilities.

December 31, 1999 (in millions)	Financial Assets/Financial Liabilities	
	Carrying Value (a) (b)	Estimated Fair Value (a) (b)
FINANCIAL ASSETS		
Assets for Which Fair Value Approximates Carrying Value	\$ 81,126	\$ 81,126
Trading Assets	63,269	63,269
Securities Available-for-Sale	60,625	60,625
Securities Held-to-Maturity	888	876
Loans, Net of Allowance for Loan Losses	172,702	173,405
Other Assets(e)	8,804	10,168
Total Financial Assets	\$387,414	\$389,469
FINANCIAL LIABILITIES		
Liabilities for Which Fair Value Approximates Carrying Value	\$292,343	\$292,343
Domestic Time Deposits	30,022	30,207
Trading Liabilities	38,573	38,573
Long-Term Debt-Related Instruments	20,140	19,476
Total Financial Liabilities	\$381,078	\$380,599
December 31, 1998		
FINANCIAL ASSETS		
Assets for Which Fair Value Approximates Carrying Value	\$ 59,251	\$ 59,251
Trading Assets	57,692	57,692
Securities Available-for-Sale	62,803	62,803
Securities Held-to-Maturity	1,687	1,703
Loans, Net of Allowance for Loan Losses	169,202	171,063
Other Assets(e)	5,103	5,444
Total Financial Assets	\$355,738	\$357,956
FINANCIAL LIABILITIES		
Liabilities for Which Fair Value Approximates Carrying Value	\$247,833	\$247,833
Domestic Time Deposits	35,933	35,746
Trading Liabilities	38,502	38,502
Long-Term Debt-Related Instruments	18,375	18,438
Total Financial Liabilities	\$340,643	\$340,519

December 31, 1999 (in millions)	Derivative Contracts Used for Asset/Liability Activities			
	Carrying Value (c)	Gross Unrecognized Gains	Gross Unrecognized Losses	Estimated Fair Value (d)
FINANCIAL ASSETS				
Assets for Which Fair Value Approximates Carrying Value	\$ 4	\$ 15	\$ (9)	\$ 10
Trading Assets	--	--	--	--
Securities Available-for-Sale	(22)	--	--	(22)
Securities Held-to-Maturity	--	--	--	--
Loans, Net of Allowance for Loan Losses	(19)	249	(179)	51
Other Assets(e)	93	28	(345)	(224)
Total Financial Assets	\$ 56	\$ 292	\$ (533)	\$ (185)
FINANCIAL LIABILITIES				
Liabilities for Which Fair Value Approximates Carrying Value	\$ 227	\$ 69	\$ (381)	\$ (85)
Domestic Time Deposits	243	27	(239)	31
Trading Liabilities	--	--	--	--
Long-Term Debt-Related Instruments	63	79	(213)	(71)
Total Financial Liabilities	\$ 533	\$ 175	\$ (833)	\$ (125)
December 31, 1998				
FINANCIAL ASSETS				
Assets for Which Fair Value Approximates Carrying Value	\$ 41	\$ 70	\$ (159)	\$ (48)
Trading Assets	--	--	--	--
Securities Available-for-Sale	(151)	--	--	(151)
Securities Held-to-Maturity	--	--	--	--
Loans, Net of Allowance for Loan Losses	90	335	(678)	(253)
Other Assets(e)	118	283	(74)	327
Total Financial Assets	\$ 98	\$ 688	\$ (911)	\$ (125)
FINANCIAL LIABILITIES				
Liabilities for Which Fair Value Approximates Carrying Value	\$ 106	\$ 159	\$ (413)	\$ (148)
Domestic Time Deposits	260	308	(112)	456
Trading Liabilities	--	--	--	--
Long-Term Debt-Related Instruments	68	430	(31)	467
Total Financial Liabilities	\$ 434	\$ 897	\$ (556)	\$ 775

- (a) Includes the carrying value and estimated fair value of derivative contracts used for asset/liability activities.
- (b) The carrying value and estimated fair value of daily margin settlements on open futures contracts are primarily included in Other Assets on the balance sheet, except when used in connection with available-for-sale securities, which are carried at fair value and are included in Securities: Available-for-Sale on the balance sheet. Chase uses futures contracts in its asset/liability activities to modify the interest rate characteristics of balance sheet instruments such as available-for-sale securities, loans and deposits. Unrecognized net gains from daily margin settlements on open futures contracts were \$22 million at December 31, 1999, in contrast to an unrecognized net loss of \$8 million at December 31, 1998.
- (c) The carrying value of derivatives used for asset/liability activities is recorded as receivables and payables and is primarily included in Other Assets on the balance sheet, except for derivatives used in connection with available-for-sale securities, which are carried at fair value and are included in Securities: Available-for-Sale on the balance sheet.
- (d) Derivative contracts used for asset/liability activities were valued using market prices or pricing models consistent with methods used by Chase in valuing similar instruments used for trading purposes.
- (e) At December 31, 1999, deferred gains and losses associated with anticipatory asset/liability transactions were insignificant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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23 - SEGMENT INFORMATION

Chase is organized into three major businesses: Global Bank, National Consumer Services ("NCS") and Global Services. These businesses are segmented based on the products and services provided, or the type of customer serviced, and reflect the manner in which financial information is evaluated by management. Presenting lines-of-business information allows for a more informed judgment about Chase as a whole.

Chase uses SVA, Operating Earnings and Cash Operating Earnings as its measures of franchise profitability. For a discussion of these measurements, see Management Performance Measurements in the MD&A on page 20 and the Glossary of Terms on page 88.

The accounting policies of the segments are principally the same as those described in Note One. Operating revenues and expenses directly associated with each respective franchise are included in determining their operating earnings. Guidelines exist for assigning those remaining expenses that are not directly incurred by the franchises, such as overhead and taxes. In addition, management has developed a risk-adjusted capital methodology that quantifies different types of risk -- credit,

SEGMENT RESULTS AND RECONCILIATION (table continued on next page)

Year Ended December 31, (in millions, except ratios)	Global Bank			National Consumer Services		
	1999	1998	1997	1999	1998	1997
Operating Net Interest Income	\$ 2,073	\$ 1,928	\$ 2,142	\$ 6,309	\$ 6,284	\$ 6,082
Operating Noninterest Revenue	8,298	6,109	5,073	3,455	2,829	2,210
Equity-Related Income (b)	2	6	1	69	34	22
Intersegment Revenue (c)	6	(88)	(3)	14	2	(6)
Total Revenue	10,379	7,955	7,213	9,847	9,149	8,308
Noninterest Expense	4,293	3,747	3,206	4,767	4,438	4,206
Non-Cash Expense (d)	207	193	207	355	332	255
Total Expense	4,500	3,940	3,413	5,122	4,770	4,461
Operating Margin	5,879	4,015	3,800	4,725	4,379	3,847
Credit Costs	372	204	(48)	2,233	2,279	1,826
Operating Earnings (Loss) Before Taxes	5,507	3,811	3,848	2,492	2,100	2,021
Income Taxes (Benefit)	1,994	1,466	1,451	974	823	790
Operating Earnings (Loss)	\$ 3,513	\$ 2,345	\$ 2,397	\$ 1,518	\$ 1,277	\$ 1,231
Restructuring Costs and Special Items	--	--	--	--	--	--
Net Income	--	--	--	--	--	--
Cash Operating Earnings (Loss)	\$ 3,564	\$ 2,387	\$ 2,431	\$ 1,677	\$ 1,445	\$ 1,336
Average Common Equity	\$ 12,616	\$ 11,976	\$ 11,005	\$ 7,823	\$ 7,643	\$ 6,608
Average Managed Assets (e)	\$ 235,197	\$ 251,363	\$ 243,842	\$ 129,314	\$ 119,046	\$ 107,169
Shareholder Value Added	\$ 1,885	\$ 776	\$ 908	\$ 636	\$ 418	\$ 422
Cash Return on Common Equity	27.9%	19.4%	21.3%	21.1%	18.5%	19.4%
Cash Efficiency Ratio	43%	49%	47%	50%	50%	52%

Year Ended December 31, (in millions, except ratios)	Global Services		
	1999	1998	1997
Operating Net Interest Income	\$ 1,242	\$ 1,233	\$ 1,105
Operating Noninterest Revenue	1,770	1,516	1,395
Equity-Related Income (b)	12	7	7
Intersegment Revenue (c)	96	70	61
Total Revenue	3,120	2,826	2,568
Noninterest Expense	2,238	1,989	1,816
Non-Cash Expense (d)	134	87	61
Total Expense	2,372	2,076	1,877
Operating Margin	748	750	691
Credit Costs	9	16	32
Operating Earnings (Loss) Before Taxes	739	734	659
Income Taxes (Benefit)	276	277	242
Operating Earnings (Loss)	\$ 463	\$ 457	\$ 417
Restructuring Costs and Special Items	--	--	--
Net Income	--	--	--
Cash Operating Earnings (Loss)	\$ 525	\$ 486	\$ 431

Average Common Equity	\$ 2,855	\$ 2,183	\$ 2,084
Average Managed Assets (e)	\$ 16,540	\$ 14,336	\$ 14,661
Shareholder Value Added	\$ 145	\$ 193	\$ 143
Cash Return on Common Equity	18.1%	21.8%	19.9%
Cash Efficiency Ratio	74%	72%	72%

- (a) Corporate/Reconciling Items includes Support Units, Corporate and the net effect of management accounting policies.
- (b) Equity-related income includes all equity income of investees accounted for by the equity method.
- (c) Intersegment revenue includes intercompany revenue and revenue sharing agreements, net of intersegment expenses. Transactions between business segments are primarily conducted at fair value.
- (d) Non-cash expense represents all depreciation and amortization expense included in Noninterest Expense. The amortization of mortgage servicing rights is included in operating noninterest revenue. See Note One on page 64 for a further discussion of Chase's mortgage servicing rights.
- (e) Excludes the impact of credit card securitizations. The impact of securitizations on total average assets was \$17,711 million in 1999, \$18,011 million in 1998 and \$14,553 million in 1997.

NM - Not Meaningful

market and operating -- within the various businesses and assigns capital accordingly. The provision for loan losses is allocated to the segments utilizing a credit risk methodology applied consistently across Chase and a risk grading system appropriate for a segment's portfolio.

A summary of the business segment results is shown in the following table. The Corporate/Reconciling Items column reflects revenues and expenses excluded from the determination of the franchises' operating earnings. This column includes the effects remaining at the Corporate level after the implementation of management accounting policies, including income tax expenses (the difference between the amounts allocated to business units and Chase's consolidated income tax expense).

For a further discussion concerning Chase's business franchises (segments), including a description of products, services and method of distribution, see Lines-of-Business Results in the MD&A on page 29. Additionally, financial information relating to Chase's operations by geographic area is in the following note (Note Twenty-Four).

(table continued from previous page)

Year Ended December 31, (in millions, except ratios)	Corporate/Reconciling Items(a)			Total		
	1999	1998	1997	1999	1998	1997
Operating Net Interest Income	\$ (352)	\$ (321)	\$ (436)	\$ 9,272	\$ 9,124	\$ 8,893
Operating Noninterest Revenue	110	3	61	13,633	10,457	8,739
Equity-Related Income(b)	(6)	(15)	37	77	32	67
Intersegment Revenue(c)	(116)	16	(52)	--	--	--
Total Revenue	(364)	(317)	(390)	22,982	19,613	17,699
Noninterest Expense	(184)	(215)	(197)	11,114	9,959	9,031
Non-Cash Expense(d)	263	246	213	959	858	736
Total Expense	79	31	16	12,073	10,817	9,767
Operating Margin	(443)	(348)	(406)	10,909	8,796	7,932
Credit Costs	--	(8)	(13)	2,614	2,491	1,797
Operating Earnings (Loss) Before Taxes	(443)	(340)	(393)	8,295	6,305	6,135
Income Taxes (Benefit)	(343)	(277)	(197)	2,901	2,289	2,286
Operating Earnings (Loss)	\$ (100)	\$ (63)	\$ (196)	\$ 5,394	\$ 4,016	\$ 3,849
Restructuring Costs and Special Items	--	--	--	52	(234)	(141)
Net Income	--	--	--	\$ 5,446	\$ 3,782	\$ 3,708
Cash Operating Earnings (Loss)	\$ (75)	\$ (41)	\$ (177)	\$ 5,691	\$ 4,277	\$ 4,021
Average Common Equity	\$ (1,317)	\$ (474)	\$ (869)	\$ 21,977	\$ 21,328	\$ 18,828
Average Managed Assets(e)	\$ 6,807	\$ 6,477	\$ 5,227	\$ 387,858	\$ 391,222	\$ 370,899
Shareholder Value Added	\$ 97	\$ 19	\$ (80)	\$ 2,763	\$ 1,406	\$ 1,393
Cash Return on Common Equity	NM	NM	NM	25.6%	19.6%	20.4%
Cash Efficiency Ratio	NM	NM	NM	51%	54%	54%

The tables below present reconciliations of the combined segment information included in the preceding table to Chase's reported revenue and net income as included in the Consolidated Statement of Income.

Year Ended December 31, (in millions)	1999	1998	1997
Segments' Operating Revenue	\$ 23,346	\$ 19,930	\$ 18,089
Corporate/Reconciling items	(364)	(317)	(390)
Consolidated Operating Revenue	22,982	19,613	17,699
Impact of securitizations	(993)	(1,148)	(993)
Special items	228	191	102
Consolidated Revenue	\$ 22,217	\$ 18,656	\$ 16,808

Year Ended December 31, (in millions)	1999	1998	1997
Segments' Cash Operating Earnings	\$ 5,766	\$ 4,318	\$ 4,198
Corporate/Reconciling items	(75)	(41)	(177)
Consolidated Cash Operating Earnings	5,691	4,277	4,021
Amortization of goodwill and certain intangibles	(297)	(261)	(172)
Consolidated Operating Earnings	5,394	4,016	3,849
Special items and restructuring costs	52	(234)	(141)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE CHASE MANHATTAN CORPORATION

24 - INTERNATIONAL OPERATIONS

The following table presents average assets and income statement information relating to the international and domestic operations of Chase by major geographic areas, based on the domicile of the customer. Chase defines international activities as business transactions that involve customers residing outside the U.S. However, a definitive separation of Chase's domestic and foreign businesses cannot be performed because many of Chase's domestic operations service international business.

As these operations are highly integrated, estimates and subjective assumptions have been made to apportion revenue and expense between domestic and international operations. The estimates and assumptions used to apportion revenue and expense are consistent with the allocations used for Chase's segment reporting in Note Twenty-Three. There are no individual foreign countries where Chase derives over 10% of its total consolidated revenue.

For the Year Ended December 31, (in millions)	Average Assets	Revenue (a)	Expense (b)	Income Before Income Taxes	Net Income

1999					
Europe/Middle East and Africa	\$ 70,512	\$ 2,581	\$ 1,454	\$ 1,127	\$ 774
Asia and Pacific	25,474	1,315	1,079	236	153
Latin America and the Caribbean	10,202	683	304	379	248
Other (c)	1,361	45	15	30	18
	-----	-----	-----	-----	-----
Total International	107,549	4,624	2,852	1,772	1,193
Total Domestic	262,598	17,593	10,990	6,603	4,253
	-----	-----	-----	-----	-----
Total Corporation	\$370,147	\$ 22,217	\$13,842	\$ 8,375	\$ 5,446

1998					
Europe/Middle East and Africa	\$ 70,829	\$ 2,019	\$ 1,305	\$ 714	\$ 487
Asia and Pacific	26,750	1,275	890	385	243
Latin America and the Caribbean	12,431	687	305	382	247
Other (c)	1,313	30	15	15	8
	-----	-----	-----	-----	-----
Total International	111,323	4,011	2,515	1,496	985
Total Domestic	261,888	14,645	10,211	4,434	2,797
	-----	-----	-----	-----	-----
Total Corporation	\$373,211	\$ 18,656	\$12,726	\$ 5,930	\$ 3,782

1997					
Europe/Middle East and Africa	\$ 66,698	\$ 2,130	\$ 1,191	\$ 939	\$ 630
Asia and Pacific	22,376	1,310	807	503	322
Latin America and the Caribbean	14,383	414	339	75	49
Other (c)	1,152	29	17	12	7
	-----	-----	-----	-----	-----
Total International	104,609	3,883	2,354	1,529	1,008
Total Domestic	251,737	12,925	8,544	4,381	2,700
	-----	-----	-----	-----	-----
Total Corporation	\$356,346	\$ 16,808	\$10,898	\$ 5,910	\$ 3,708

- (a) Revenue is comprised of Net Interest Income and Noninterest Revenue. Chase has no single customer that represents more than 10% of its revenues.
(b) Expense is comprised of Noninterest Expense and Provision for Loan Losses.
(c) No geographic region included in Other exceeds 10% of the total for Chase.

25 - PARENT COMPANY

PARENT COMPANY - BALANCE SHEET

December 31, (in millions)	1999	1998
Assets		
Cash with Banks	\$ 48	\$ 628
Deposits with Banking Subsidiaries	5,341	5,294
Securities Purchased Under Resale Agreements	1,656	2,498
Short-Term Advances to Subsidiaries	8,643	5,460
Long-Term Advances to Subsidiaries	5,885	5,085
Investment (at Equity) in Subsidiaries	29,384	28,513
Other Assets	1,566	919
Total Assets	\$ 52,523	\$ 48,397
Liabilities and Stockholders' Equity		
Other Borrowed Funds, primarily Commercial Paper	\$ 9,282	\$ 7,904
Other Liabilities	873	769
Long-Term Debt (a)	18,751	15,886
Total Liabilities	28,906	24,559
Stockholders' Equity	23,617	23,838
Total Liabilities and Stockholders' Equity	\$ 52,523	\$ 48,397

(a) Includes long-term debt with subsidiaries, net of discount, of \$3,356 million and \$2,395 million at December 31, 1999 and 1998, respectively. At December 31, 1999, aggregate principal amount of all debt that matures in the years 2000 through 2004 were \$3,285 million, \$2,551 million, \$2,567 million, \$1,058 million and \$924 million, respectively.

PARENT COMPANY - STATEMENT OF INCOME

Year Ended December 31, (in millions)	1999	1998	1997
Income			
Dividends from Subsidiaries	\$ 4,423	\$ 2,283	\$ 2,401
Interest from Subsidiaries	1,012	889	797
All Other Income	22	7	21
Total Income	5,457	3,179	3,219
Expense			
Interest on:			
Other Borrowed Funds, primarily Commercial Paper	296	278	247
Long-Term Debt	1,076	945	849
All Other Expense	26	45	49
Total Expense	1,398	1,268	1,145
Income Before Income Tax Benefit and Equity in Undistributed Net Income of Subsidiaries			
	4,059	1,911	2,074
Income Tax Benefit	139	131	120
Equity in Undistributed Net Income of Subsidiaries	1,248	1,740	1,514
Net Income	\$ 5,446	\$ 3,782	\$ 3,708

PARENT COMPANY - STATEMENT OF CASH FLOWS

Year Ended December 31, (in millions)	1999	1998	1997
Operating Activities			
Net Income	\$ 5,446	\$ 3,782	\$ 3,708
Less--Net Income of Subsidiaries	5,671	4,023	3,915
Parent Company Net Loss	(225)	(241)	(207)
Add--Dividends from Subsidiaries	4,423	2,283	2,401
Other, Net	(116)	29	(72)
Net Cash Provided by Operating Activities	4,082	2,071	2,122
Investing Activities			
Net Change In:			
Deposits with Banking Subsidiaries	(47)	(3,483)	2,325
Advances to Subsidiaries	(3,984)	(1,435)	(1,944)
Investment (at Equity) in Subsidiaries	(1,190) (a)	(723)	724
Securities Purchased Under Resale Agreements	842	(583)	(437)

Other, Net	125	(3)	(57)
Net Cash Provided (Used) by Investing Activities	(4,254)	(6,227)	611
Financing Activities			
Net Change in Other Borrowed Funds	1,378	3,092	37
Proceeds from the Issuance of Long-Term Debt	4,683	5,118	3,167
Repayments of Long-Term Debt	(2,460)	(1,700)	(1,886)
Proceeds from the Issuance of Stock	1,842	1,232	967
Redemption of Preferred Stock	(100)	(912)	(910)
Treasury Stock Purchased	(4,349)	(1,091)	(2,585)
Cash Dividends Paid	(1,402)	(1,278)	(1,212)
Net Cash Provided (Used) by Financing Activities	(408)	4,461	(2,422)
Net Increase (Decrease) in Cash with Banks	(580)	305	311
Cash with Banks at the Beginning of the Year	628	323	12
Cash with Banks at the End of the Year	\$ 48	\$ 628	\$ 323
Cash Interest Paid	\$ 1,351	\$ 1,242	\$ 1,118
Taxes Paid	\$ 289	\$ 1,072	\$ 709

(a) Includes investment in H&Q.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THE CHASE MANHATTAN CORPORATION

26 - COMMITMENTS AND CONTINGENCIES

At December 31, 1999, 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 rent escalation clauses for real estate taxes and other operating expenses and renewal option clauses calling for increased rents. No lease agreement imposes any restrictions on Chase's ability to pay dividends, engage in debt or equity financing transactions, or enter into further lease agreements. Future minimum rental payments required under operating leases with initial and remaining noncancelable lease terms in excess of one year as of December 31, 1999 were as follows:

Year Ended December 31, (in millions)

2000	\$ 398
2001	347
2002	288
2003	232
2004	197
After	761
Total Minimum Payments Required	\$ 2,223
Less: Sublease Rentals Under Noncancelable Subleases	(166)
Net Minimum Payment Required	\$ 2,057

Total rental expense was as follows:

Year Ended December 31, (in millions)	1999	1998	1997
Gross Rentals	\$ 555	\$ 511	\$ 498
Sublease Rentals	(121)	(164)	(170)
Net Rent Expense	\$ 434	\$ 347	\$ 328

At December 31, 1999, assets amounting to \$60 billion were pledged to secure public deposits and for other purposes. The significant components of the pledged assets at December 31, 1999 were as follows: \$32 billion were securities, \$23 billion were loans, and the remaining \$5 billion were primarily trading assets.

Chase and its subsidiaries are defendants in a number of legal proceedings. After reviewing with counsel all such actions and proceedings pending against or involving Chase and its subsidiaries, management does not expect the aggregate liability or loss, if any, resulting therefrom to have a material adverse effect on the consolidated financial condition of Chase.

Chase may guarantee the obligations of its subsidiaries. These guarantees rank on a parity with all other unsecured and unsubordinated indebtedness of Chase. See Note Six for a discussion of Chase's guarantees of long-term debt issues of its subsidiaries.

=> SUPPLEMENTARY INFORMATION

SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

(in millions, except per share data)	1999				1998			
	4th	3rd	2nd	1st	4th	3rd	2nd	1st
AS REPORTED BASIS								
Revenue	\$6,266	\$5,191	\$5,616	\$5,144	\$5,060	\$4,218	\$4,755	\$4,623
Noninterest Expense (excluding Restructuring Costs)	3,179	2,981	3,068	2,945	2,873	2,647	2,714	2,620
Restructuring Costs	48	--	--	--	--	--	8	521
Provision for Loan Losses	454	398	388	381	411	272	328	332
Net Income	\$1,693	\$1,187	\$1,393	\$1,173	\$1,146	\$ 837	\$1,074	\$ 725
Net Income Per Common Share:								
Basic	\$ 2.05	\$ 1.42	\$ 1.65	\$ 1.37	\$ 1.34	\$ 0.96	\$ 1.24	\$ 0.82
Diluted	1.98	1.37	1.60	1.32	1.31	0.94	1.20	0.80
OPERATING BASIS (a)								
Operating Revenue	\$6,444	\$5,429	\$5,696	\$5,413	\$5,344	\$4,325	\$5,041	\$4,903
Operating Noninterest Expense	3,179	2,981	2,968	2,945	2,873	2,610	2,714	2,620
Credit Costs (b)	694	636	634	650	695	570	614	612
Operating Earnings	\$1,683	\$1,187	\$1,351	\$1,173	\$1,146	\$ 738	\$1,079	\$1,053
Operating Earnings Per Common Share:								
Basic	\$ 2.04	\$ 1.42	\$ 1.60	\$ 1.37	\$ 1.34	\$ 0.84	\$ 1.24	\$ 1.21
Diluted	1.97	1.37	1.55	1.32	1.31	0.82	1.21	1.17
SHARE PRICE (c)								
High	\$89.25	\$88.50	\$91.13	\$89.50	\$72.56	\$77.56	\$76.50	\$69.56

Low	65.81	72.56	70.13	68.06	35.56	40.06	64.19	49.28
Close	77.69	75.38	86.50	81.38	71.00	43.13	75.50	67.44

- (a) Excludes the impact of credit card securitizations, restructuring costs and special items. For a listing of special items, see Glossary of Terms on page 88.
- (b) Includes provision for loan losses and credit costs related to the securitized credit card portfolio.
- (c) Chase's common stock is listed and traded on the New York Stock Exchange and the London Stock Exchange Limited. The high, low and closing prices of Chase's common stock are from the New York Stock Exchange Composite Transaction Tape. Share-related data for the 1998 first quarter have been restated to reflect a two-for-one common stock split, effective as of the close of business on May 20, 1998.

SELECTED FINANCIAL DATA (UNAUDITED) (in millions, except per share and ratio data)

As of or for the year ended December 31,	1999	1998	1997	1996	1995
AS REPORTED BASIS					
Revenue	\$ 22,217	\$ 18,656	\$ 16,808	\$ 15,875	\$ 14,960
Noninterest Expense (excluding Restructuring Costs)	12,173	10,854	9,902	9,353	9,375
Restructuring Costs	48	529	192	1,814	15
Provision for Loan Losses	1,621	1,343	804	897	758
Net Income (a)	\$ 5,446	\$ 3,782	\$ 3,708	\$ 2,461	\$ 2,959
Net Income Per Common Share (b)					
Basic	\$ 6.49	\$ 4.35	\$ 4.15	\$ 2.57	\$ 3.16
Diluted	6.27	4.24	4.01	2.47	3.02
Cash Dividends Declared	1.64	1.44	1.24	1.12	0.97
Book Value at December 31,	27.43	26.90	23.76	21.29	20.90
Share Price at December 31,	77.69	71.00	54.75	44.69	29.38
Performance Ratios					
Return on Average Assets	1.47%	1.01%	1.04%	.77%	.96%
Return on Average Common Equity	24.46	17.27	18.73	12.48	16.15
Common Dividend Payout Ratio	26	33	30	44	29
Selected Balance Sheet Items					
Loans	\$176,159	\$172,754	\$168,454	\$155,092	\$150,207
Total Assets	406,105	365,875	365,521	336,099	303,989
Deposits	241,745	212,437	193,688	180,921	171,534
Long-Term Debt	17,602	16,187	13,387	12,714	12,825
Total Stockholders' Equity	23,617	23,838	21,742	20,994	20,836
OPERATING BASIS (c)					
Operating Revenue	\$ 22,982	\$ 19,613	\$ 17,699	\$ 16,451	\$ 15,048
Operating Noninterest Expense	12,073	10,817	9,767	9,313	9,375
Credit Costs (d)	2,614	2,491	1,797	1,467	928
Operating Earnings	\$ 5,394	\$ 4,016	\$ 3,849	\$ 3,516	\$ 2,903
Operating Earnings Per Common Share (b)					
Basic	\$ 6.42	\$ 4.63	\$ 4.32	\$ 3.77	\$ 3.10
Diluted	6.21	4.51	4.17	3.64	2.96
Operating Performance Ratios					
Return on Average Managed Assets	1.39%	1.03%	1.04%	1.06%	.93%
Return on Average Common Equity	24.22	18.37	19.48	18.35	15.82
Common Dividend Payout Ratio	26	31	29	30	29
Efficiency Ratio (e)	52	55	55	57	62
Shareholder Value Added	\$ 2,763	\$ 1,406	\$ 1,393	\$ 1,131	\$ 659
Selected Balance Sheet Items					
Managed Loans	\$194,098	\$190,787	\$185,306	\$168,089	\$156,758
Total Managed Assets	424,044	383,908	382,373	349,096	310,540

- (a) 1995 includes an accounting change related to the adoption of SFAS 106 for the accounting for other postretirement benefits relating to foreign plans. Excluding the accounting change, net income, basic and diluted net income per common share were \$2,970 million, \$3.18 and \$3.04, respectively.
- (b) Share-related data for all prior periods have been restated to reflect a two-for-one common stock split, effective as of the close of business on May 20, 1998.
- (c) Excludes the impact of credit card securitizations, restructuring costs and special items. For a listing of special items, see Glossary of Terms on page 88.
- (d) Includes provision for loan losses and credit costs related to the securitized credit card portfolio.
- (e) Excludes costs associated with the REIT.

SUPPLEMENTARY INFORMATION
THE CHASE MANHATTAN CORPORATION

GLOSSARY OF TERMS

The page numbers included after each definition below represent the pages in the MD&A and Notes to Consolidated Financial Statements where the term is primarily used.

ACH: "Automated Clearing House," a firm set up and used by member financial institutions to combine, sort and distribute payment orders. (Page 34)

CAGR: "Compound Annual Growth Rate." (Pages 18, 21 and 24)

Cash Operating Earnings: Operating earnings excluding the impact of amortization of goodwill and certain other intangibles. (Pages 18 and 20)

CHIPS: "Clearing House Interbank Payments System," a money transfer system that enables banks to make transfers through a central clearinghouse mechanism. (Page 34)

Credit Risk: The risk of loss due to borrower or counterparty default. (Pages 29 and 37)

Efficiency Ratio: Noninterest expense as a percentage of the total of net interest income and noninterest revenue (excluding restructuring costs, special items and costs associated with the REIT). (Pages 18, 19 and 27)

FASB: Financial Accounting Standards Board. (Page 55)

Investment Grade Equivalent: Chase's internal risk assessment which represents a risk profile similar to that of a BBB/Baa or better rating as generally defined by independent rating agencies, such as Standard & Poor's or Moody's. (Pages 39 and 42)

Managed Credit Card Receivables or Managed Basis: Consistent with industry practice, Chase uses this terminology to refer to its credit card receivables on the balance sheet plus securitized credit card receivables. (Pages 24 and 25)

Mark-to-Market Exposure: Mark-to-market exposure is 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 is positive, it indicates the counterparty owes Chase and, therefore, creates a repayment risk for Chase. When the mark-to-market is negative, Chase owes the counterparty. In this situation, Chase does not have repayment risk. (Pages 23, 31 and 42)

Market Risk: The exposure to adverse changes in the values of financial instruments caused by changes in market prices or rates. (Pages 29 and 45)

Merger: The term "merger" used throughout the Management's Discussion and Analysis, refers to the March 31, 1996 merger of The Chase Manhattan Corporation and Chemical Banking Corporation ("Chemical"). As a result of the merger, Chemical changed its name to The Chase Manhattan Corporation ("Chase"). (Pages 18 and 19)

Net Yield on Interest-Earning Assets: The average rate for interest-earning assets less the average rate paid for all sources of funds. (Page 24)

New Economy: Represents the industry sectors and companies (e.g., media/telecommunication, technology/information services, life sciences) and the technologists and entrepreneurs who are at the forefront of future innovations (e.g., microprocessors, internet). (Pages 19, 21, 23 and 30)

Operating Basis or Operating Earnings: Reported results excluding the impact of credit card securitizations, restructuring costs and special items. (Pages 18, 19 and 20)

Operating Risk: Risk of loss due to fraud by employees or outsiders, unauthorized transactions by employees, and errors relating to computer and telecommunications systems. (Pages 29 and 54)

REIT: "Real Estate Investment Trust." (Pages 27, 28 and 87)

SFAS: Statement of Financial Accounting Standards.

SFAS 106: "Employers' Accounting for Postretirement Benefits Other Than Pensions." (Page 87)

SFAS 107: "Disclosures about Fair Value of Financial Instruments." (Page 79)

SFAS 109: "Accounting for Income Taxes." (Page 72)

SFAS 114: "Accounting by Creditors for Impairment of a Loan." (Page 67)

SFAS 115: "Accounting for Certain Investments in Debt and Equity Securities." (Page 67)

SFAS 123: "Accounting for Stock-Based Compensation." (Page 75)

SFAS 133: "Accounting for Derivative Instruments and Hedging Activities." (Page 55)

Shareholder Value Added ("SVA"): Represents operating earnings excluding the impact of amortization of goodwill and certain other intangibles (i.e., cash operating earnings), minus preferred dividends and an explicit charge for capital. (Pages 18 and 20)

Special Items: The 1999 special items were interest income from prior years' tax

refunds, gains from sales of nonstrategic assets and a special contribution to The Chase Manhattan Foundation. In 1998, special items were interest income from prior years' tax refunds and costs incurred for accelerated vesting of stock-based incentive awards. In 1997, special items were gains on the sales of Chase's remaining interests in The CIT Group Holdings, Inc. and a partially owned foreign investment, as well as costs incurred for accelerated vesting of stock-based incentive awards. Special items in 1996 included aggregate tax benefits and refunds, the loss on the sale of a building in Japan and costs incurred in combining Chase's foreign retirement plans. Special items in 1995 included the impact of an accounting change, gains on the sales of Chase's investment in Far East Bank and Trust Company, Chemical New Jersey Holdings, Inc. and the loss on the sale of half of Chase's 40% interest in CIT. (Pages 18, 20 and 87)

Stress Testing: A risk management tool used to measure market risk in an extreme market environment. (Pages 18, 19, 36 and 45)

Value-at-Risk ("VAR"): A risk measurement tool used to measure the potential overnight loss from adverse market movements. (Page 45)

Year 2000 ("Y2K"): The potential problem that many existing computer programs had of not being able to recognize properly a year beginning with a "20" instead of "19", as these programs only used the last two digits to refer to a year. (Pages 27 and 54)

DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY; INTEREST RATES AND INTEREST DIFFERENTIALS

The table below presents an analysis of the effect on net interest income of volume and rate changes for the periods 1999 versus 1998, and 1998 versus 1997. In this analysis, the change due to the volume/rate variance has been allocated to volume.

(On a Taxable-Equivalent Basis; in millions)	1999 VERSUS 1998			1998 VERSUS 1997		
	Increase (decrease) due to change in:		Net Change	Increase (decrease) due to change in:		Net Change
	Volume	Rate		Volume	Rate	
INTEREST-EARNING ASSETS						
Deposits with Banks, primarily Foreign	\$ 136	\$ (26)	\$ 110	\$ 89	\$ 28	\$ 117
Federal Funds Sold and Securities Purchased Under Resale Agreements:						
Domestic	(26)	(162)	(188)	(423)	40	(383)
Foreign	(111)	(461)	(572)	(4)	(9)	(13)
Securities and Trading Assets:						
Domestic	(309)	(428)	(737)	776	(34)	742
Foreign	(13)	(378)	(391)	(355)	(137)	(492)
Loans:						
Domestic	553	(4)	549	688	(986)	(298)
Foreign	(199)	(626)	(825)	57	706	763
Change in Interest Income	31	(2,085)	(2,054)	828	(392)	436
INTEREST-BEARING LIABILITIES						
Interest-Bearing Deposits:						
Domestic	113	(118)	(5)	323	(382)	(59)
Foreign	318	(561)	(243)	401	(63)	338
Federal Funds Purchased and Securities Sold Under Repurchase Agreements:						
Domestic	(274)	(387)	(661)	(232)	(25)	(257)
Foreign	(145)	(286)	(431)	(76)	93	17
Other Borrowed Funds:						
Domestic	60	(380)	(320)	(121)	69	(52)
Foreign	(30)	(517)	(547)	(421)	422	1
Long-Term Debt, primarily Domestic	184	(207)	(23)	167	(30)	137
Intra Company Funding:						
Domestic	441	(53)	388	323	16	339
Foreign	(441)	53	(388)	(323)	(16)	(339)
Change in Interest Expense	226	(2,456)	(2,230)	41	84	125
Change in Net Interest Income	\$ (195)	\$ 371	\$ 176	\$ 787	\$ (476)	\$ 311

CONSOLIDATED AVERAGE BALANCE SHEET, INTEREST AND RATES

A summary of Chase's consolidated average balances, interest rates and interest differentials on a taxable-equivalent basis for the years 1997 through 1999 is provided below. Income computed on a taxable-equivalent basis is the income reported in the Consolidated Statement of Income adjusted to make income and earning yields on assets exempt from income taxes (primarily Federal taxes) comparable to other taxable income. The incremental tax rate used for calculating the taxable-equivalent

(Table continued on next page)

Year Ended December 31, (Taxable-Equivalent Interest and Rates; in millions, except rates)	1999		
	Balance	Interest	Rate
ASSETS			
Deposits with Banks	\$ 7,241	\$ 752	10.38%
Federal Funds Sold and Securities Purchased Under Resale Agreements	29,997	1,451	4.84
Trading Assets-Debt and Equity Instruments	26,974	1,705	6.32
Securities:			
Available-for-Sale	55,055	3,160	5.74 (a)
Held-to-Maturity	1,161	73	6.33
Loans	173,770	13,118 (b)	7.55
Total Interest-Earning Assets	294,198	20,259	6.89%
Allowance for Loan Losses	(3,504)		
Cash and Due from Banks	14,722		
Trading Assets-Risk Management Instruments	29,031		
All Other Assets	35,700		
Total Assets	\$370,147		
LIABILITIES			
Interest-Bearing Deposits	\$163,795	6,592 (c)	4.02% (c)
Federal Funds Purchased and Securities Sold Under Repurchase Agreements	51,684	2,311	4.47
Commercial Paper	5,565	272	4.89
Other Borrowings (d)	15,629	1,070	6.85
Long-Term Debt	19,301	1,248	6.46
Total Interest-Bearing Liabilities	255,974	11,493	4.49
Noninterest Bearing Deposits	48,752		
Trading Liabilities-Risk Management Instruments	27,515		
All Other Liabilities, Including the Allowance for Credit Losses	14,377		
Total Liabilities	346,618		
PREFERRED STOCK OF SUBSIDIARY	550		
STOCKHOLDERS' EQUITY			
Preferred Stock	1,002		
Common Stockholders' Equity	21,977		
Total Stockholders' Equity	22,979 (e)		
Total Liabilities, Preferred Stock of Subsidiary and Stockholders' Equity	\$370,147		
Interest Rate Spread			2.40%
Net Interest Income and Net Yield on Interest-Earning Assets		\$ 8,766 (c)	2.98% (c)

Note: The weighted-average interest rates reflect the impact of local interest rates prevailing in certain Latin American countries with highly inflationary economies, particularly in 1998 and 1997.

- (a) The annualized rate for available-for-sale securities based on amortized cost was 5.63% in 1999, 6.26% in 1998 and 6.64% in 1997.
- (b) Fees and commissions on loans included in loan interest amounted to \$185 million in 1999, \$141 million in 1998 and \$149 million in 1997.
- (c) 1999 and 1998 include, respectively, \$62 million and \$191 million of interest income resulting from the refund of prior years' taxes. Excluding these amounts, the net yields on interest-earning assets would be 2.96% in 1999 and 2.83% in 1998.
- (d) Includes securities sold, not yet purchased and structured notes.
- (e) The ratio of average stockholders' equity to average assets was 6.2% for 1999, 6.1% for 1998 and 5.9% for 1997. The return on average stockholders' equity was 23.7% for 1999, 16.7% for 1998 and 17.6% for 1997.

adjustment was approximately 42% in each of the years 1997 through 1999. A substantial portion of Chase's securities are taxable.

Within the Consolidated Average Balance Sheet, Interest and Rates summary, the principal amounts of nonaccrual and renegotiated 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 One on page 61.

(Continuation of table)

1998			1997		
Balance	Interest	Rate	Balance	Interest	Rate
\$ 5,934	\$ 642	10.82%	\$ 5,105	\$ 525	10.28%
32,955	2,211	6.71	39,836	2,607	6.54
30,021	2,431	8.10	35,660	2,771	7.77
56,137	3,486	6.21 (a)	42,610	2,817	6.61 (a)
2,347	149	6.36	3,432	228	6.65
169,386	13,394 (b)	7.91	159,932	12,929 (b)	8.08
296,780	22,313	7.52%	286,575	21,877	7.63%
(3,544)			(3,435)		
14,305			13,678		
36,127			34,426		
29,543			25,102		
\$373,211			\$356,346		
\$153,545	6,840 (c)	4.45% (c)	\$137,095	6,561	4.79%
61,237	3,403	5.56	66,789	3,643	5.45
5,046	259	5.13	4,283	228	5.33
15,607	1,950	12.49	20,663	2,032	9.83
16,478	1,271	7.71	14,315	1,134	7.92
251,913	13,723	5.45	243,145	13,598	5.59
46,169			42,067		
37,200			35,309		
14,771			14,235		
350,053			334,756		
550			550		
1,280			2,212		
21,328			18,828		
22,608 (e)			21,040 (e)		
\$373,211			\$356,346		
		2.07%			2.04%
	\$ 8,590 (c)	2.89% (c)		\$ 8,279	2.89%

INTEREST RATES AND INTEREST DIFFERENTIAL ANALYSIS OF
NET INTEREST INCOME - DOMESTIC AND FOREIGN

A summary of interest rates and interest differentials segregated between domestic and foreign operations for the years 1997 through 1999 is presented below. The segregation between the domestic and foreign components is based on the location of the office recording the transaction. Chase employs a centralized funds management process in order to optimize its overall liquidity profile. Intra-company funding are generally dollar-denominated deposits originated in various foreign and domestic locations that are centrally managed by Chase's treasury units.
(Table continued on next page)

Year Ended December 31, (Taxable-Equivalent Interest and Rates; in millions, except rates)	1999		
	Average Balance	Interest	Average Rate
INTEREST-EARNING ASSETS:			
Deposits with Banks, primarily Foreign	\$ 7,241	\$ 752	10.38%
Federal Funds Sold and Securities Purchased Under Resale Agreements:			
Domestic	14,795	759	5.13
Foreign	15,202	692	4.55
Securities and Trading Assets:			
Domestic	62,459	3,776	6.05
Foreign	20,731	1,162	5.60
Loans:			
Domestic	136,317	10,493	7.70
Foreign	37,453	2,625	7.01
	-----	-----	
Total Interest-Earning Assets	294,198	20,259	6.89
	-----	-----	
INTEREST-BEARING LIABILITIES:			
Interest-Bearing Deposits:			
Domestic	80,392	2,830 (a)	3.52 (a)
Foreign	83,403	3,762	4.51
Federal Funds Purchased and Securities Sold Under Repurchase Agreements:			
Domestic	40,715	1,864	4.58
Foreign	10,969	447	4.07
Other Borrowed Funds:			
Domestic	14,969	922	6.16
Foreign	6,225	420	6.75
Long-Term Debt, primarily Domestic	19,301	1,248	6.46
Intra-Company Funding:			
Domestic	26,087	1,199	--
Foreign	(26,087)	(1,199)	--
	-----	-----	
Total Interest-Bearing Liabilities	255,974	11,493	4.49
Noninterest-Bearing Liabilities: (b)			
Domestic	32,521		
Foreign	5,703		
	-----	-----	
Total Investable Funds	\$294,198	\$11,493	3.91%
	-----	-----	
Net Interest Income and Net Yield		\$ 8,766 (a)	2.98% (a)
Domestic		7,038 (a)	3.29% (a)
Foreign		1,728	2.14%
Percentage of Total Assets and Liabilities Attributable to Foreign Operations:			
Assets			30.7%
Liabilities			30.4%

(a) See note (c) on page 90. Excluding the tax refunds, the domestic net yields on interest-earning assets would be 3.27% in 1999 and 3.18% in 1998.

(b) Represents the amount of noninterest-bearing liabilities funding interest-earning assets.

Domestic net interest income was \$7,038 million in 1999, an increase of \$116 million from the prior year. The increase in 1999 was primarily attributable to slightly higher net yields and an increase in the volume of interest-earning assets. Net interest income from foreign operations was \$1,728 million for 1999, compared with \$1,668 million in 1998. The increase reflected higher net yields on interest-earning assets.

For further discussion, see the section entitled "Net Interest Income" in the MD&A on page 24.

(Continuation of table)

1998			1997		
Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
\$ 5,934	\$ 642	10.82%	\$ 5,105	\$ 525	10.28%
15,304	947	6.19	22,130	1,330	6.01
17,651	1,264	7.16	17,706	1,277	7.21
67,516	4,513	6.68	55,921	3,771	6.74
20,989	1,553	7.40	25,781	2,045	7.93
129,098	9,944	7.70	120,279	10,242	8.52
40,288	3,450	8.56	39,653	2,687	6.78
296,780	22,313	7.52	286,575	21,877	7.63
77,189	2,835 (a)	3.67 (a)	68,383	2,894	4.23
76,356	4,005	5.25	68,712	3,667	5.34
46,679	2,525	5.41	50,981	2,782	5.46
14,558	878	6.03	15,808	861	5.44
13,971	1,242	8.88	15,372	1,294	8.43
6,682	967	14.48	9,574	966	10.07
16,478	1,271	7.71	14,315	1,134	7.92
16,513	811	--	9,946	472	--
(16,513)	(811)	--	(9,946)	(472)	--
251,913	13,723	5.45	243,145	13,598	5.59
41,563			39,985		
3,304			3,445		
\$296,780	\$13,723	4.63%	\$286,575	\$13,598	4.74%
	\$ 8,590 (a)	2.89% (a)		\$ 8,279	2.89%
	6,922 (a)	3.27% (a)		6,952	3.50%
	1,668	1.97%		1,327	1.51%
		32.6%			32.0%
		31.9%			31.4%

SECURITIES PORTFOLIO

The amortized cost, estimated fair value and average yield (including the impact of related derivatives) of Chase's securities by contractual maturity range and type of security are presented in the table which follows:

Maturity Schedule of

Available-for-Sale Securities

December 31, 1999 (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/CORPORATION OBLIGATIONS:					
Amortized Cost	\$ 148	\$ 9,305	\$8,309	\$33,828	\$51,590
Fair Value	148	8,954	7,723	32,185	49,010
Average Yield(b)	3.66%	5.15%	5.42%	6.28%	5.93%
OBLIGATIONS OF STATE AND POLITICAL SUBDIVISIONS:					
Amortized Cost	\$ 159	\$ 8	\$ 4	\$ 36	\$ 207
Fair Value	159	8	4	34	205
Average Yield(b)	4.90%	4.71%	4.79%	5.06%	4.92%
OTHER: (c)					
Amortized Cost	\$3,400	\$ 5,603	\$1,045	\$ 1,275	\$11,323
Fair Value	3,351	5,535	1,065	1,459	11,410
Average Yield(b)	3.21%	5.19%	4.88%	4.18%	4.45%
TOTAL AVAILABLE-FOR-SALE SECURITIES: (d)					
Amortized Cost	\$3,707	\$14,916	\$9,358	\$35,139	\$63,120
Fair Value	3,658	14,497	8,792	33,678	60,625
Average Yield(b)	3.30%	5.16%	5.36%	6.20%	5.66%

Maturity Schedule of

Held-to-Maturity Securities

U.S. GOVERNMENT AND FEDERAL

AGENCY/CORPORATION OBLIGATIONS:

Amortized Cost	\$ 138	\$ 24	\$ 1	\$ 723	\$ 886
Fair Value	136	24	1	713	874
Average Yield(b)	6.92%	8.67%	7.42%	6.51%	6.63%
OTHER: (c)					
Amortized Cost	\$ --	\$ --	\$ --	\$ 2	\$ 2
Fair Value	--	--	--	2	2
Average Yield(b)	--%	--%	--%	5.25%	5.25%
TOTAL HELD-TO-MATURITY SECURITIES: (d)					
Amortized Cost	\$ 138	\$ 24	\$ 1	\$ 725	\$ 888
Fair Value	136	24	1	715	876
Average Yield(b)	6.92%	8.67%	7.42%	6.51%	6.63%

- (a) Securities with no stated maturity are included with securities with a contractual maturity of ten years or more. Substantially all of Chase's mortgaged-backed securities ("MBSs") and collateralized mortgage obligations ("CMOs") are due in ten 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 3 years for MBSs, and less than 1 year for CMOs.
- (b) The average yield is based on amortized cost balances at the end of the year. Yields are derived by dividing interest income, adjusted for 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 investments in debt securities issued by foreign governments, corporate debt securities, CMOs of private issuers, other debt and equity securities.
- (d) For the amortized cost of the above categories of securities at December 31, 1998, see Note Three on page 66. At December 31, 1997, the amortized cost of U.S. Treasury and Federal Agencies, Obligations of State and Political Subdivisions, and Other available-for-sale securities was \$41,354 million, \$274 million, and \$7,943 million, respectively. At December 31, 1997, the amortized cost of U.S. Treasury and Federal Agencies and Other held-to-maturity securities was \$2,968 million and \$15 million, respectively. For held-to-maturity securities, there were no Obligations of State and Political Subdivisions at December 31, 1997.

U.S. Government and certain of its agencies were the only issuers whose securities exceeded 10% of Chase's total stockholders' equity at December 31, 1999.

For a further discussion of Chase's securities portfolios, see Note Three on page 66.

LOAN PORTFOLIO

The table below sets forth the amount of loans outstanding by type:

December 31, (in millions)	1999	1998	1997	1996	1995
DOMESTIC LOANS:					
Commercial and Industrial	\$ 48,097	\$ 43,123	\$ 37,931	\$ 34,742	\$ 32,276
Financial Institutions	4,211	6,583	6,652	5,540	5,714
Commercial Real Estate - Commercial Mortgage	2,836	3,029	4,084	5,040	5,512
Commercial Real Estate - Construction	800	955	946	894	1,148
Consumer	85,239	80,891	76,097	69,084	69,431
Total Domestic Loans	141,183	134,581	125,710	115,300	114,081
FOREIGN LOANS:					
Commercial and Industrial	25,304	25,899	28,921	24,335	22,050
Foreign Governments and Official Institutions	3,274	4,798	3,438	6,140	6,043
Financial Institutions	3,598	4,537	6,989	6,457	5,398
Consumer	2,800	2,939	3,396	2,860	2,635
Total Foreign Loans	34,976	38,173	42,744	39,792	36,126
Total Loans (a)	\$176,159	\$172,754	\$168,454	\$155,092	\$150,207

(a) Loans are presented net of unearned income of \$1,518 million, \$1,667 million, \$1,612 million, \$1,373 million and \$1,073 million at December 31, 1999, 1998, 1997, 1996 and 1995, respectively. For a discussion of Chase's loan outstandings, see "Credit-Related Portfolio" on pages 38-43.

Note: Certain amounts in prior periods have been reclassified to conform to the current presentation.

Maturities and Sensitivity to Changes in Interest Rates

The following table shows, at December 31, 1999, commercial loan maturity and distribution between fixed and floating interest rates based upon the stated terms of the commercial loan agreements. The table below does not include the impact of derivative instruments.

December 31, 1999 (in millions)	Within 1 Year (a)	1-5 Years	After 5 Years	Total
Domestic:				
Commercial and Industrial	\$19,727	\$22,301	\$6,069	\$48,097
Financial Institutions	3,955	214	42	4,211
Commercial Real Estate	1,242	1,823	571	3,636
Foreign	26,653	2,937	2,586	32,176
Total Commercial Loans	\$51,577	\$27,275	\$9,268	\$88,120
Loans at Fixed Interest Rates		\$ 2,048	\$1,519	
Loans at Variable Interest Rates		25,227	7,749	
Total Commercial Loans		\$27,275	\$9,268	

(a) Includes demand loans, overdrafts and loans having no stated schedule of repayments and no stated maturity.

Cross-Border Outstandings

Cross-border disclosure is based upon the Federal Financial Institutions Examination Council ("FFIEC") guidelines governing the determination of cross-border risk. The following table lists all countries in which Chase's cross-border outstandings exceed .75% of consolidated assets as of any of the dates specified. This 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 foreign exchange and derivatives.

For a further discussion of Chase's cross-border exposure, see page 43.

Cross-Border Outstandings Exceeding .75 Percent of Total Assets

(in millions)	At December 31,	Public	Banks	Other	Net Local Country Assets	Total Cross-Border Outstandings (a)	Commitments (b)	Total Cross-Border Exposure
Germany	1999	\$ 2,869	\$ 8,554	\$ 1,107	\$ 2,544	\$15,074	\$ 2,045	\$17,119
	1998	4,913	7,180	1,084	3,615	16,792	1,627	18,419
	1997	4,459	3,609	438	1,210	9,716	1,203	10,919
Italy	1999	\$ 6,461	\$ 3,627	\$ 413	\$ 137	\$10,638	\$ 393	\$11,031
	1998	5,933	1,403	316	377	8,029	608	8,637
	1997	1,304	1,737	387	--	3,428	706	4,134
France	1999	\$ 796	\$ 6,753	\$ 787	\$ 351	\$ 8,687	\$ 1,553	\$10,240
	1998	830	2,101	428	179	3,538	1,166	4,704
	1997	605	1,871	345	38	2,859	1,240	4,099
Japan	1999	\$ 3,975	\$ 1,758	\$ 536	\$ --	\$ 6,269	\$ 1,984	\$ 8,253
	1998	3,298	997	542	74	4,911	1,993	6,904
	1997	935	4,524	1,052	--	6,511	2,303	8,814
United Kingdom	1999	\$ 804	\$ 2,341	\$ 2,773	\$ --	\$ 5,918	\$ 1,305	\$ 7,223
	1998	1,401	1,414	2,849	--	5,664	1,855	7,519
	1997	1,180	1,942	6,094	1,548	10,764	1,460	12,224
Canada	1999	\$ 728	\$ 3,669	\$ 469	\$ 542	\$ 5,408	\$ 1,635	\$ 7,043
	1998	872	988	737	534	3,131	1,550	4,681
	1997	1,446	1,106	736	214	3,502	937	4,439
Belgium	1999	\$ 826	\$ 3,646	\$ 222	\$ 3	\$ 4,697	\$ 895	\$ 5,592
	1998	11	610	308	2	931	610	1,541
	1997	430	559	183	2	1,174	376	1,550
Brazil	1999	\$ 752	\$ 263	\$ 931	\$ 317	\$ 2,263	\$ 83	\$ 2,346
	1998	914	363	1,324	518	3,119	74	3,193
	1997	1,766	408	1,536	862	4,572	195	4,767
South Korea	1999	\$ 99	\$ 217	\$ 452	\$ 562	\$ 1,330	\$ 65	\$ 1,395
	1998	97	426	857	937	2,317	76	2,393
	1997	478	1,787	1,653	1,189	5,107	184	5,291

(a) Outstandings include loans and accrued interest receivable, interest-bearing deposits with banks, acceptances, 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.

(b) Commitments include outstanding letters of credit and undrawn commitments to extend credit.

Chase's balances tend to fluctuate greatly and the amount of outstandings at year-end tends to be a function of timing, rather than representing a consistent trend.

Risk Elements

The following table sets forth the nonperforming assets and contractually past-due assets at the dates indicated:

December 31, (in millions)	1999	1998	1997	1996	1995
NONPERFORMING ASSETS					
Domestic Nonperforming Loans:					
Nonaccruing Loans	\$ 859	\$ 742	\$ 712	\$ 848	\$1,115
Renegotiated Loans	--	--	--	38	35
Total Domestic Nonperforming Loans	859	742	712	886	1,150
Foreign Nonperforming Loans:					
Nonaccruing Loans	801	698	195	132	339
Renegotiated Loans	--	--	1	3	4
Total Foreign Nonperforming Loans	801	698	196	135	343
Total Nonperforming Loans	1,660	1,440	908	1,021	1,493
Derivative and Foreign Exchange Contracts	34	50	--	--	--
Assets Acquired as Loan Satisfactions (primarily Real Estate)	102	116	110	130	171
Total Nonperforming Assets	\$1,796	\$1,606	\$1,018	\$1,151	\$1,664
CONTRACTUALLY PAST-DUE ASSETS					
Domestic Loans:(a)					
Consumer	\$ 347	\$ 422	\$ 420	\$ 395	\$ 528
Commercial	28	43	32	27	92
Total Domestic	375	465	452	422	620
Foreign Loans(a)	39	41	7	12	44
Derivative and Foreign Exchange Contracts	1	--	1	--	3
Total	\$ 415	\$ 506	\$ 460	\$ 434	\$ 667

(a) Accruing loans past-due 90 days or more as to principal and interest, which are not characterized as nonperforming loans.

For a discussion of nonaccrual loan and past due loan policies, see Note One on page 61. 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 due to a deterioration in the borrowers' financial condition. Interest on renegotiated loans is accrued at the renegotiated rates. Certain renegotiated loan agreements call for additional interest to be paid on a deferred or contingent basis. Such interest is recognized in income only as collected.

Impact of Nonperforming Loans on Interest Income

The following table presents the amount of interest income recorded by Chase on its nonperforming loans and the amount of interest income on the carrying value of these loans that would have been recorded if these loans had been current in accordance with their original terms (i.e., interest at original rates). The increases in both 1999 and 1998 in total negative impact on interest income reflect a higher level of interest that was not recognized in income due to the increased levels of nonperforming loans.

Year Ended December 31, (in millions)	1999	1998	1997
DOMESTIC:			
Gross Amount of Interest That Would Have Been Recorded at the Original Rate	\$ 75	\$66	\$63
Interest That Was Recognized in Income	(13)	(9)	(9)
Negative Impact-Domestic	62	57	54
FOREIGN:			
Gross Amount of Interest That Would Have Been Recorded at the Original Rate	63	55	17
Interest That Was Recognized in Income	(6)	(4)	(2)
Negative Impact-Foreign	57	51	15
Total Negative Impact on Interest Income	\$119	\$108	\$69

SUMMARY OF LOAN LOSS EXPERIENCE

For a further discussion, see Note One on page 61 and Note Five on page 67.

Allowance for Loan Losses

The table below summarizes the changes in the allowance for loan losses during the periods indicated.

Year Ended December 31, (in millions)	1999	1998	1997	1996	1995
Balance at Beginning of Year	\$ 3,552	\$ 3,624	\$ 3,549	\$ 3,784	\$ 3,894
Provision for Loan Losses	1,621	1,343	804	897	758
CHARGE-OFFS					
Domestic:					
Consumer	(1,253)	(1,158)	(913)	(921)	(967)
Commercial and Industrial	(249)	(99)	(114)	(181)	(169)
Commercial Real Estate	(2)	(6)	(5)	(47)	(84)
Financial Institutions	(45)	--	--	--	--
Foreign	(438)	(528)	(64)	(38)	(58)
Total Charge-Offs	(1,987)	(1,791)	(1,096)	(1,187)	(1,278)
RECOVERIES					
Domestic:					
Consumer	119	121	106	97	108
Commercial and Industrial	42	165	91	95	173
Commercial Real Estate	16	20	42	33	53
Financial Institutions	--	2	1	--	12
Foreign	77	65	52	65	92
Total Recoveries	254	373	292	290	438
NET CHARGE-OFFS	(1,733)	(1,418)	(804)	(897)	(840)
Charge Related to Conforming Credit Card Charge-off Policies	--	--	--	(102)	--
Transfer to the Allowance for Credit Losses on Risk Management Instruments	--	--	--	(75)	--
Transfer to the Allowance for Credit Losses on Lending-Related Commitments	--	--	(100)	(70)	--
Allowance Related to Purchased (Disposed) Portfolios and Subsidiaries(a)	18	5	172	13	(31)
Foreign Exchange Translation Adjustment	(1)	(2)	3	(1)	3
Balance at End of Year	\$ 3,457	\$ 3,552	\$ 3,624	\$ 3,549	\$ 3,784

(a) Includes \$160 million in 1997 related to the purchase of a credit card portfolio and \$28 million related to the sale of banking operations in southern and central New Jersey in 1995.

Loan Loss Analysis Year Ended December 31, (in millions, except ratios)	1999	1998	1997	1996	1995
BALANCES					
Loans-Average	\$ 173,770	\$ 169,386	\$ 159,932	\$ 149,996	\$ 146,528
Loans-Year End	176,159	172,754	168,454	155,092	150,207
Net Charge-Offs	1,733	1,418	804	999(a)	840
Allowance for Loan Losses:					
Domestic	2,666	2,489	2,767	2,898	3,217
Foreign	791	1,063	857	651	567
Total Allowance for Loan Losses	3,457	3,552	3,624	3,549	3,784
Nonperforming Loans	1,660	1,440	908	1,021	1,493
RATIOS					
Net Charge-Offs to:					
Loans-Average	1.00%	.84%	.50%	.67%	.57%
Allowance for Loan Losses	50.13	39.92	22.19	28.15	22.20
Allowance for Loan Losses to:					
Loans-Year End	1.96	2.06	2.15	2.29	2.52
Nonperforming Loans	208.25	246.67	399.12	347.60	253.45

(a) Includes a charge of \$102 million related to conforming credit card charge-off policies.

DEPOSITS

The following data provides a summary of the average balances and average interest rates of Chase's various deposits for the years indicated:

(in millions, except interest rates)	Average Balances			Average Interest Rates		
	1999	1998	1997	1999	1998	1997
DOMESTIC:						
Noninterest-Bearing Demand	\$ 23,386	\$ 25,041	\$ 23,483	--%	--%	--%
Interest-Bearing Demand	2,627	3,300	3,563	1.35	1.51	1.78
Savings	58,663	53,960	50,198	2.29	2.56	2.75
Time	39,781	37,646	29,529	3.65	3.73	4.91
Total Domestic Deposits	124,457	119,947	106,773	2.27	2.36	2.71
FOREIGN:						
Noninterest-Bearing Demand	4,529	3,088	3,363	--	--	--
Interest-Bearing Demand	36,826	31,350	25,480	4.66	4.93	4.44
Savings	1,027	839	824	2.76	3.76	3.60
Time	45,708	44,490	42,722	4.41	5.46	5.87
Total Foreign Deposits (a)	88,090	79,767	72,389	4.27	5.02	5.07
Total Deposits	\$212,547	\$199,714	\$179,162	3.10%	3.42%	3.66%

(a) The majority of foreign deposits were in denominations of \$100,000 or more.

At December 31, 1999, other domestic time deposits in denominations of \$100,000 or more totaled \$18,401 million, substantially all of which mature in 3 months or less. The table below presents the maturities for domestic time certificates of deposit in denominations of \$100,000 or more:

By remaining maturity at December 31, 1999 (in millions)	3 Months Or Less	Over 3 Months but within 6 Months	Over 6 Months but within 12 Months	Over 12 Months	Total
Domestic Time Certificates of Deposit (\$100,000 or More)	\$ 9,990	\$ 1,810	\$ 676	\$ 365	\$12,841

SHORT-TERM AND OTHER BORROWED FUNDS

The following data provides a summary of Chase's short-term and other borrowed funds for the years indicated:

(in millions, except rates)	1999	1998	1997
FEDERAL FUNDS PURCHASED AND SECURITIES			
SOLD UNDER REPURCHASE AGREEMENTS:			
Balance at year-end	\$50,148	\$41,632	\$56,126
Average daily balance during the year	51,684	61,237	66,789
Maximum month-end balance	56,816	70,062	80,633
Weighted-average rate at December 31	4.72%	5.91%	5.90%
Weighted-average rate during the year	4.47%	5.56%	5.45%
COMMERCIAL PAPER:			
Balance at year-end	\$ 8,509	\$ 7,788	\$ 4,744
Average daily balance during the year	5,565	5,046	4,283
Maximum month-end balance	8,509	8,217	4,951
Weighted-average rate at December 31	5.61%	4.78%	5.64%
Weighted-average rate during the year	4.89%	5.13%	5.33%
OTHER BORROWED FUNDS: (a)			
Balance at year-end	\$ 5,145	\$ 7,239	\$ 6,861
Average daily balance during the year	6,287	6,148	7,566
Maximum month-end balance	8,550	8,175	8,958
Weighted-average rate at December 31 (b)	5.69%	12.23%	9.38%
Weighted-average rate during the year (b)	6.85%	12.49%	9.83%

(a) Excludes securities sold, not yet purchased and structured notes.

(b) The weighted-average interest rates reflect the impact of local interest rates prevailing in certain Latin American countries with highly inflationary economies, particularly in 1998 and 1997.

Federal funds purchased represents overnight funds. Securities sold under repurchase agreements generally mature between one day and three months. Commercial paper is generally 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, 1999, Chase had unused lines of

credit of \$2.0 billion available for general corporate purposes, including the payment of commercial paper borrowings. Of this amount, \$1.0 billion was cancelled on January 11, 2000.

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.

THE CHASE MANHATTAN CORPORATION
(Registrant)

By /s/ WILLIAM B. HARRISON JR.

(William B. Harrison, Jr.
Chairman and Chief Executive Officer)

Date: March 13, 2000

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. 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, Chairman and Chief Executive Officer (Principal Executive Officer)	
/s/ HANS W. BECHERER ----- (Hans W. Becherer)	Director	
/s/ FRANK A. BENNACK JR. ----- (Frank A. Bennack Jr.)	Director	
/s/ SUSAN V. BERRESFORD ----- (Susan V. Berresford)	Director	March 13, 2000
/s/ M. ANTHONY BURNS ----- (M. Anthony Burns)	Director	
/s/ H. LAURANCE FULLER ----- (H. Laurance Fuller)	Director	
/s/ MELVIN R. GOODES ----- (Melvin R. Goodes)	Director	

	CAPACITY -----	DATE -----
/s/ WILLIAM H. GRAY, III ----- (William H. Gray, III)	Director	
/s/ HAROLD S. HOOK ----- (Harold S. Hook)	Director	
/s/ HELENE L. KAPLAN ----- (Helene L. Kaplan)	Director	
/s/ HENRY B. SCHACHT ----- (Henry B. Schacht)	Director	
		March 13, 2000
/s/ ANDREW C. SIGLER ----- (Andrew C. Sigler)	Director	
/s/ JOHN R. STAFFORD ----- (John R. Stafford)	Director	
/s/ MARINA v.N. WHITMAN ----- (Marina v.N. Whitman)	Director	
/s/ MARC J. SHAPIRO ----- (Marc J. Shapiro)	Vice Chairman Finance, Risk Management and Administration (Principal Financial Officer)	
/s/ JOSEPH L. SCLAFANI ----- (Joseph L. Sclafani)	Executive Vice President and Controller (Principal Accounting Officer)	

NARRATIVE DESCRIPTION OF GRAPHIC IMAGE MATERIAL

Pursuant to Item 304 of Regulation S-T, the following is a description of the graphic image material included in the foregoing Management's Discussion and Analysis of Financial Condition.

Graph Number	Page	Description																		
1	18	<p>Bar graph entitled "Operating Revenues" in millions, presenting the following information for the years ended December 31,</p> <table border="1"> <thead> <tr> <th>Compound Annual Growth Rate ("CAGR")</th> <th>1995</th> <th>1996</th> <th>1997</th> </tr> </thead> <tbody> <tr> <td>= 11%</td> <td>\$15,048</td> <td>\$16,451</td> <td>\$17,699</td> </tr> <tr> <td></td> <th>1998</th> <th>1999</th> <td></td> </tr> <tr> <td></td> <td>\$19,613</td> <td>\$22,982</td> <td></td> </tr> </tbody> </table> <p>Since the Chase and Chemical merger, Chase has produced a compound annual growth rate ("CAGR") in operating revenues of 11%.</p>	Compound Annual Growth Rate ("CAGR")	1995	1996	1997	= 11%	\$15,048	\$16,451	\$17,699		1998	1999			\$19,613	\$22,982			
Compound Annual Growth Rate ("CAGR")	1995	1996	1997																	
= 11%	\$15,048	\$16,451	\$17,699																	
	1998	1999																		
	\$19,613	\$22,982																		
2	18	<p>Bar graph entitled "Operating Diluted Earnings Per Share" in dollars, presenting the following information for the years ended December 31,</p> <table border="1"> <thead> <tr> <th>Compound Annual Growth Rate ("CAGR")</th> <th>1995</th> <th>1996</th> <th>1997</th> </tr> </thead> <tbody> <tr> <td>= 20%</td> <td>\$2.96</td> <td>\$3.64</td> <td>\$4.17</td> </tr> <tr> <td></td> <th>1998</th> <th>1999</th> <td></td> </tr> <tr> <td></td> <td>\$4.51</td> <td>\$6.21</td> <td></td> </tr> </tbody> </table> <p>Since the merger, Chase's Operating Diluted EPS has had an annual growth rate of 20%.</p>	Compound Annual Growth Rate ("CAGR")	1995	1996	1997	= 20%	\$2.96	\$3.64	\$4.17		1998	1999			\$4.51	\$6.21			
Compound Annual Growth Rate ("CAGR")	1995	1996	1997																	
= 20%	\$2.96	\$3.64	\$4.17																	
	1998	1999																		
	\$4.51	\$6.21																		
3	19	<p>Bar graph entitled "Return on Common Equity", presenting the following information on an operating basis for the years ended December 31,</p> <table border="1"> <thead> <tr> <th colspan="2">Pre-Merger</th> </tr> </thead> <tbody> <tr> <td>1993</td> <td>11.6%</td> </tr> <tr> <td>1994</td> <td>14.3%</td> </tr> <tr> <td>1995</td> <td>15.8%</td> </tr> <tr> <th colspan="2">Post-Merger</th> </tr> <tr> <td>1996</td> <td>18.4%</td> </tr> <tr> <td>1997</td> <td>19.5%</td> </tr> <tr> <td>1998</td> <td>18.4%</td> </tr> <tr> <td>1999</td> <td>24.2%</td> </tr> </tbody> </table> <p>The graph above contrasts pre- and post-merger profitability. Since 1995, Chase's return on common equity has exceeded 18%.</p>	Pre-Merger		1993	11.6%	1994	14.3%	1995	15.8%	Post-Merger		1996	18.4%	1997	19.5%	1998	18.4%	1999	24.2%
Pre-Merger																				
1993	11.6%																			
1994	14.3%																			
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1996	18.4%																			
1997	19.5%																			
1998	18.4%																			
1999	24.2%																			

- 4 21 Line graph entitled "Market-Sensitive Revenue" in millions, presenting the following information for the years ended December 31,

Logarithmic Regression 1988-1999, Compound Annual Growth Rate ("CAGR") = 15%

	1988	1989	1990	1991	1992	1993	1994
Logarithmic Regression	\$1,239	\$1,429	\$1,648	\$1,901	\$2,192	\$2,529	\$2,916
Market-Sensitive Revenue	\$1,521	\$1,508	\$1,373	\$1,660	\$2,209	\$3,122	\$2,574
	1995	1996	1997	1998	1999		
Logarithmic Regression	\$3,363	\$3,879	\$4,474	\$5,160	\$5,951		
Market-Sensitive Revenue	\$2,996	\$3,691	\$4,215	\$5,027	\$7,392		

The graph above illustrates annual market-sensitive revenue over the last twelve years in comparison to the logarithmic regression trendline over that same period. The compound annual growth rate in market-sensitive revenues since 1988 is 15%.

- 5 22 Bar graph entitled "Investment Banking Fees" in millions, presenting the following information for the years ended December 31,

5 Year			
Compound Annual	1995	1996	1997
Growth Rate ("CAGR")	----	----	----
= 26%	\$810	\$950	\$1,136
	1998	1999	
	----	----	
	\$1,502	\$1,887	

Over the past 5 years, investment banking fees have increased at a CAGR of 26%.

- 6 23 Pie Graph entitled "CCP's Direct Portfolio by Industry", presenting the following information at December 31, 1999 as a percentage of carrying value:

571 Portfolio Companies

Energy/Natural Resources	3%	
Industrial/Auto	11%	
Real Estate	4%	
Financial Services	2%	
Consumer/Retail	11%	
Chemicals	2%	
Other	4%	
Media/Telecommunications	28%	
Technology/Information Services	26%	63% in the New Economy
Life Sciences	9%	

This pie graph reflects the diversification of CCP's portfolio by carrying value at December 31, 1999.

- 7 23 Bar graph entitled "Increasing Investment Pace - Direct Equity Investments at Cost" in millions, presenting the following information for the years ended December 31,

Compound Annual Growth Rate ("CAGR") = 43%

	1995	1996	1997
	----	----	----
	\$462	\$705	\$816
Number of Deals	71	73	105
	1998	1999	
	----	----	
	\$1,354	\$1,930	
Number of Deals	120	169	

- 8 27 Line graph entitled "Cash Operating Efficiency Ratio", presenting the following information for the years ended December 31,

Improvement Since 1995=1000 Basis Points

1995	1996	1997	1998	1999
----	----	----	----	----
61%	56%	54%	54%	51%

This graph shows that for every dollar of revenue earned, how much is paid for operating expenses (before the amortization of goodwill and certain other intangibles).

- 9 29 Pie Graph entitled "Operating Revenues by Business Franchise 1999" presenting the following information:

Global Bank	45%
National Consumer Services	42%
Global Services	13%

- 10 30 Pie Graph entitled "Global Bank Operating Revenues by Key Businesses 1999" presenting the following information:

Global Markets	39%
Global Investment Banking	15%
Corporate Lending and Portfolio Management	15%
Chase Capital Partners	22%
Global Private Bank	9%

- 11 30 Bar graph entitled "Global Bank Operating Revenues and SVA", presenting the following information for the years ended December 31,

	1997	1998	1999
	----	----	----
Operating Revenues (in billions)	\$7.2	\$8.0	\$10.4
SVA (in millions)	\$908	\$776	\$1,885

The above graph demonstrates the changes in Global Bank's operating revenues and SVA over the past three years.

- 12 32 Pie Graph entitled "National Consumer Services Operating Revenues by Key Businesses 1999" presenting the following information:

Chase Cardmember Services	41%
Regional Consumer Banking	25%
Chase Home Finance	12%
Diversified Consumer Services	12%
Middle Markets	10%

- 13 32 Bar graph entitled "NCS Operating Revenues and SVA", presenting the following information for the years ended December 31,

	1997	1998	1999
	----	----	----
Operating Revenues (in billions)	\$8.3	\$9.1	\$9.8
SVA (in millions)	\$422	\$418	\$636

The above graph demonstrates the changes in NCS's operating revenues and SVA over the past three years.

- 14 34 Pie Graph entitled "Global Services Operating Revenues by Key Businesses 1999" presenting the following information:

Chase Treasury Solutions	41%
Global Investor Services	43%
Capital Markets Fiduciary Services	16%

- 15 34 Bar graph entitled "Global Services Operating Revenues and SVA", presenting the following information for the years ended December 31,

	1997	1998	1999
	----	----	----
Operating Revenues (in billions)	\$2.6	\$2.8	\$3.1
SVA (in millions)	\$143	\$193	\$145

The above graph demonstrates the changes in Global Service's operating revenues and SVA over the past three years.

- 16 38 Bar graph entitled "Managed Credit-Related Assets" in billions, presenting the following information at December 31,

	1997	1998	1999
	----	----	----
Consumer	\$97	\$102	\$106
Commercial	\$88	\$89	\$88
Risk Management Instruments	\$39	\$33	\$34

This graph shows Chase's balance between consumer and commercial credit-related assets over the last three years.

- 17 39 Bar graph entitled "Commercial Credit-Related Assets", presenting the following information at December 31,

	1997	1998	1999
	----	----	----
Investment Grade Equivalent	46.1%	49.4%	53.9%
Below Investment Grade Performing	53.5%	49.7%	45.1%
Nonperforming Loans, FX and Derivatives	0.4%	0.9%	1.0%

This graph highlights the increasing percentage of investment grade equivalents over the past three years. The balances include derivative and FX instruments.

- 18 39 Bar graph entitled "Commercial Credit-Related Assets Industry Profile - 10 Largest Industries" in billions, presenting the following information at December 31,

	1999 Investment Grade Equivalent	1999 Below Investment Grade	1998 Investment Grade Equivalent	1998 Below Investment Grade
Commercial Banking	\$19.4	\$3.5	\$19.5	\$4.6
Private Banking/Investment Management	\$7.8	\$2.2	\$5.5	\$2.4
Holding & Investment Companies	\$4.5	\$2.2	\$2.4	\$1.8
Securities Brokers, Dealers, Exchanges	\$3.8	\$1.2	\$3.9	\$1.0
Real Estate	\$1.5	\$3.5	\$1.2	\$4.5
Oil & Gas Exploration/ Production	\$1.1	\$2.4	\$1.1	\$3.1
Investment & Pension Funds	\$2.1	\$1.1	\$1.8	\$1.4
Business Services	\$0.7	\$2.2	\$0.8	\$2.0
Shipping	\$0.6	\$2.3	\$0.6	\$2.3
Utilities	\$1.3	\$1.4	\$1.0	\$1.9

This graph shows Chase's broad diversification across industries and its high-quality commercial lending exposure. The balances include derivative and FX instruments.

- 19 40 Pie Graph entitled "Worldwide Consumer Managed Loan Portfolio" presenting the following information:

	Percent of loan category to total consumer managed loan portfolio	1999 Charge-off Rate	1998 Charge-off Rate
Residential Mortgage	43%	.07%	.07%
Credit Card Managed	32%	5.66%	6.02%
Auto	17%	.45%	.55%
Other Consumer	8%	2.54%	1.67%

The graph above shows average annual charge-off rates by various consumer categories (including domestic and foreign balances) and the percentage of each loan category to the total consumer managed loan portfolio at December 31, 1999. The charge-off rate for the entire consumer portfolio was 2.10% in 1999, a decrease from 2.22% in 1998.

- 20 43 Pie Chart entitled "Total Managed Assets by Region", presenting the following information at December 31, 1999

United States/Canada	82.2%
Western Europe	13.4%
Asia Developed	1.2%
Latin America-Emerging	1.4%
Asia-Emerging	1.3%
Eastern Europe/Africa/Middle East	0.5%

This chart displays Chase's net cross-border exposure by geographic region as a percentage of managed assets.

- 21 47 Bar graph entitled "Histogram of Daily Market Risk-Related Revenue for 1999 and 1998" presenting the following information:

Millions of dollars(\$)	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30 and Over
				1999			
Number of trading days market risk-related revenue was within the above prescribed positive dollar range	40	54	49	45	32	16	14
				1998			
Number of trading days market risk-related revenue was within the above prescribed negative dollar range	35	46	52	40	20	12	17
Millions of dollars(\$)	0 - (5)	(5) - (10)	(10) - (15)	(15) - (20)	(20) - (25)	(25) - (30)	(30) and Over
				1999			
Number of trading days market risk-related revenue was within the above prescribed negative dollar range	6	3	1	0	0	0	0
				1998			
Number of trading days market risk-related revenue was within the above prescribed negative dollar range	15	9	4	3	1	3	2

- 22 51 Line Graph entitled "Capital: Tangible Results" in billions, presenting the following information at December 31,

	Risk-Weighted Assets	Growth	Management's Estimate Excluding Year 2000 Impact
1996	\$249		
1997	\$286	15%	
1998	\$289	1%	
1999	\$302	4%	\$297

The above graph shows the impact Chase's disciplined approach to balance sheet management has had on the growth in risk-weighted assets. Management estimates that the impact of consumer flight to quality over Year 2000 uncertainty contributed approximately \$5 billion to Chase's risk-weighted assets. Excluding this impact, management estimates that the increase in risk-weighted assets in 1999 would have been only approximately 3%.

- 23 52 Line graph entitled "Risk-Based Capital Ratios at December 31," presenting the following information:

	1995	1996	1997	1998	1999
Total Risk-Based Capital	12.3%	11.8%	11.6%	12.0%	12.1%
Tier 1 Risk-Based Capital	8.2%	8.2%	7.9%	8.3%	8.4%
Tier 1 Leverage	6.7%	6.8%	6.0%	6.4%	6.6%

During 1997, Chase adopted the Federal Reserve's guidelines for calculating market risk-adjusted capital. Prior period ratios have not been restated.

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Bar graph entitled "Market Capitalization at December 31, in billions" presenting the following information: CAGR = 25%

	1995		1996		1997		1998		1999
	----		----		----		----		----
Market Capitalization \$	26	\$	39	\$	46	\$	60	\$	64

Chase's market capitalization continues to grow and has more than doubled since the Merger.

EXHIBIT INDEX

Item No.	Description
3.1	Restated Certificate of Incorporation of The Chase Manhattan Corporation (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-8 (File No. 333-07941) of The Chase Manhattan Corporation).
3.2	Certificate of Amendment of Restated Certificate of Incorporation of The Chase Manhattan Corporation (incorporated by reference to Exhibit 3.2 to the Registration Statement on Form S-3 (File No. 333-56573) of The Chase Manhattan Corporation).
3.3	Certificate of Designations of Fixed/Adjustable Rate, Noncumulative Preferred Stock of The Chase Manhattan Corporation (incorporated by reference to Exhibit 3.3 to the Registration Statement on Form S-3 (File No. 333-56573) of The Chase Manhattan Corporation).
3.4	By-laws, as amended as of June 1, 1999, of The Chase Manhattan Corporation (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-8 (File No. 333-92217) of The Chase Manhattan Corporation).
4.1	Indenture, dated as of December 1, 1989, between Chemical Banking Corporation and The Chase Manhattan Bank (National Association), as succeeded to by Bankers Trust Company, as Trustee (incorporated by reference to Exhibit 4.9 to the Registration Statement on Form S-3 (File No. 33-32409) of Chemical Banking Corporation).
4.2(a)	Indenture, dated as of April 1, 1987, as amended and restated as of December 15, 1992, between Chemical Banking Corporation and Morgan Guaranty Trust Company of New York, as succeeded to by U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, dated December 22, 1992, of Chemical Banking Corporation, File No. 1-5805).
4.2(b)	Second Supplemental Indenture, dated as of October 8, 1996, between The Chase Manhattan Corporation and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), as Trustee, to the Indenture, dated as of April 1, 1987, as amended and restated as of December 15, 1992 (incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-3 (File No. 333-14959) of The Chase Manhattan Corporation).
4.3(a)	Indenture, dated as of July 1, 1986, between The Chase Manhattan Corporation and Bankers Trust Company, as Trustee (incorporated by reference to Exhibit (4) (a) to the Registration Statement on Form S-3 (File No. 33-7299) of The Chase Manhattan Corporation).
4.3(b)	First Supplemental Indenture, dated as of November 1, 1990, between The Chase Manhattan Corporation and Bankers Trust Company, as Trustee, to the Indenture, dated as of July 1, 1986 (incorporated by reference to Exhibit (4) (b) to the Registration Statement on Form S-3 (File No. 33-40485) of The Chase Manhattan Corporation).
4.3(c)	Second Supplemental Indenture, dated as of May 1, 1991, between The Chase Manhattan Corporation and Bankers Trust Company, as Trustee, to the Indenture, dated as of July 1, 1986 (incorporated by reference to Exhibit (4) (c) to the Registration Statement on Form S-3 (File No. 33-42367) of The Chase Manhattan Corporation).
4.3(d)	Third Supplemental Indenture, dated as of March 29, 1996, among Chemical Banking Corporation, The Chase Manhattan Corporation and Bankers Trust Company, as Trustee, to the Indenture, dated as of July 1, 1986 (incorporated by reference to Exhibit 4.18 to the Registration Statement on Form S-3 (File No. 333-14959) of The Chase Manhattan Corporation).

Item No.	Description
4.4(a)	Amended and Restated Indenture, dated as of September 1, 1993, between The Chase Manhattan Corporation and Chemical Bank, as Trustee (incorporated by reference to Exhibit (4)(cc) to the Current Report on Form 8-K, dated August 19, 1993, of The Chase Manhattan Corporation, File No. 1-5945).
4.4(b)	First Supplemental Indenture, dated as of March 29, 1996, among Chemical Banking Corporation, The Chase Manhattan Corporation, Chemical Bank, as resigning Trustee, and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), as successor Trustee, to the Amended and Restated Indenture, dated as of September 1, 1993 (incorporated by reference to Exhibit 4.22 to the Registration Statement on Form S-3 (File No. 333-14959) of The Chase Manhattan Corporation).
4.4(c)	Second Supplemental Indenture, dated as of October 8, 1996, between The Chase Manhattan Corporation and U.S. Bank Trust National Association (formerly known as First Trust of New York, National Association), as Trustee, to the Amended and Restated Indenture, dated as of September 1, 1993 (incorporated by reference to Exhibit 4.23 to the Registration Statement on Form S-3 (File No. 333-14959) of The Chase Manhattan Corporation).
4.5(a)	Indenture, dated as of May 15, 1993, between Margaretten Financial Corporation and The Bank of New York, as Trustee, relating to the 6 3/4% Guaranteed Notes due June 15, 2000 (incorporated by reference to Exhibit 4(a) to the Registration Statement on Form S-3 (No. 33-60262) of Margaretten Financial Corporation).
4.5(b)	Supplemental Indenture, dated as of July 22, 1994, to the Indenture, dated as of May 15, 1993, among Margaretten Financial Corporation, Chemical Banking Corporation and The Bank of New York, as Trustee, and Guarantee, dated as of July 22, 1994, by Chemical Banking Corporation (incorporated by reference to Exhibit 4.34 to the Current Report on Form 8-K, dated September 28, 1994, of Chemical Banking Corporation, File No. 1-5805).
4.6	Junior Subordinated Indenture, dated as of December 1, 1996, between The Chase Manhattan Corporation and The Bank of New York, as Debenture Trustee (incorporated by reference to Exhibit 4.24 to the Registration Statement on Form S-3 (File No. 333-19719) of The Chase Manhattan Corporation).
4.7	Guarantee Agreement, dated as of January 24, 1997, between The Chase Manhattan Corporation and The Bank of New York, as Trustee, with respect to the Global Floating Rate Capital Securities, Series B, of Chase Capital II (incorporated by reference to Exhibit 4.8 to the Annual Report on Form 10-K, dated December 31, 1997, of The Chase Manhattan Corporation, File No. 1-5805).
4.8	Amended and Restated Trust Agreement, dated as of January 24, 1997, among The Chase Manhattan Corporation, The Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustees named therein, with respect to Chase Capital II (incorporated by reference to Exhibit 4.9 to the Annual Report on Form 10-K, dated December 31, 1997, of The Chase Manhattan Corporation, File No. 1-5805).
10.1	Deferred Compensation Plan for Non-Employee Directors of The Chase Manhattan Corporation and The Chase Manhattan Bank, as amended and restated effective December 1996 (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K, dated December 31, 1996, of The Chase Manhattan Corporation, File No. 1-5805).
10.2	Post-Retirement Compensation Plan for Non-Employee Directors, as amended and restated as of May 21, 1996 (incorporated by reference to Exhibit 10.2 to the Annual Report on Form 10-K, dated December 31, 1996, of The Chase Manhattan Corporation, File No. 1-5805).
10.3	Deferred Compensation Plan of Chemical Banking Corporation and Participating Companies, as amended through January 1, 1993 (incorporated by reference to Exhibit 10.5 to the Annual Report on Form 10-K, dated December 31, 1994, of Chemical Banking Corporation, File No. 1-5805).
10.4	The Chase Manhattan Corporation 1996 Long-Term Incentive Plan (incorporated by reference to Schedule 14A, filed on April 17, 1996, of The Chase Manhattan Corporation, File No. 1-5805).
10.5	The Chase Manhattan 1994 Long-Term Incentive Plan (incorporated herein by reference to Exhibit 100 to The Chase Manhattan Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 1994, File No. 1-5945).
10.6	Amendment to The Chase Manhattan 1994 Long-Term Incentive Plan (incorporated herein by reference to Exhibit 10S to The Chase Manhattan Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, File No. 1-5945).

Exhibit Index

Item No.	Description
10.7	Chemical Banking Corporation Long-Term Stock Incentive Plan, as amended and restated as of May 19, 1992 (incorporated by reference to Exhibit 10.7 to the Annual Report on Form 10-K, dated December 31, 1992, of Chemical Banking Corporation, File No. 1-5805).
10.8	The Chase Manhattan 1987 Long-Term Incentive Plan, as amended (incorporated by reference to Exhibit 10A to The Chase Manhattan Corporation's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-5945).
10.9	Amendment to The Chase Manhattan 1987/82 Long-Term Incentive Plan (incorporated by reference to Exhibit 10T to the Quarterly Report on Form 10-Q, for the quarter ended September 30, 1995, of The Chase Manhattan Corporation, File No. 1-5945)
10.10	Long Term Incentive Program of Manufacturers Hanover Corporation (incorporated by reference to Exhibit 10.10 to the Annual Report on Form 10-K, dated December 31, 1997, of The Chase Manhattan Corporation, File No. 1-5805).
10.11	Key Executive Performance Plan of The Chase Manhattan Corporation, as amended and restated January 1, 1999 (incorporated by reference to Schedule 14A, filed on March 25, 1999, of the The Chase Manhattan Corporation, File No. 1-5805).
10.12	The Chase Manhattan Annual Incentive Arrangement for Certain Executive Officers (incorporated by reference to Exhibit 10W to the Quarterly Report on Form 10-Q, for the quarter ended September 30, 1995, of The Chase Manhattan Corporation, File No. 1-5945)
10.13	Forms of severance agreements as entered into by The Chase Manhattan Corporation and certain of its executive officers (incorporated by reference to Exhibit 10.13 to the Annual Report on Form 10-K, dated December 31, 1997, of The Chase Manhattan Corporation, File No. 1-5805).
10.14	Form of termination agreement as entered into by The Chase Manhattan Corporation and Donald L. Boudreau (incorporated by reference to the Annual Report on Form 10-K, dated December 31, 1994, of The Chase Manhattan Corporation, File No. 1-5945).
10.15	Form of amendment to the termination agreement as entered into by The Chase Manhattan Corporation and Donald L. Boudreau (incorporated by reference to the Quarterly Report on Form 10-Q, dated September 30, 1995, of The Chase Manhattan Corporation, File No. 1-5945).
10.16	Permanent Life Insurance Options Plan (incorporated by reference to Exhibit 10.11 to the Annual Report on Form 10-K, dated December 31, 1992, of Chemical Banking Corporation, File No. 1 -5805).
10.17	Executive Retirement Plan of Chemical Banking Corporation and Certain Subsidiaries (incorporated by reference to Exhibit 10.8 to the Annual Report on Form 10-K, dated December 31, 1995, of Chemical Banking Corporation, File No. 1-5805).
10.18	Supplemental Retirement Plan of Chemical Bank and Certain Affiliated Companies, restated effective January 1, 1993 and as amended through January 1, 1995 (incorporated by reference to Exhibit 10.9 to the Annual Report on Form 10-K, dated December 31, 1995, of Chemical Banking Corporation, File No. 1-5805).
10.19	Supplemental Retirement Plan of The Chase Manhattan Bank, as amended (incorporated by reference to Exhibit 10G of The Chase Manhattan Corporation's Annual Report on Form 10-K for the year ended December 31, 1989, File No. 1-5945).
10.20	Further Amendment to the Supplemental Retirement Plan of The Chase Manhattan Bank (incorporated by reference to Exhibit 10G of The Chase Manhattan Corporation's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-5945)
10.21	Amendment to Supplemental Retirement Plan of The Chase Manhattan Bank (incorporated herein by reference to Exhibit 10Z to The Chase Manhattan Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, File No. 1-5945).
10.22	Supplemental Benefit Plan of The Chase Manhattan Bank, as amended (incorporated by reference to Exhibit 10H of The Chase Manhattan Corporation's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-5945).
10.23	Amendment to Supplemental Benefit Plan of The Chase Manhattan Bank (incorporated herein by reference to Exhibit 10AA to The Chase Manhattan Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, File No. 1-5945).
10.24	TRA86 Supplemental Benefit Plan of The Chase Manhattan Bank, as amended (incorporated by reference to Exhibit 10I of The Chase Manhattan Corporation's Annual Report on Form 10-K for the year ended December 31, 1990, File No. 1-5945).

Exhibit Index

Item No.	Description
10.25	Amendment to TRA86 Supplemental Benefit Plan of The Chase Manhattan Bank (incorporated herein by reference to Exhibit 10BB to The Chase Manhattan Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995, File No. 1- 5945).
11.1	Computation of earnings per common share.
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 The Chase Manhattan Corporation.
22.1	Annual Report on Form 11-K of the 401(k) Savings Plan of The Chase Manhattan Bank (to be filed by amendment pursuant to Rule 15d-21 under the Securities Exchange Act of 1934).
23.1	Consent of Independent Accountants.
27.1	Financial Data Schedule.

THE CHASE MANHATTAN CORPORATION
AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER COMMON SHARE

For a discussion of the computation of basic and diluted earnings per common share, see Note Ten on page 70.

Year Ended December 31, (in millions, except per share amounts)	1999	1998	1997
Basic Earnings Per Share			
Earnings:			
Net Income	\$ 5,446	\$ 3,782	\$ 3,708
Less: Preferred Stock Dividends	71	98	182
Net Income Applicable to Common Stock	\$ 5,375	\$ 3,684	\$ 3,526
Shares: (a)			
Basic Average Common Shares Outstanding	828.8	846.1	849.2
Net Income Per Share	\$ 6.49	\$ 4.35	\$ 4.15
Diluted Earnings Per Share			
Earnings:			
Net Income Applicable to Common Stock	\$ 5,375	\$ 3,684	\$ 3,526
Shares: (a)			
Basic Average Common Shares Outstanding	828.8	846.1	849.2
Additional Shares Issuable Upon Exercise of Stock Options for Dilutive Effect	28.2	23.2	29.2
Average Common Shares Outstanding Assuming Dilution	857.0	869.3	878.4
Net Income Per Share:	\$ 6.27	\$ 4.24	\$ 4.01

(a) Share-related data for all prior periods have been restated to reflect a 2-for-1 common stock split, effective as of the close of business on May 20, 1998.

THE CHASE MANHATTAN CORPORATION
AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

Year Ended December 31, (in millions, except ratios)	----- 1999 -----
Excluding Interest on Deposits	
Income before income taxes	\$ 8,375 -----
Fixed charges:	
Interest expense	4,901
One third of rents, net of income from subleases(a)	145 -----
Total fixed charges	5,046 -----
Less: Equity in undistributed income of affiliates	(75) -----
Earnings before taxes and fixed charges, excluding capitalized interest	\$ 13,346 -----
Fixed charges, as above	\$ 5,046 -----
Ratio of earnings to fixed charges	2.64 -----
Including Interest on Deposits	
Fixed charges, as above	\$ 5,046
Add: Interest on deposits	6,592 -----
Total fixed charges and interest on deposits	\$ 11,638 -----
Earnings before taxes and fixed charges, excluding capitalized interest, as above	\$ 13,346
Add: Interest on deposits	6,592 -----
Total earnings before taxes, fixed charges and interest on deposits	\$ 19,938 -----
Total fixed charges and interest on deposits, as above	\$ 11,638 -----
Ratio of earnings to fixed charges	1.71 ----- -----

(a) The proportion deemed representative of the interest factor.

THE CHASE MANHATTAN CORPORATION
AND SUBSIDIARIES

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND PREFERRED STOCK DIVIDEND REQUIREMENTS

Year Ended December 31, (in millions, except ratios)	----- 1999 -----
Excluding Interest on Deposits	
Income before income taxes	\$ 8,375 -----
Fixed charges:	
Interest expense	4,901
One third of rents, net of income from subleases(a)	145 -----
Total fixed charges	5,046 -----
Less: Equity in undistributed income of affiliates	(75) -----
Earnings before taxes and fixed charges, excluding capitalized interest	\$ 13,346 -----
Fixed charges, as above	\$ 5,046 -----
Preferred stock dividends	71 -----
Fixed charges including preferred stock dividends	\$ 5,117 -----
Ratio of earnings to fixed charges and preferred stock dividend requirements	2.61 -----
Including Interest on Deposits	
Fixed charges including preferred stock dividends, as above	\$ 5,117
Add: Interest on deposits	6,592 -----
Total fixed charges including preferred stock dividends and interest on deposits	\$ 11,709 -----
Earnings before taxes and fixed charges, excluding capitalized interest, as above	\$ 13,346
Add: Interest on deposits	6,592 -----
Total earnings before taxes, fixed charges and interest on deposits	\$ 19,938 -----
Total fixed charges, including preferred stock dividends and interest on deposits, as above	\$ 11,709 -----
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.70 -----

(a) The proportion deemed representative of the interest factor.

THE CHASE MANHATTAN CORPORATION

LIST OF SUBSIDIARIES

Chase has the following subsidiaries:

Name	Organized under the laws of	Percentage of voting securities owned by immediate parent
The Chase Manhattan Bank	New York	100%
CB Capital Investors, Inc.	Delaware	100
CB Capital Investors, L.P.	Delaware	80
Chase & M.D. Sass Partners	New York	64
Chase Access Services Corporation	Delaware	100
Chase Alternative Asset Management, Inc.	New York	100
Chase Asset Management, Inc.	Delaware	100
Chase Bank International	United States	100
Chase Community Development, Inc.	Delaware	100
Chase Education Holdings, Inc.	Delaware	100
Chase Equipment Leasing Inc.	New York	100
Chase Funding Corporation	New York	100
Chase Investment Services Corp.	Delaware	100
Chase Manhattan Acceptance Corporation	Delaware	100
Chase Manhattan Automotive Finance Corporation	Delaware	100
Chase Manhattan Capital Corporation	New York	100
Chase Manhattan Capital, L.P.	Delaware	80
Chase Manhattan International Inc.	United States	100
Chase Manhattan International Finance Ltd.	United States	100
Banco Chase Manhattan, S.A.	Brazil	100
Chase Manhattan S.A. Distribuidora de Titulos e Valores Mobiliarios	Brazil	100
Chase Manhattan Leasing S.A.-Arrendamento Mercantil	Brazil	100
Chase Japan Ltd.	Delaware	100
Chase Manhattan Asia Limited	Hong Kong	100
Chase Manhattan Bank (M) Berhad	Malaysia	100
Chase Manhattan Bank A.G.	Germany	100
Chase Manhattan Bank CMB, S.A.	Spain	100
Chase Manhattan Bank France	France	100
Chase Manhattan Bank International	Russia	100
Chase Manhattan Bank Luxembourg, S.A.	Luxembourg	100
Chase Manhattan Bank Mexico, S.A.	Mexico	100
Chase Manhattan Bank Venezuela, C.A.	Venezuela	100
Chase Manhattan Card Company Ltd.	Hong Kong	100
Chase Manhattan Holdings Limitada	Brazil	100
Chase Manhattan Hong Kong Holdings Ltd.	Hong Kong	100
Chase Manhattan Inter-Invest (Holdings) Limited	United Kingdom	100
Chase Manhattan Leasing GmbH	Germany	100
Chase Manhattan Menkul Degerler A.S.	Turkey	100
Chase Manhattan (SEA) Limited	Singapore	100
Chase Manhattan Securities (C.I.) Limited	Channel Islands	100
Chase International (Jersey) Limited	Channel Islands	100
Chase Manhattan Trust Cayman Ltd.	Cayman Islands	100
Chase Manhattan (U.K.) Holdings Limited	United Kingdom	100
Chase Asset Management (London) Limited	United Kingdom	100
Chase Investments (1998) Limited	Channel Islands	100
Chase Manhattan plc	United Kingdom	100
Chase Manhattan International Ltd.	United Kingdom	100
Chase Securities Japan Limited	Cayman Islands	50

LIST OF SUBSIDIARIES
(CONTINUED)

Name	Organized under the laws of	Percentage of voting securities owned by immediate parent
Chase South East Asia Funding Pte. Ltd.	Singapore	100%
Chase Trust Bank	Japan	100
CMBAL Limited	Australia	100
Chase Manhattan New Zealand Limited	Australia	100
Chase Securities Australia Limited	Australia	100
Inversiones Asesorias Chase Manhattan Limitada	Chile	100
Norchem Holdings e Negocios, S.A.	Brazil	49
Norchem Leasing S.A. Arrendamento Mercantil	Brazil	50
The Chase Manhattan Bank of Canada	Canada	100
The Chase Manhattan Private Bank & Trust Company (Bahamas) Limited	Bahamas	100
The Chase Manhattan Private Bank (Switzerland)	Switzerland	100
Chase Merchant Ventures, Inc.	Delaware	100
Chase Merchant Services LLC	Delaware	50
Chase Mortgage Company	Ohio	100
Chase Preferred Capital Corporation	Delaware	100
Chem Network Processing Services, Inc.	New Jersey	100
Harvest Opportunity Holdings Corp.	New York	100
Manufacturers Hanover Leasing International Corp.	Delaware	100
Other Subsidiaries of Chase		
Bridge Acquisition Holdings, Inc.	Delaware	100%
Hambrecht & Quist Group	Delaware	100
Hambrecht & Quist California	California	100
Brown & Company Securities Corporation	Massachusetts	100
Capital Markets Transactions, Inc.	Delaware	100
CCC Holding Inc.	Delaware	100
Chase Commercial Corporation	New Jersey	100
Chase Business Credit Corp.	Delaware	100
Chase Capital I	Delaware	100
Chase Capital II	Delaware	100
Chase Capital III	Delaware	100
Chase Capital IV	Delaware	100
Chase Capital V	Delaware	100
Chase Capital VI	Delaware	100
Chase Capital VII	Delaware	100
Chase Capital Corporation	Delaware	100
Chase Cardholder Services, Inc.	Delaware	100
Chase Equity Holdings, Inc.	Delaware	100
CMC Holding (Delaware) Inc.	Delaware	100
A.S. Holding Corporation	Delaware	100
Chase Manhattan Bank Delaware	Delaware	100
Chase Insurance Agency, Inc.	Delaware	100
CSL Leasing Inc.	Delaware	100
Chase Data Services Corporation	Delaware	100
Chase Global Funds Services Company	Massachusetts	100
Great Lakes Insurance Company	Delaware	100
Sun States Life Insurance Company	Delaware	100
Western Hemisphere Life Insurance Company	Delaware	100
Chase Manhattan Bank U.S.A., National Association	United States	100
Chase BankCard Services, Inc.	Delaware	100
Cross Country Insurance Company	Vermont	100
Margaretten Financial Corporation	Delaware	100
Chase Manhattan Mortgage Corporation	New Jersey	100

LIST OF SUBSIDIARIES
(CONTINUED)

Name	Organized under the laws of	Percentage of voting securities owned by immediate parent
Chase Manhattan Trust Company, National Association	United States	100%
Chase Bank of Texas, National Association	United States	100
Chase MAC Securities Corp.	Delaware	100
Chase Bank of Texas - San Angelo, N.A.	United States	100
Chase Holding Delaware Inc.	Delaware	100
Chase Manhattan Bank and Trust Company, National Association	United States	100
Chase Manhattan Private Bank, N.A.	United States	100
Chase Home Mortgage Corporation of the Southeast	Florida	100
Chase International Capital Finance Limited	Channel Islands	100
Chase Manhattan Realty Leasing Corporation	New York	100
Chase Securities Inc.	Delaware	100
Chase Shareholder Services of California, Inc.	Delaware	100
Chase Shareholder Services Partner, Inc.	Delaware	100
ChaseMellon Financial Group L.L.C.	Delaware	50
Chase Trade, Inc.	Delaware	100
Chatham Ventures, Inc.	New York	100
Chase Venture Capital Associates, L.P.	California	80
Chemical Investments, Inc.	Delaware	100
Chemical New York, N.V.	Netherland Antilles	100
Clintstone Properties Inc.	New York	100
CMRCC, Inc.	New York	100
Hatherly Insurance Ltd.	Bermuda	100
Offshore Equities, Inc.	New York	100
Special Situation Fund Advisors, Inc.	New York	100
Support Development Corporation	Delaware	100

The names of certain other direct and indirect subsidiaries of Chase have been omitted from the list above because such unnamed subsidiaries considered in the aggregate as a single subsidiary would not constitute a significant subsidiary.

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Prospectuses constituting part of the Registration Statements on Form S-3 (Nos. 33-15230, 33-15266, 33-20950, 33-40485, 33-45228, 33-45266, 33-47105, 33-49965, 33-55295, 33-57104, 33-58144, 33-60262, 33-64261, 333-14959, 333-14959-01, 333-14959-02, 333-14959-03, 333-16773, 333-19719, 333-22437, 333-37567, 333-37567-01, 333-37567-02, 333-37567-03, 333-56587, 333-56587-01, 333-56587-02, 333-56587-03, 333-42807, 333-56573, 333-70639, 333-83749 and 333-94393) and in the Registration Statements on Form S-8 (Nos. 33-01776, 33-13457, 33-40272, 33-40675, 33-45017, 33-45018, 33-49909, 33-49911, 33-49913, 33-54547, 33-62453, 33-63833, 333-07941, 333-15281, 333-22451, 333-73119, 333-92217, 333-92737, 333-31656, 333-31666 and 333-31634) of The Chase Manhattan Corporation or affiliates of our report dated January 18, 2000 appearing on page 56 of this Form 10-K.

/s/ PricewaterhouseCoopers LLP

New York, New York

March 13, 2000

This schedule contains selected summary financial information extracted from the Consolidated Balance Sheet at December 31, 1999 and Consolidated Statement of Income for the 12 months ended December 31, 1999 and is qualified in its entirety by reference to such financial statements and disclosures.

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12-MOS		
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	JAN-01-1999	
	DEC-31-1999	16,229
	28,076	
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	13,113	
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	0	
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