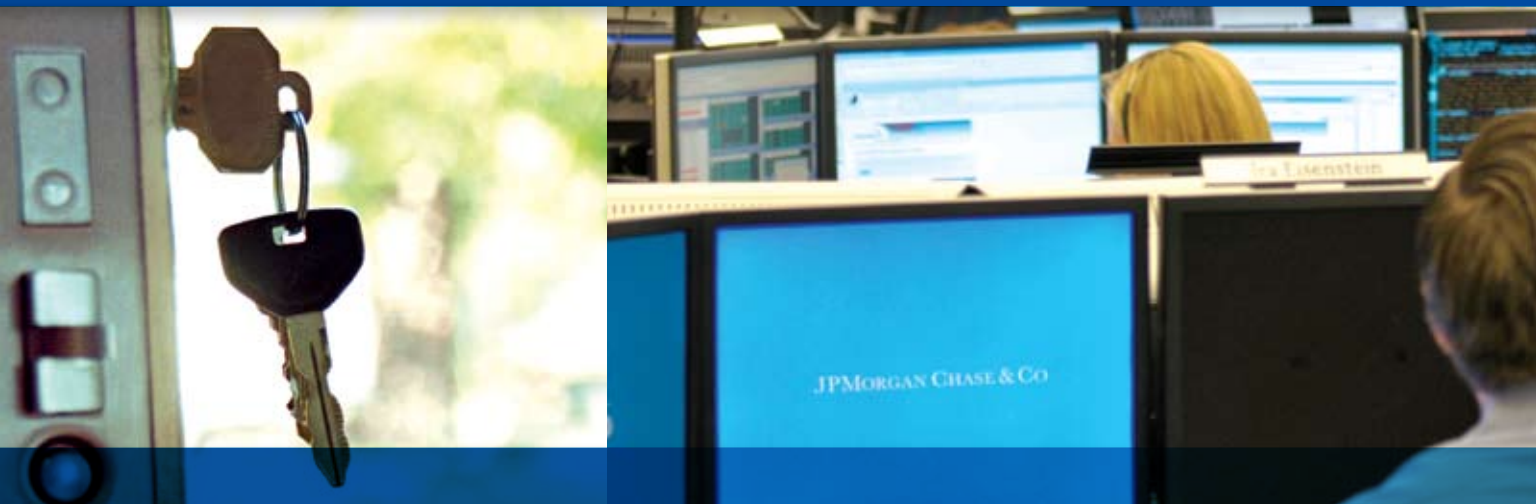






**Good works.**



#### Reporting Period and Structure

This report is a summary of our corporate responsibility performance from January 1, 2007 through December 31, 2007 unless otherwise noted. More detailed and current information is available on our website at:

[www.jpmorganchase.com](http://www.jpmorganchase.com)

#### Global Reporting Initiative (GRI)

GRI performance indicators are intended to make it easier to compare organizational reports on the basis of economic, environmental and social impacts and guide our reporting.

At JPMorgan Chase, we believe that being profitable and doing good works for the people and the world around us aren't exclusive of each other; they're integrated goals. When our business is strong and well governed, we're in a better position to translate positive financial results into sustainable community and environmental efforts that benefit everyone. This is the essence of corporate responsibility. Every day, we strive to make our firm a good corporate citizen—and the most respected financial services institution in the world. This report demonstrates how our good works work.

## Good works:

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## Dear Fellow Stakeholder,

Our first responsibility is to continue to build a healthy, vibrant company for the future. Doing our part to try to make the world a better place is not only the right thing to do, but it also makes good business sense.

We aim to be the world's most trusted and respected financial services institution, and I believe that we need to take a leadership role in the following areas to help us earn and maintain this reputation.

### Upholding our character

In 1933, Jack Pierpont Morgan spoke of the importance of doing "first-class business in a first-class way." Character means knowing what the right thing to do is, and doing it for all the right reasons. It's our responsibility to hire the right people, develop their skills and outline the business principles that are fundamental to our collective success.

### Strengthening our communities

We continue to focus on enhancing life in the communities we serve. Our investment program provides support through community development initiatives, microfinance, philanthropic giving, employee volunteerism and nonprofit board representation. We invested \$114 million in more than 2,400 nonprofit organizations in nearly 500 cities across 33 countries, and more than \$338 billion in low and moderate income U.S. communities in the first four years of our 10-year, \$800 billion commitment.

### Supporting consumers

Our business is driven by the ability to provide our customers with high-quality products and services and to act consistently in their interests. This means emphasizing the tailoring of our offerings to clients' needs, and providing helpful, responsive customer service. We focus on what matters most to our clients: easy access, protection, rewards and value. And we seek to provide clear, understandable disclosure about terms and conditions for everyone to understand.

### Protecting our environment

We are stepping up our efforts to help protect the environment. For example, we have committed to reducing our carbon emissions 20% by 2012, using 2005 levels as a baseline. In 2007, we strengthened our environmental focus by increasing our carbon advisory and risk management practice; investing in alternative energy projects; publishing more research on



climate risks and opportunities; and making commitments to "green building" in the renovation of our world headquarters in New York and in building more than 25 green branches nationwide. And we're actively engaged with the public policy debate on climate change issues.

### Promoting talent

Our employees are our greatest asset. We aim to attract and retain outstanding individuals at every level. We also continue to enhance the diversity of our global employee base. Last year, we asked a senior executive to lead a focused effort to recruit and retain the best diverse talent in the industry. As a result, in 2007 we hired more exceptionally talented minority executives in senior positions than ever before.

### Engaging regulators and policymakers

Leading corporations have a responsibility to help develop sound regulatory policies. Governments and regulatory bodies need input, advice and analysis, and JPMorgan Chase will continue to work closely with government officials and regulators to improve both public policy and our corporate policies. Our Chase Home Finance group provided exemplary effort and support in the HOPE NOW Alliance, a national initiative among credit and homeowners' counselors, mortgage servicers and mortgage market participants to reach out to distressed homeowners. JPMorgan Chase continues to be a leader in industry efforts to help U.S. homeowners stay in their homes.

At JPMorgan Chase, we aspire to be the best financial services company in the world. Because of our great heritage, valuable brand, exceptional employees, strong capital base and global platform, we believe this goal is well within our reach. As we pursue it, we will maintain our principles, act with integrity, do the right thing (even when it's not the easiest thing to do) and work to make this a company of which our employees, customers, shareholders and communities can continue to be proud.

Jamie Dimon  
Chairman and Chief Executive Officer

## Dear Fellow Stakeholder,

We are fortunate to be part of an industry that has the tremendous power to do good—for our clients, for our employees, and for the people and communities around the world.

JPMorgan Chase has been helping clients do business for more than 200 years, and in the process of creating value for our clients and consumers, we have had a fundamentally positive effect on communities as a responsible corporate citizen.

For us, corporate responsibility goes well beyond philanthropy. It's about what business we do and how we do it. In other words, we conduct and review our businesses with the goal of responsible behavior and mutual benefit to our different stakeholders and our bottom line. And we are prepared to make decisions to proactively address issues that affect us all, such as climate change, poverty and the current housing market crisis.

We have long been committed to doing the right thing, from giving back to our communities to providing financial and business leadership in all market conditions, but our efforts have not had sufficient cohesion or have, at times, become lost in the mix of all that we do. That's why we established a new Office of Corporate Responsibility, which is charged with coordinating, aligning and articulating our socially responsible activities across the firm. The office will focus on four areas: Environmental Affairs, Public Policy, Global Philanthropy and Community Development.

Our approach to corporate responsibility includes leveraging the good work we already do, such as our efforts to promote community development and consumer education. But we are also identifying new opportunities where we can play a leadership role and set new standards, around each of the areas discussed in this report—governance, consumer practices, the environment, our communities and our people. Our goal is to make new connections internally and externally and ultimately to amplify the effect of our work.



To support our efforts and help ensure they are aligned with our business and community priorities, we have created two working groups: a Corporate Responsibility Committee made up of senior managers from our businesses and key functional areas and a Community Development Executive Steering Committee, which is composed of executives whose businesses are critical to delivering the activities that contribute to maintaining our outstanding CRA performance. The engagement and leadership of our business heads in this effort reflects our view that the execution of “Good Works” must be effected at the business level, and as an integrated part of our business model.

In this report, you will see highlights of the many good works we engaged in during 2007, and that we continue to do today. And we have shared with you some of our goals for the future.

Corporate responsibility is about having an internal compass that points us to what is true and right for our business and for all of our stakeholders. It is a winning strategy for our consumers and clients, our company and communities.

A handwritten signature in black ink, appearing to read "Bill M. Daley". The signature is fluid and cursive, with a long horizontal stroke at the end.

Bill Daley  
Head of Corporate Responsibility

## JPMorgan Chase at a Glance

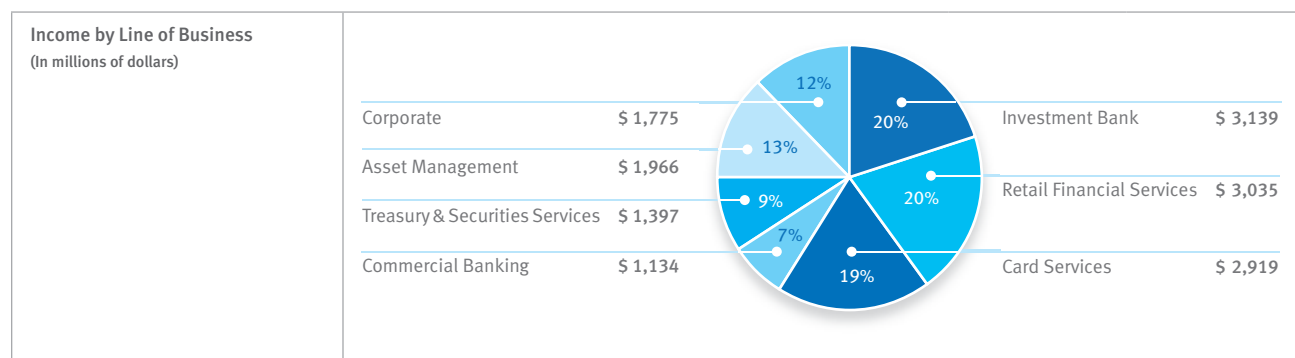
### Overview

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of \$1.6 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity. We are a component of the Dow Jones Industrial Average.

### Financial Highlights

As of or for the year ended December 31 (in millions of dollars except for per share data)

		2007	2006
<b>Reported Basis*</b>			
<b>Operating Results</b>	Total net revenue	\$ 71,372	\$ 61,999
	Provision for credit losses	6,864	3,270
	Total noninterest expense	41,703	38,843
	Income from continuing operations	15,365	13,649
	Net income	\$ 15,365	\$ 14,444
<b>Common Share Data</b>	<b>Basic earnings per share</b>		
	Income from continuing operations	\$ 4.51	\$ 3.93
	Net income	4.51	3.93
	<b>Diluted earnings per share</b>		
	Income from continuing operations	\$ 4.38	\$ 3.82
	Net income	4.38	4.04
	Cash dividends declared per share	1.48	1.36
Book value per share	36.59	33.45	
<b>Financial Condition</b>	<b>Total assets</b>	\$ 1,562,000	\$ 1,351,520
	<b>Loans</b>	416,374	483,127
	<b>Deposits</b>	740,727	638,788
	<b>Total stockholders' equity</b>	123,221	115,790
<b>Employees</b>	<b>Headcount</b>	180,667	174,360



\* Results are presented in accordance with accounting principles generally accepted in the United States of America.



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## Our Businesses

### Investment Bank

J.P.Morgan is one of the world's leading investment banks with one of the most extensive client lists in the world. Our full platform enables us to develop some of the most complete and innovative financial solutions in the industry.

We offer clients a full range of services, including strategic advice, capital raising, restructuring, risk management, market-making and research. We cover clients in more than 100 countries and have global leadership positions in our key products. J.P.Morgan also commits its own capital to proprietary investing and trading activities.

### Retail Financial Services

Retail Financial Services serves consumers and businesses through personal service at bank branches and through ATMs, online banking and telephone banking as well as through loan offices, auto dealerships and school financial aid offices.

Customers can use more than 3,100 bank branches (fourth-largest nationally), 9,100 ATMs (#3) and 290 mortgage offices. More than 13,700 branch salespeople assist customers with checking and savings accounts, mortgages, home equity and business loans, and investments across the 17-state footprint from New York to Arizona.

### Card Services

With 155 million cards in circulation and more than \$157 billion in managed loans, Chase Card Services is one of the nation's largest credit card issuers. Customers used Chase cards to meet more than \$354 billion worth of their spending needs in 2007.

With hundreds of partnerships, Chase has a market leadership position in building loyalty programs with many of the world's most respected brands.

### Commercial Banking

Commercial Banking serves more than 30,000 clients nationally, including corporations, municipalities, financial institutions and nonprofit entities with annual revenue generally ranging from \$10 million to \$2 billion. It is the #1 commercial bank in market penetration within Chase's retail branch footprint.\*

Commercial Banking delivers extensive industry knowledge, local expertise and a dedicated service model. In partnership with the firm's other businesses, it provides comprehensive solutions, including lending, treasury services, investment banking and asset management to meet its clients' domestic and international financial needs.

### Treasury & Securities Services

Treasury & Securities Services is a global leader in transaction, investment and information services. We are one of the world's largest cash management providers and a leading global custodian, operating through two divisions: Treasury Services provides cash management, trade, wholesale card and liquidity products and services to small- and mid-sized companies, multinational corporations, financial institutions and government entities. Worldwide Securities Services holds, values, clears and services securities, cash and alternative investments for investors and broker-dealers and manages depositary receipt programs globally.

### Asset Management

With assets under supervision of \$1.6 trillion, we are a global leader in investment and wealth management. Our clients include institutions, retail investors and high-net-worth individuals across the globe. We offer global investment management in equities, fixed income, real estate, hedge funds, private equity and liquidity. We provide trust and estate and banking services to high-net-worth clients and retirement services for corporations and individuals.

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## Our Brands

### J.P.Morgan

J.P.Morgan is used by our businesses that service corporations, governments, wealthy individuals and institutional investors.



Chase is our commercial business and consumer-facing brand.

\* Barlow Footprint Study, 2007



Our plans for serving communities are ambitious and far-reaching and focus on meaningful, measurable change. JPMorgan Chase is committed to building vibrant communities where people live in safe, decent housing, have access to quality education, thrive through an appreciation of the environment and the arts and can develop, maintain and rebuild in times of great need. We seek results that benefit people today



## Community

# : collaborating for change

### JPMorgan Chase Global Philanthropy

Our strategic philanthropic vision is being implemented in the Central City neighborhood of New Orleans, which was hit hard by Hurricane Katrina. Working with Central City Renaissance Alliance, we're supporting community development, educational and cultural initiatives in this high-need area.



and for generations to come. The firm’s ability to help transform neighborhoods, communities and lives requires strong partnerships—both within the firm and with nonprofits and funders. These relationships allow us to leverage the best skills, broadest resources and most innovative approaches that drive the change we seek. JPMorgan Chase is a partner and a leader in revitalizing the communities we serve worldwide.



## : learning and innovating together

## : providing access capital

### JPMorgan Chase Technology Center

This innovative center at Syracuse University will foster applied research and train students for technology jobs in the financial services industry. Our \$30 million commitment will create a state-of-the-art “green” facility and establish hundreds of technology jobs in New York.

### J.P.Morgan Social Sector Finance

In 2007, JPMorgan Chase formed a specialized financing group to support microfinance and social enterprises. Consistent with the firm’s goal of effecting sustainable social impact, this global initiative furthers the firm’s growth in emerging markets.





## Community

### Highlights

#### Global Philanthropy

In 2007, JPMorgan Chase invested \$114 million in more than 2,400 nonprofit organizations globally in nearly 500 cities across 33 countries.

#### Community Development

The firm has invested more than \$338 billion in low- and moderate-income communities across the U.S. since the 2004 announcement of our 10-year, \$800 billion commitment to community development.

#### Supplier Diversity

The firm has increased supplier diversity spending, with more than \$700 million directed to minority- and women-owned businesses.

### Building Vibrant Communities: A Thoughtful and Integrated Approach

JPMorgan Chase has embraced the responsibility inherent in being one of the world’s largest and most influential financial institutions. We have pursued a thoughtful and integrated approach to social investing, focusing our firm’s immense capacity and resources toward fostering true renaissance in targeted communities across the world.

At the heart of this strategy is our firm’s unwavering commitment to build vibrant communities across our global footprint. This commitment comes to life through our investment in programs that support and enhance Community Development, Education and Arts & Culture. This innovative strategy emphasizes:

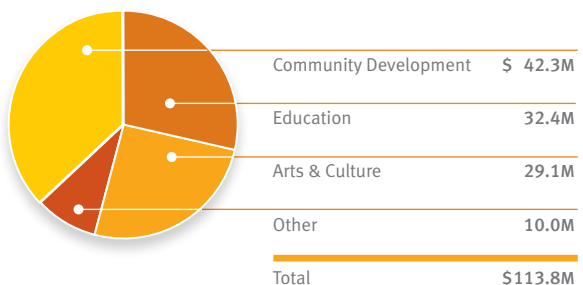
**Integration.** We bring to bear the firm’s human and financial capital in communities where we do business and where our efforts can have the greatest impact. To achieve this, we’ve combined our focused grantmaking program with the strength of our financial franchise, banking and investment products and services and employee volunteerism.

**Focus.** In order to achieve scale that matches our firm’s global reach, we are implementing this strategy in our largest markets and plan to replicate it globally as the strategy evolves. Success is predicated upon identifying solutions based on deep knowledge, relationships and expertise in the markets where our customers and employees live and work. We are focusing our grantmaking efforts on deserving communities where we can identify key challenges and priorities, partner with best-in-class nonprofit organizations, leverage employee talents and complement line-of-business activities.

**Collaboration.** We collaborate with appropriate public and private organizations to leverage their expertise and advocacy for positive change. We seek partnerships with effective and well-governed nonprofit enterprises that deliver high-quality, innovative programs and services to residents who are vested in their own futures and sustainable renaissance in their communities. Our alliances with local organizations help ensure that we’re supporting programs that are most likely to succeed and facilitate long-term, positive change.

**Sustainability.** We intend to be a catalyst for change that benefits present and future generations. This focus on sustainable change leads us to invest in programs and services that combine immediate impact with a long-term view, and allows for modification and replication in other communities where people are dealing with similar issues.

JPMorgan Chase  
2007 Global Philanthropy Charitable Giving\*



\* Includes charitable giving from JPMorgan Chase & Co. and JPMorgan Chase Foundation.



The Quad  
Communities

### Our Approach in Action

Our integrated strategy is in action across the globe, including the U.S. Midwest region, where the Quad Communities neighborhood of Chicago is being revitalized. We are delivering our firm's expertise,

partnering with nonprofit organizations and community stakeholders, and investing in programs targeted toward fostering true renaissance in a once-distressed area.

- We have joined with the nonprofit The Community Builders, a leader in comprehensive neighborhood revitalization.
- Over \$100 million in funding has supported the development of hundreds of units of affordable mixed-income housing.
- Schools play a huge role in community renewal and are a natural place for residents to find programs that support both parents and students. We have partnered with the Donoghue School to fund before- and after-school programs that increase enrichment for children and help working parents.
- We are funding organizations like the Muntu Dance Theater of Chicago, which is providing cultural programs as part of the Donoghue School's Arts for Community Empowerment initiative. Muntu's programs are now part of Donoghue's curriculum, providing easy access to local cultural enrichment.
- JPMorgan Chase is the lead financial services partner of the Chicago Urban League. We've helped establish the Entrepreneurship Center, which offers development and technical services to high-potential African American-owned businesses throughout Chicago.
- Our support of Cara Program's Cleanslate initiative promotes recycling and beautification efforts while working with at-risk youth.
- We are helping local residents climb the economic ladder by promoting access to resources like Women Employed's Career Coach, which is designed to help build and develop career skills.
- Our outreach extends to financial education for adults, helping them build savings, obtain mortgages and manage debt.

## Community Development

JPMorgan Chase is committed to improving access to safe, decent, affordable housing, supporting workforce and economic development, fostering the commercial revitalization of neighborhoods and helping low-income adults join the economic mainstream through education.

### Affordable Housing

JPMorgan Chase is a leader in providing capital and expertise to housing authorities and to for-profit and nonprofit developers working in underserved neighborhoods.

**Community Development Real Estate (CDRE).** This group provides more than \$1 billion in loans to developers for building affordable housing as well as economic development projects that revitalize and stabilize neighborhoods. CDRE shows community leadership by creating and supporting pooled-loan funds to enable nonprofit entities to buy land upon which they can build affordable housing.

**Intermediaries Lending & Investing (ILI).** ILI provides debt and equity financing to intermediaries that fund or invest in the development of affordable housing, commercial projects, small businesses and community facilities to improve low- and moderate-income communities throughout Chase's markets in the United States. ILI is a leader in financing Community Development Financial Institutions.

**J.P.Morgan Capital Corporation (JPMCC).** Through JPMCC, we are a national leader in providing equity capital for the development of affordable housing under the Section 42 Low Income Housing Tax Credit program. In 2007, JPMCC invested over \$1.35 billion in equity to develop and preserve over 30,000 affordable housing units. JPMCC's equity enables developers to lower rents, increasing the availability of lower-cost housing for eligible residents.



### :rehabilitating communities

#### Center on Urban Community Services

In 2007, the Chase New Markets Tax Credit Group and Middle Market banking partnered with the Local Initiative Support Corporation (LISC) to finance the site acquisition and building of a commercial condominium in East Harlem, New York. This site will provide office space for the Center on Urban Community Services, a provider of services to the homeless.

## Training for tomorrow

### Opportunities for a Better Tomorrow

Our \$75,000 grant to this organization is helping train and place young adults from low-income Brooklyn neighborhoods. Participants take courses that teach office skills and are placed in clerical jobs at reputable companies.



Amidst rising costs and a dramatic increase in the rate of home foreclosures, public-private partnerships that create affordable housing are more important than ever, especially in areas recovering from natural and man-made disasters. In collaboration with the Local Initiatives Support Corporation and Enterprise Community Partners, JPMorgan Chase has created the Louisiana Loan Fund, a lending consortium of banks and foundations, to help replace housing lost in the wake of the devastation caused by Hurricanes Katrina and Rita. The \$47 million fund provides below-market-rate loans to nonprofit and commercial developers for the creation of 4,500 affordable residences in the most distressed parts of New Orleans and the Gulf Coast.

### Workforce Training

We help people become self-sufficient by providing job training that allows them to enter—and remain in—the workforce.

During 2007, JPMorgan Chase provided grants to support workforce development and training in high-need urban areas. These programs benefit women, minorities, the chronically unemployed, and job-seekers recently released from prison while complementing our efforts to create jobs in the communities we serve.

We have joined with nationally recognized organizations such as the United Way to deliver programs like NYCWorks, which helps adults acquire the hard and soft skills necessary to gain and retain jobs. With a \$1.3 million grant from JPMorgan Chase, the project delivers services through partnerships with 82 community-based organizations in high-need neighborhoods throughout New York City.

In Delaware, JPMorgan Chase supports the Latin American Community Center. This program offers job placement services, workshops and career fairs to help clients increase their employability and move up the ladder.

### Economic Development

Critical to strengthening communities is their ability to offer services to residents and fuel the economy through local businesses and commercial operations. The firm builds the capacity of community and economic development partners in a number of ways—from loans to small businesses to using tax strategies that give developers access to capital in order to fund revitalization projects.

**Chase New Markets Corporation.** Through this entity, we are using tax credits to make loans to and investments in qualified businesses in low-income communities and developing markets. These New Market Tax Credits encourage financial support for buildings and enterprises that are vital to low-income communities, such as health-care clinics, grocery stores, training sites and cultural centers.

For example, Chase New Markets Corporation made a \$16 million loan, using New Markets Tax Credits, to finance the construction of a green building in Lansing, Michigan. The structure will house light manufacturing and space for a nonprofit organization that offers training and employment to people with disabilities.

### Financial Literacy

We provide financial education, both directly and through partner organizations, to low-income adults to equip them with basic skills, such as budgeting and saving. To reach a wider community audience, we support programs that educate trainers who can teach hundreds of individuals about a range of financial topics, from tax assistance and homeownership to investing and business development.

JPMorgan Chase approaches financial literacy as a collaborative effort, involving our lines of business, philanthropic organization, home-preservation unit and dedicated employees—an approach that ensures that all planned programs support our community-development initiatives in targeted geographical areas.

We partner with nationally recognized financial literacy leaders, such as the Center for Economic Progress in Chicago, to offer free tax-preparation services throughout the United States.

## Education

Education is key to helping young people succeed in life and work. At JPMorgan Chase, we support educational initiatives that inspire children to complete their education and pursue higher-education opportunities.

Our goal is to improve the educational opportunities available to disadvantaged students from kindergarten through 12th grade. Naturally, we invest in programs that have proven their ability to deliver tangible improvements in our targeted communities. We also believe that innovation is critical and choose to partner with nonprofit organizations that are developing new ideas and practices with the potential to be widely implemented.

A good example is our partnership with Innovations for Learning, a nonprofit organization that has developed Teachermate, a handheld device designed to improve math and literacy skills for early elementary students. This device encourages learning in a fun, engaging way and can be individually programmed by teachers to let students work at their own level. Pioneering programs like Teachermate help kids master the educational building blocks they need to succeed in future grades.

Our involvement with Bank on College, an incentive-based scholarship program for high school students from low-income neighborhoods, also speaks to our commitment to help inspire and support disadvantaged children. JPMorgan Chase not only funded but helped conceive the program and piloted its development in Chicago public schools. Students receive virtual deposits into college scholarship accounts on a semester-by-semester basis with the potential to bank up to \$10,000 at the end of four years. Recognizing barriers to college enrollment, the program rewards students for their parents' participation in college-access workshops.



### Ending educational inequity

#### Teach for America

Teach for America is building a diverse and highly selective national corps of recent college graduates who teach in our nation's lowest-income communities. In addition to our financial grant, our Investment Bank offers automatic start date deferrals for people accepted to both Teach for America and its full-time analyst programs.

## Arts & Culture

Arts and culture are the lifeblood of vibrant communities. We support a range of programs and events that foster creativity, provide access to the arts to underserved populations, promote self-expression and celebrate diversity. With one of the largest corporate art collections in the world, our commitment to the arts is embedded in our history and legacy as a firm.

We seek to sustain arts and culture in three areas—through arts education for children, community access to the arts, and by supporting major cultural institutions and organizations.

### Arts Education

Because we believe creativity unleashed via art and self expression is a critical component to quality learning, we invest in arts education programming, especially in low-performing urban public school districts where arts budgets are often the first to be cut. Our programs also provide professional support for educators that help them better understand how to integrate arts into teaching and learning a variety of subjects. We have created an “Art of Learning” banner to encompass our programs that integrate the arts into structured learning programs for children, which are a longtime staple of our firm's philanthropy.

We also seek programs that encourage the use of cultural institutions in the community, such as libraries. Through our \$65,000 grant to Big Thought, a nonprofit in Texas, the Library Live! program was created. Presented in Dallas public libraries, this yearlong program offers culturally diverse performances and workshops that introduce new vocabulary and give librarians new ways to enrich existing reading programs.

### Community Access

Just as we support schools as a channel for art, we contribute to arts organizations that make performing arts and other cultural events more widely available to everyone in the community.



#### Pratham Organization

Nearly 50% of children in Mumbai, India cannot read, write, or do basic math. To raise learning levels, Pratham worked with local government to launch the “Read Mumbai” campaign. Through our grant, Pratham will reach 300,000 children in over 1,500 Mumbai schools.

## : making learning fun

### Children's Museum of Houston

The largest corporate sponsor of CMH's expansion, Chase has contributed \$1 million to help sponsor the Kidtropolis, USA, exhibit. Children ages 5-12 will be able to engage in 39 distinct learning activities within 10 major exhibit areas; educational materials will be delivered to public schools in need throughout greater Houston.



One such organization is the Sphinx Organization, which places young African-American and Latino musicians in top orchestras across the United States and encourages diversity among audiences for classical music.

Our grant to the Ashé Cultural Arts Center is making a difference in Central City, a New Orleans community that has embraced our new integrated strategy. The grant supports the expansion of the artists' boutique program, a weekend marketplace for local artists, and programs to serve youth during the summer and holidays. This partnership supports our belief that arts and culture are more than a form of expression, but a critical component of the economic development of communities everywhere.

### Cultural Institutions

By funding first-class cultural institutions, we can offer a range of cultural resources, contribute to the local economy and provide volunteer opportunities for our employees and others in the community.

We support a number of major cultural institutions around the world, including the Brooklyn Children's Museum, a nationally recognized leader in children's arts and cultural education. Our \$1 million grant to the museum, the largest private gift since its founding, is funding new education programs and the expansion of its "green" building.

## Microfinance

Financial services can do tremendous good by providing access to the world's capital. This ability covers the spectrum from traditional lending to multinational corporations to serving the working poor in the form of microfinance.

Over the past several years, microfinance has grown tremendously as financial and social institutions have recognized its ability to raise the quality of life in developing communities. Its sustainability and scalability have made microfinance a powerful financial engine in many emerging countries.

Microfinance institutions (MFIs) provide credit and other services to low-income clients in the form of micro-loans offered at affordable interest rates for very small amounts—sometimes \$100 or less. Micro-credit has become a highly effective tool in many emerging countries because it stimulates and supports the development of wealth-creating businesses.

Although each micro-loan is very small, the cumulative effect of microfinance throughout the world today is extraordinary. In 2006, microfinance organizations provided more than \$23 billion in loans to more than 52 million people around the world, and that number is growing fast. We estimate the need for capital to be \$300 billion. It's virtually impossible for governments, nonprofit organizations or foundations to meet this demand alone, and we're committed to bridging this funding gap by using capital markets and principal investing to expand access to financial services in the world's poorest nations.

To this end, we launched our Social Sector Finance division in 2007 to bring a full range of investment banking products and services to a growing number of global MFIs. By contributing to the planning and long-term growth of MFIs, we are supporting the channels that help low-income customers build assets, increase income, meet expenses and shift from survival to sustainable growth.

In addition to our ability to provide capital to MFIs, we support a number of best-in-class microfinance and microentrepreneurship programs around the world such as Women's World Banking, FINCA, Pro Mujer, Opportunity International, Trickle Up and ACCION. Our soon-to-be-launched partnership with ACCION New York and New Jersey is an example of our commitment to this sector. Recognized as a pioneer in the field of microfinance, the ACCION network today serves 3 million borrowers around the world. Since 1991, ACCION NY & NJ has provided over 11,000 loans totaling \$77 million to individuals



and small businesses in the New York metropolitan area. Working with ACCION NY & NJ, we are providing financial literacy and mentoring via a volunteer program for microfinance recipients in the NY & NJ area. Going forward, we plan to continue to create opportunities for our employees to leverage their financial expertise and become more closely engaged with these organizations and the ultimate beneficiaries.

## Disaster Response

**At JPMorgan Chase, we look toward the future and build communities proactively, but we also respond swiftly when tragedy hits our communities.**

In the last several years, a number of natural and human disasters have tested our communities. Beyond philanthropic giving, JPMorgan Chase has offered financial expertise and support to respond to communities and businesses unexpectedly disrupted by Hurricanes Katrina and Rita, floods in the U.S. Midwest region, the earthquake in Peru and other natural disasters. Our businesses, foundation and employees are committed to providing not only immediate relief, but longer-term recovery efforts, particularly in communities with poor infrastructure and scarce resources.

For 15 years, the Chase Community Development Competition has invited students to partner with community-based non-profits to develop proposals that address design and financing needs for real estate development projects in low- to moderate-income communities. In 2008, we joined with Enterprise Community Partners to focus the competition on targeted recovery zones in New Orleans. The competition complements our community investments in New Orleans and underlines our commitment to disaster-struck communities beyond immediate relief.

We are proud to have joined the global community in responding swiftly to adversity, and we're grateful to our employees whose dedication, expertise and courage make our response possible.

## Supplier Diversity

**We add value to our shareholders and community by cultivating mutually beneficial business relationships with a diverse portfolio of suppliers.**

JPMorgan Chase is proud of its efforts in the community to develop and support women-, minority-, veteran- and LGBT-owned businesses. In 2007, the firm spent a record \$712 million with over 1,000 diverse suppliers, up 32% from the prior year.

We've built a roster of competitive diverse suppliers over the years by partnering with several leading national and regional diverse business development organizations, including the National Minority Supplier Development Council (NMSDC), Women's Business Enterprise National Council, US Hispanic Chamber of Commerce, US Pan Asian Chamber of Commerce, the Manhattan Club and the National Gay and Lesbian Chamber of Commerce. We are an active member of the Financial Services Roundtable of the NMSDC, a networking group of banking and insurance companies dedicated to the growth and development of diverse businesses.

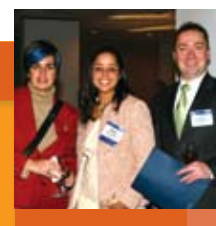
With a commitment to reach \$1 billion in supplier diversity spending, we're engaging leaders from across the firm to collaborate with the Corporate Supplier Diversity team in driving results through innovative mentoring and accelerated growth strategies for diverse suppliers capable of handling larger pieces of our business.

### : making connections

#### Supplier Diversity Holiday Connection

To generate new business opportunities for minority- and women-owned businesses, JPMorgan Chase held its annual Supplier Diversity Holiday Connection.

Nearly 300 suppliers met with our senior executives and procurement professionals for an afternoon of supplier presentations and networking.



JPMorgan Chase is dedicated to being a great company, acting in our customers' best interests as well as those of our employees and shareholders. This means offering, through our consumer-facing brand, Chase, high-quality, suitable products and services that meet the needs of our diverse consumers. It also means giving people all the information they need to understand clearly the terms and features



Consumers

## : supporting homeownership

### HOPE NOW Alliance

In 2007, Chase helped create HOPE NOW, a national alliance of banks, counselors, servicers, investors and other mortgage market participants. HOPE NOW's goal is to keep people in their homes and to provide help and information to at-risk borrowers. In 2007, the alliance found solutions for more than a million U.S. families.





of our many products. We continue to make it easier to do business with us by going to great lengths so that our people are knowledgeable, courteous and helpful. And we are investing in resources to help our customers do business with us easily and securely. Our reputation as a trusted, stable and experienced lender is more important now than ever as consumers face challenging economic conditions.



## :shaping lending solutions

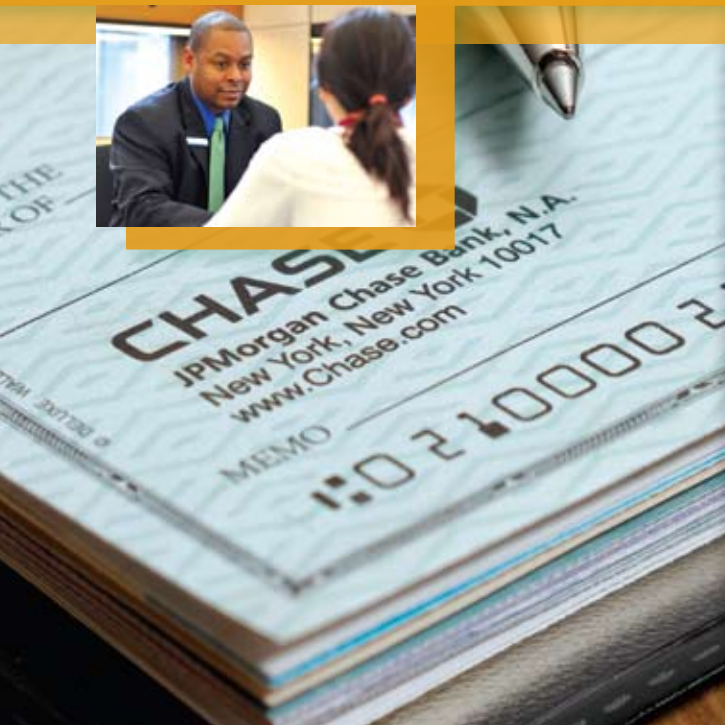
## :advocating for customers

### Public Policy

Chase supports a new federal initiative designed to keep people in their homes. The five-year interest-rate freeze for qualified borrowers will help us streamline approval of securitized loan modifications. In addition, on its own initiative, Chase voluntarily modified 1,797 of its subprime ARM loans from January 1, 2007 through March 1, 2008.

### Chase Card Services

As part of our Chase Clear & Simple initiative to make our credit card services consumer-friendly, we broke with industry convention and adopted new pricing practices that don't penalize customers simply because their credit scores decline.



## Consumers

### Highlights

#### Foreclosure Prevention

Our Homeownership Preservation Office facilitated more than 45 foreclosure prevention training sessions in 2007 and trained more than 1,500 nonprofit counselors, housing advocates and public officials.

#### Mortgage Consumer Advice

We introduced our Adjustable-Rate Mortgage (ARM) Reset Notification Program in 2007 to give homeowners advance notice of how their interest rate and monthly mortgage payment may change at the reset date.

#### Mortgage Disclosure

JPMorgan Chase helped consumers better understand our products' terms and fees through programs such as "Mortgage Nutrition Labels" in Home Lending.

### Responsible Lending

Being a responsible lender is nothing new for us. It has long been our intent to provide the right loans to the right customers, those who can demonstrate good financial judgment, make meaningful financial decisions and have the ability to repay a financial obligation.

Chase is the fourth-largest residential mortgage lender in the United States, and with this leadership comes responsibility. We continually examine our lending practices so we can respond to our customers' concerns in changing markets, especially in the current environment where credit is tight and home prices are flat or declining in many communities.

Now more than ever, it is critical that consumers recognize Chase as a reputable and dependable lender. We are reinforcing some longstanding beliefs through our Responsible Lending campaign, which is built on the following principles:

- We believe that an informed consumer is our best customer.
- We are committed to creating customers for life.
- We want to help consumers achieve and sustain homeownership.
- We recognize that homeownership contributes to thriving communities.

As part of this campaign, we have given our loan officers several resources to help them support our customers during these uncertain times. Their toolkit includes a free homeowner education CD, and a clear and simplified mortgage disclosure document. We have also implemented an annual review program to encourage conversations with many of our customers about whether their mortgages still fit their needs and budget.

### Homeownership

Providing home loans is one of the most important ways we act on our commitment to responsible lending. This means matching customers with mortgages they can afford today and in the future, pricing mortgages fairly and preventing discrimination against loan applicants. Our mission is clear: we help people buy homes and we help them keep their homes whenever possible.

#### Promoting Ownership

Buying a home is a big step for many people. It can help them climb the economic ladder and contribute to the overall development of stable communities. We support many programs that put prospective buyers on the path to homeownership.

**Home Buyer Seminars.** Our branch counseling program gives first-time and low-income borrowers comprehensive home buying information. We partner with a number of community-based organizations such as ACORN Housing Corporation to help potential buyers navigate the process.

**Mortgage Insurance Discounts.** In partnership with mortgage insurance companies, we offer consumers a ten-basis-point discount off their mortgage insurance premium when they successfully complete a face-to-face mortgage counseling class through an approved nonprofit counseling organization.

**Financial Literacy.** Our extensive financial literacy program—four web-based workbooks available in English and Spanish—allows Chase employees and nonprofit partners to conduct workshops that reach thousands of customers and small businesses.

### Sustaining Ownership

Our business is more than simply making home loans—we do everything in our power to help people keep their homes and maintain financial stability. Our vast lending experience and longstanding commitment to home buyers are more important than ever in today’s challenging mortgage market. We’re proud that our industry-shaping efforts are helping millions of people across the country.

**Homeownership Preservation Office.** In 2004, Chase created its Homeownership Preservation Office (HPO), dedicated to foreclosure prevention. Recognized on Capitol Hill as a first-class initiative for the entire industry, HPO serves as the key contact for legal aid groups and housing advocates to work with Chase Home Lending to help homeowners keep their homes.

HPO has created influential resources to help all homeowners—not just Chase customers—weather the mortgage crisis, including:

- Establishing a dedicated, toll-free help line that received more than 7,600 calls last year from nonprofits that help owners prevent foreclosure;
- Training 1,300 counselors and public officials on loss-mitigation solutions; and
- Partnering with NeighborWorks and the Ad Council to create the “Nothing Is Worse than Doing Nothing” public service announcement that encourages borrowers in foreclosure to seek help early.

**Customer Advisory.** Many borrowers—prime and subprime—lose track of their adjustable-rate mortgage reset dates or do not understand that their monthly payments could increase dramatically. So Chase reaches out to customers multiple times by multiple means, including mail and telephone.

In early 2007, Chase introduced its Adjustable-Rate Mortgage (ARM) Reset Notification Program to give homeowners advance warning about the degree to which their ARM interest rates and monthly mortgage payments will change.

This notification program has produced significant results, including refinancing \$912 million of subprime ARMs. Many of these customers can also take advantage of our enhanced refinance program, which uses prequalification and streamlined documentation to help them easily convert their Chase-owned ARMs to fixed-rate mortgages.

**Foreclosure Support.** We seek to support our customers throughout the life cycle of a mortgage, including when they need it most: during foreclosure. As part of our Foreclosure Rescue Program, when a customer reaches out to us in a timely way, we put the process on hold up to five days prior to foreclosure and review the customer’s file to explore how we can avoid foreclosure. We also sponsor local foreclosure prevention seminars by working with community groups and other advocates who put us in touch with borrowers who need help.

### Clearer Product Disclosure

Key to responsible lending is providing clear and easy-to-understand information about each of our products. In 2007, we made significant strides in this area.

#### “Mortgage Nutrition Labels”

We’ve debuted an easy-to-read document for prospective home buyers that’s available in English, Spanish and Chinese. Like the food industry’s nutrition label that tells consumers what they are buying, our mortgage nutrition label clearly defines terms and conditions so customers can understand their commitments.

We provide this document to all home-loan customers and brokers, along with a simple chart summarizing our mortgage products so they can compare features.

#### Credit Card “Clear & Simple”

Chase Clear & Simple is web-based resource that provides information and tools to help customers manage their credit card accounts, maintain their interest rates and avoid fees.

We recently broke with industry convention and adopted new pricing practices that don’t penalize customers simply because their credit scores decline.

### : making better credit choices

#### Chase Card Services

Through the “Clear & Simple” website customers can sign up for personalized alerts—e.mail, voice, or text—that tell them when payments are due or credit limits have been reached.

[www.chaseclearandsimple.com](http://www.chaseclearandsimple.com)





## Meeting Our Customers' Needs

We have significantly invested in resources to help our customers do business with us readily and securely—anytime, anywhere, any way.

### Improved Customer Experience

**Our Presence.** Whether in a branch, on the phone, online or in person, we're committed to enhancing our contact with customers. To this end, we opened 127 retail bank branches in 2007 for a total branch footprint of more than 3,100 offices across the United States. We added 680 ATMs to our network, which now totals 9,100 ATMs available to customers.

In our online presence, we have developed design practices and features to safeguard and navigate information more easily. We've added tools and safety features, such as only partially revealing account numbers and allowing customers to assign names that help them identify numbered accounts online.

**In-Branch Support.** In 2007, we increased in-branch personal bankers, business bankers, mortgage officers and investment specialists by a combined 2,568, or 23%. We also invested in additional training for our branch employees.

**Customers with Disabilities.** We offer many free services to help customers with disabilities easily conduct their banking business, including talking automatic teller machines, reader services and alternative account documentation formats.

**Privacy.** Privacy is an important part of our customer experience, and we take a number of steps to protect information about our customers, including keeping information under physical, electronic or procedural controls that comply with or exceed governmental standards and requiring our contracted companies to protect customer information and only use it for services we ask them to perform for us.

### :enhancing our service

#### Training Our Employees

Well-trained employees strengthen customer interactions. Our new Chase Telephone Courtesy program helps more than 34,000 branch employees handle calls effectively. A new teller manager training program encourages fast, courteous service at the teller windows. And we've trained 3,000 branch managers how to make customer service more personal.



### :managing finances

#### Student Outreach

To help students control their financial future, Chase has reached out to them online. Our credit card site explains how credit works, how to make and stick to a budget and how to safeguard credit. And on Facebook, they can join 0+1 Group for more helpful tools and tips.



### Products for Specialized Needs

We have developed a number of programs to cater to the specialized needs and interests of customers.

**Nontraditional Customers.** We developed Chase Access Checking to serve customers who do not traditionally qualify for accounts, generally because of poor credit or checking account history. Features such as debit card purchase limits and limited ATM withdrawals help customers manage their accounts properly so they might advance to opening more-standard accounts.

**Students.** We offer special services and credit cards to help students responsibly enter the world of credit. For example, our Chase Clear & Simple website provides a good deal of information, from how to use credit wisely to making and following a budget. Additionally, students have access to no-annual-fee cards and redemption programs through our wide range of credit cards.

**Military Families.** We recognize the added strains that military families face, and we're dedicated, through our Military Families Financial Initiative, to easing financial burdens they may suffer. The initiative provides many tangible financial benefits, including college scholarships for cardmembers and their dependents, military credit cards with lower fees and interest rates, and finance charge rebates for members who have been deployed to a combat zone.

**Adoptive Parents.** We initiated a program, associated with the Dave Thomas Foundation for Adoption, offering a special discounted home equity line of credit for adoptive parents to help offset adoption-related expenses.

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## Small Business

Small businesses fuel the growth of our economy, and we work hard to provide the resources needed to help them grow.

**Our Public Commitment.** In 2004, we committed \$90 billion over a 10-year period in loans and investments to assist small businesses and community-based nonprofit organizations. In 2007 alone, the firm provided nearly \$23 billion in small business loans.

**SBA Loans.** SBA loans make it possible for smaller, less capitalized and emerging businesses to get financing. Chase is a preferred SBA lender and in 2007, ranked #2 nationally in the number of SBA loans made.

**Business Expertise.** Chase has business teams in place to serve the needs of nonprofit organizations and women- and minority-owned businesses. Our website offers information about topics such as initial financing, managing cash flow and business insurance.

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## Serving Diverse Markets

While millions of people have ready access to credit and bank accounts, we strive to bring more financial services to underserved consumers, who are often lower- and moderate-income consumers and minorities.

**Affordable Lending.** Behind our affordable lending efforts is our \$800 billion commitment to invest in communities across the United States. To date, we have originated \$259 billion in mortgages for minority- and lower-income borrowers, and our Emerging Markets and Affordable Lending team is cultivating strategic business partners, educating home buyers and leveraging our community and industry relationships to increase lending to underserved communities.

**Community Outreach.** We reach out to diverse markets by listening to influential minority leaders who have a finger on the pulse of their respective communities. Our National Housing Advisory Council exemplifies our community outreach efforts. The council, composed of influential leaders from minority communities and the national housing arena, guides our emerging markets strategy by identifying issues and brainstorming solutions.

Our sponsorship of popular programming, such as *Nuestro Barrio* (Our Neighborhood), helps us connect with and bring financial services to new customer segments. We are using this Spanish-language public television series to engage viewers with soap opera storylines that also impart lessons about banking, credit and homeownership.

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## Financial Education

By empowering people with financial knowledge, we're helping consumers make smart economic decisions that contribute to their success—and to the success of our communities, our business and the entire financial system.

Our approach is a collaborative effort among our businesses, our foundation and partnerships with financial education organizations.

**Youth.** We support programs that expose middle- and high-school students to different aspects of financial knowledge depending on their grade level. These programs complement the skills students have attained in this age range, including a basic understanding of math and the ability to make decisions and understand their consequences.

**College.** We collaborate with trusted organizations affiliated with colleges and universities to provide college students with information about many different topics, including how to choose student loans, understanding student loan costs and obligations, and how credit is scored and reported.

**Adults.** We maximize our financial literacy outreach to adults by supporting programs that educate trainers who can teach seminars on a variety of financial topics such as budgeting, investing, saving and homeownership. Chase has long been committed to educating homeowners, particularly in low- to middle-income communities, so they can plan wisely and prevent the risk of foreclosure. In addition to holding workshops in targeted communities, Chase creates and distributes a wide range of financial educational literature through nonprofit partners.



As one of the world's leading financial institutions, JPMorgan Chase recognizes that the health of the economy rests on the health of the planet. Our goal is to make a positive contribution to sustainability by integrating environmental principles into our business model. To this end, we are focused on helping our clients address the challenge of climate change by developing innovative financial solutions

## Environment

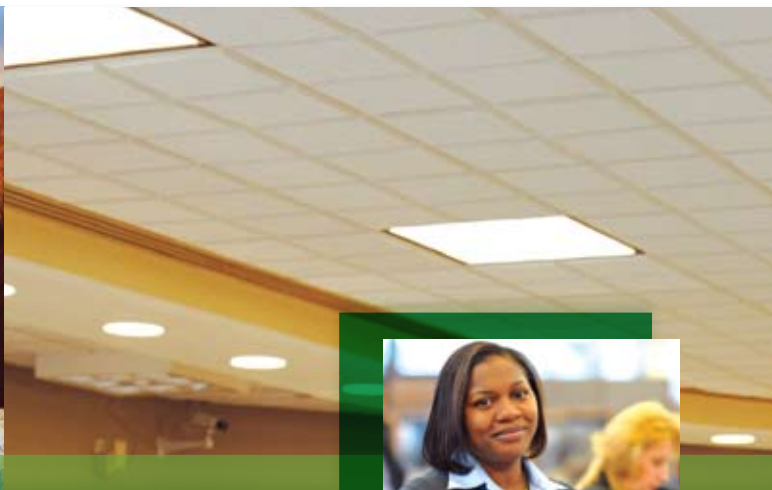
# : investing in renewable energy

### Acciona Energy: Nevada Solar One

JPMorgan Chase underwrote the equity and led the equity investors for Nevada Solar One, a \$266 million project developed by Acciona Energy. Nevada Solar One is the largest concentrated solar power plant built in the U.S. in the last 17 years and the third-largest such plant in the world, providing enough energy to power 14,000 Nevada homes annually.



and actively advancing the public discourse on the pressing need to reduce greenhouse gas emissions. In addition to investing in the low-carbon economy, we are, across our own organization, better managing our use of resources – from building eco-friendly offices and branches to reducing energy consumption. By taking action today, we can improve the quality of life for generations to come.



## : understanding climate risks

## : building eco-friendly branches

### J.P.Morgan Global Research

Investors benefit from our research on the financial impact of climate change on public companies, industry sectors and regional economies. We offer macro-environmental and equity research on solar markets, carbon trading and other clean-energy businesses, sectors and trends.

### Chase Branches

In 2007, the firm built and piloted several LEED-certified branches in Texas and Colorado. These new branches include low-irrigation plant landscaping, solar-reflectant roofs, recycled materials in walls, floors and ceilings, Forest Stewardship Council-certified wood products, higher-efficiency HVAC units and EnergyStar appliances.





## Environment

### Highlights

#### Green Exchange

In December 2007, the firm helped found New York Mercantile Exchange's Green Exchange. The new exchange will offer a comprehensive range of environmental futures, options and swap contracts for markets focused on solutions to climate change, renewable energy and other environmental challenges.

#### Office of Environmental Affairs (OEA)

2007 marked our third year of successful efforts by our Office of Environmental Affairs, overseen by the Board of Directors' Public Responsibility Committee, to direct the firm's environmental initiatives.

#### Environmental and Social Risk Management

We've strengthened our efforts by hiring three dedicated environmental and social risk managers in our Investment Bank to assess our financial transactions worldwide.

#### Environmental Markets Group

In early 2007, our Commodities Group established an Environmental Markets Group to provide carbon advisory and risk management services to clients.

#### Internal Resource Management

Given the urgency of climate change, we recently revised our greenhouse gas reduction goal. We aim to lower our global greenhouse gas emissions by 20% by 2012, using 2005 as a baseline. Starting in 2008, we will offset all of our employee air travel.

### Governance

In 2004, JPMorgan Chase's leadership created the Office of Environmental Affairs (OEA) to increase the firm's focus on the environment.

Preserving and enhancing the environment have far-reaching benefits for our shareholders, customers, employees, the community and future generations. The office facilitates the integration of environmental and social concerns into our business model, our risk management process and the management of the firm's resources. Its other primary focus is the development of green business opportunities.

An Environmental Oversight Committee (EOC), comprised of senior business executives from across the firm, guides the OEA's initiatives. The committee meets as needed to discuss the scope and strategy of the firm's environmental policy and related matters. The EOC is chaired by Jamie Dimon, CEO of JPMorgan Chase.

The OEA is also overseen by the JPMorgan Chase Board of Directors' Public Responsibility Committee (PRC). The PRC receives quarterly updates flagging areas that require additional management attention. At least annually, OEA makes a presentation in person to the PRC for a more in-depth discussion of issues and strategy.

### Environmental and Social Risk Management

We adopted a comprehensive Environmental and Social Risk Management (ESRM) policy in 2005 that helps us improve social and environmental performance through better risk management.

We conduct environmental and social risk analysis on prospective transactions, focusing on sectors that are particularly prone to these kinds of risks such as oil and gas, mining, forestry and agriculture, heavy manufacturing and power. The firm works with clients to help develop robust yet pragmatic solutions, promoting environmentally and socially responsible behavior.

We seek to ensure that financial transactions undergo the appropriate due diligence to identify and mitigate adverse social and environmental impacts, such as air and water pollution, loss of biodiversity and impacts on indigenous peoples. View our environmental policy at:

[www.jpmorganchase.com/environment](http://www.jpmorganchase.com/environment)

### Equator Principles

JPMorgan Chase adopted the Equator Principles as part of our ESRM policy. Unlike a number of other Equator Banks, the firm does not have a significant involvement in project financing. However, we apply the principles where appropriate across our business to include loans, debt and equity underwriting, advisory and certain derivative transactions.

Based on the environmental and social guidelines developed by the World Bank and its private-sector arm, the International Finance Corporation, the Equator Principles promote environmental and social responsibility in our financial transactions. Serving as guidelines, the principles outline concrete steps banks should take to determine and assess environmental and social risk in project financing and the appropriate management of these risks by project management.

### Policy Implementation

**Training.** In 2005, the firm launched a formal training program for bankers globally, focused on raising awareness and expanding the capacity to execute our environmental policies. The training was conducted by Sustainable Finance Ltd. in association with our staff. To date, 120 bankers in the most-relevant positions have attended in-person training sessions in New York, London, Hong Kong and Singapore.

The firm continues to conduct periodic in-person training sessions with key deal teams and is designing an extensive online environmental training program that will be rolled out in 2008. The training will be mandatory awareness-raising for the Investment and Commercial banks and targeted in-depth training for relevant deal teams. A positive side effect of the training has been that bankers are now able to engage clients on key environmental and social issues at an earlier stage.

2007 Transactions Receiving ESRM Review*					
All Regions					
Sector	2007 Total	Category A†	Category B	Category C	No Category/NA
Construction	2	0	1	0	1
Forestry & Agriculture	10	2	5	3	0
Mining	19	5	6	6	2
Power	6	0	0	4	2
Chemicals	3	0	0	3	0
Oil & Gas	14	0	4	9	1
Other	13	1	3	6	3
<b>Total</b>	<b>67</b>	<b>8</b>	<b>19</b>	<b>31</b>	<b>9</b>

By Region	
<b>Asia Pacific</b>	
Category A	5
Category B	7
Category C	18
No Category	3
<b>Total</b>	<b>33</b>
<b>U.S. and Canada</b>	
Category A	0
Category B	0
Category C	1
No Category	2
<b>Total</b>	<b>3</b>
<b>Latin America</b>	
Category A	1
Category B	3
Category C	0
No Category	0
<b>Total</b>	<b>4</b>
<b>Europe, Middle East and Africa</b>	
Category A	2
Category B	9
Category C	12
No Category	4
<b>Total</b>	<b>27</b>

\* No transactions to date have fallen within the scope of the Equator Principles.  
 † Categorization is based upon International Finance Corporation's screening criteria.

**Deal Review Process.** The firm's bankers are responsible for initial screening of transactions and identifying those that require environmental and social risk assessment. The ESRM Team then conducts the review as per our policy and provides feedback to the deal team and client. Higher-risk transactions are further reviewed, especially in cases where the long-term risks cannot be well defined or there are concerns about the client's capacity or commitment to manage environmental and social risks. The Office of Environmental Affairs provides guidance throughout the process for all Category A (potential for significant adverse impact) transactions and elsewhere as necessary.

We have created a specialist ESRM team in the Investment Bank in London to directly manage the global process of environmental review. These specialists, who have broad environmental and social expertise, review transactions to identify environmental and social risks and conduct further due diligence. The ESRM team works proactively with deal teams and clients at an early stage to maximize the value to clients, reduce operational costs and further promote environmentally and socially responsible behaviors.

This team works with the bankers, clients and environmental consultants on certain transactions to ensure that there is full understanding of the potential risks and impacts, and where possible to create practical solutions. In 2006 and 2007, there were occasions when the firm turned down business where the deal or the client was unable or unwilling to satisfactorily address risks identified and evaluated under our policy. It is our belief that environmental and social responsibility makes good business sense: it does not increase the costs of doing business, it reduces them.

## : sharing knowledge

### J.P.Morgan

To heighten awareness and understanding of climate change as it relates to financial markets, J.P.Morgan has made its analysis on the subject publicly available on its website:

[www.jpmorgan.com/climatechange](http://www.jpmorgan.com/climatechange)



## Climate Change Initiatives

Climate change is one of the most critical global challenges facing us today. If we do not find a way to rapidly reduce greenhouse gas emissions in an economically feasible way, the challenge may become more costly over time.

In our 2005 policy statement, we set goals to address climate change and have made significant strides in achieving them. Through a range of business initiatives we continue to learn about the impact of climate change on the global economy and are exploring innovative solutions to address its effects.

JPMorgan Chase is committed to reducing greenhouse gas emissions from our own operations through better resource management and developing innovative financial solutions to help our clients address the challenges of climate change.

**Client Engagement.** We work with our large greenhouse gas (GHG) emitting clients, mostly in the power sector, to better understand their long-term carbon mitigation strategies and help them better manage the risks and opportunities associated with them.

**Research.** J.P.Morgan Research's Global Environmental Social Governance (ESG) integrates detailed analysis of macro-environmental, social and corporate governance factors within its corporate coverage universe. The goal is to combine investors' return objectives with insights into nontraditional financial issues for both mainstream and specialized investors. Reports dealing with ESG risks and opportunities for equity, credit and fixed-income investors have included:

- Alternative Energy: Panacea or Pipe Dream?
- Global Utilities: Trading Climate Change
- Greenhouse Gas Reduction Efforts and Japan's Role
- The Battle of the Bulge: An Investor Roadmap to Obesity
- Water Supply in Australia and the Impact on Listed Stocks

The team's *Environmental Social Governance Weekly*, sent to 1,500 clients, highlights the firm's recently published ESG research.

In addition, the team's climate change investment research explores business risks and opportunities related to climate change. The research looks across sectors and asset classes to examine topics such as potential costs of carbon emissions, developments in sustainable and clean energy, carbon capture and storage, and cap and trading schemes. In particular, we

concentrate on macro-economic, legislative and business developments and company valuations in light of current and proposed carbon operating constraints. Our conclusions are designed to provide broad insights and practical ideas.

**Carbon Bond Index.** In 2007, J.P.Morgan launched the Carbon Beta (JENI-Carbon Beta) Index in partnership with Innovest Strategic Investment Advisors. This is the first high-grade corporate bond index designed to address the risks of climate change in a rigorous way. JENI-Carbon Beta enables credit investors to make return-driven investment decisions that systematically take the risks and opportunities created by global warming into account.

**Investing in Renewable Energy.** For JPMorgan Chase, investing in wind power helps lower reliance on fossil fuels while generating a new source of revenue for the firm. Overall, the firm has invested or committed to invest \$1.7 billion for its own portfolio in renewable energy transactions. The portfolio includes interests in 43 wind farms and 1 solar plant in 17 states, owned jointly with 13 different independent power producers. These facilities represent 4,259 MWh of capacity and provide enough energy to power approximately 1.22 million average U.S. homes.

**Developing the Carbon Markets.** J.P.Morgan's Environmental Markets Group, a division of Global Commodities, has been expanding its products and services for carbon emission reductions to meet growing client demand. The group has built on its experience in the energy and commodity marketplace. Global Commodities has been a leader in the U.S. SO<sub>2</sub> and NO<sub>x</sub> emissions markets and in 2006 was recognized by Environmental Finance for Best Trading Company—SO<sub>2</sub> Emissions.

Environmental Markets provides carbon advisory and risk management services to clients. The group has teams dedicated to origination, trading and distribution of carbon emission reductions, covering the European Emissions Trading Scheme, Clean Development Mechanism, emerging regional compliance/pre-compliance markets in the U.S. and voluntary emissions markets. The group has a global presence with key offices in London, New York, Mumbai, Santiago, Sydney and Nairobi.

In addition Global Commodities, through its Principal Investments team, makes strategic investments in companies that are active across the carbon value chain and, as a consequence, are critical in the development of this rapidly expanding market.

## : managing risk

### J.P.Morgan Environmental Index

JENI-Carbon Beta is the first high-grade bond index designed to enable credit investors to make return-driven investment decisions that systematically take the risks and opportunities created by global warming into account.



### Public Policy Dialogue

JPMorgan Chase is committed to reducing its own greenhouse gas emissions and helping clients reduce theirs. But we cannot accomplish significant reductions alone; we need public policy initiatives at the macro level. We are working to advance the climate change dialogue by supporting a market-based U.S. federal policy to address climate change, spur clean technology innovation and reduce uncertainty for investors.

Here are some of the initiatives we've been involved in:

- JPMorgan Chase partnered with The Climate Group to lend our voice in support of major U.S. state greenhouse gas reduction initiatives.
- A senior JPMorgan Chase executive testified before the U.S. Senate on the need for an efficient cap-and-trade system to reduce greenhouse gas emissions.
- The firm participated in the Global Roundtable on Climate Change organized by Columbia University's Earth Institute in 2006 and 2007. JPMorgan Chase is contributing to the institute's task force on carbon capture and sequestration.
- Throughout 2007, JPMorgan Chase leaders met with senior U.K. government officials on climate change. They discussed such topics as reducing greenhouse gas emissions, G-8 and U.S. climate change policies and improving government support for the development of global carbon markets.

### Public Disclosure

**Carbon Disclosure Project.** J.P.Morgan Asset Management is a signatory and respondent to the Carbon Disclosure Project, which encourages the development of a common emissions measurement methodology.

## Internal Resource Management

We are building a culture of resource efficiency and environmental awareness throughout our global operations. As a service-sector firm, we have a direct impact on the environment through the daily consumption of resources, primarily energy, paper and water.

### Energy and Greenhouse Gas Emissions

We have set a goal to reduce our global greenhouse gas emissions by 20% by 2012, using 2005 as the baseline. In addition, beginning in 2008 we will offset the emissions of all employee air travel while working to develop solutions to reduce air travel.

**Reducing Energy Consumption.** To reduce our energy consumption and resulting GHG emissions, the firm plans to invest \$80-\$125 million in energy-efficiency projects in areas such as lighting, air-conditioning and heating by 2012.

**Purchasing Renewable Energy Credits (RECs).** We bought 95,000 MWh of 2006 vintage Green-e certified wind RECs and we bought 127,000 MWh of 2007 vintage Green-e certified wind RECs, representing approximately 5% of our U.S. electricity use in each respective year.

### Green Building

**Headquarters.** JPMorgan Chase is seeking Platinum certification, the highest Leadership in Energy and Environmental Design (LEED) rating, for the renovation of the firm's 50-story world headquarters building in midtown Manhattan. The new J.P.Morgan headquarters in London is also aiming for the highest environmental rating using the BREEM (Building Research Establishment's Environmental Assessment Method) standards, which is the U.K.'s comparable measure of green building certification.

These eco-friendly buildings will feature innovations such as water-efficiency measures, including the collection of rain-water in tanks from the rooftops and outside plaza drains to recycle for use in plumbing and landscaping.

## :going green

### LEED Certification for 270 Park Avenue

We are renovating our global headquarters in New York City with the goal of achieving the Leadership in Energy and Environmental Design (LEED) Platinum standard, the highest green building rating from the U.S. Green Building Council. The renovation of this 1.2 million-square-foot headquarters building will make it the largest LEED Platinum-certified conversion of an existing commercial building in the world.



**Green Branches.** In 2008, Chase plans to open at least 25 green branches throughout the country, with a goal of achieving LEED certification. In addition Chase is including green features such as the following in all new branch buildings:

- Energy-efficient appliances, lighting and office equipment;
- Paint that is low in volatile organic compounds, reducing air contaminants;
- Ceiling tiles made from recycled materials;
- Low-flow plumbing fixtures to conserve water; and
- Highly efficient climate-control systems using CFC-free coolants.

### Paper

Paper is an important component of our resource management policy, and we are constantly striving to improve our performance by reducing consumption, increasing efficiency and increasing the proportion from sustainable paper sources.

**Paper Reduction.** In 2007, we set a target to reduce paper usage by slightly over 8% or 9 million Kg tons against our 2006 baseline. We met this paper reduction target on a run-rate basis, and managed to strongly curtail paper usage growth against a business-as-usual scenario. We accomplished this reduction through:

- Increased use of electronic communications with our customers;
- Use of lighter-weight papers whenever possible;
- Switching to marketing channels that are less paper intensive; and
- Adoption of internal policies that will drive down employee paper consumption.

However, business growth more than offset the reductions and ultimately resulted in a net increase of 3.3% in paper use.



**Recycled Paper.** By the end of 2007, we raised the amount of paper featuring post-consumer recycled content to 17% of total paper use, versus the 2006 baseline of 6.5%. In 2008, we are targeting a significant increase in the amount of paper featuring post-consumer recycled content, moving this figure to 30% of overall paper consumption across the global enterprise. Initiatives will encompass customer communications, marketing support material and internal employee usage.

Together, from 2006 to 2007, these paper initiatives delivered the following accomplishments:

- Our paperless statements grew more than 320%.
- The use of paper with recycled content more than doubled.
- Certified paper usage more than doubled to 1,094 metric tons, used for the JPMorgan Chase annual report and Take One card applications.

### Recycling

In 2007, the firm began implementation of “Secure Shred,” a privacy-driven program designed to shred paper in all of our office and branch locations and recycle virtually 100% of our office paper. We expect a full rollout of the program in 2008.

In London, the rollout of the Secure Shred program was accompanied by the move to an officewide recycling system. Employees went “binless.” Instead of bins for each individual desk, employees now separate their waste—bottles, cans, confidential paper and paper not destined for Secure Shred—at clusters of dedicated bins throughout the office. Following the success of that rollout, 2008 will see pilot recycling programs in the U.S., in preparation for broader recycling coverage at our commercial offices throughout the country.

### :going binless

#### Recycling Bottles, Newspaper, etc.

In London, our employees now have a binless office to increase recycling. In just three months, 22,000 Kg of recyclable material was diverted from landfills.



### Employee Programs

JPMorgan Chase has launched an online Green Shop for employees that has special offers on environmentally friendly products and services, such as discounts on auto loans for hybrid and fuel-efficient vehicles.

The firm also employs hybrid car services for employees in the New York area through OZO cars and Hybrid Limo. These cars use 70% less fuel than conventional cars and taxis.

Our cafeterias now include locally grown produce, FairTrade or Rainforest Alliance certified coffee and sustainable seafood based upon the Monterey Bay Aquarium Seafood Watch in an effort to reduce the purchase of fish endangered by over-fishing or harmful fishing practices.

### Measuring Our Performance

Our U.S. resource consumption data (see page 28) is based on globally accepted environmental performance guidelines in accordance with the World Resources Institute’s Greenhouse Gas Protocol. The data include heat, oil, electricity, associated greenhouse gas emissions and water. Paper consumption is tracked separately.

**Organizational Boundaries.** There are two approaches for reporting emissions from partially owned real estate assets: the equity share approach and the operational control approach. As the firm has many leased facilities, we use the operational control approach and focus on owned and leased facilities for which JPMorgan Chase controls the energy usage and pays the energy/utility bills.

Only facilities located in the U.S. are incorporated in the database with 2,472 properties covered, including offices, bank buildings and data centers. Going forward, the database will be expanded to our global properties.

**Sources of Emissions.** These sources include both direct and indirect emissions. Direct sources include stationary combustion (CO<sub>2</sub> from fossil fuel combustion sources such as boilers, space heaters and backup generators); mobile combustion (CO<sub>2</sub> from jet fuel); and fugitive emissions (HFCs from refrigeration and HVAC units). Indirect sources include purchased electricity, steam and water.

## JPMorgan Chase Environmental Indicators (United States)

	Unit	2007	2006	2005
<b>U.S. Employees (Full time)</b>	No.	NA	140,114	138,590
<b>Surface Area Monitored</b>	RSF	NA	51,323,402	52,859,694
<b>Paper Consumption</b>				
Virgin Copy	Kg	3,115,272	4,641,157	3,083,521
Virgin Commercial	Kg	84,035,244	90,437,247	97,731,012
<b>Total Virgin</b>	<b>Kg</b>	<b>87,150,516</b>	<b>95,078,404</b>	<b>100,814,533</b>
Recycled Copy	Kg	5,537,456	6,159,784	5,745,201
Recycled Commercial	Kg	12,403,030	459,943	707,604
<b>Total Recycled</b>	<b>Kg</b>	<b>17,940,486</b>	<b>6,619,727</b>	<b>6,452,805</b>
<b>Total Paper Consumption</b>	<b>Kg</b>	<b>105,091,002</b>	<b>101,698,131</b>	<b>107,267,338</b>
<b>Corporate Emissions</b>				
<b>Indirect Emissions</b>				
CO2 Emissions – Electricity	MT	NA	953,384	970,905
CO2 Emissions – Steam	MT	NA	25,613	31,632
CO2 Emissions – Chilled Water	MT	NA	1,288	1,199
<b>Total Indirect Emissions</b>	<b>MT</b>	<b>NA</b>	<b>980,285</b>	<b>1,003,736</b>
<b>Direct Emissions</b>				
Stationary Combustion (Gas + Fuel Oil)	MT	NA	43,820	48,280
Other Emissions (Chiller Plants)	MT	NA	22,232	22,726
CO2 Emissions – Jet Fuel	MT	NA	8,412	8,007
<b>Total Direct Emissions</b>	<b>MT</b>	<b>NA</b>	<b>74,464</b>	<b>79,013</b>
<b>Total</b>	<b>MT</b>	<b>NA</b>	<b>1,054,749</b>	<b>1,082,749</b>
<b>Energy Consumption</b>				
Electricity Consumption	GJ	NA	5,746,026	5,873,739
	kWh	NA	1,596,118,337	1,631,594,291
Heat Consumption (Natural Gas)	GJ	NA	833,781	919,997
	Therms	NA	7,901,747	8,718,812
Fuel Oil Consumption	GJ	NA	30,647	32,754
	Therms	NA	290,443	310,413
Propane Consumption	GJ	NA	64	84
	Therms	NA	609	795
Steam	GJ	NA	409,568	505,817
	Therms	NA	3,881,474	4,793,632
Chilled Water	GJ	NA	34,971	31,382
	Therms	NA	331,418	297,408
Chiller Plants	GJ	NA	155,035	158,480
Jet Fuel Consumption	GJ	NA	121,691	115,833
	Gallons	NA	888,259	845,493
<b>Total Energy Consumption</b>	<b>GJ</b>	<b>NA</b>	<b>7,331,784</b>	<b>7,638,087</b>
<b>Water Consumption</b>				
Total	M <sup>3</sup>	NA	5,484,003	5,683,725
	kGal		1,448,721	1,501,482
<b>Total Energy Consumed</b>				
Per Employee	kWh	NA	11,392	11,773
Per RSF	kWh	NA	31.1	30.9
<b>Total CO2</b>				
Per Occupant	MT	NA	7.5	7.8
Per RSF	MT	NA	0.0206	0.0205

Key: GJ = Giga Joules Kg = Kilograms kWh = Kilowatt Hours MT = Metric Tons M<sup>3</sup> = Cubic Meters RSF = Rental Square Foot

NA = Not available. Please check our website for updated information: [www.jpmorganchase.com/environment](http://www.jpmorganchase.com/environment)

## Strategic Partnerships

To help us keep up with best environmental practices and to implement our environmental policy, JPMorgan Chase continually partners and engages with business and community leaders, clients, shareholder groups, environmental experts and academics.

### Stakeholders

JPMorgan Chase engages a large cross-section of external stakeholders, including, but not limited to, Christian Brothers Investment Services, Domini Social Investments, F&C Asset Management, Friends of the Earth, Trillium Asset Management, Natural Resources Defense Council, World Wildlife Fund, Rainforest Alliance, Environmental Defense Fund and Conservation International. These stakeholders have provided us with technical assistance and guidance in developing policy and implementing it. They have helped us specifically on sustainable forestry, biodiversity protection, prevention of illegal logging and climate change initiatives.

### Memberships

JPMorgan Chase is a member of the following environmental organizations or initiatives, among others (a complete list can be found on our website):

- Center for Health and the Global Environment at Harvard Medical School
- The Climate Group
- United Nations Environment Programme Finance Initiative
- World Resources Institute
- London Accord
- U.S. Green Buildings Council
- United Nations Principles for Responsible Investment

## : raising green awareness

### Green Apple Music and Art Festival

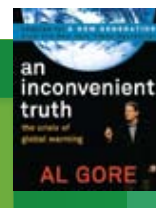
In 2007, JPMorgan Chase put its “green” message into practice at the three-city Earth Day music festival. We provided recycled, compostable and biodegradable supplies to each venue, and supplied enough carbon offsets to make the festival the nation’s largest carbon-neutral event to date.



## : understanding global warming

### Al Gore at JPMorgan Chase

Former Vice President Gore made his acclaimed presentation, “An Inconvenient Truth,” which explains the consequences of global warming. More than 450 employees (chosen by lottery) attended at the firm’s New York City headquarters.



### Grants

JPMorgan Chase provides grants to protect natural resources and fund environmental needs around the world. To date we have donated over \$1.5 million in our environmental focus areas – climate change, biodiversity, forestry and water. In addition, we have begun to embed environmental components locally across our key philanthropic focus areas of community development, education, and arts and culture.

For a complete listing of the grants we’ve made, please go to: [www.jpmorganchase.com/environment](http://www.jpmorganchase.com/environment)

### Events and Sponsorships

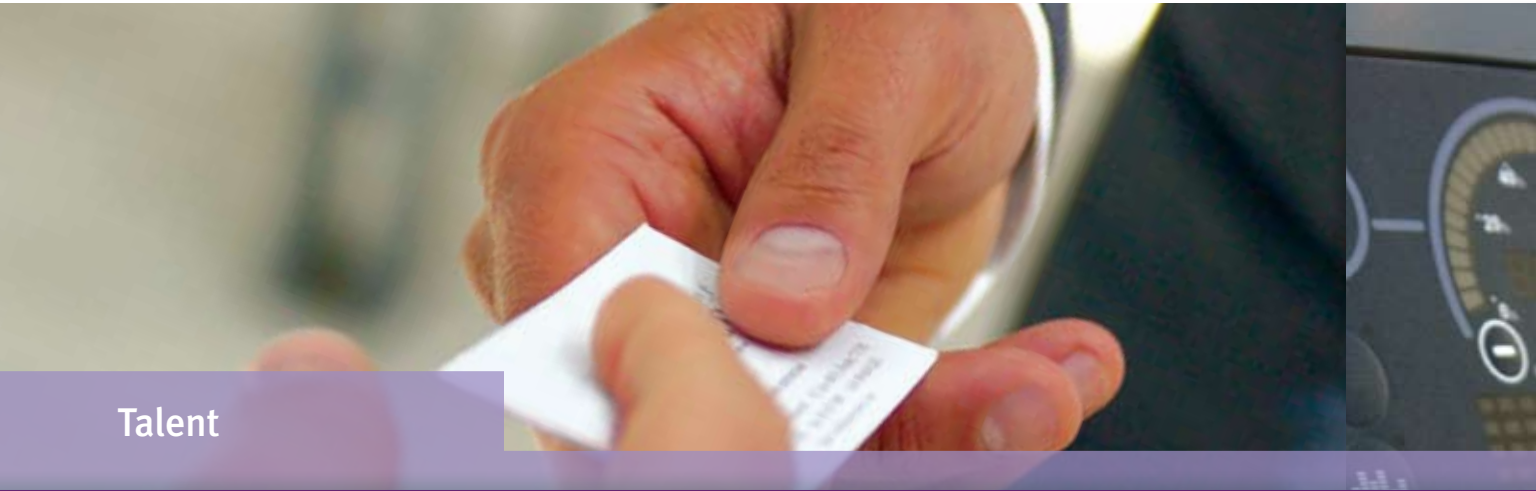
JPMorgan Chase hosts events to raise awareness of important environmental issues, including:

**Ecotopia.** We sponsored an exhibition at the International Center on Photography, Ecotopia, covering 39 international artists showcasing new concepts of the natural sphere, images of destructive ecological engagement and visions of our future interactions with the environment.

**Earth Day.** JPMorgan Chase has been celebrating Earth Day since 2006 by sponsoring the Green Apple Music and Art Festival. We promoted energy conservation and greenhouse gas reduction by distributing energy-saving compact fluorescent lightbulbs in reusable shopping bags at festival venues throughout New York City in 2006. In 2007, we helped green the music venues in NYC, Chicago and San Francisco.

**Water H<sub>2</sub>O=Life.** JPMorgan Chase is the lead sponsor of the Water: H<sub>2</sub>O=Life exhibit at the American Museum of Natural History, which examines the most compelling challenges that people and ecosystems around the globe face with respect to water quality and availability.

For us, doing first-class business in a first-class way has everything to do with our people. More than ever, we are devoted to building a great team made up of the best talent from every background. As a firm we work hard to create a winning culture that’s open, entrepreneurial and inclusive. The most important thing we can do for employees is to build a healthy, vibrant company where people want to come to work and



## Talent

# : promoting diverse leadership

### Recruiting Top Talent

In naming a managing director to the role of Diversity Recruiting Executive in March 2007, the firm re-energized its commitment to hiring and retaining top minority talent. And the results are evident: JPMorgan Chase has hired more exceptional minority executives in senior positions than ever before.





develop fulfilling and rewarding careers. We help our employees make their best contributions by providing programs that help them maintain healthy, balanced lives. And we reward performance by giving employees a stake in our company’s success. We’re proud of what they contribute to the firm and how they give their talent to communities and causes around the world. Their passion and commitment make all the difference.



## :encouraging healthy lives

## :contributing to others

### Wellness Programs

In 2007 we expanded the reach of our wellness programs by partnering with employee networking groups to promote wellness screenings (up more than 11% over 2006), weight loss, cardiovascular and diabetes assessments, and breast health programs.

### Matching Grants

To give more employees the chance to support their chosen nonprofits, we revamped our matching grants effort in 2007. We also expanded the list of charities in our “giving program” to include new partners.



## Talent

### Highlights

#### Diversity Recruiting

In 2007, we hosted a number of recruitment events to draw top diverse talent from around the world, such as our chairman's reception for graduates of historically black colleges and universities.

#### Employee Incentives

To recognize their hard work, this year we contributed \$400 in stock to the 401(k) accounts of eligible U.S. employees and cash grants to their counterparts outside the U.S. This created 7,200 new 401(k) participants and shareholders.

#### Team IB

In 2007, team IB, our Investment Banking led volunteer program, raised \$1.8 million, engaged 3,000 volunteers worldwide and sponsored more than 30 projects that have helped communities around the world.

### Workforce Information

Our business is fueled by an impressive global workforce. In 2007, we employed an average of 179,987 people in 60 countries. Reflecting our business growth, our employment grew by 3.2 percent from 2006 to 2007.

Region	2007		2006	
	Population	% of Population	Population	% of Population
Domestic	140,362	78%	136,795	78%
Overseas	39,525	22%	37,565	22%
<b>Total</b>	<b>179,987</b>		<b>174,360</b>	

### Benefits and Compensation

A great company provides people with competitive compensation, the opportunity to benefit as the company grows and rewarding career paths.

At JPMorgan Chase, we recognize and reward performance with competitive compensation and benefit plans that support our business goals. Our compensation system is performance- and market-based, and we take a long-term view in the way we assess performance and how we structure compensation.

**Employee Ownership.** We want employees to act like partners and to be invested in the company's long-term success, which is why equity is an important part of our compensation plans. We believe that all employees, at every level, contribute to and should be able to share in our success. Last year we recognized the hard work of employees by contributing \$400 in stock to the 401(k) accounts of eligible United States employees and making cash grants to similar employees outside the U.S.

### Employee Engagement

We're committed to being open and honest with ourselves and our colleagues. As part of this, we strive to encourage—and to respond to—employee feedback in a number of ways, including town hall meetings, team discussions and surveys.

#### Town Hall Meetings

Face-to-face communication is one of the most effective means of creating dialogue, even in a firm as large as ours.

Wherever he travels in the world, Chairman and CEO Jamie Dimon meets with groups of employees and managers. Based on the success of these sessions, line-of-business leaders have taken up the practice. The result is a corporate culture where employees are encouraged to speak up and get involved.

#### Employee Opinion Survey

Every two years, JPMorgan Chase conducts a firmwide survey, in which all employees have an opportunity to express their views about our firm's goals, culture and management. This information helps us track our progress, make decisions about strategy and identify areas that need improvement. In 2007, 79 percent of our employees participated—up 11 percent from the 2005 survey, and seven percent higher than the average response rate for benchmark companies.

Our recent results showed improvement in several areas, particularly leadership and management. For example, 82 percent of employees reported that they understand the relationship between objectives and work group goals. And 80 percent said their managers are sensitive to work-life balance. We are pleased with these results, and we're committed to making progress in areas that still need improvement.

## Diversity

JPMorgan Chase has worked hard to build an inclusive and diverse work environment that allows talented people to contribute and grow. We understand that treating people fairly, helping each other succeed, and recruiting and promoting from a diverse pool of candidates is great for our business and the right thing to do.

Our efforts to create a more inclusive work environment that draws on the best talent are longstanding. We continue to build upon our firm’s diversity in several ways, including linking management rewards to our diversity goals, building development plans for top talent, seeking diverse candidates for key jobs and recruiting undergraduate and graduate minority candidates.

In addition to efforts made at the corporate level, our business line managers are truly engaged in our diversity efforts and are responsible for driving results, which are regularly reviewed at senior management and Board meetings.

More recently, we have renewed our commitment to diversity with support from executive management and refined our approach to step up our efforts and enhance the diversity of our employee base, most notably in senior- and middle-management positions.

### U.S. Workforce Diversity

Our workforce diversity continues to increase, with minorities representing nearly 39 percent of our employees in the United States. Minority representation is growing in most job categories. In the Officials/Managers and Professional categories, diverse individuals hold more than half of our U.S.-based jobs.

### Diversity Leadership

To accelerate progress on our diversity efforts, we appointed a top JPMorgan Chase executive to work directly with our chairman and CEO and the human resources team to focus 100 percent of his time on recruiting and retaining outstanding minorities.

The initiative is part of a companywide movement to increase the number of women and minority candidates at the vice president, managing director and executive levels by expanding our recruiting partnerships, examining internal mobility of top talent and recruiting top external talent. As a result of these efforts, last year we hired more exceptional minority executives in senior positions than ever before.

### Diversity Recruiting

We have implemented a number of programs and processes that help produce diverse representation at every level of the organization:

**Strategic Partnerships.** JPMorgan Chase recruits for minority and nonminority candidates at 75 leading schools and at several historically black colleges. Once hired, these recruits are paired with mentors within the firm to help them succeed.

**Upwardly Global.** This new initiative helps highly skilled legal immigrants find jobs in the U.S. and helps employers like JPMorgan Chase discover this hidden talent pool.

**Conferences and Industry Groups.** Our firmwide participation in community career fairs has heightened our recruitment initiatives to target diversity candidates.

U.S. Minority Representation: 2007

Position	White	Black/ African American	Hispanic/ Latino	Asian	American Indian/Alaska Native	Native Hawaiian/ Other Pacific Islander	Two or More Races	Total
Executive/Senior-level officials and managers	91.2%	3.0%	2.2%	3.5%	0.1%	0.0%	0.1%	1.4%
1st/Mid-level officials and managers	74.6%	11.2%	7.8%	6.0%	0.3%	0.0%	0.0%	18.1%
Professional	67.6%	10.5%	8.9%	12.8%	0.2%	0.0%	0.0%	29.7%
All other	50.4%	26.7%	15.6%	6.7%	0.5%	0.0%	0.0%	50.8%
<b>Total</b>	<b>60.5%</b>	<b>18.8%</b>	<b>12.0%</b>	<b>8.4%</b>	<b>0.4%</b>	<b>0.0%</b>	<b>0.0%</b>	

Source: Equal Employment Opportunity—Tier 1 (EEO-1) data. “All other” is a combination of the following EEO-1 job categories: technicians, sales workers, office and clerical, craft workers (skilled), operatives (semi-skilled), laborers and service workers.



**Internship and Development Programs.** JPMorgan Chase partners with nonprofit and community-based organizations to assist minorities, women, inner-city youth, welfare-to-work and low-income candidates, immigrants and older adults in developing job-search skills and identifying employment opportunities. We also participate in a number of internship programs, such as the Smart Start program, INROADS and Sponsors for Educational Opportunity, in hopes that many of our interns will choose full-time employment with the firm upon graduation.

### Employee Networking Groups

More than 20,000 of our employees around the world are involved in employee networking groups, which are powerful ways for colleagues at JPMorgan Chase to make connections across the organization, help others, gain experience and develop professionally. All employees are welcome to join any of our networking groups. This practice reflects and enhances our inclusive environment as employees of different backgrounds have an opportunity to learn about other cultures and the challenges other groups face.

### Employee Events

JPMorgan Chase regularly sponsors events targeted to the needs of diverse groups of employees. These events typically involve follow-up action plans so that we can capitalize on the learning, share it with others and keep the momentum going. For example, ujima Chicago, our African-American networking group, hosted “It Takes a Village: The Power of Influence,” with Yolanda King as the featured speaker. In New York City, the PRIDE networking group was addressed by John Amaechi, a broadcaster and political activist in the United Kingdom.

### : gaining perspective

#### EMEA Conference for Women Leaders

After the success of its first event, a second EMEA Conference for Women Leaders was held to examine economic, political and social issues from the perspective of women in business. Featured speakers such as Nurjahan Begum of Grameen Bank addressed the group.



### : meeting top talent

#### Reaching Out

In 2007, J.P.Morgan again sponsored the annual Reaching Out LGBT MBA Conference. Held in San Francisco, with more than 200 MBA students and alumni from leading business schools, this 3-day event helped the firm meet top candidates.



### Work-Life

We understand that many of our employees have to balance the competing demands of work and life, so we have created several programs to help them meet their many different obligations.

#### Workplace Flexibility

Flexible work options help employees be more productive in their professional and personal lives, and they also help the firm attract and retain diverse talent. Whether they are informal arrangements that allow employees to manage everyday life experiences or formal programs such as telecommuting, part-time work or a compressed workweek, our flexibility programs help employees accomplish their tasks rather than focus on adhering to a traditional work schedule.

#### Child and Adult/ElderCare Resources

Back-up childcare continues to be a key employee resource and valuable business tool at JPMorgan Chase. Our 15 on-site childcare centers and five near-site facilities are a vital cornerstone of the offerings that we provide to help employees effectively manage their work and personal lives. Relocation Advantage, 8-Week Advantage, Travel Advantage, the Patriotic Program and the Special Needs Program are special-situation programs that allow employees in unique and sometimes difficult circumstances to continue to come to work.

In 2007, we piloted the Back-up Care Advantage Program in three locations. Employees can now access additional dependent-care services such as in-home mildly ill and in-home elder/ adult back-up care.

## Wellness

Nothing is more fundamental to the quality of life than good health, and at JPMorgan Chase, we invest in the health and well-being of our employees by offering an expanding suite of programs and services to help them achieve and maintain good health.

### Wellness Services

**On-site Health Services.** Most of our larger work locations employ one or more registered nurses specializing in occupational health. They provide treatment and referral for ill/injured employees and clients, emergency response and urgent care, consultation on disease management and prevention of illness, immunization for international business travel and education on a wide range of health-related topics.

**Assessments.** Every employee is encouraged to complete a brief health appraisal. Their responses are reviewed by the University of Michigan's Health Management Research Center, and each employee receives a personalized, confidential Wellness Profile with helpful recommendations on ways to improve his or her overall health.

**Seminars.** Employees are welcome to participate in a variety of wellness seminars on topics including nutrition, weight management, stress management, parenting and elder care.

**Screenings.** On-site screenings for blood pressure, cholesterol and blood sugar are administered by wellness team professionals at locations with a Health Services office.

### Employee Assistance Program

This professional counseling and referral service helps employees and their families deal with a variety of issues, including managing stress, coping with addiction or emotional issues, addressing work-related conflicts, and solving legal and financial problems. The referral service is free, absolutely confidential and available 24 hours a day, seven days a week.

## Volunteerism

At JPMorgan Chase, we strive to support our communities through grant making and business expertise. Yet our greatest source of pride from community outreach is our employees, who contribute tremendous amounts of time and talent to worthwhile causes around the world.

We are committed to our long tradition of volunteerism, which aligns business goals with philanthropic efforts, provides employees with centralized resources and training and leverages the expertise of national volunteer organizations to make an even greater difference for our communities. Throughout 2008, new resources will help employees connect with communities in need in meaningful ways.

### Employee Giving and Matching Grants

Our annual giving campaign allows employees to make financial donations to several charitable organizations of their choice. In 2007, we expanded the campaign to include new partners such as environmental organizations and community health charities, while continuing longstanding partnerships with several national organizations.

We also revamped our volunteer grants program to further support individual interests and recognize more people for their service. By reducing the number of qualifying hours for individuals and teams, we're giving more employees the opportunity to support the nonprofits of their choice.

### Local Opportunities, Global Difference

We know that volunteerism tends to be local, so we're supplying resources in the workplace that help our people get connected locally. Across the firm, we are helping make volunteerism more employee-owned than it ever has been.

For example, in our Investment Bank, we have created team IB to support and celebrate volunteer efforts of employees in a business known for its ingenuity and entrepreneurial innovation. The program gives employees the resources and support they need to participate actively in the issues they care about individually.

While this helps create a more satisfying employee experience, it also lets employees build new skills and relationships with colleagues and others that benefit them personally and professionally. In 2007, team IB made a tangible difference—engaging 3,000 volunteers worldwide, and sponsoring more than 30 projects that have affected communities around the world.

## : making a difference

### team IB: Going the Distance

Analysts in Credit Risk Management, with the support of the Investment Bank, raised funds for A Running Start Foundation by running in the New York City 13.1-mile Half Marathon.

The nonprofit harnesses the athletic talents of young people in East Africa to help improve their lives.



At JPMorgan Chase, we believe that good internal governance is essential to effective management. It links our businesses worldwide with a common set of rules, expectations and oversight activities. Superb execution makes possible our firm's success and aligns our performance with the best interests of our shareholders and employees. We demand and maintain strong financial discipline through



## Corporate Governance

# : reaffirming how we do business

All JPMorgan Chase employees received Code of Conduct training tailored to their individual lines of business and corporate functions, as part of an established annual Code affirmation process.



sound accounting standards, transparent public reporting and solid management information systems. And we are committed to being a world-class organization, meeting the highest standards of professionalism and integrity to produce benefits that extend far beyond our bottom line. Across the firm – from our Board to our 180,000 employees worldwide – we strive to do first-class business in a first-class way.



## :electing our board of directors

It is critical that the Board is accountable to and aligned with shareholders. In 2007, the Board amended its by-laws so that each nominee must receive a majority of “for” votes to be elected.

## :strengthening shareholder relations

Our senior executives engage the firm’s shareholders periodically to invite comments on governance matters, executive compensation and shareholder proposals. We meet throughout the year with shareholders and organizations interested in our practices.





## Corporate Governance

### Highlights

#### Management Controls

Effective management of strategies, capital and risk has helped us achieve balanced, positive results in a difficult environment, relative to our peers.

#### Stakeholder Engagement

To foster ongoing, open dialogue and to broaden the firm's understanding of governance issues, we regularly meet with corporate activist groups and other organizations interested in governance.

#### Board Independence

JPMorgan Chase is committed to having a substantial majority of its directors represent independent voices. Today, 10 out of the Board's 12 directors come from outside the firm.

### The Board

Strong governance starts at the top with our Board of Directors, which oversees our firm's management and operations. Our directors come from diverse backgrounds and industries and are dedicated to setting – and meeting – the highest standards of governance.

**Practices.** Our Board provides experience, judgment, independence and accountability for our shareholders. We believe a smaller Board is generally more effective and we now have a dozen members in order to facilitate open and productive discussion.

Director independence is maintained in several ways, including limiting the number of officers sitting on the Board. Ten of our 12 directors are independent, outside directors. The Board also generally meets without its management directors at the end of regular meetings. These are chaired by a presiding director. Only independent directors sit on the Board's audit, compensation and governance committees.

Because the Board's primary responsibility is to seek long-term shareholder value, it's critical that this governing body is accountable to and aligned with shareholders. JPMorgan Chase follows several practices with this in mind, rewarding directors largely in the form of stock-based compensation and adopting a new election standard requiring nominees to be elected by a majority of "for" votes.

**Committees.** The Board and its committees focus on the areas that are important to governance – Audit, Compensation and Management Development, Corporate Governance and Nominating, Public Responsibility and Risk Policy.

### Risk Management

For financial firms, risk management is a cornerstone of good corporate governance. Properly managed risk enables resiliency and strong through-the-cycle returns.

**Risk Management Structure.** Our risk management structure touches several levels of the organization. While the Board and its Audit and Risk Policy Committees provide oversight at the broadest level, each business is accountable for managing the different risks associated with its activities. Risk committees within each business meet regularly to set policy and strengthen due diligence in their respective areas and can readily escalate issues to the firm's Operating Committee. And as we seek to manage risk inside each business, corporate functions – Treasury, the Chief Investment Office, Legal and Compliance and Risk Management – provide firmwide risk management supervision.

**Reputation Risk.** Reputation risk can be one of the most damaging forms of risk if not properly managed, so we look to the most extensive safety net we have to protect our reputation: our 180,000 employees around the world. Each employee goes through Code of Conduct training to ensure that all of us adhere to the highest standards of professionalism, integrity and ethical behavior. Particular units within the firm focus on specific areas of risk, including the Conflicts Office, which reviews potential conflicts of interest in Investment Banking, and Regional Reputation Risk Committees, which assess proposed transactions that might heighten reputation risk, including environmental and social risk.

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## Code Governing Behavior

In business, as in every other arena, ethical behavior does not just happen. It has to be cultivated and repeatedly affirmed throughout the organization.

Our Code of Conduct applies to everyone at JPMorgan Chase because we will achieve the greatest growth and good if our employees have common ethical standards and follow consistent policies. It guides not only what business we do, but also how we do business with our clients, shareholders, suppliers and colleagues.

**Code of Ethics for Finance Professionals.** Because JPMorgan Chase's business and reputation depend on the accuracy of its financial information, we have adopted a Code of Ethics that pertains to a broad range of professionals serving in financial positions across the organization, including accounting, corporate treasury and investor relations. Together, our Codes of Conduct and Ethics represent our commitment to first-class standards.

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## Human Rights

We do business around the globe and serve millions of consumers and many of the world's most prominent corporations, institutions and governments. Our reputation is linked to the values we stand for, and supporting human rights is an integral part of our commitment to corporate responsibility.

Our philosophy reflects our support for, and commitment to, fundamental principles of human rights everywhere in the world. By operating a business characterized by transparency and respect for the rule of law, we are supporting economic prosperity and social cohesion that works for the good of our firm, as well as the communities and people we serve.

Our many policies embody certain principles demonstrating our respect for human rights in regard to how we do business with our colleagues, our vendors, our clients and the countries where we operate. These policies include, but are not limited to, Know Your Customer, Anti-Money Laundering and Supplier Code of Conduct.

Please see our website: [www.jpmorganchase.com](http://www.jpmorganchase.com)

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## Political Contributions and Lobbying

Since public policy decisions frequently affect our businesses, employees and communities, we lobby on issues to benefit the firm and its constituents.

We also make prudent political contributions, as permitted by law and as described in our Board-approved policy, to help support candidates and political parties or committees whose positions are good for the long-term benefit of JPMorgan Chase and the communities we serve. For more information on our firm's policy about political contributions and our lobbying efforts and full disclosure on support given by political action committees, see the governance section on our corporate website at [www.jpmorganchase.com](http://www.jpmorganchase.com)

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## Shareholder Engagement

Given the size, scope and complexity of JPMorgan Chase, we understand the importance of shareholder communication to help our investors understand our performance and strategies.

Our experience is that if you ask people what needs to be done or done better, they will tell you. That's why we strive to reach out to shareholders in many different ways, including through quarterly earnings presentations, SEC filings, web communications and investor meetings.

In 2007, we engaged our shareholders on a range of governance issues, from executive compensation to human rights proposals, that enhanced our understanding of these issues. Anyone may communicate with our Board of Directors by contacting [corporate.secretary@jpmchase.com](mailto:corporate.secretary@jpmchase.com).

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## Compensation and Ownership

We have made equity an important part of our compensation plans to help our employees think and act like owners and shareholders.

We also believe that compensation should reflect performance; the higher the manager's level, the more directly his or her compensation should be tied to how the company is doing. To achieve this result, the members of the firm's senior executive team receive at least 50 percent of their incentive compensation in restricted stock units and must hold at least 75% of shares received through such units and option exercises until they leave the firm.

## Awards & Recognition

JPMorgan Chase strives to be a great place to work for employees of all backgrounds. We are proud of the recognition we have received during 2007.

### **Top 100 Companies for Working Parents**

*Working Mother* Magazine

(Eleven years running)

### **Top 10 Adoption-Friendly Workplaces**

David Thomas Foundation for Adoption

### **Top 50 Companies for Diversity**

*DiversityInc* Magazine

(Seven years running)

### **“Diversity Elite” List**

*Hispanic Business* Magazine

### **Top 50 Companies for Latinas**

*LATINA Style* Magazine

### **100% Rating on the Corporate Equality Index**

Human Rights Campaign

This organization measures how well major corporations treat their gay, lesbian, bisexual and transgender employees and customers.

(Perfect score six years running)

### **Leading Edge Company for LGBT Employees**

Stonewall

LGBT advocacy organization in the U.K.

### **Top 50 Employers for Women in U.K.**

*The Times*

(Two years running)

## JPMorgan Chase & Co.

### Corporate Headquarters

270 Park Avenue  
New York, New York 10017-2070  
Telephone: 212.270.6000  
[www.jpmorganchase.com](http://www.jpmorganchase.com)

### Office of Corporate Responsibility

To contact the Office of Corporate Responsibility,  
please e-mail:  
[corporate.secretary@jpmchase.com](mailto:corporate.secretary@jpmchase.com)

### Financial Information

Financial information about JPMorgan Chase & Co.  
can be accessed by visiting:  
[www.jpmorganchase.com](http://www.jpmorganchase.com)  
Click on: Investor Relations

Additional questions should be addressed to:  
Investor Relations  
JPMorgan Chase & Co.  
277 Park Avenue  
New York, New York 10172  
Telephone: 212.270.6000

### Directors

To contact any of the Board members or committee chairs,  
the Presiding Director, or the non-management directors as  
a group, please e-mail:

[corporate.secretary@jpmchase.com](mailto:corporate.secretary@jpmchase.com)

Or, you may mail correspondence to:

JPMorgan Chase & Co.  
Attention (Board member(s))  
Office of the Secretary  
277 Park Avenue  
New York, New York 10172  
Telephone: 212.270.6000

The Corporate Governance Principles of the Board, the charters  
of the principal Board committees, the Code of Conduct and  
the Code of Ethics for Finance Professionals and other govern-  
ance information can be accessed by visiting:

[www.jpmorganchase.com](http://www.jpmorganchase.com)  
Click on: Governance

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