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Offering Circular

Morgan Guaranty Trust Company of New York

ITL 2,000,000,000,000

Zero Coupon Notes due January 2027

ITL 1,000,000,000,000	**Issue price: 13.00%**
ITL 250,000,000,000	**Issue price: 12.80%**
ITL 250,000,000,000	**Issue price: 12.90%**
ITL 500,000,000,000	**Issue price: 12.85%**

The issue price of the ITL 2,000,000,000,000 Zero Coupon Notes due January 2027 (the "Notes") is ITL 1,000,000,000,000 at 13.00%, ITL 250,000,000,000 at 12.80%, ITL 250,000,000,000 at 12.90% and ITL 500,000,000,000 at 12.85%. The Notes are being offered at a substantial discount from their principal amount at stated maturity, and there will not be any periodic payments of interest.

The Notes will mature on January 21, 2027. The Notes are not redeemable prior to maturity except that the Notes may be redeemed as a whole at a redemption price equal to the Redemption Amount (as defined herein) in the event of certain developments with respect to United States withholding taxes or the imposition of certain United States information reporting requirements. See "Description of the Notes — Redemption".

The Notes are unsecured and unsubordinated obligations and will rank pari passu with all other unsecured and unsubordinated indebtedness of Morgan Guaranty Trust Company of New York (the "Bank"). The Notes are not deposits insured by the Federal Deposit Insurance Corporation (the "FDIC"). The Notes are obligations of the Bank and not of its parent J.P. Morgan & Co. Incorporated ("J.P. Morgan"). Pursuant to legislation enacted in 1993, the Notes are subordinate in right of payment to deposits held by the Bank. See "Preference in Right of Payment".

The Notes will be issued only in bearer form and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered in the United States of America (including its territories and possessions) or to U.S. persons. See "Underwriting".

Application has been made to list the Notes on the Luxembourg Stock Exchange.

The Notes will be represented initially by a single temporary global Note which will be deposited on or about January 21, 1997 with a common depositary outside the United States for Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System, and Cedel Bank, société anonyme. The temporary global Note will be exchangeable for a single permanent global Note not earlier than 40 days following the later of the commencement of the offering of the Notes and the Closing Date (as defined herein) and upon presentation of certificates of non-U.S. beneficial ownership. The permanent global Note may be exchanged in whole but not in part for definitive Notes upon the request of any holder after 90 days prior written notice. See "Description of the Notes — Denomination and Exchange" and "Underwriting".

CARIPLO S.p.A.	J.P. Morgan Securities Ltd.	Caboto SIM S.p.A.
Banca Commerciale Italiana		Banca Nazionale del Lavoro
Banca del Gottardo		Banca di Roma
Banca Euromobiliare S.p.A.		Banca Monte dei Paschi di Siena S.p.A.
Bear, Stearns International Limited		BNP
Credito Emiliano S.p.A.		Credito Italiano
Deutsche Morgan Grenfell		Istituto Bancario San Paolo di Torino S.p.A.
Morgan Stanley & Co. International		Paribas Capital Markets
Sanwa International plc		SBC Warburg A DIVISION OF SWISS BANK CORPORATION

January 17, 1997

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No person has been authorized to give any information or to make any representation except as contained in this Offering Circular or incorporated by reference herein in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Bank or any of the Managers as defined in "Underwriting" herein. Neither the delivery of this Offering Circular nor any offer or sale made on the basis hereof shall, under any circumstances, create any implication that there has been no change in the affairs of the Bank or that the information herein is correct as of any time subsequent to the date hereof.

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. This Offering Circular does not constitute an offer of, or an invitation on behalf of the Bank or on behalf of the Managers or any of them to subscribe to or purchase, any of the Notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. See "Underwriting".

There are restrictions on the offer and sale of the Notes in the United States, the United Kingdom and Italy. All applicable provisions of the Financial Services Act 1986 (the "Financial Services Act") and the Public Offers of Securities Regulation 1995 must be complied with in respect of anything done by any person in relation to the Notes, in, from or otherwise involving the United Kingdom. Except as described herein the Notes may not be offered, sold or delivered, directly or indirectly, in the United States and its possessions or to U.S. persons, as defined herein.

All references in this Offering Circular to "U.S. dollars", "dollars", "U.S. $" or "$" are to United States dollars and references to "ITL," "lire" or "Lire" are to Italian Lire.

In connection with the distribution of the Notes, J.P. Morgan Securities Ltd. may overallot or effect transactions with a view to stabilizing or maintaining the market price of the Notes at levels other than those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Annual Report of J.P. Morgan on Form 10-K for the year ended December 31, 1995, the Quarterly Reports of J.P. Morgan on Form 10-Q for the quarters ended March 31, 1996, June 30, 1996 and September 30, 1996 and J.P. Morgan's Reports on Form 8-K dated January 11, 1996, February 6, 1996, February 20, 1996, February 23, 1996, April 11, 1996, May 13, 1996, July 11, 1996, August 13, 1996, October 10, 1996, December 11, 1996 and January 13, 1997 are incorporated herein by reference.

All reports and definitive proxy or information statements, including J.P. Morgan's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, filed by J.P. Morgan pursuant to Section 13(a), 13(c), 14 and 15(d) of the United States Securities Exchange Act of 1934 subsequent to the date of this Offering Circular and prior to the termination of the offering of the Notes, shall be deemed to be incorporated by reference into this Offering Circular from the date of filing of such documents. Any statement contained by reference herein shall be deemed to be modified or superseded for purposes of this Offering Circular to the extent that a statement in any subsequently filed document which also is or is deemed to be incorporated by reference in this Offering Circular modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed to constitute a part of this Offering Circular, except as so modified or superseded.

Investors who have not previously reviewed the information contained in the above documents should do so in connection with their evaluation of the Notes. Copies of the documents incorporated by reference in this Offering Circular will be available free of charge at the office of Banque Paribas Luxembourg (the "Listing Agent"), 10A Boulevard Royal, Luxembourg City 2093, Grand Duchy of Luxembourg. Any person receiving a copy of this Offering Circular may obtain, without charge, upon written or oral request, a copy of any document incorporated by reference herein, except for the exhibits to such documents (unless such exhibits are specifically incorporated by reference). Written requests should be addressed to Morgan Guaranty Trust Company of New York, Global Trust and Agency Services, 60 Victoria Embankment, London EC4Y 0JP.

DESCRIPTION OF THE NOTES

Certain statements under this heading are summaries of, and subject to, the detailed provisions of the Notes and the Fiscal and Paying Agency Agreement dated as of October 6, 1994 (the "Fiscal and Paying Agency Agreement"), between the Bank and Morgan Guaranty Trust Company of New York, acting through its London branch, as fiscal and paying agent (the "Fiscal and Paying Agent"). Such statements do not purport to be complete and are qualified in their entirety by reference to the Fiscal and Paying Agency Agreement and the Notes. Copies of the Fiscal and Paying Agency Agreement will be available for inspection at the offices of the Fiscal and Paying Agent.

The Notes, initially limited in aggregate principal amount to ITL 2,000,000,000,000, will be issued subject to and will be entitled to the benefits of the Fiscal and Paying Agency Agreement. The Notes will not bear interest and will mature on January 21, 2027 (the "Maturity Date") unless previously redeemed for tax reasons (see "Description of the Notes — Redemption"). The Fiscal and Paying Agency Agreement will not limit the amount of other indebtedness or securities which may be issued by the Bank and will contain no financial or similar restrictions on the Bank.

Because the Notes will not be issued pursuant to an indenture, each holder will be responsible for acting independently with respect to certain matters affecting such holder's Note, including enforcing the covenants contained therein, responding to any requests for consents, waivers or amendments and, together with other holders of specified percentages of Notes, giving written notice of default in performance of any covenant or agreement contained therein or accelerating the maturity of the Notes upon the occurrence of an Event of Default (see "Description of Notes — Events of Default").

Redemption

The Notes will mature at par on January 21, 2027. The Notes are being offered at a discount from their principal amount at maturity. There will be no periodic payment of interest on the Notes. Except as provided below, the Notes may not be redeemed prior to maturity.

The Notes may be redeemed at the option of the Bank as a whole at any time, upon publication of a notice as described below, at a redemption price equal to the Redemption Amount plus any Additional Amounts (each as defined below), if the Bank determines that (1) as a result of any change in or amendment to the laws affecting taxation (or any regulations or rulings promulgated thereunder) of the United States, or any political subdivision or taxing authority thereof or therein, or any change in the official application or interpretation of such laws, regulations or rulings, the Bank has or will become obligated to pay Additional Amounts with respect to the Notes as described under "Payment of Additional Amounts" or (2) any action (including any of those specified in (1) above) has been taken by any taxing authority of, or any action has been brought in a court of competent jurisdiction in, the United States, whether or not such action was taken or brought with respect to the Bank, or any change, amendment, application or interpretation shall be officially proposed on or after January 17, 1997, which, in any such case, in the written opinion of independent legal counsel of recognized standing results in a substantial probability that the Bank will be required to pay Additional Amounts with respect to the Notes as described under "Payment of Additional Amounts" and, in the case of (1) and (2) above, such obligation cannot be avoided by the Bank taking reasonable measures available to it which do not require undue effort or expense.

The "Redemption Amount" shall equal the principal amount of the Notes due on maturity discounted to the date fixed for redemption by a weighted average amortization yield of 7.058% per annum, compounded annually (the "Amortization Yield"). Where such calculation is to be made for a period less than a full calendar year, the calculation in respect of such period shall be made on the basis of a 360-day year consisting of 12 30-day months.

The Notes may also be redeemed in the circumstances described under "Payment of Additional Amounts" below.

Notice of redemption will be given not less than 30, nor more than 60, days prior to the date fixed for redemption. The date fixed for redemption and the redemption price will be specified in such notice. Such notice will be given in accordance with "Notice to Holders" below.

Interest on Zero Coupon Notes

If the Notes are repayable prior to the Maturity Date and are not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note calculated to the actual date of

payment. From and after the Maturity Date, the interest rate for any overdue principal on the Notes shall be a rate per annum equal to the Amortization Yield.

Payment of Additional Amounts

All payments on the Notes will be made without deduction or withholding for or on account of any present or future tax, assessment or other governmental charge, of whatever nature, imposed or levied by or within the United States or by or within any political subdivision or taxing authority thereof or therein, except as required by law. The Bank will pay such additional amounts ("Additional Amounts") as may be necessary so that every net payment on the Notes to a holder thereof who is a United States Alien (as defined below), after deduction or withholding for or on account of any present or future tax, assessment or other governmental charge imposed upon such holder, or by reason of the making of any such payment, by or within the United States, or any political subdivision or taxing authority thereof or therein, will not be less than the amount provided for in such Note to be due and payable; provided that the Bank shall not be required to make any payment of Additional Amounts for or on account of:

(a) any tax, assessment or other governmental charge which would not have been imposed but for (i) the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such holder, if such holder is an estate, a trust, a partnership or a corporation) and the United States, including, without limitation, such holder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been present therein, being or having been a citizen or resident thereof, being or having been engaged in a trade or business therein, or having or having had a permanent establishment therein, (ii) the failure of such holder to comply with any certification, identification or information reporting requirements under the income tax laws and regulations of the United States, without regard to a tax treaty, or of any political subdivision or taxing authority thereof or therein, to establish entitlement to an exemption from withholding as a United States Alien or (iii) the presentation of such Note for payment on a date more than 10 days after the date on which such payment became due and payable or the date on which such payment is duly provided for, whichever occurs later;

(b) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge;

(c) any tax, assessment or other governmental charge which is payable other than by withholding from payments on the Notes;

(d) any tax, assessment or other governmental charge imposed by reason of such holder's past or present status as a personal holding company, foreign personal holding company or controlled foreign corporation with respect to the United States or as a corporation that accumulates earnings to avoid United States federal income tax;

(e) any tax, assessment or other governmental charge which is required to be withheld by any paying agent from payments on the Notes if such payment can be made without such withholding by at least one other paying agent;

(f) any tax, assessment or other governmental charge imposed by reason of such holder's past or present status as the actual or constructive owner of 10% or more of the total combined voting power of all classes of stock of the Bank entitled to vote; or

(g) any combination of items (a), (b), (c), (d), (e) or (f);

nor shall Additional Amounts be paid to any holder who is not the beneficial owner of such Note to the extent that the beneficial owner thereof would not have been entitled to payment of such Additional Amounts had such beneficial owner been the holder of such Note.

If the Bank shall determine, based upon a written opinion of independent legal counsel of recognized standing, that any payment made outside the United States by the Bank or any of its paying agents in respect of any Note would, under any present or future laws or regulations of the United States affecting taxation or otherwise, be subject to any certification, information or other reporting requirement of United States law or regulation with regard to the nationality, residence or identity of a beneficial owner of such Note who is a United States Alien (other than a requirement that (a) would not be applicable to a payment made (i) directly to the beneficial owner or (ii) to a custodian, nominee or other agent of the beneficial owner, or (b) could be satisfied by the holder, custodian, nominee or other agent certifying that the beneficial owner is not a U.S. person, provided, however, that in each case referred to in (a)(ii) or (b) payment by any such custodian, nominee or agent to the beneficial owner is not otherwise subject to any requirement referred to in this sentence or (c) would not be applicable to a payment made by at least one paying agent), the Bank shall

redeem the Notes, as a whole but not in part, at a redemption price equal to the Redemption Amount thereof on the date fixed for redemption, such redemption to take place not later than one year after the publication of notice of such determination. The Bank shall make its determination as soon as practicable after it becomes aware of an event that would give rise to such a determination, and shall give prompt notice of such determination (a "Tax Notice") in accordance with "Notice to Holders" below, stating in the Tax Notice the effective date of such requirement and, if applicable, the date by which the redemption shall take place and the Redemption Amount. Notwithstanding the foregoing, the Bank shall not redeem the Notes if the Bank shall subsequently determine, based upon the written opinion of independent legal counsel of recognized standing not less than 30 days prior to the date fixed for redemption, that subsequent payments would not be subject to any such requirement, in which case the Bank shall give notice of such determination in accordance with "Notice to Holders" below not less than 15 days prior to the date fixed for redemption and any earlier redemption notice shall be revoked and of no further effect.

Notwithstanding the foregoing, if and so long as all certification, information or other reporting requirements referred to in the preceding paragraph would be fully satisfied by payment of a United States backup withholding tax or similar charge, the Bank may elect in the Tax Notice to pay as Additional Amounts (notwithstanding item (a)(ii) in the first paragraph under "Payment of Additional Amounts") such amounts as may be necessary so that every net payment made, following the effective date of such a certification, information or reporting requirement, outside the United States by the Bank or any of its paying agents of principal due in respect of a Note of which the beneficial owner is a United States Alien (but without the necessity of satisfying such certification, identification or information reporting requirement), after deduction or withholding for or on account of such United States backup withholding tax or similar charge (other than a tax which (1) would not be applicable in the circumstances referred to in the parenthetical phrase of the first sentence of the preceding paragraph, (2) is imposed as a result of presentation of such Note for payment on a date more than 10 days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later, or (3) is imposed as a result of the fact that the Bank or any of its paying agents has actual knowledge that the beneficial owner of such Note is within the category of persons described in clause (a)(i) or (d) of the first paragraph of this section), will not be less than the amount provided for in such Note to be then due and payable. In the event the Bank elects to pay such Additional Amounts and as long as it is obligated to pay such Additional Amounts, the Bank will have the right, at its sole option, at any time, to redeem the Notes, as a whole but not in part, at a redemption price equal to the Redemption Amount thereof on to the date fixed for redemption, including any Additional Amounts required to be paid under this paragraph.

"United States Alien" means any person who is, for United States Federal income tax purposes, as to the United States: (i) a foreign corporation; (ii) a foreign partnership any member of which is, as to the United States, a foreign corporation, a nonresident alien individual or a nonresident alien fiduciary of a foreign estate or trust; (iii) a nonresident alien individual; or (iv) a nonresident alien fiduciary of a foreign estate or trust.

"U.S. person" means a citizen or resident of the Unites States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof or therein, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

Denomination and Exchange

The Notes will be initially represented by a single temporary global note (the "Temporary Global Note") in bearer form which will be deposited with a common depositary outside the United States (the "Depositary") for Morgan Guaranty Trust of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and Cedel Bank, société anonyme ("Cedel") on or about January 21, 1997. Euroclear or Cedel, as the case may be, will credit the account of each subscriber with the principal amount of Notes being subscribed by it. The Bank will irrevocably undertake to exchange interests in the Temporary Global Note for interests in a single permanent Global Note (the "Permanent Global Note"), commencing 40 days after the Closing Date for the sale of the Notes (the "Exchange Date") provided that the Bank or its agent has received a certificate (a "Certificate of Non-U.S. Beneficial Ownership") signed by Euroclear or Cedel, as the case may be, which certificate must be based on written certifications provided to it and signed by its account holders, in a form to be provided by the Bank, or its agent, to the effect that the beneficial interest in the Temporary Global Note is owned by a person that is not a "United States person" as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") or a person who has purchased for resale to any United States person. Such certifications by the account holders must be provided to Euroclear or Cedel, as the case

may be, by the date on which the exchange occurs and must be dated no earlier than 15 days prior to the Exchange Date.

Upon 90 days written notice to the Fiscal and Paying Agent from any holder of an interest in the Permanent Global Note, definitive Notes in bearer form in denominations of ITL 5,000,000 and ITL 50,000,000 will be issued and delivered in full exchange for the Permanent Global Note to Euroclear and Cedel for the accounts of the holders of interests in the Permanent Global Note. An exchange for definitive Notes will be made at no charge to the holders of the interests in the Permanent Global Note being exchanged. No definitive Notes delivered in exchange for the Permanent Global Note will be mailed or otherwise delivered to any location in the United States in connection with such exchange. From and after such time as definitive Notes are issued in exchange for a Permanent Global Note, any remaining interest in the Temporary Global Note will be exchangeable only for definitive Notes.

Title to the Notes (including interests therein) that are deposited in Euroclear or Cedel will pass in accordance with the rules and procedures of Euroclear and Cedel, respectively. If definitive Notes are issued in exchange for the Permanent Global Note, title to the definitive Notes will pass by delivery.

Each of the persons shown in the records of Euroclear or Cedel as the beneficial holder of a Note represented by an interest in a Temporary Global Note or Permanent Global Note will be treated by the Bank, the Fiscal and Paying Agent, the other Paying Agents and any of their agents (except as ordered by a court of competent jurisdiction or as required by law) as the holder of such Notes for all purposes other than for the payment of principal (and Additional Amounts, if any) on such Notes, the right to which shall be vested solely in the bearer of the Permanent Global Note in accordance and subject to its terms, and the expression "holder" shall be construed accordingly.

Each Note will carry the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code." The sections referred to in such legend provide that United States persons, with certain exceptions, will not be entitled to deduct any loss, and will not be entitled to capital gains treatment of any gain, realized on any sale, disposition or payment of principal of the Notes.

Payment and Paying Agents

The principal of the Notes will be payable upon maturity or redemption in Italian Lire only against surrender of the Notes and subject to applicable laws and regulations (a) at the main office of Morgan Guaranty Trust Company of New York in London or its successor as paying agent (in such capacity, the "Paying Agent") or (b) at the option of the holder and subject to the right of the Bank to terminate any such paying agency, the offices of the paying agents and at the offices outside the United States and its possessions of such additional paying agents as the Bank may appoint (together with Morgan Guaranty Trust Company of New York in London, in its capacity as Paying Agent, the "Paying Agents"). The Bank has initially appointed the paying agents listed at the end of this Offering Circular. Such payments at the offices referred to above will be made by check or bank draft drawn on an Italian Lire bank account which shall be in Milan, or by transfer in same day funds to an Italian Lire account maintained by the payee at a bank outside the United States and its possessions, subject in each case to all applicable laws and regulations. To the extent necessary under the tax laws of the United States, or any official application or interpretation of the tax laws of the United States, for such payments to be treated as having been made outside the United States and its possessions, no such check or bank draft shall be mailed by any of the Paying Agents to any address in the United States and its possessions and no transfer of funds shall be made to an account maintained by the payee in the United States or its possessions. The Bank, as long as any of the Notes remain outstanding, will maintain a paying agency in a city in Europe which is recognized as an international financial center and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, will maintain a paying agent in Luxembourg. Notice of any such termination or appointment and of any changes in the specified office of any Paying Agent will be given to the holders of the Notes in accordance with "Notice to Holders" below. Notwithstanding the foregoing, if payments in respect of the Notes at the offices of all Paying Agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in Italian Lire, the Bank will appoint an office or agency in the United States at which such payments may be made.

In the event of an official redenomination with respect to the Italian Lire by the government of the Republic of Italy, the obligations of the Bank with respect to payments on the Notes in such redenominated currency shall, in all cases, be adjusted to equal an amount of redenominated currency thereafter representing the amount of

such obligations in such currency immediately before such redenomination. The Fiscal Agent will give prompt notice to the holders of the Notes of any such redenominations.

If the Bank, after consultation with the Fiscal Agent, shall have reasonably determined that a payment on the Notes cannot be made in Italian Lire due to restrictions imposed by the government of the Republic of Italy or any agency or instrumentality thereof or any monetary authority in Italy, such payment will be made outside the United States in U.S. dollars by a check drawn on, or by credit or transfer to an account maintained by the holder with a bank located outside the United States. The Fiscal Agent shall give prompt notice to the holders of the Notes if such a determination is made. The amount of U.S. dollars to be paid with respect to any such payment shall be the amount of U.S. dollars that could be purchased by the Fiscal Agent with the amount of Italian Lire payable on the date the payment is due from the principal office in London, at the rate for sale in financial transactions of U.S. dollars (for delivery in London two business days later) quoted by such bank at 10:00 a.m., Milan time, on the second business day prior to the date the payment is due.

Prescription

The Notes shall be void unless presented for payment within ten years from the due date thereof.

Merger and Consolidation

The Bank may, without the consent of holders of the Notes, consolidate or merge with or into any other corporation or association, and the Bank may sell or transfer all or substantially all of its property or assets to any corporation or association, provided that (i) the corporation (if other than the Bank) or association formed by or resulting from any such consolidation or merger or which shall have received such property or assets shall assume payment of the principal of the Notes and the performance and observance of all of the terms, covenants and conditions of the Notes to be performed or observed by the Bank and (ii) the Bank or such successor corporation shall not immediately thereafter be in default under the terms of the Notes.

Modification and Waiver

Modification and amendment of certain provisions of the Fiscal and Paying Agency Agreement and the Notes may be effected by the Bank without the consent of any of the holders of the outstanding Notes affected thereby to: (i) evidence succession of another corporation or association to the Bank and the assumption by such a party of the obligations of the Bank under the Notes in the event of a merger, consolidation or sale of assets in accordance with the terms of the Notes; (ii) add further covenants, restrictions or conditions for the protection of holders of the Notes; or (iii) cure ambiguities or to correct the Notes in case of defects or inconsistencies in the provisions thereof or to supplement with such other provisions, so long as any such cure, correction or supplement does not adversely affect the interest of the holders of the Notes in any material respect. In no event may the Bank, without the consent of the holder of each outstanding Note affected thereby, extend the final maturity of any Note, or reduce the principal amount thereof, or make the principal thereof payable in any coin or currency other than that provided in the Notes.

Events of Default

The following will be "Events of Default" with respect to the Notes: default in the payment of any Additional Amounts upon the Notes when due, which continues for 30 days; default in the payment of any principal of the Notes when due; default in the performance of any covenant or agreement of the Bank contained in the Notes, which continues for 90 days after receipt of written notice given by holders of at least 25% in principal amount of the Notes outstanding; and certain events of insolvency, reorganization or the appointment of a conservator, receiver or liquidator for the Bank or all or substantially all of its property. The holders of at least 25% in principal amount of the Notes outstanding may declare the Redemption Amount of all of the Notes due and payable immediately if an Event of Default with respect to the Notes shall have occurred and be continuing at the time of such declaration. Any Event of Default with respect to the Notes may be waived by any holder with respect to such holder's Note.

Replacement of Notes

Notes that become mutilated, defaced, destroyed, lost or stolen may be replaced by the Bank at the expense of the holder upon delivery of the Notes or satisfactory evidence of the destruction, theft or loss thereof to the Bank, the Fiscal Agent or any Paying Agent. In every case, an indemnity satisfactory to the Bank, the Fiscal Agent and the Paying Agent may be required at the expense of the holder of such Note before a replacement will be issued. In addition, the Bank may require the payment of a sum sufficient to cover any tax or other

governmental or insurance charge that may be imposed in relation thereto and any other fees and expenses connected therewith.

Applicable Law

The Fiscal and Paying Agency Agreement and the Notes will be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

Further Issues

The Fiscal and Paying Agency Agreement will allow, without the consent of holders of the Notes, further debt securities that will have the same terms and conditions as the Notes. Such additional debt securities, along with the Notes, may be consolidated to form a single series of debt securities.

Notice to Holders

Notices to holders of the Notes will be given at least once by publication in one daily newspaper in the English language of general circulation in London, and, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, in a daily newspaper of general circulation in Luxembourg. If publication in either London or Luxembourg is impractical in the opinion of the Bank, notices shall be published by such means as will, so far as may be reasonably practicable, approximate publication in such newspaper. Such publication is expected to be made in the *Luxemburger Wort* in Luxembourg and the *Financial Times* in London. Such notices will be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication.

Fiscal and Paying Agent

In acting under the Fiscal and Paying Agency Agreement and in connection with the Notes, the Fiscal and Paying Agent is acting solely as agent of the Bank and does not assume any obligation towards or relationship of agency or trust for or with the owner or holder of any Note, except that any funds held by the Fiscal and Paying Agent for payment of principal of, or Additional Amounts with respect to, the Notes shall be held in trust by it and applied to payments on the Notes, but need not be segregated from other funds held by it, except as required by law.

Purchase by the Bank

The Bank and its affiliates will have the right at any time and from time to time to purchase Notes in any manner, on the open market or by private contract, at any price.

PREFERENCE IN RIGHT OF PAYMENT

Legislation adopted by the United States Congress in 1993 provides for a preference in right of payment of certain claims realized in the liquidation or other resolution of any depository institution insured by the FDIC. That statute requires claims to be paid in the following order of priority: (i) administrative expenses of the receiver; (ii) any deposit liability of the institution; (iii) any other general or senior liability of the institution (which is not an obligation described in clauses (iv) or (v) below); (iv) any obligation subordinated to depositors or general creditors (which is not an obligation described in (v) below); (v) any obligation to shareholders or members (including any depository institution holding company or any shareholder or creditor of such company). For purposes of the statute, deposit liabilities would include any deposit payable at an office of the insured depository institution located in the United States but would not include any deposit payable only at an office outside the United States or any international banking facility deposit.

UNITED STATES TAXATION

In the opinion of Gene A. Capello, Esq., Vice President and Assistant General Counsel of the Bank, the following summary correctly describes certain United States federal income tax consequences of the ownership of Notes as of the date hereof. Under present United States federal income and estate tax law, and subject to the discussion below concerning backup withholding:

(a) payments of principal of (including original issue discount) the Notes by the Bank or any paying agent to any United States Alien Holder (as defined in the final paragraph of this section) will not be subject to United States federal withholding tax, provided that, in the case of discount, (i) such holder does not own, actually or

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constructively, 10 percent or more of the total combined voting power of all classes of stock of the Bank entitled to vote and (ii) is not a controlled foreign corporation related, directly or indirectly, to the Bank through stock ownership;

(b) a United States Alien Holder of a Note generally will not be subject to United States federal income tax on gain realized on the sale, exchange or other disposition of such Note unless (i) such holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition, and either (a) such individual has a "tax home" (as defined in Section 911(d)(3) of the Code) in the United States or (b) the gain is attributable to an office or other fixed place of business maintained by such individual in the United States or (ii) such gain is effectively connected with the conduct by such Holder of a trade or business in the United States; and

(c) a Note held by an individual who is not a citizen or resident of the United States at the time of his death will not be subject to United States federal estate tax as a result of such individual's death, provided that the individual does not own, actually or constructively, 10 percent or more of the total combined voting power of all classes of stock of the Bank entitled to vote and, at the time of such individual's death, payments with respect to such Note would not have been effectively connected to the conduct by such individual of a trade or business in the United States.

Backup Withholding and Information Reporting

Under current United States federal income tax law, a 31% backup withholding tax and information reporting requirements apply to certain payments of principal made to, and to the proceeds of sale before maturity by, certain noncorporate United States Persons (as defined in the final paragraph of this section). Under current Treasury Regulations, backup withholding will not apply to payments of principal made outside the United States by the Bank or any paying agent thereof on a Note, provided that the Bank or such paying agent, as the case may be, does not have actual knowledge that the payee is a United States Person.

Under current Treasury Regulations, in the case of payments of principal made to or through the foreign office of a custodian, nominee or other agent acting on behalf of a beneficial owner of a Note, such custodian, nominee or other agent will not be required to apply backup withholding to such payments made to such beneficial owner and generally will not be subject to information reporting requirements. However, if such custodian, nominee or other agent is a United States Person, a controlled foreign corporation for United States tax purposes, or a foreign person 50 percent or more of whose gross income is effectively connected with a United States trade or business for a specified three-year period, such custodian, nominee or other agent may be subject to certain information reporting requirements with respect to such payments unless it has in its records documentary evidence that the beneficial owner is not a United States person and certain conditions are met or the beneficial owner otherwise establishes an exemption. Under proposed Treasury Regulations, which are not currently effective, backup withholding may apply to any payment which such custodian, nominee or other agent is required to report if such custodian, nominee or other agent has actual knowledge that the payee is a United States Person.

Under current Treasury Regulations, payments on the sale, exchange or other disposition of a Note made to or through a foreign office of a broker generally will not be subject to backup withholding. However, if such broker is a United States Person, a controlled foreign corporation for United States tax purposes or a foreign person 50 percent or more of whose gross income is effectively connected with a United States trade or business for a specified three-year period, information reporting will be required unless the broker has in its records documentary evidence that the beneficial owner is not a United States Person and certain other conditions are met or the beneficial owner otherwise establishes an exemption. Under proposed Treasury Regulations, backup withholding may apply to any payment which such broker is required to report if such broker has actual knowledge that the payee is a United States Person. Payments to or through the United States office of a broker will be subject to backup withholding and information reporting unless the holder certifies, under penalties of perjury, that it is not a United States Person or otherwise establishes an exemption.

United States Alien Holders of Notes should consult their tax advisers regarding the application of information reporting and backup withholding in their particular situations, the availability of an exemption therefrom, and the procedure for obtaining such an exemption, if available. Any amounts withheld from a payment to a United States Alien Holder under the backup withholding rules will be allowed as a credit against such holder's United States federal income tax liability and may entitle such holder to a refund, provided that the required information is furnished to the United States Internal Revenue Service.

In rendering this opinion, counsel has, among other things, relied on the representation to the Bank by the Managers that they have in effect procedures reasonably designed to ensure that their employees or agents who are directly engaged in selling the Notes are aware that the Notes cannot be offered or sold during the restricted period to a person who is within the United States or who is a United States Person. As used in this section, "United States" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction, "United States Person" means any citizen or resident of the United States, a corporation, partnership or other entity organized in or under the laws of the United States or any political subdivision thereof and an estate or trust the income of which is subject to United States federal income taxation regardless of its source, "United States Alien Holder" means a holder who is not a United States Person and "restricted period" has the meaning given such term in the regulations promulgated under Section 163(f) of the Code.

USE OF PROCEEDS

The net proceeds from the sale of the Notes, estimated to be approximately ITL 218,500,000,000 (less expenses incurred by the Bank in connection with the issue), will be used by the Bank in the ordinary course of its banking business.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

The Bank is a trust company, incorporated under the laws of the State of New York in 1864, and is J.P. Morgan's largest subsidiary, accounting for 74% of J.P. Morgan's assets at December 31, 1996. The Bank extends credit, accepts deposits, arranges financings, and provides a number of other traditional banking and financial facilities and services. The Bank also provides worldwide financial and advisory services to its clients in addressing their corporate finance needs, including those related to international capital markets. In addition to providing merger and acquisition, leasing, real estate, and other advisory services, the Bank also acts as a broker and principal in the interest rate and currency swap markets.

The Bank buys and sells foreign currencies as principal, engaging in spot, forward, futures, and options transactions. The Bank executes trades with counterparties around the world, including commercial and institutional clients. To complement its international market activities and to serve its clients, the Bank trades precious metals, engaging in spot, forward, futures, and options transactions as principal.

The Bank's clients include domestic and international corporations, governmental bodies, and financial institutions. Corporate clients are in a broad variety of industries and include many of the largest companies operating in the United States and worldwide as well as certain companies of a medium and smaller size. The Bank serves a number of U.S. and international banks as correspondent.

While its emphasis is on wholesale clients, J.P. Morgan, through the Bank and other subsidiaries, also offers a variety of banking and asset management services worldwide to individuals with substantial incomes or assets and to professional firms, privately controlled companies, service businesses, and nonprofit organizations.

The Private Banking group of the Bank provides investment management services to individuals, including the administration of trust and estate assets.

The Bank also provides numerous operational and asset management services, including equity brokerage. The Bank also serves in a variety of fiduciary and agency capacities, including the administration of American and International Depositary Receipts and global trust and agency services. J.P. Morgan continues to serve as operator of the Euroclear System, the world's largest clearance and settlement system for internationally traded securities.

The principal executive office of the Bank is located at 60 Wall Street, New York, New York 10260-0060 and its telephone number is (212) 483-2323.

EXECUTIVE OFFICERS AND DIRECTORS OF J.P. MORGAN AND THE BANK

The following persons are the current executive officers of J.P. Morgan and the Bank:

Douglas A. Warner III	Chairman of the Board and Chief Executive Officer
Roberto G. Mendoza	Vice Chairman of the Board
Kurt F. Viermetz	Vice Chairman of the Board
Michael E. Patterson	Vice Chairman of the Board
John A. Mayer Jr.	Chief Financial Officer
David H. Sidwell	Managing Director and Controller

Rachel F. Robbins and Stephen G. Thieke are Managing Director, General Counsel and Secretary, and Managing Director and Head of Corporate Risk Management, respectively of J.P. Morgan.

The following persons are the members of the Board of Directors of J.P. Morgan and the Bank:

Name	Principal Occupation	Residence or Business Address
Riley P. Bechtel	Chairman and Chief Executive Officer of Bechtel Group, Inc.	Bechtel Group, Inc. P.O. Box 193965 San Francisco, CA 94119-3965
Martin Feldstein	President and Chief Executive Officer of National Bureau of Economic Research, Inc.	National Bureau of Economic Research, Inc. 1050 Massachusetts Avenue Cambridge, MA 02138-5398
Hanna H. Gray	President Emeritus and Harry Pratt Judson Distinguished Service Professor of History of The University of Chicago	The University of Chicago Department of History 1126 East 59th Street Chicago, IL 60637
James R. Houghton	Retired Chairman of the Board of Corning Incorporated	80 East Market Street 2nd Floor Corning, NY 14830
James L. Ketelsen	Retired Chairman and Chief Executive Officer of Tenneco Inc.	Tenneco Inc. P.O. Box 2511 Houston, TX 77252-2511
John A. Krol	President and Chief Executive Officer of E.I. Du Pont de Nemours & Company	E.I. Du Pont de Nemours & Company 1007 Market Street Wilmington, DE 19898
Roberto G. Mendoza	Vice Chairman of the Board of J.P. Morgan	60 Wall Street New York, NY 10260-0060
Michael E. Patterson	Vice Chairman of the Board of J.P. Morgan	60 Wall Street New York, NY 10260-0060
Lee R. Raymond.....	Chairman of the Board and Chief Executive Officer of Exxon Corporation	Exxon Corporation 5959 Las Colinas Boulevard Irving, TX 75039-2298
Richard D. Simmons	Retired: Former President of the Washington Post Company and the International Herald Tribune	105 North Washington Street Suite 202 Alexandria, VA 22314
Kurt F. Viermetz	Vice Chairman of the Board of J.P. Morgan	60 Wall Street New York, NY 10260-0060
Douglas A. Warner III	Chairman of the Board and Chief Executive Officer of J.P. Morgan	60 Wall Street New York, NY 10260-0060
Dennis Weatherstone	Retired Chairman of the Board of J.P. Morgan	60 Wall Street New York, NY 10260-0060
Douglas C. Yearley.....	Chairman, President and Chief Executive Officer of Phelps Dodge Corporation	Phelps Dodge Corporation 2600 N. Central Avenue Phoenix, AZ 85004-3014

The members of the Board of Directors of J.P. Morgan and the Bank have the business addresses as specified above.

SELECTED CONSOLIDATED FINANCIAL DATA OF J.P. MORGAN

The following tables set forth certain condensed financial data with respect to J.P. Morgan selected from the unaudited consolidated financial statements appearing in the J.P. Morgan Report on Form 8-K dated January 13, 1997, for the period ended December 31, 1996, and from the audited consolidated financial statements appearing in the J.P. Morgan Annual Report on Form 10-K for the year ended December 31, 1995, which are incorporated herein by reference. This information should be read in conjunction with the other details of financial information concerning J.P. Morgan appearing in the aforementioned documents.

J.P. MORGAN & CO. INCORPORATED CONSOLIDATED EARNINGS DATA

	Year Ended December 31,			
	1996	1995	1994	1993
	(Unaudited)	(Audited)	(Audited)	(Audited)
U.S. dollars in millions (except per share data)				
Interest revenue	$10,713	$9,937	$8,379	$7,442
Interest expense	9,011	7,934	6,398	5,670
Net interest revenue	1,702	2,003	1,981	1,772
Total noninterest revenue	5,153	3,901	3,536	4,499
Total operating expenses	4,523	3,998	3,692	3,580
Income before income taxes and cumulative effect of accounting change	2,332	1,906	1,825	2,691
Income taxes	758	610	610	968
Income before cumulative effect of accounting change	1,574	1,296	1,215	1,723
Cumulative effect of change in method of accounting for postretirement benefits, net of related income taxes	—	—	—	(137)
Net income	1,574	1,296	1,215	1,586
Per common share(1):				
Income before cumulative effect of accounting change	$ 7.63	$ 6.42	$ 6.02	$ 8.48
Cumulative effect of change in method of accounting for postretirement benefits, net of related income taxes	—	—	—	(0.68)
Net income	7.63	6.42	6.02	7.80
Dividends declared	3.31	3.06	2.79	2.48

Notes:

(1) Earnings per share amounts represent primary earnings per share only, except for the years ended December 31, 1994 and 1993, where earnings per share represents both primary and fully diluted earnings per share. Fully diluted earnings per share were $7.56, and $6.36 for the years ended December 31, 1996 and 1995, respectively.

J.P. MORGAN & CO. INCORPORATED
CONSOLIDATED BALANCE SHEET

U.S. dollars in millions	December 31, 1996 (Unaudited)	December 31, 1995 (Audited)	December 31, 1994 (Audited)
Assets			
Cash and due from banks	$ 906	$ 1,535	$ 2,210
Interest-earning deposits with banks	1,908	1,986	1,362
Debt investment securities available for sale carried at fair value	24,865	24,638	22,657
Net trading account assets	90,980	69,408	57,065
Securities purchased under agreements to resell and federal funds sold	32,505	32,157	21,350
Securities borrowed	27,931	19,830	12,127
Net loans	27,554	22,323	20,949
Accrued interest and accounts receivable	3,789	3,539	5,028
Other assets	11,588	9,463	12,169
Total	$222,026	184,879	154,917
Liabilities			
Total deposits	52,724	46,438	43,085
Trading account liabilities	50,919	45,289	36,407
Securities sold under agreements to repurchase and federal funds purchased	61,429	45,099	35,768
Commercial paper and other liabilities for borrowed money	24,080	17,930	14,407
Accounts payable and accrued expenses	5,935	5,643	6,231
Long-term debt not qualifying as risk-based capital	9,411	5,737	3,605
Long-term debt qualifying as risk-based capital	3,692	3,590	3,197
Other liabilities	1,654	4,702	2,649
Company obligated mandatorily redeemable preferred securities of subsidiary grantor trust holding solely junior subordinated debentures of the Company	750	—	—
Total liabilities	210,594	174,428	145,349
Stockholders' equity			
Total stockholders' equity	11,432	10,451	9,568
Total	$222,026	$184,879	$154,917

CAPITALIZATION OF J.P. MORGAN & CO. INCORPORATED

The consolidated capitalization of J.P. Morgan and its consolidated subsidiaries at December 31, 1996, and as adjusted for the issuance of the ITL 2,000,000,000,000 Zero Coupon Notes due January 2027, follows:

	(US$ in millions) (Unaudited)	
	Outstanding	As Adjusted
Long-term debt qualifying as risk-based capital:		
J.P. Morgan (parent)		
Zero-coupon subordinated notes due 1998	$ 360	$ 360
4¼% convertible debentures due 1998	2	2
7⅜% subordinated notes due 1998-2004	747	747
Floating-rate subordinated notes due 2000-2005	940	940
5¾% – 7¼% subordinated notes due 2002-2011	824	824
8% subordinated Italian lire notes due 2003(1)	85	85
6¼% – 8½% subordinated notes due 2003-2010	749	749
6⅞% subordinated Canadian dollar notes due 2004(1)	184	184
4.78% subordinated Japanese yen loan due 2005(1)	86	86
7.69% Medium-Term notes due 2011	75	75
Floating-rate, Medium Term notes due 2026	10	10
Morgan Guaranty		
7⅜% subordinated notes due 2002	199	199
Less: amortization for risk-based capital purposes	569	569
Total long-term debt qualifying as risk-based capital	3,692	3,692
Long-term debt not qualifying as risk-based capital:		
J.P. Morgan (parent)		
6½% – 8% notes due 1997	801	801
14½% South African rand notes due 1997(1)	54	54
Floating-rate notes due 1997-1998	614	614
Floating-rate Medium-Term notes due 1997-2006	390	390
4⅝%-7¼% Deutsche mark notes due 1998-2000(1)	362	362
4½% Mandatorily Exchangeable notes due 1998	13	13
6%-6.36% Medium-Term notes due 1998-2001	81	81
3¾%-5½% Swiss franc notes due 1999-2003(1)	531	531
6% Netherlands guilder notes due 2000(1)	146	146
8.95% Italian lire notes due 2001(1)	167	167
2.52% Japanese yen notes due 2003	87	87
6⅝% French franc notes due 2008(1)	271	271
7.7% notes, Series B-E due 2008-2009	425	425
7½% convertible mortgage loan due 2018	406	406
Morgan Guaranty		
Zero-coupon notes due 1997	9	9
Floating-rate Deutsche mark notes issued by J.P. Morgan Holding Deutschland GmbH due 1997(1)(2)	6	6
11⅜% Italian lire notes due 1997(1)	115	115
6%-8.11% notes due 1998	415	415
Floating-rate Italian lire notes due 1998	197	197
Floating-rate Portuguese escudo notes due 1998-2006(1)	147	147
Floating-rate notes due 1998	800	800
Floating-rate notes due 1998-2011	792	792
0.25% Equity linked notes due 1999	10	10
5.78%-10% notes due 1999-2004	926	926
6.06% notes due 2001	40	40
8.0% Australian dollar notes due 2001(1)	107	107
7.375% British pound notes due 2001(1)	255	255
Floating-rate notes linked to Indonesian rupiah due 2001	9	9
7.75% British pound notes due 2003	340	340
3.17% Japanese yen notes due 2010	16	16
Zero-coupon Italian lire notes due 2027(1)(4)	—	143
British pound financing obligation(1)	310	310
	8,842	8,985
Add: amortization for risk-based capital purposes	569	569
Total long-term debt not qualifying as risk-based capital	9,411	9,554
Company obligated mandatorily redeemable preferred securities of subsidiary grantor trust holding solely junior subordinated debentures of the Company	750	750
	13,853(3)	13,996(3)
Stockholders' equity:		
Preferred stock (authorized: 10,400,000 shares; issued and outstanding: 2,444,300 shares of adjustable rate cumulative preferred stock; 250,000 shares of variable cumulative preferred stock; 400,000 shares of fixed cumulative preferred stock)	694	694
Common stock, $2.50 par value (authorized: 500,000,000 shares; issued: 688,123 shares)	502	502
Capital surplus	1,446	1,446
Retained earnings	8,635	8,635
Net unrealized gains on investment securities, net of taxes	464	464
Other	826	826
Less: Treasury stock (15,765,455 shares) at cost	(1,135)	(1,135)
Total stockholders' equity	11,432	11,432
Total	$25,285	$25,428

Notes:

(1) The following exchange rates were utilized to convert non-U.S. dollar notes outstanding at December 31, 1996:

British pound	0.589	Deutsche mark	1.555	South African rand	4.678
Canadian dollar	1.371	Italian lire	1,530.57	Australian dollar	1.256
Swiss franc	1.351	Japanese yen	116.20	French franc	5.247
Netherlands guilder	1.738	Portuguese escudo	155.10	Indonesian rupiah	2,364.0

(2) Payment of principal and interest unconditionally guaranteed by J.P. Morgan.

(3) The capitalization table does not include significant amounts of deposit liabilities, including deposit notes, and short-term obligations incurred by J.P. Morgan and its consolidated subsidiaries in the ordinary course of business, including federal funds purchased, securities sold under repurchase agreements and commercial paper.

(4) Based on the estimated net proceeds from the sale of the Notes converted at the Italian lire exchange rate at December 31, 1996.

There has been no material change to the consolidated capitalization of J.P. Morgan and its consolidated subsidiaries, as adjusted, since December 31, 1996.

UNDERWRITING

CARIPLO Cassa di Risparmio delle Provincie Lombarde S.p.A., J.P. Morgan Securities Ltd., Caboto SIM S.p.A., Banca Commerciale Italiana, Banca Nazionale del Lavoro S.p.A., Banca del Gottardo, Banca di Roma, Banca Euromobiliare S.p.A., Banca Monte dei Paschi di Siena S.p.A., Banque Nationale de Paris London Branch, Banque Paribas, Bear, Stearns International Limited, Credito Emiliano S.p.A., Credito Italiano S.p.A., Deutsche Bank AG London, Istituto Bancario San Paolo di Torino S.p.A., Morgan Stanley & Co. International Limited, Sanwa International plc and Swiss Bank Corporation (the "Managers") have, pursuant to a Subscription Agreement (the "Subscription Agreement") dated January 17, 1997, jointly and severally agreed with the Bank to subscribe and pay for the Notes at the respective issue price set forth on the cover of this Offering Circular, less a selling concession of 1.65% of the principal amount of the Notes and a combined management and underwriting commission of 0.35% of the principal amount of the Notes. The Bank has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, upon reliance on the exemption from registration set forth in Section 3(a)(2) thereof. Except as set forth below, each Manager has agreed that it will not offer, sell or deliver the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of U.S. persons and it will have sent to each dealer to which it sells Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales on the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code.

Each Manager has represented and agreed that (i) it has not offered or sold and prior to the date six months after the date of issue of the Notes will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

Each Manager has represented and agreed that sales of the Notes to any person in the Republic of Italy will only be made in accordance with Italian securities, tax and other applicable laws and regulations, and that under current Italian law, only the following entities may be authorized to place and distribute any Notes in Italy: (i) Italian entities or Italian subsidiaries of foreign banks authorized to place and distribute securities in Italy pursuant to Paragraph 2 of Article 3 and Paragraph 1 of Article 16 of Law No. 1 of January 2, 1991 (the "SIM Law"), (ii) foreign entities authorized to place and distribute securities in Italy pursuant to Articles 16 and 18 of Law Decree No. 385 of September 1, 1993, and (iii) foreign entities authorized to place and distribute securities in Italy pursuant to Legislative Decree No. 415 of July 23, 1996, in each case acting in compliance with the relevant provisions of the SIM Law and related regulations and any other applicable laws and regulations (including Article 129 of Law Decree No. 385 of September 1, 1993).

Each Manager has represented and agreed that (i) it has not taken any action in any jurisdiction that would permit a public offering of the Notes, and will not possess or distribute this Offering Circular or any other offering material in any other jurisdiction where action for that purpose is required and (ii) it will comply with all relevant laws and regulations in each jurisdiction in which it (A) purchases, offers, sells or delivers Notes or (B) has in its possession or distributes the Offering Circular or any other offering material.

Purchasers of Notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the respective issue price set forth on the cover page hereof.

Reference should be made to the Subscription Agreement for a complete description of the selling restrictions described above.

J.P. Morgan Securities Ltd. is a wholly owned subsidiary of J.P. Morgan.

VALIDITY OF THE NOTES

The validity of the Notes will be passed upon for the Bank by Gene A. Capello, Esq., Vice President and Assistant General Counsel of the Bank and for the Managers by Cravath, Swaine & Moore, London, England.

LISTING AND GENERAL INFORMATION

1. Application has been made to list the Notes on the Luxembourg Stock Exchange. In connection with the listing application, the Charter and By-Laws of the Bank and a legal notice (*Notice Légale*) relating to the issuance of the Notes will have been deposited prior to listing with the Chief Registrar of the District Court of Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*), where copies thereof may be obtained on request.

Copies of the Charter and By-Laws of the Bank, the Fiscal and Paying Agency Agreement and annual, quarterly and current reports of J.P. Morgan will be available for inspection at the office of the Listing Agent in Luxembourg during the term of the Notes. In addition, copies of such reports may be obtained at such office.

2. The Republic of Italy is currently a member of the European Union (the "EU"). Pursuant to the Treaty on European Union (the "Maastricht Treaty"), it is contemplated that a new single currency shall eventually be substituted for various currencies of participating member countries of the EU. It is currently anticipated that the new single currency will be introduced in early 1999. Subject to the Republic of Italy's participation in the new single currency, the Italian Lire may cease to be the currency of the Republic of Italy. If the Notes are outstanding when the Republic of Italy participates in the new single currency, the Bank intends to make payment on the Notes in accordance with the then market practice of payment on such debts.

3. The independent public accountants of J.P. Morgan are Price Waterhouse LLP.

4. The Bank does not publish separate financial statements.

5. The resolutions relating to the sale and issuance of the Notes were adopted by the Board of Directors of the Bank on November 9, 1988.

6. Save as disclosed in this document, there has been no material adverse change in the consolidated financial position of J.P. Morgan and its subsidiaries since the date of the last audited financial statements.

J.P. Morgan is not involved in, and has no knowledge of any threat of, any litigation, administrative proceedings or arbitration which is or may be material in the context of the issue of the Notes.

7. The Notes have been accepted for clearance through Euroclear and Cedel. The common code assigned to the Notes is 7199651. The International Security Identification Number (ISIN) allocated to the Notes is XS0071996515.

PRINCIPAL AND REGISTERED OFFICE OF THE BANK

60 Wall Street
New York, New York 10260-0060

FISCAL AGENT

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60 Victoria Embankment
London EC4Y 0JP

PAYING AGENTS

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Morgan Guaranty Trust Company of New York
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LEGAL ADVISOR TO THE BANK

Gene A. Capello
Vice President and
Assistant General Counsel
Morgan Guaranty Trust Company
of New York
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New York, New York 10260-0060

LEGAL ADVISORS TO THE MANAGERS

Cravath, Swaine & Moore
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INDEPENDENT ACCOUNTANTS TO J.P. MORGAN

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LISTING AGENT

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