

CONSOLIDATED STATEMENTS OF INCOME

| FISCAL YEAR (DOLLARS IN MILLIONS, EXCEPT SHARE AND PER SHARE DATA) | 1997 | 1996 | 1995 |
|--|-------------|-------------|-------------|
| Revenues: | | | |
| Investment banking | \$ 2,694 | \$ 2,190 | \$ 1,556 |
| Principal transactions: | | | |
| Trading | 3,191 | 2,659 | 1,685 |
| Investments | 463 | 86 | 121 |
| Commissions | 2,086 | 1,776 | 1,533 |
| Fees: | | | |
| Asset management, distribution and administration | 2,505 | 1,732 | 1,377 |
| Merchant and cardmember | 1,704 | 1,505 | 1,135 |
| Servicing | 762 | 809 | 680 |
| Interest and dividends | 13,583 | 11,288 | 10,530 |
| Other | 144 | 126 | 115 |
| Total revenues | 27,132 | 22,171 | 18,732 |
| Interest expense | 10,806 | 8,934 | 8,190 |
| Provision for consumer loan losses | 1,493 | 1,214 | 722 |
| Net revenues | 14,833 | 12,023 | 9,820 |
| Non-interest expenses: | | | |
| Compensation and benefits | 6,019 | 5,071 | 4,005 |
| Occupancy and equipment | 526 | 493 | 454 |
| Brokerage, clearing and exchange fees | 460 | 317 | 289 |
| Information processing and communications | 1,080 | 996 | 889 |
| Marketing and business development | 1,179 | 1,027 | 874 |
| Professional services | 451 | 334 | 252 |
| Other | 770 | 668 | 706 |
| Relocation charge | — | — | 59 |
| Merger-related expenses | 74 | — | — |
| Total non-interest expenses | 10,559 | 8,906 | 7,528 |
| Income before income taxes | 4,274 | 3,117 | 2,292 |
| Provision for income taxes | 1,688 | 1,137 | 827 |
| Net income | \$ 2,586 | \$ 1,980 | \$ 1,465 |
| Preferred stock dividend requirements | \$ 66 | \$ 66 | \$ 65 |
| Earnings applicable to common shares ⁽¹⁾ | \$ 2,520 | \$ 1,914 | \$ 1,400 |
| Earnings per common share ⁽²⁾ | | | |
| Primary | \$ 4.25 | \$ 3.22 | \$ 2.30 |
| Fully diluted | \$ 4.15 | \$ 3.14 | \$ 2.25 |
| Average common shares outstanding ⁽²⁾ | | | |
| Primary | 594,182,885 | 594,478,535 | 608,246,433 |
| Fully diluted | 609,043,924 | 611,012,101 | 622,098,868 |

⁽¹⁾ Amounts shown are used to calculate primary earnings per common share.

⁽²⁾ Per share and share data have been restated to reflect the Company's two-for-one stock split.

See Notes to Consolidated Financial Statements.