

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case no: 21/LM/Apr04

In The Large Merger Between:

JP Morgan Chase & Co

And

Bank One Corporation

Reasons for Decision

Approval

1. On 28 April 2004 the Competition Tribunal issued a Merger Clearance Certificate approving the transaction between JP Morgan Chase & Co and Bank One Corporation. The reasons for this decision follow.

The Parties

2. The primary acquiring firm is JP Morgan Chase & Co ("JPMC"), a public company listed on the New York Stock Exchange with its principle place of business in New York, United States of America. JPMC has several subsidiaries worldwide. In South Africa, JPMC has control over the following entities: the Johannesburg branch office of JP Morgan Chase Bank; JP Morgan Equities Limited; JP Morgan Securities SA (Pty) Ltd; Sharestock Nominees (Pty) Ltd and JP Morgan Partners which holds 50% or more interest in the following firms active in South Africa: Maynard and Harris Plastics (UK) Limited; Pliant Corporation and Chromalox Corporation.
3. The primary target firm is Bank One Corporation ("Bank One"), a company incorporated under the laws of the United States of America with its principle place of business in Chicago, USA. Bank One has subsidiaries worldwide. In South Africa it does not have any subsidiaries but through its private equity investment fund, One Equity Partners LLC ("OEP"), it controls the following companies which are active in South Africa: Howaldtswerke-Deutsche Werft AG; Moneyline Telerate Holdings Inc.; Polaroid Corporation; Medex Inc.; and Mauser-Werke GmbH & Co. KG.

The Transaction

4. The transaction constitutes a stock-for-stock merger whereby each outstanding share of Bank One Common Stock, than shares held in Bank One's treasury or held by JPMC will be

converted (with cash to be paid in lieu of fractional shares) into 1.32 shares of JPMC Common Stock.

5. On completion of the transaction, Bank One will be merged into JPMC, which will continue to trade on the New York Stock Exchange with headquarters located in New York. Bank One's separate existence, as a corporation will terminate.

Rationale for the Transaction

6. According to the parties, the proposed merger will result in the creation of the second largest banking franchise in the US. In addition, synergies in wholesale and retail banking will place the company in a strong position to achieve stable financial performance and increase shareholder value through its balanced business mix, greater scale and enhanced efficiencies and competitiveness.

The Parties' Activities

6. JPMC is a global financial services company, which is active in the broader banking and financial services sector. In South Africa, JPMC conducts its banking and related activities through the Johannesburg branch office of JP Morgan Chase Bank, JP Morgan Equities, JP Morgan Securities SA and Sharestock Nominees. However, the activities of the JP Morgan Partners companies are as follows:
 - Maynard and Harris Plastics supplies bottles caps and flexible tubes to the personal care market;
 - Pliant manufactures flexible film packaging materials; and
 - Chromalox manufactures industrial and commercial heating equipment and controls.
7. Bank One is also a global financial institution involved in domestic retail banking, finance and credit card services, commercial banking services as well as trust and investment management services. Although Bank One itself does not carry on any activities in South Africa, through OEP it controls companies, which do have activities in South Africa namely:
 - Howaldtswerke-Deutsche Werft builds merchant and naval ships;
 - Moneyline Telerate is a global provider of real-time information and transaction services;
 - Polaroid manufactures photographic equipment;
 - Medex manufactures and markets medical devices used in the diagnosis and treatment of hospital patients. Products include single-patient disposable products used to deliver fluids or to monitor blood pressure, and the sale of catheters; and
 - Mauser-Werke sells industrial plastic containers.

Impact on competition

8. Although both parties are involved in banking, Bank One does not have any banking interests in South Africa. There is therefore no product overlap with regard to this activity. Both parties are also indirectly active in the broader packaging sector. The difference in their

packaging activities however, lies in the fact that:

*“JPMC’s packaging activities involves inter alia, packaging of baked goods such as bread, rolls, snack foods and specialty breads as well as frozen foods such as vegetables, meat, poultry products and packaged meals. Bank One’s packaging activities involve plastic packaging products which are hard and generally large durable containers such as jerricans, plastic cans, fibre drums and plastic drums.”*¹

9. We therefore find that there is no product overlap in respect of the packaging activities as those of JPMC are not interchangeable with those of Bank One’s.

Conclusion

4. Having regard to the above, we conclude that the merger will not lead to a substantial lessening of competition and further that there are no public interest concerns. Accordingly, we agree with the Commission’s recommendation that the transaction be unconditionally approved.

N Manoim

28 April 2004
Date

Concurring: D Lewis and U Bhoola

For the merging parties: Vishal Koovejee (Deneys Reitz Attorneys)

For the Commission: Makgale Mohlala (Mergers and Acquisitions)

¹ At page 4 of the Competition Commission’s Recommendations.