



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report:  
October 22, 2003

Commission file number  
1-5805

**J.P. MORGAN CHASE & CO.**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

13-2624428  
(I.R.S. Employer  
Identification No.)

270 Park Avenue, New York, NY  
(Address of principal executive offices)

10017  
(Zip Code)

Registrant's telephone number, including area code: (212) 270-6000

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Item 7. Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
12.1	Computation of Ratio of Earnings to Fixed Charges
12.2	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements
99.1	Press Release – 2003 Third Quarter Earnings
99.2	Press Release Financial Supplement – Third Quarter 2003
99.3	Analyst Presentation Slides – Third Quarter 2003 Financial Results

Item 9. Regulation FD Disclosure

On October 22, 2003, J.P. Morgan Chase & Co. (“JPMorgan Chase” or the “Firm”) will hold an investor presentation to review 2003 third quarter earnings.

Exhibit 99.3 is a copy of slides furnished at, and posted on the Firm’s website in connection with, the presentation. The slides are being furnished pursuant to Item 9, and the information contained therein shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities under that Section. Furthermore, the information in Exhibit 99.3 shall not be deemed to be incorporated by reference into the filings of the Firm under the Securities Act of 1933.

Item 12. Results of Operations and Financial Condition

On October 22, 2003, JPMorgan Chase reported third quarter 2003 net income of \$1.63 billion, or \$0.78 per share. Net income for the third quarter of 2002 was \$40 million, or \$0.01 per share, and net income for the second quarter of 2003 was \$1.83 billion, or \$0.89 per share. A copy of the 2003 third quarter earnings press release is attached hereto as Exhibit 99.1, and a copy of the supplemental financial schedules is attached hereto as Exhibit 99.2.

The earnings press release contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of JPMorgan Chase’s management and are subject to significant risks and uncertainties. These risks and uncertainties could cause JPMorgan Chase’s results to differ materially from those set forth in such forward-looking statements. Such risks and uncertainties are described in JPMorgan Chase’s Quarterly Report on Form 10-Q for the quarters ended June 30, 2003 and March 31, 2003, and in the 2002 Annual Report on Form 10-K, each filed with the Securities and Exchange Commission, which are available at the Securities and Exchange Commission’s internet site ([www.sec.gov](http://www.sec.gov)), and to which reference is hereby made.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

J.P. MORGAN CHASE & CO.  
(Registrant)

By: /s/ Joseph L. Sclafani  
Joseph L. Sclafani

Executive Vice President and Controller  
[Principal Accounting Officer]

Dated: October 22, 2003

## EXHIBIT INDEX

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**EXHIBIT 12.1**

**J.P. MORGAN CHASE & CO.**

**Computation of Ratio of Earnings to Fixed Charges**  
**(in millions, except ratios)**

	<b><u>Nine Months Ended</u></b> <b><u>September 30, 2003</u></b>
<b><u>Excluding Interest on Deposits</u></b>	
Income before income taxes	\$ 7,319
Fixed charges:	
Interest expense	5,697
One-third of rents, net of income from subleases (a)	236
Total fixed charges	<u>5,933</u>
Less: Equity in undistributed income of affiliates	<u>(58)</u>
Earnings before taxes and fixed charges, excluding capitalized interest	\$ <u>13,194</u>
Fixed charges, as above	\$ <u>5,933</u>
Ratio of earnings to fixed charges	<u>2.22</u>
<b><u>Including Interest on Deposits</u></b>	
Fixed charges, as above	\$ 5,933
Add: Interest on deposits	2,807
Total fixed charges and interest on deposits	\$ <u>8,740</u>
Earnings before taxes and fixed charges, excluding capitalized interest, as above	\$ 13,194
Add: Interest on deposits	2,807
Total earnings before taxes, fixed charges and interest on deposits	\$ <u>16,001</u>
Ratio of earnings to fixed charges	<u>1.83</u>

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(a) The proportion deemed representative of the interest factor.

EXHIBIT 12.2

J.P. MORGAN CHASE & CO.

**Computation of Ratio of Earnings to Fixed Charges  
and Preferred Stock Dividend Requirements**  
(in millions, except ratios)

	<b><u>Nine Months Ended September 30, 2003</u></b>
<b><u>Excluding Interest on Deposits</u></b>	
Income before income taxes	\$ 7,319
Fixed charges:	
Interest expense	5,697
One-third of rents, net of income from subleases (a)	236
Total fixed charges	5,933
Less: Equity in undistributed income of affiliates	(58)
Earnings before taxes and fixed charges, excluding capitalized interest	\$ 13,194
Fixed charges, as above	\$ 5,933
Preferred stock dividends (pre-tax)	57
Fixed charges including preferred stock dividends	\$ 5,990
Ratio of earnings to fixed charges and preferred stock dividend requirements	2.20
<b><u>Including Interest on Deposits</u></b>	
Fixed charges including preferred stock dividends, as above	\$ 5,990
Add: Interest on deposits	2,807
Total fixed charges including preferred stock dividends and interest on deposits	\$ 8,797
Earnings before taxes and fixed charges, excluding capitalized interest, as above	\$ 13,194
Add: Interest on deposits	2,807
Total earnings before taxes, fixed charges and interest on deposits	\$ 16,001
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.82

(a) The proportion deemed representative of the interest factor.

J.P. Morgan Chase & Co.  
270 Park Avenue, New York, NY 10017-2070  
NYSE symbol: JPM  
www.jpmorganchase.com



News release: IMMEDIATE RELEASE

## JPMORGAN CHASE REPORTS 2003 THIRD QUARTER RESULTS

**New York, October 22, 2003** - J.P. Morgan Chase & Co. (NYSE: JPM) today reported 2003 third quarter net income of \$1.63 billion, or \$0.78 per share. Net income for the third quarter of 2002 was \$40 million, or \$0.01 per share, and net income for the second quarter of 2003 was \$1.83 billion, or \$0.89 per share. Return on average common equity for the quarter was 15%.

Last year, results were provided on both a reported basis and an operating basis, which excluded merger and restructuring costs and special items. Operating earnings for the third quarter of 2002 were \$325 million, or \$0.16 per share.

For the first nine months of 2003, reported net income was \$4.86 billion, or \$2.35 per share, 137% above last year's reported results of \$2.05 billion, or \$1.00 per share, and 83% higher than last year's operating results of \$2.65 billion, or \$1.30 per share. Return on average common equity was 15% for the first nine months of 2003.

"Our results for the quarter and the first nine months of 2003 show the substantial progress we have made this year. Our focus on execution against the backdrop of an improving economy has resulted in significant reductions in risk concentrations, strong year-over-year earnings growth and improved competitive positions. I am especially pleased by the improvements in our commercial credit portfolio," said William B. Harrison, Jr., Chairman and Chief Executive Officer.

### Highlights for the third quarter of 2003:

- Commercial credit costs were approximately \$1.5 billion lower than in the third quarter of 2002, while commercial non-performing assets were down 39%.
- The Investment Bank and Chase Financial Services posted returns on allocated capital of 19% and 20%, respectively.
- Treasury & Securities Services and Investment Management & Private Banking posted higher revenues, earnings and returns on allocated capital compared to the second quarter of 2003. JPMorgan Partners had private equity gains of \$120 million.

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*Investor Contact:* Ann Borowiec  
(212) 270-7318

*Media Contact:* Joe Evangelisti  
(212) 270-7438

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### **Investment Bank (“IB”)**

Earnings were \$922 million in the third quarter, compared to a loss of \$255 million in the third quarter of 2002 and earnings of \$1.09 billion in the second quarter of 2003. Revenues of \$3.2 billion were 29% higher than the third quarter of 2002 and 25% lower than the second quarter of 2003. Return on allocated capital was 19% for the quarter, compared to 22% in the second quarter of 2003.

- *Investment banking fees* of \$636 million were 20% higher than in the third quarter of 2002 because of higher equity underwriting fees and advisory fees, driven by market share gains. Compared to the second quarter of 2003, investment banking fees were down 17% due to lower debt underwriting and loan syndication fees, reflecting lower market volumes. For the first nine months of the year, the firm improved its rankings in Global Announced M&A to #3 and Global Equity & Equity Related to #4 and maintained its #1 ranking in Global Loan Syndications and its #2 ranking in U.S. Investment Grade Bonds.<sup>1</sup>
- *Capital markets and lending revenues* for the quarter were \$2.57 billion, up 32% from the third quarter of 2002 and down 26% from the second quarter of 2003.
- *Capital markets and lending total return revenues* for the quarter were \$2.76 billion. Total return revenues represent financial revenues plus the unrealized gains or losses on investment securities and hedges (included in comprehensive income) and internally transfer-priced assets and liabilities. The primary contributor to the difference between financial revenues and total return revenues is Global Treasury. Fixed income capital markets revenues were up 62% from the third quarter of 2002, driven by increased client revenues and significantly higher portfolio management revenues, which related to market making and proprietary risk taking activities. Fixed income revenues were down 28% from the strong levels in the second quarter of 2003 as higher client revenues were more than offset by lower portfolio management revenues, primarily in our global interest rate businesses. Equity capital markets revenues were up substantially from the third quarter of 2002. Compared to the second quarter of 2003, equity capital markets revenues declined 13% with higher revenues in the cash business more than offset by lower revenues in equity derivatives. Global Treasury had revenues of \$492 million, up from both the third quarter of 2002 and the second quarter of 2003.
- *Credit costs*, reflecting a reduction in the allowance for credit losses, were negative \$181 million for the quarter and negative \$4 million for the second quarter of 2003. The lower provision resulted from restructurings of several non-performing commercial loans and improvement in the overall credit quality of the portfolio. In the third quarter of 2002, credit costs were \$1.32 billion.
- *Expenses* of \$1.83 billion increased 11% from the third quarter of 2002 primarily driven by higher incentives resulting from improved financial performance, partially offset by lower non-compensation expenses and severance and related costs. Expenses declined 26% from the second quarter of 2003.

### **Chase Financial Services (“CFS”)**

Earnings were \$460 million in the third quarter, a decrease of 40% from the third quarter of 2002 and 48% from the second quarter of 2003. Return on allocated capital was 20% for the third quarter compared to 35% in the third quarter of 2002 and 41% in the second quarter of 2003.

- *Revenues* were \$3.35 billion for the quarter, down 9% from the third quarter of 2002 and 16% from the second quarter of 2003. Home Finance revenues of \$662 million, comprised of operating and mortgage servicing hedging revenues, were down 32% from the third quarter of 2002. While markets were extremely volatile during the quarter, the hedging of mortgage servicing rights generated a small net loss of \$6 million compared to excess hedging gains of \$263 million in the third quarter of 2002 and

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<sup>1</sup> Derived from Thomson Financial Securities Data

\$233 million last quarter. Operating revenues were adversely affected by losses from the hedging of pipeline and warehouse loans and by customer rate lock extensions to accommodate record origination volumes. Year to date, Home Finance had record revenues, up 37% over the first nine months of 2002. Auto Finance revenues were \$218 million, up 32% from the third quarter of 2002 reflecting continued strong origination volumes. Cardmember Services revenues were up 1% compared to the third quarter of 2002, reflecting slower growth in receivables. Regional Banking and Middle Market average deposits grew 8% and 20%, respectively, from the third quarter of 2002. However, both reported declining revenues as lower interest rates over the last year resulted in reduced net interest income, despite the higher balances.

- *Expenses* of \$1.74 billion for the quarter were up 5% from the third quarter of 2002 reflecting higher business volumes and higher salaries and benefits.
- *Credit costs* of \$883 million were 7% higher than the third quarter of 2002. Charge-offs increased 6% from the third quarter of 2002 as average managed loans increased 24%.

#### ***Treasury & Securities Services (“T&SS”)***

Earnings were \$157 million, down 22% from the third quarter of 2002 but up 25% from the second quarter of 2003. The third quarter of 2002 included a \$50 million pre-tax gain on the sale of an investment in an overseas securities clearing firm. Excluding this gain, this quarter’s earnings declined 7% from the third quarter of 2002. Return on allocated capital for the quarter was 24%, compared to 31% in the third quarter of 2002 and 18% in the second quarter of 2003.

- *Revenues* for the third quarter were \$1.01 billion, down 2% from the third quarter of 2002, but up 3% from the second quarter of 2003. Adjusting for the gain last year, revenues were up 3% compared to the third quarter of 2002. Treasury Services revenues increased 7% from the third quarter of 2002 due to higher deposit balances, purchase card revenues and deposit balance deficiency fees. Institutional Trust Services revenues increased 8% from the prior year reflecting increased activity in the asset servicing business, higher deposit balances and the impact of acquisitions. Investor Services revenues declined 3% from the prior year, but increased 3% from the second quarter of 2003.
- *Expenses* increased 5% from the third quarter of 2002, reflecting the impact of acquisitions, the cost associated with expensing of options and increased pension costs.

#### ***Investment Management & Private Banking (“IMPB”)***

Earnings were \$85 million in the third quarter, up 25% from the third quarter of 2002 and 27% from the second quarter of 2003. The pre-tax margin in the third quarter of 2003 was 18%, compared to 15% in the third quarter of 2002. Return on allocated capital was 6%, compared to 5% in the third quarter of 2002 and the second quarter of 2003. Return on tangible allocated capital was 25%, compared with 19% in the third quarter of 2002 and 20% in the second quarter of 2003.

- *Revenues* of \$737 million were 6% above the same period last year and 9% higher than the second quarter of 2003 due primarily to higher global equity valuations and the acquisition of Retirement Plan Services (which closed in the second quarter of 2003).
- *Expenses* of \$613 million were 9% above the third quarter of 2002 primarily as a result of the acquisition of Retirement Plan Services and higher compensation expenses related to improved performance.
- *Credit costs* were negative \$7 million for the third quarter of 2003, reflecting recoveries and improved portfolio credit quality. This compared to credit costs of \$26 million in the third quarter of 2002.
- *Total assets under supervision* were \$720 billion at September 30, 2003, up 14% from the third quarter of 2002 and 4% higher than the second quarter of 2003. Not reflected in assets under supervision is the firm’s 44% interest in American Century Companies, Inc., which had assets under management of \$80 billion as of the end of the third quarter of 2003.

**JPMorgan Partners (“JPMP”)**

JPMorgan Partners had net operating earnings of \$10 million for the quarter compared to net operating losses of \$278 million in the third quarter of 2002 and net operating losses of \$91 million in the second quarter of 2003. Total net private equity gains were \$120 million, compared to a net loss of \$299 million in the third quarter of 2002 and a net loss of \$22 million in the second quarter of 2003.

- During the quarter, JPMP’s direct private equity investments recorded net gains of \$161 million compared to net losses of \$239 million in the third quarter of 2002. The net gains included \$134 million in realized cash gains, \$26 million in mark-to-market gains on public securities and positive net valuation changes on private investments. The net valuation changes reflected writedowns of \$65 million, which were entirely offset by \$66 million of writeups related to investments for which recently completed financing activity provided indications of increased value.
- Limited partner interests held in third-party private equity funds resulted in net losses of \$41 million compared to net losses of \$60 million in the third quarter of 2002.

**Total Expenses**

- **Expenses** were \$5.10 billion, up 10% from operating expenses in the third quarter of 2002. The increase was primarily driven by higher compensation expenses resulting from higher performance-related incentive accruals. Expenses were down 13% from the second quarter of 2003 primarily reflecting lower incentive accruals.
- For the first nine months of 2003, expenses were \$16.47 billion, an increase of 12% from operating expenses for the first nine months of last year. Expenses in the first nine months of 2003 included \$100 million added to litigation reserves and \$447 million in severance and related, including vacant real estate charges. Operating expenses in the first nine months of 2002 included \$390 million in severance and related costs.

**Credit**

- **Commercial** loan net charge-offs in the third quarter of 2003 were \$259 million compared to \$834 million in the third quarter of 2002 and \$257 million in the second quarter of 2003. The charge-off ratio for commercial loans was 1.09% in the third quarter of 2003, compared to 3.53% in the third quarter of 2002 and 1.20% in the second quarter of 2003.
- **Consumer** loan net charge-offs on a managed basis, which includes credit card securitizations, were \$826 million, up from \$786 million in the third quarter of 2002 and down from \$837 million in the second quarter of 2003. On a managed basis, the credit card net charge-off ratio was 5.80% for the third quarter of 2003, compared to 5.51% for the third quarter of 2002 and 6.01% for the second quarter of 2003. Excluding credit card securitizations, consumer net charge-offs were \$355 million in the third quarter of 2003 compared to \$432 million in the third quarter of 2002 and \$357 million in the second quarter of 2003.
- **Credit costs** on a managed basis were \$694 million in the third quarter of 2003 compared to \$2.19 billion in the third quarter of 2002 and \$915 million in the second quarter of 2003. In the third quarter of 2003, managed credit costs were \$834 million for consumer loans and negative \$140 million for commercial loans and lending-related commitments.
- **Allowance for credit losses** was \$5.08 billion at September 30, 2003, compared to \$5.84 billion at September 30, 2002 and \$5.47 billion at June 30, 2003.

- **Total nonperforming assets** were \$3.68 billion at September 30, 2003, down 34% from the third quarter of 2002 and 9% from the second quarter of 2003. Commercial criticized exposures (including loans, derivative receivables and unfunded commitments) declined \$6.4 billion, or 36%, since September 30, 2002 and \$1.5 billion, or 12%, since June 30, 2003.

#### **Total assets and capital**

- **Total assets** as of September 30, 2003 were \$793 billion, compared with \$742 billion as of September 30, 2002 and \$803 billion as of June 30, 2003. The firm adopted FIN 46 related to variable interest entities in July 2003; prior periods are not restated. Total assets include the effect of adopting FIN 46, which added \$15 billion in assets. Commercial loans, excluding the impact of FIN 46, were \$77 billion, \$20 billion lower than on September 30, 2002 and \$14 billion lower than on June 30, 2003. Commercial loans were \$88 billion, including \$11 billion related to consolidated variable interest entities primarily associated with multi-seller asset-backed commercial paper conduits. Managed consumer loans increased 27% from September 30, 2002 and 7% from June 30, 2003, primarily from increases in mortgage loans. The Tier 1 capital ratio was 8.7% at September 30, 2003. The June 30, 2003 capital ratio was previously reported as 8.7%. The firm changed the way it calculates risk-weighted assets this quarter, and calculating the June 30, 2003 ratio on the same basis as for September 30 would produce a ratio of 8.4% for June 30.

#### **Other financial information (on a pre-tax basis)**

- There were no items characterized by management as non-operating in the first nine months of 2003, as restructuring costs are now included in reported results. Special items in the third quarter of 2002 and the first nine months of 2002 were \$431 million and \$915 million, respectively, in merger and restructuring costs and real estate charges.

*The line of business operating results set forth above for the quarter and for prior periods reflect the revised internal management reporting policies previously disclosed in the firm's Form 8-K dated July 11, 2003. The line of business results set forth above are presented on an operating or managed basis, which enables management to assess each business and measure overall firm results against targeted goals. The definition of operating basis starts with the reported U.S. GAAP results and then excludes the impact of merger and restructuring costs, credit card securitizations and special items (which management defined as significant nonrecurring gains or losses of \$75 million or more during 2002). Both restructuring charges and special items are viewed by management as transactions that are not part of the firm's normal daily business operations or are unusual in nature and therefore are not indicative of trends.*

J.P. Morgan Chase & Co. is a leading global financial services firm with assets of \$793 billion and operations in more than 50 countries. The firm is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, investment management, private banking and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumers nationwide, and many of the world's most prominent corporate, institutional and government clients. Information about JPMorgan Chase is available on the Internet at [www.jpmorganchase.com](http://www.jpmorganchase.com).

JPMorgan Chase will hold a conference call for the investment community on Wednesday, October 22, 2003 at 11:00 a.m. (Eastern Daylight Time) to review third quarter 2003 financial results. The dial-in number is (973) 628-9554. A live audio webcast of the call will be available on [www.jpmorganchase.com](http://www.jpmorganchase.com). Slides for the call will also be available on [www.jpmorganchase.com](http://www.jpmorganchase.com). A telephone replay of the presentation will be available beginning at 1:30 p.m. (EDT) on October 22, 2003 and continuing through 6:00 p.m. (EST) on October 28, 2003 at (973) 341-3080 pin #4205256. The replay also will be available on [www.jpmorganchase.com](http://www.jpmorganchase.com) beginning at 1:30 p.m. (EDT) on October 22, 2003. Additional detailed financial, statistical and business-related information is included in a financial supplement. The earnings

J.P. Morgan Chase & Co.  
News Release

release and the financial supplement are available on the JPMorgan Chase web site ([www.jpmorganchase.com](http://www.jpmorganchase.com)).

*This press release contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. These risks and uncertainties could cause our results to differ materially from those set forth in such forward-looking statements. Such risks and uncertainties are described in our Quarterly Report on Form 10-Q for the quarters ended June 30, 2003 and March 31, 2003 and in the 2002 Annual Report on Form 10-K, each filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's internet site ([www.sec.gov](http://www.sec.gov)), to which reference is hereby made.*

**J.P. MORGAN CHASE & CO.**  
**CONSOLIDATED FINANCIAL HIGHLIGHTS — REPORTED BASIS**  
(in millions, except per share, ratio and employee data)

	3QTR 2003	2QTR 2003	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		2003	
				2Q 2003	3Q 2002	2003	2002	Over (Under) 2002	
<b>INCOME STATEMENT</b>									
<b>REVENUE:</b>									
Investment Banking Fees	\$ 649	\$ 779	\$ 545	(17)%	19%	\$ 2,044	\$ 2,085	(2)%	
Trading Revenue	829	1,546	26	(46)	NM	3,673	2,089	76	
Fees and Commissions	2,742	2,551	2,665	7	3	7,781	7,792	—	
Private Equity Gains (Losses)	120	(29)	(315)	NM	NM	(130)	(678)	81	
Securities Gains	164	768	578	(79)	(72)	1,417	816	74	
Mortgage Fees and Related Income <sup>(a)</sup>	(17)	292	512	NM	NM	692	1,080	(36)	
Other Revenue	213	64	200	233	7	385	390	(1)	
<b>Total Noninterest Revenue</b>	<b>4,700</b>	<b>5,971</b>	<b>4,211</b>	(21)	12	<b>15,862</b>	<b>13,574</b>	17	
<b>Net Interest Income</b>	<b>3,048</b>	<b>3,063</b>	<b>2,736</b>	—	11	<b>9,326</b>	<b>8,545</b>	9	
Revenue before Provision for Credit Losses	7,748	9,034	6,947	(14)	12	25,188	22,119	14	
Provision for Credit Losses	223	435	1,836	(49)	(88)	1,401	3,410	(59)	
<b>TOTAL NET REVENUE</b>	<b>7,525</b>	<b>8,599</b>	<b>5,111</b>	(12)	47	<b>23,787</b>	<b>18,709</b>	27	
<b>EXPENSE:</b>									
Compensation Expense	2,713	3,231	2,367	(16)	15	9,118	7,951	15	
Occupancy Expense	391	543	478	(28)	(18)	1,430	1,181	21	
Technology and Communications Expense	719	732	625	(2)	15	2,088	1,919	9	
Other Expense	1,272	1,226	1,248	4	2	3,732	3,735	—	
Surety Settlement and Litigation Reserve <sup>(b)</sup>	—	100	—	NM	NM	100	—	NM	
Merger and Restructuring Costs	—	—	333	NM	NM	—	817	NM	
<b>TOTAL NONINTEREST EXPENSE</b>	<b>5,095</b>	<b>5,832</b>	<b>5,051</b>	(13)	1	<b>16,468</b>	<b>15,603</b>	6	
Income before Income Tax Expense	2,430	2,767	60	(12)	NM	7,319	3,106	136	
Income Tax Expense	802	940	20	(15)	NM	2,464	1,056	133	
<b>NET INCOME</b>	<b>\$ 1,628</b>	<b>\$ 1,827</b>	<b>\$ 40</b>	(11)	NM	<b>\$ 4,855</b>	<b>\$ 2,050</b>	137	
<b>PER COMMON SHARE</b>									
Net Income:									
Basic	\$ 0.80	\$ 0.90	\$ 0.01	(11)%	NM	\$ 2.40	\$ 1.01	138%	
Diluted	0.78	0.89	0.01	(12)	NM	2.35	1.00	135	
Cash Dividends Declared	0.34	0.34	0.34	—	—%	1.02	1.02	—	
Share Price at Period End	34.33	34.18	18.99	—	81	—	—	—	
Book Value at Period End	21.55	21.53	21.26	—	1	—	—	—	
<b>COMMON SHARES OUTSTANDING</b>									
Average Common Shares:									
Basic	2,012.2	2,005.6	1,986.0	—%	1%	2,006.0	1,982.3	1%	
Diluted	2,068.2	2,050.6	2,005.8	1	3	2,047.0	2,009.3	2	
Common Shares at Period End	2,039.2	2,035.1	1,995.9	—	2	2,039.2	1,995.9	2	
<b>PERFORMANCE RATIOS<sup>(c)</sup></b>									
Return on Average Assets	0.83%	0.96%	0.02%	(13)bp	81bp	0.84%	0.38%	46bp	
Return on Average Common Equity	15	17	—	(200)	1,500	15	7	800	
<b>CAPITAL RATIOS</b>									
Tier I Capital Ratio	8.7% <sup>(d)</sup>	8.4% <sup>(e)</sup>	8.7%	30bp	—bp	—	—	—	
Total Capital Ratio	12.1 <sup>(d)</sup>	12.0 <sup>(e)</sup>	12.4	10	(30)	—	—	—	
Tier I Leverage Ratio	5.5 <sup>(d)</sup>	5.5	5.4	—	10	—	—	—	
<b>SELECTED BALANCE SHEET ITEMS</b>									
Net Loans	\$ 231,448	\$ 222,307	\$ 206,215	4%	12%	—	—	—	
Total Assets	792,700	802,603	741,759	(1)	7	—	—	—	
Deposits	313,626	318,248	292,171	(1)	7	—	—	—	
Long-Term Debt <sup>(f)</sup>	50,661	49,918	44,552	1	14	—	—	—	
Common Stockholders' Equity	43,948	43,812	42,428	—	4	—	—	—	
Total Stockholders' Equity	44,957	44,821	43,437	—	3	—	—	—	
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	<b>92,940</b>	<b>92,256</b>	<b>95,637</b>	<b>1</b>	<b>(3)</b>	—	—	—	

- (a) Includes all mortgage-related noninterest revenues except Securities Gains. Third quarter 2003 amounts reflect \$209 million of Mortgage Servicing Fees, Net of Amortization, Writedowns and Derivatives Hedging (previously recorded in Fees and Commissions), \$(86) million of Residential Mortgage Origination/Sales Activities (Other Revenue), \$(161) million of hedging of pipeline activities (Trading Revenue), and \$21 million of all other revenues (Fees and Commissions and Other Revenue).
- (b) Included in the second quarter of 2003 was a \$100 million addition to the Enron-related litigation reserve.
- (c) Ratios are based on annualized amounts.
- (d) Estimated
- (e) The Firm changed the way it calculates risk-weighted assets during the third quarter of 2003. The June 30, 2003 Tier 1 and Total Capital ratios of 8.4% and 12.0%, respectively, are calculated on the same basis as for September 30, 2003. The June 30, 2003 Tier 1 and Total Capital ratios were previously reported as 8.7% and 12.4%, respectively. Prior quarters have not been restated.
- (f) Includes Junior Subordinated Deferrable Interest Debentures Held by Trusts that Issued Guaranteed Capital Debt Securities and Guaranteed Preferred Beneficial Interests in Capital Debt Securities Issued by Consolidated Trusts. Excludes Beneficial Interests of Consolidated Variable Interest Entities.

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



**J.P. MORGAN CHASE & CO.**  
**RECONCILIATION OF YEAR TO DATE REPORTED TO OPERATING RESULTS**  
(in millions, except per share data)

	YEAR TO DATE 2003				OPERATING BASIS <sup>(e)</sup>
	REPORTED BASIS <sup>(a)</sup>	CREDIT CARD <sup>(b)</sup>	SPECIAL ITEMS <sup>(c)</sup>	RECLASSES <sup>(d)</sup>	
<b>INCOME STATEMENT</b>					
Revenue					
Investment Banking Fees	\$ 2,044	\$ —	\$ —	\$ —	\$ 2,044
Trading Revenue	3,673	—	—	1,611	5,284
Fees and Commissions	7,781	(464)	—	—	7,317
Private Equity — Gains (Losses)	(130)	—	—	—	(130)
Securities Gains	1,417	—	—	—	1,417
Mortgage Fees and Related Income	692	—	—	—	692
Other Revenue	385	(42)	—	—	343
Net Interest Income	9,326	1,914	—	(1,611)	9,629
<b>Total Revenue</b>	<b>25,188</b>	<b>1,408</b>	<b>—</b>	<b>—</b>	<b>26,596</b>
Noninterest Expense					
Compensation Expense <sup>(f)</sup>	9,118	—	—	—	9,118
Noncompensation Expense <sup>(f)(g)</sup>	7,350	—	—	—	7,350
Merger and Restructuring Costs	—	—	—	—	—
<b>Total Noninterest Expense</b>	<b>16,468</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>16,468</b>
<b>Operating Margin</b>	<b>8,720</b>	<b>1,408</b>	<b>—</b>	<b>—</b>	<b>10,128</b>
Credit Costs	1,401	1,408	—	—	2,809
Income before Income Tax Expense	7,319	—	—	—	7,319
Income Tax Expense	2,464	—	—	—	2,464
<b>Net Income</b>	<b>\$ 4,855</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 4,855</b>
<b>EARNINGS PER SHARE — DILUTED</b>	<b>\$ 2.35</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2.35</b>
	YEAR TO DATE 2002				OPERATING BASIS <sup>(e)</sup>
	REPORTED BASIS <sup>(a)</sup>	CREDIT CARD <sup>(b)</sup>	SPECIAL ITEMS <sup>(c)</sup>	RECLASSES <sup>(d)</sup>	
<b>INCOME STATEMENT</b>					
Revenue					
Investment Banking Fees	\$ 2,085	\$ —	\$ —	\$ —	\$ 2,085
Trading Revenue	2,089	—	—	1,212	3,301
Fees and Commissions	7,792	(468)	—	—	7,324
Private Equity — Gains (Losses)	(678)	—	—	—	(678)
Securities Gains	816	—	—	—	816
Mortgage Fees and Related Income	1,080	—	—	—	1,080
Other Revenue	390	(49)	—	—	341
Net Interest Income	8,545	1,526	—	(1,212)	8,859
<b>Total Revenue</b>	<b>22,119</b>	<b>1,009</b>	<b>—</b>	<b>—</b>	<b>23,128</b>
Noninterest Expense					
Compensation Expense <sup>(f)</sup>	7,951	—	—	—	7,951
Noncompensation Expense <sup>(f)(g)</sup>	6,835	—	(98)	—	6,737
Merger and Restructuring Costs	817	—	(817)	—	—
<b>Total Noninterest Expense</b>	<b>15,603</b>	<b>—</b>	<b>(915)</b>	<b>—</b>	<b>14,688</b>
<b>Operating Margin</b>	<b>6,516</b>	<b>1,009</b>	<b>915</b>	<b>—</b>	<b>8,440</b>
Credit Costs	3,410	1,009	—	—	4,419
Income before Income Tax Expense	3,106	—	915	—	4,021
Income Tax Expense	1,056	—	311	—	1,367
<b>Net Income</b>	<b>\$ 2,050</b>	<b>\$ —</b>	<b>\$ 604</b>	<b>\$ —</b>	<b>\$ 2,654</b>
<b>EARNINGS PER SHARE — DILUTED</b>	<b>\$ 1.00</b>	<b>\$ —</b>	<b>\$ 0.30</b>	<b>\$ —</b>	<b>\$ 1.30</b>

(a) Represents condensed results as reported in JPMorgan Chase's financial statements.

(b) Represents the impact of credit card securitizations. For securitized receivables, amounts that normally would be reported as net interest income and as provision for credit losses are reported as noninterest revenue.

(c) Includes merger and restructuring costs and other special items. There were no special items reported in the first nine months of 2003. The first nine months of 2002 included \$817 million (pre-tax) of merger and restructuring costs, and a \$98 million (pre-tax) charge for excess real estate capacity.

(d) On an operating basis, JPMorgan Chase reclassifies trading-related net interest income from Net Interest Income to Trading Revenue.

(e) In addition to analyzing the Firm's results on a reported basis, management looks at results on an "operating basis" (or "managed basis") to assess each of its businesses and to measure overall Firm results against targeted goals. The definition of operating basis starts with the reported U.S. GAAP results and then excludes the impact of merger and restructuring costs, credit card securitizations, and special items (which management defined as significant nonrecurring gains or losses of \$75 million or more during 2002). Both restructuring charges and special items are viewed by management as transactions that are not part of the Firm's normal daily business operations or are unusual in nature and therefore are not indicative of trends. For a more detailed explanation of how the Firm looks at results on an "operating basis," see Reconciliation from Reported Results to Operating Basis on page 32 of JPMorgan Chase's June 30, 2003, Quarterly Report on Form 10-Q and on page 22 of JPMorgan Chase's 2002 Annual Report.

(f) Includes severance and other related costs associated with expense containment programs implemented in 2002.

(g) Includes Occupancy Expense, Technology and Communications Expense, Other Expense and Surety Settlement and Litigation Reserve.



**J.P. MORGAN CHASE & CO.**  
**CONSOLIDATED FINANCIAL HIGHLIGHTS — OPERATING BASIS**  
(in millions, except per share and ratio data)

	3QTR 2003	2QTR 2003	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003
				2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>OPERATING INCOME STATEMENT <sup>(a)</sup></b>								
<b>OPERATING REVENUE:</b>								
Investment Banking Fees	\$ 649	\$ 779	\$ 545	(17)%	19%	\$ 2,044	\$ 2,085	(2)%
Trading-Related Revenue (Includes Trading NII)	1,278	2,025	412	(37)	210	5,284	3,301	60
Fees and Commissions	2,569	2,429	2,428	6	6	7,317	7,324	—
Private Equity Gains (Losses)	120	(29)	(315)	NM	NM	(130)	(678)	81
Securities Gains	164	768	578	(79)	(72)	1,417	816	74
Mortgage Fees and Related Income	(17)	292	512	NM	NM	692	1,080	(36)
Other Revenue	199	40	190	398	5	343	341	1
Net Interest Income (Excludes Trading NII)	3,257	3,210	2,951	1	10	9,629	8,859	9
<b>TOTAL OPERATING REVENUE</b>	<b>8,219</b>	<b>9,514</b>	<b>7,301</b>	<b>(14)</b>	<b>13</b>	<b>26,596</b>	<b>23,128</b>	<b>15</b>
<b>OPERATING EXPENSE:</b>								
Compensation Expense <sup>(b)</sup>	2,713	3,231	2,367	(16)	15	9,118	7,951	15
Noncompensation Expense <sup>(b)(c)</sup>	2,382	2,601	2,253	(8)	6	7,350	6,737	9
<b>TOTAL OPERATING EXPENSE</b>	<b>5,095</b>	<b>5,832</b>	<b>4,620</b>	<b>(13)</b>	<b>10</b>	<b>16,468</b>	<b>14,688</b>	<b>12</b>
Credit Costs	694	915	2,190	(24)	(68)	2,809	4,419	(36)
Corporate Credit Allocation	—	—	—	NM	NM	—	—	NM
Operating Income before Income Tax Expense	2,430	2,767	491	(12)	395	7,319	4,021	82
Income Tax Expense	802	940	166	(15)	383	2,464	1,367	80
<b>OPERATING EARNINGS</b>	<b>1,628</b>	<b>1,827</b>	<b>325</b>	<b>(11)</b>	<b>401</b>	<b>4,855</b>	<b>2,654</b>	<b>83</b>
Special Items	—	—	(285)	NM	NM	—	(604)	NM
<b>NET INCOME</b>	<b>\$ 1,628</b>	<b>\$ 1,827</b>	<b>\$ 40</b>	<b>(11)</b>	<b>NM</b>	<b>\$ 4,855</b>	<b>\$ 2,050</b>	<b>137</b>
<b>OPERATING BASIS</b>								
Diluted Earnings per Share	\$ 0.78	\$ 0.89	\$ 0.16	(12)	388	\$ 2.35	\$ 1.30	81
Shareholder Value Added	311	536	(964)	(42)	NM	995	(1,080)	NM
Return on Average Managed Assets <sup>(d)</sup>	0.79%	0.92%	0.17%	(13)bp	62bp	0.80%	0.47%	33bp
Return on Common Equity <sup>(d)</sup>	15	17	3	(200)	1,200	15	8	700
Common Dividend Payout Ratio	44	40	222	400	NM	44	79	(3,500)
Compensation Expense as a % of Revenue	33	34	32	(100)	100	34	34	—
Noncompensation Expense as a % of Revenue	29	27	31	200	(200)	28	29	(100)
Overhead Ratio	62	61	63	100	(100)	62	64	(200)

(a) See pages 8 and 9 for a reconciliation of reported results to operating basis.

(b) Includes severance and other related costs associated with expense containment programs implemented in 2002.

(c) Includes Occupancy Expense, Technology and Communications Expense, Amortization of Intangibles, Other Expense and Surety Settlement and Litigation Reserve.

(d) Ratios are based on annualized amounts.

**J.P. MORGAN CHASE & CO.**  
**LINES OF BUSINESS FINANCIAL HIGHLIGHTS SUMMARY**  
(in millions, except per share and ratio data)

	3QTR 2003	2QTR 2003	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003	
				2Q 2003	3Q 2002	2003	2002	Over (Under) 2002	
<b>OPERATING REVENUE</b>									
Investment Bank	\$ 3,203	\$ 4,254	\$ 2,481	(25)%	29%	\$ 11,518	\$ 9,291	24%	
Treasury & Securities Services	1,013	985	1,029	3	(2)	2,934	2,961	(1)	
Investment Management & Private Banking	737	679	695	9	6	2,058	2,189	(6)	
JPMorgan Partners	78	(70)	(359)	NM	NM	(270)	(860)	69	
Chase Financial Services	3,350	3,976	3,667	(16)	(9)	11,021	10,121	9	
Support Units and Corporate	(162)	(310)	(212)	48	24	(665)	(574)	(16)	
<b>OPERATING REVENUE</b>	<b>\$ 8,219</b>	<b>\$ 9,514</b>	<b>\$ 7,301</b>	<b>(14)</b>	<b>13</b>	<b>\$ 26,596</b>	<b>\$ 23,128</b>	<b>15</b>	
<b>EARNINGS</b>									
Investment Bank	\$ 922	\$ 1,086	\$ (255)	(15)	NM	\$ 2,950	\$ 1,024	188	
Treasury & Securities Services	157	126	201	25	(22)	414	503	(18)	
Investment Management & Private Banking	85	67	68	27	25	187	250	(25)	
JPMorgan Partners	10	(91)	(278)	NM	NM	(298)	(692)	57	
Chase Financial Services	460	881	761	(48)	(40)	2,015	1,899	6	
Support Units and Corporate	(6)	(242)	(172)	98	97	(413)	(330)	(25)	
<b>OPERATING EARNINGS</b>	<b>1,628</b>	<b>1,827</b>	<b>325</b>	<b>(11)</b>	<b>401</b>	<b>4,855</b>	<b>2,654</b>	<b>83</b>	
Special Items (Net of Taxes):									
Real Estate Charge	—	—	(65)	NM	NM	—	(65)	NM	
Merger and Restructuring Costs	—	—	(220)	NM	NM	—	(539)	NM	
<b>NET INCOME</b>	<b>\$ 1,628</b>	<b>\$ 1,827</b>	<b>\$ 40</b>	<b>(11)</b>	<b>NM</b>	<b>\$ 4,855</b>	<b>\$ 2,050</b>	<b>137</b>	
<b>AVERAGE ALLOCATED CAPITAL</b>									
Investment Bank	\$ 18,910	\$ 20,061	\$ 19,448	(6)	(3)	\$ 19,911	\$ 19,779	1	
Treasury & Securities Services	2,604	2,765	2,601	(6)	—	2,708	2,678	1	
Investment Management & Private Banking	5,490	5,481	5,607	—	(2)	5,470	5,678	(4)	
JPMorgan Partners	5,721	5,916	6,183	(3)	(7)	5,873	6,358	(8)	
Chase Financial Services	8,991	8,650	8,634	4	4	8,705	8,650	1	
Support Units and Corporate	1,415	(114)	(305)	NM	NM	(80)	(1,979)	96	
<b>TOTAL ALLOCATED CAPITAL</b>	<b>\$ 43,131</b>	<b>\$ 42,759</b>	<b>\$ 42,168</b>	<b>1</b>	<b>2</b>	<b>\$ 42,587</b>	<b>\$ 41,164</b>	<b>3</b>	
<b>EARNINGS PER SHARE – DILUTED</b>									
<b>OPERATING EARNINGS</b>	<b>\$ 0.78</b>	<b>\$ 0.89</b>	<b>\$ 0.16</b>	<b>(12)</b>	<b>388</b>	<b>\$ 2.35</b>	<b>\$ 1.30</b>	<b>81</b>	
Special Items (Net of Taxes):									
Real Estate Charge	—	—	(0.03)	NM	NM	—	(0.03)	NM	
Merger and Restructuring Costs	—	—	(0.12)	NM	NM	—	(0.27)	NM	
<b>NET INCOME</b>	<b>\$ 0.78</b>	<b>\$ 0.89</b>	<b>\$ 0.01</b>	<b>(12)</b>	<b>NM</b>	<b>\$ 2.35</b>	<b>\$ 1.00</b>	<b>135</b>	
<b>OPERATING RETURN ON ALLOCATED CAPITAL</b>									
Investment Bank	19%	22%	NM	(300)bp	NM	20%	7%	1,300bp	
Treasury & Securities Services	24	18	31%	600	(700)bp	20	25	(500)	
Investment Management & Private Banking	6	5	5	100	100	4	6	(200)	
Chase Financial Services	20	41	35	(2,100)	(1,500)	31	29	200	
<b>OPERATING RETURN ON ALLOCATED CAPITAL</b>	<b>15</b>	<b>17</b>	<b>3</b>	<b>(200)</b>	<b>1,200</b>	<b>15</b>	<b>8</b>	<b>700</b>	

**J.P. MORGAN CHASE & CO.**  
**CONSOLIDATED BALANCE SHEET**  
(in millions)

	Sep 30 2003	Jun 30 2003	Sep 30 2002	Sep 30, 2003 Over (Under)	
				Jun 30 2003	Sep 30 2002
<b>ASSETS</b>					
Cash and Due from Banks	\$ 18,585	\$ 23,398	\$ 18,159	(21)%	2%
Deposits with Banks	10,601	10,393	13,447	2	(21)
Federal Funds Sold and Securities Purchased under Resale Agreements	88,752	69,748	63,748	27	39
Securities Borrowed	37,096	41,067	35,283	(10)	5
Trading Assets:					
Debt and Equity Instruments	146,731	139,275	151,264	5	(3)
Derivative Receivables	83,787	93,602	87,518	(10)	(4)
Securities	65,152	82,549	79,768	(21)	(18)
Loans (Net of Allowance for Loan Losses)	231,448	222,307	206,215	4	12
Private Equity Investments	7,797	7,901	8,013	(1)	(3)
Goodwill	8,134	8,132	8,108	—	—
Mortgage Servicing Rights	4,007	2,967	3,606	35	11
Other Intangibles:					
Purchased Credit Card Relationships	1,078	1,141	1,337	(6)	(19)
All Other Intangibles	311	320	311	(3)	—
Other Assets	89,221	99,803	64,982	(11)	37
<b>TOTAL ASSETS(a)</b>	<b>\$ 792,700</b>	<b>\$ 802,603</b>	<b>\$ 741,759</b>	(1)	7
<b>LIABILITIES</b>					
Deposits	\$ 313,626	\$ 318,248	\$ 292,171	(1)	7
Federal Funds Purchased and Securities Sold under Repurchase Agreements	131,959	155,330	154,745	(15)	(15)
Commercial Paper	14,790	12,382	13,775	19	7
Other Borrowed Funds	8,174	12,176	12,646	(33)	(35)
Trading Liabilities:					
Debt and Equity Instruments	87,516	72,825	71,607	20	22
Derivative Payables	68,285	72,831	70,593	(6)	(3)
Accounts Payable, Accrued Expenses and Other Liabilities (including the Allowance for Lending-Related Commitments)	54,333	64,072	38,233	(15)	42
Beneficial Interests of Consolidated Variable Interest Entities	18,399	—	—	NM	NM
Long-Term Debt	43,945	43,371	39,113	1	12
Junior Subordinated Deferrable Interest Debentures Held by Trusts that Issued Guaranteed Capital Debt Securities	6,716	1,108	—	NM	NM
Guaranteed Preferred Beneficial Interests in Capital Debt Securities Issued by Consolidated Trusts	—	5,439	5,439	NM	NM
<b>TOTAL LIABILITIES</b>	<b>747,743</b>	<b>757,782</b>	<b>698,322</b>	(1)	7
<b>STOCKHOLDERS' EQUITY</b>					
Preferred Stock	1,009	1,009	1,009	—	—
Common Stock	2,041	2,036	2,023	—	1
Capital Surplus	13,238	12,898	13,113	3	1
Retained Earnings	28,540	27,633	26,940	3	6
Accumulated Other Comprehensive Income	187	1,293	1,465	(86)	(87)
Treasury Stock, at Cost	(58)	(48)	(1,113)	(21)	95
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>44,957</b>	<b>44,821</b>	<b>43,437</b>	—	3
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 792,700</b>	<b>\$ 802,603</b>	<b>\$ 741,759</b>	(1)	7

(a) At September 30, 2003, includes an incremental \$15 billion related to variable interest entities that were consolidated during the third quarter of 2003 in accordance with FIN 46. Also includes approximately \$3 billion of variable interest entities consolidated prior to the third quarter of 2003 that continue to be consolidated in accordance with FIN 46.

**J.P. MORGAN CHASE & CO.**  
**CREDIT-RELATED INFORMATION**  
(in millions, except ratios)

	Sep 30 2003	Jun 30 2003	Sep 30 2002	Sep 30, 2003 Over (Under)	
				Jun 30 2003	Sep 30 2002
<b>CREDIT EXPOSURE:</b>					
Commercial Loans <sup>(a)</sup>	\$ 88,408	\$ 91,056	\$ 97,486	(3)%	(9)%
Derivative Receivables <sup>(b)</sup>	83,787	93,602	87,518	(10)	(4)
Other Receivables <sup>(c)</sup>	108	108	1,130	—	(90)
Total Commercial Credit-Related Assets	172,303	184,766	186,134	(7)	(7)
Lending-Related Commitments <sup>(d)(e)</sup>	209,042	229,119	238,150	(9)	(12)
Total Commercial Credit Exposure <sup>(f)</sup>	381,345	413,885	424,284	(8)	(10)
Managed Consumer Loans <sup>(g)</sup>	182,108	170,127	143,835	7	27
<b>Total Credit Portfolio</b>	<b>\$ 563,453</b>	<b>\$ 584,012</b>	<b>\$ 568,119</b>	(4)	(1)
<b>NET CHARGE-OFFS:</b>					
Commercial Loans	\$ 259	\$ 257	\$ 834	1	(69)
Lending-Related Commitments	—	—	—	NM	NM
Total Commercial Credit Exposure	259	257	834	1	(69)
Managed Credit Card <sup>(g)</sup>	734	748	687	(2)	7
All Other Consumer	92	89	99	3	(7)
Total Managed Consumer Loans	826	837	786	(1)	5
<b>Total Credit Portfolio</b>	<b>\$ 1,085</b>	<b>\$ 1,094</b>	<b>\$ 1,620</b>	(1)	(33)
<b>NET CHARGE-OFF RATES — ANNUALIZED:</b>					
Total Commercial Loans	1.09%	1.20%	3.53%	(11)bp	(244)bp
Managed Credit Card	5.80	6.01	5.51	(21)	29
Total Credit Portfolio	0.88	0.91	1.36	(3)	(48)
<b>NONPERFORMING ASSETS:</b>					
Commercial Loans	\$ 2,598	\$ 2,963	\$ 3,596	(12)%	(28)%
Derivative Receivables	260	276	169	(6)	54
Other Receivables <sup>(c)</sup>	108	108	1,130	—	(90)
Consumer Loans	513	493	507	4	1
Assets Acquired in Loan Satisfaction	203	227	140	(11)	45
<b>Total Credit Portfolio <sup>(h)</sup></b>	<b>\$ 3,682</b>	<b>\$ 4,067</b>	<b>\$ 5,542</b>	(9)	(34)

(a) At September 30, 2003, includes \$10.9 billion of exposure related to consolidated variable interest entities in accordance with FIN 46, of which \$10.4 billion is associated with multi-seller asset-backed commercial paper conduits.

(b) At September 30, 2003, Derivative Receivables decreased \$360 million in accordance with FIN 46.

(c) Represents, at September 30, 2003, the Enron-related letter of credit, which continues to be the subject of litigation with a credit-worthy entity and which was classified in Other Assets.

(d) At September 30, 2003, total commitments related to asset-backed commercial paper conduits consolidated in accordance with FIN 46 are \$18.7 billion, of which \$6.8 billion is included in Lending-Related Commitments. The remaining \$11.9 billion of commitments related to these variable interest entities were excluded as their underlying assets are reported as follows: \$10.4 billion in Loans and \$1.5 billion in Available-for-sale Securities.

(e) Includes unused advised lines of credit of \$20 billion at September 30, 2003, \$19 billion at June 30, 2003, and \$18 billion at September 30, 2002.

(f) Includes all Enron-related credit exposures. Credit exposure excludes risk participations and does not reflect the benefit of credit derivative hedges or liquid collateral held against derivatives contracts.

(g) Includes securitized credit card receivables.

(h) Nonperforming assets exclude nonaccrual loans held for sale ("HFS") of \$192 million at September 30, 2003. HFS loans are carried at the lower of cost or market, and declines in value are recorded in Other Revenue.



**JPMorganChase**

**PRESS RELEASE FINANCIAL SUPPLEMENT**

**THIRD QUARTER 2003**

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J.P. MORGAN CHASE & CO.  
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Note: Prior periods have been adjusted to conform with current methodologies.

**J.P. MORGAN CHASE & CO.**  
**STATEMENT OF INCOME — REPORTED BASIS**  
(in millions, except per share, ratio and employee data)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003
						2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>REVENUE</b>										
Investment Banking Fees	\$ 649	\$ 779	\$ 616	\$ 678	\$ 545	(17)%	19%	\$ 2,044	\$ 2,085	(2)%
Trading Revenue	829	1,546	1,298	586	26	(46)	NM	3,673	2,089	76
Fees and Commissions	2,742	2,551	2,488	2,595	2,665	7	3	7,781	7,792	—
Private Equity Gains (Losses)	120	(29)	(221)	(68)	(315)	NM	NM	(130)	(678)	81
Securities Gains	164	768	485	747	578	(79)	(72)	1,417	816	74
Mortgage Fees and Related Income <sup>(a)</sup>	(17)	292	417	(132)	512	NM	NM	692	1,080	(36)
Other Revenue	213	64	108	108	200	233	7	385	390	(1)
<b>Total Noninterest Revenue</b>	<b>4,700</b>	<b>5,971</b>	<b>5,191</b>	<b>4,514</b>	<b>4,211</b>	(21)	12	<b>15,862</b>	<b>13,574</b>	17
Interest Income	5,696	5,871	6,263	6,184	6,316	(3)	(10)	17,830	19,100	(7)
Interest Expense	2,648	2,808	3,048	3,203	3,580	(6)	(26)	8,504	10,555	(19)
<b>Net Interest Income</b>	<b>3,048</b>	<b>3,063</b>	<b>3,215</b>	<b>2,981</b>	<b>2,736</b>	—	11	<b>9,326</b>	<b>8,545</b>	9
Revenue before Provision for Credit Losses	7,748	9,034	8,406	7,495	6,947	(14)	12	25,188	22,119	14
Provision for Credit Losses	223	435	743	921	1,836	(49)	(88)	1,401	3,410	(59)
<b>TOTAL NET REVENUE</b>	<b>7,525</b>	<b>8,599</b>	<b>7,663</b>	<b>6,574</b>	<b>5,111</b>	(12)	47	<b>23,787</b>	<b>18,709</b>	27
<b>EXPENSE</b>										
Compensation Expense	2,713	3,231	3,174	3,032	2,367	(16)	15	9,118	7,951	15
Occupancy Expense	391	543	496	425	478	(28)	(18)	1,430	1,181	21
Technology and Communications Expense	719	732	637	635	625	(2)	15	2,088	1,919	9
Other Expense	1,272	1,226	1,234	1,376	1,248	4	2	3,732	3,735	—
Surety Settlement and Litigation Reserve <sup>(b)</sup>	—	100	—	1,300	—	NM	NM	100	—	NM
Merger and Restructuring Costs	—	—	—	393	333	NM	NM	—	817	NM
<b>TOTAL NONINTEREST EXPENSE</b>	<b>5,095</b>	<b>5,832</b>	<b>5,541</b>	<b>7,161</b>	<b>5,051</b>	(13)	1	<b>16,468</b>	<b>15,603</b>	6
Income (Loss) before Income Tax Expense	2,430	2,767	2,122	(587)	60	(12)	NM	7,319	3,106	136
Income Tax Expense (Benefit)	802	940	722	(200)	20	(15)	NM	2,464	1,056	133
<b>NET INCOME (LOSS)</b>	<b>\$ 1,628</b>	<b>\$ 1,827</b>	<b>\$ 1,400</b>	<b>\$ (387)</b>	<b>\$ 40</b>	(11)	NM	<b>\$ 4,855</b>	<b>\$ 2,050</b>	137
<b>NET INCOME (LOSS) APPLICABLE TO COMMON STOCK</b>	<b>\$ 1,615</b>	<b>\$ 1,815</b>	<b>\$ 1,387</b>	<b>\$ (399)</b>	<b>\$ 27</b>	(11)	NM	<b>\$ 4,817</b>	<b>\$ 2,011</b>	140
<b>NET INCOME (LOSS) PER COMMON SHARE</b>										
Basic	\$ 0.80	\$ 0.90	\$ 0.69	\$ (0.20)	\$ 0.01	(11)	NM	\$ 2.40	\$ 1.01	138
Diluted	0.78	0.89	0.69	(0.20)	0.01	(12)	NM	2.35	1.00	135
<b>PERFORMANCE RATIOS<sup>(c)</sup></b>										
Return on Average Assets	0.83%	0.96%	0.73%	NM	0.02%	(13)bp	81bp	0.84%	0.38%	46bp
Return on Average Common Equity	15	17	13	NM	—	(200)	1,500	15	7	800
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	92,940	92,256	93,878	94,335	95,637	1%	(3)%			

(a) Includes all mortgage-related noninterest revenues except Securities Gains. Third quarter 2003 amounts reflect \$209 million of Mortgage Servicing Fees, Net of Amortization, Writedowns and Derivatives Hedging (previously recorded in Fees and Commissions), \$(86) million of Residential Mortgage Origination/Sales Activities (Other Revenue), \$(161) million of hedging of pipeline activities (Trading Revenue), and \$21 million of all other revenues (Fees and Commissions and Other Revenue).

(b) Included in the second quarter of 2003 was a \$100 million addition to the Enron-related litigation reserve. In the fourth quarter of 2002, a \$1,300 million (pre-tax) charge was recorded for the settlement of the Enron surety litigation and the establishment of a reserve for certain material litigation, proceedings and investigations.

(c) Ratios are based on annualized amounts.

**J.P. MORGAN CHASE & CO.**  
**LINE OF BUSINESS FINANCIAL HIGHLIGHTS SUMMARY**  
(in millions, except per share and ratio data)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003
						2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>OPERATING REVENUE</b>										
Investment Bank	\$ 3,203	\$ 4,254	\$ 4,061	\$ 3,353	\$ 2,481	(25)%	29%	\$ 11,518	\$ 9,291	24%
Treasury & Securities Services	1,013	985	936	943	1,029	3	(2)	2,934	2,961	(1)
Investment Management & Private Banking	737	679	642	653	695	9	6	2,058	2,189	(6)
JPMorgan Partners	78	(70)	(278)	(83)	(359)	NM	NM	(270)	(860)	69
Chase Financial Services	3,350	3,976	3,695	3,334	3,667	(16)	(9)	11,021	10,121	9
Support Units and Corporate	(162)	(310)	(193)	(275)	(212)	48	24	(665)	(574)	(16)
<b>OPERATING REVENUE</b>	<b>\$ 8,219</b>	<b>\$ 9,514</b>	<b>\$ 8,863</b>	<b>\$ 7,925</b>	<b>\$ 7,301</b>	(14)	13	<b>\$ 26,596</b>	<b>\$ 23,128</b>	15
<b>EARNINGS</b>										
Investment Bank	\$ 922	\$ 1,086	\$ 942	\$ 362	\$ (255)	(15)	NM	\$ 2,950	\$ 1,024	188
Treasury & Securities Services	157	126	131	131	201	25	(22)	414	503	(18)
Investment Management & Private Banking	85	67	35	12	68	27	25	187	250	(25)
JPMorgan Partners	10	(91)	(217)	(95)	(278)	NM	NM	(298)	(692)	57
Chase Financial Services	460	881	674	468	761	(48)	(40)	2,015	1,899	6
Support Units and Corporate	(6)	(242)	(165)	(148)	(172)	98	97	(413)	(330)	(25)
<b>OPERATING EARNINGS</b>	<b>1,628</b>	<b>1,827</b>	<b>1,400</b>	<b>730</b>	<b>325</b>	(11)	401	<b>4,855</b>	<b>2,654</b>	83
Special Items (Net of Taxes):										
Real Estate Charge	—	—	—	—	(65)	NM	NM	—	(65)	NM
Surety Settlement and Litigation Reserve	—	—	—	(858)	—	NM	NM	—	—	NM
Merger and Restructuring Costs	—	—	—	(259)	(220)	NM	NM	—	(539)	NM
<b>NET INCOME (LOSS)</b>	<b>\$ 1,628</b>	<b>\$ 1,827</b>	<b>\$ 1,400</b>	<b>\$ (387)</b>	<b>\$ 40</b>	(11)	NM	<b>\$ 4,855</b>	<b>\$ 2,050</b>	137
<b>AVERAGE ALLOCATED CAPITAL</b>										
Investment Bank	\$ 18,910	\$ 20,061	\$ 20,783	\$ 20,320	\$ 19,448	(6)	(3)	\$ 19,911	\$ 19,779	1
Treasury & Securities Services	2,604	2,765	2,757	2,720	2,601	(6)	—	2,708	2,678	1
Investment Management & Private Banking	5,490	5,481	5,438	5,540	5,607	—	(2)	5,470	5,678	(4)
JPMorgan Partners	5,721	5,916	5,985	6,102	6,183	(3)	(7)	5,873	6,358	(8)
Chase Financial Services	8,991	8,650	8,469	8,513	8,634	4	4	8,705	8,650	1
Support Units and Corporate	1,415	(114)	(1,574)	(1,225)	(305)	NM	NM	(80)	(1,979)	96
<b>TOTAL ALLOCATED CAPITAL</b>	<b>\$ 43,131</b>	<b>\$ 42,759</b>	<b>\$ 41,858</b>	<b>\$ 41,970</b>	<b>\$ 42,168</b>	1	2	<b>\$ 42,587</b>	<b>\$ 41,164</b>	3
<b>EARNINGS PER SHARE — DILUTED</b>										
<b>OPERATING EARNINGS</b>	<b>\$ 0.78</b>	<b>\$ 0.89</b>	<b>\$ 0.69</b>	<b>\$ 0.36</b>	<b>\$ 0.16</b>	(12)	388	<b>\$ 2.35</b>	<b>\$ 1.30</b>	81
Special Items (Net of Taxes):										
Real Estate Charge	—	—	—	—	(0.03)	NM	NM	—	(0.03)	NM
Surety Settlement and Litigation Reserve	—	—	—	(0.43)	—	NM	NM	—	—	NM
Merger and Restructuring Costs	—	—	—	(0.13)	(0.12)	NM	NM	—	(0.27)	NM
<b>NET INCOME (LOSS)</b>	<b>\$ 0.78</b>	<b>\$ 0.89</b>	<b>\$ 0.69</b>	<b>\$ (0.20)</b>	<b>\$ 0.01</b>	(12)	NM	<b>\$ 2.35</b>	<b>\$ 1.00</b>	135
<b>OPERATING RETURN ON ALLOCATED CAPITAL</b>										
Investment Bank	19%	22%	18%	7%	NM	(300)bp	NM	20%	7%	1,300bp
Treasury & Securities Services	24	18	19	19	31%	600	(700)bp	20	25	(500)
Investment Management & Private Banking	6	5	2	1	5	100	100	4	6	(200)
Chase Financial Services	20	41	32	22	35	(2,100)	(1,500)	31	29	200
<b>OPERATING RETURN ON ALLOCATED CAPITAL</b>	<b>15</b>	<b>17</b>	<b>13</b>	<b>7</b>	<b>3</b>	(200)	1,200	<b>15</b>	<b>8</b>	700



**J.P. MORGAN CHASE & CO.**  
**STATEMENT OF INCOME — OPERATING BASIS**  
(in millions, except per share and ratio data)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003		YEAR TO DATE		YTD 2003
						Over (Under)	2Q 2003	3Q 2002	2003	2002
<b>OPERATING REVENUE</b>										
Investment Banking Fees	\$ 649	\$ 779	\$ 616	\$ 678	\$ 545	(17)%	19%	\$ 2,044	\$ 2,085	(2)%
Trading-Related Revenue (Includes Trading NII)	1,278	2,025	1,981	1,254	412	(37)	210	5,284	3,301	60
Fees and Commissions	2,569	2,429	2,319	2,365	2,428	6	6	7,317	7,324	—
Private Equity Gains (Losses)	120	(29)	(221)	(68)	(315)	NM	NM	(130)	(678)	81
Securities Gains	164	768	485	747	578	(79)	(72)	1,417	816	74
Mortgage Fees and Related Income	(17)	292	417	(132)	512	NM	NM	692	1,080	(36)
Other Revenue	199	40	104	121	190	398	5	343	341	1
Net Interest Income (Excludes Trading NII)	3,257	3,210	3,162	2,960	2,951	1	10	9,629	8,859	9
<b>TOTAL OPERATING REVENUE</b>	<b>8,219</b>	<b>9,514</b>	<b>8,863</b>	<b>7,925</b>	<b>7,301</b>	(14)	13	<b>26,596</b>	<b>23,128</b>	15
<b>OPERATING EXPENSE</b>										
Compensation Expense <sup>(a)</sup>	2,713	3,231	3,174	3,032	2,367	(16)	15	9,118	7,951	15
Noncompensation Expense <sup>(a) (b)</sup>	2,382	2,601	2,367	2,436	2,253	(8)	6	7,350	6,737	9
<b>TOTAL OPERATING EXPENSE</b>	<b>5,095</b>	<b>5,832</b>	<b>5,541</b>	<b>5,468</b>	<b>4,620</b>	(13)	10	<b>16,468</b>	<b>14,688</b>	12
Credit Costs	694	915	1,200	1,351	2,190	(24)	(68)	2,809	4,419	(36)
Corporate Credit Allocation	—	—	—	—	—	NM	NM	—	—	NM
Operating Income before Income Tax Expense	2,430	2,767	2,122	1,106	491	(12)	395	7,319	4,021	82
Income Tax Expense	802	940	722	376	166	(15)	383	2,464	1,367	80
<b>OPERATING EARNINGS</b>	<b>\$ 1,628</b>	<b>\$ 1,827</b>	<b>\$ 1,400</b>	<b>\$ 730</b>	<b>\$ 325</b>	(11)	401	<b>\$ 4,855</b>	<b>\$ 2,654</b>	83
<b>OPERATING BASIS</b>										
Diluted Earnings per Share	\$ 0.78	\$ 0.89	\$ 0.69	\$ 0.36	\$ 0.16	(12)	388	\$ 2.35	\$ 1.30	81
Shareholder Value Added <sup>(c)</sup>	311	536	148	(551)	(964)	(42)	NM	995	(1,080)	NM
Return on Average Managed Assets <sup>(d)</sup>	0.79%	0.92%	0.70%	0.37%	0.17%	(13)bp	62bp	0.80%	0.47%	33bp
Return on Common Equity <sup>(d)</sup>	15	17	13	7	3	(200)	1,200	15	8	700
Common Dividend Payout Ratio	44	40	50	96	222	400	NM	44	79	(3,500)
Effective Income Tax Rate	33	34	34	34	34	(100)	(100)	34	34	—
Compensation Expense as a % of Operating Revenue	33	34	36	38	32	(100)	100	34	34	—
Noncompensation Expense as a % of Operating Revenue	29	27	27	31	31	200	(200)	28	29	(100)
Overhead Ratio	62	61	63	69	63	100	(100)	62	64	(200)
<b>Shareholder Value Added: <sup>(c)</sup></b>										
<b>Net Income (Loss)</b>	<b>\$ 1,628</b>	<b>\$ 1,827</b>	<b>\$ 1,400</b>	<b>\$ (387)</b>	<b>\$ 40</b>	(11)%	NM	<b>\$ 4,855</b>	<b>\$ 2,050</b>	137%
Special Items (Net of Taxes):										
Real Estate Charge	—	—	—	—	65	NM	NM	—	65	NM
Surety Settlement and Litigation Reserve	—	—	—	858	—	NM	NM	—	—	NM
Merger and Restructuring Costs	—	—	—	259	220	NM	NM	—	539	NM
<b>Operating Earnings</b>	<b>1,628</b>	<b>1,827</b>	<b>1,400</b>	<b>730</b>	<b>325</b>	(11)	401%	<b>4,855</b>	<b>2,654</b>	83
Less: Preferred Dividends	13	12	13	12	13	8	—	38	39	(3)
Adjusted Operating Earnings	1,615	1,815	1,387	718	312	(11)	418	4,817	2,615	84
Less: Cost of Capital <sup>(e)</sup>	1,304	1,279	1,239	1,269	1,276	2	2	3,822	3,695	3
<b>Total Shareholder Value Added</b>	<b>\$ 311</b>	<b>\$ 536</b>	<b>\$ 148</b>	<b>\$ (551)</b>	<b>\$ (964)</b>	(42)	NM	<b>\$ 995</b>	<b>\$ (1,080)</b>	NM
<b>Return on Average Managed Assets:</b>										
<b>Operating Earnings</b>	<b>\$ 1,628</b>	<b>\$ 1,827</b>	<b>\$ 1,400</b>	<b>\$ 730</b>	<b>\$ 325</b>	(11)	401	<b>\$ 4,855</b>	<b>\$ 2,654</b>	83
<b>Average Managed Assets</b>										
Average Assets	\$ 782,426	\$ 764,655	\$ 778,238	\$ 755,166	\$ 724,366	2	8	\$ 775,122	\$ 726,007	7
Average Credit Card Securitizations	32,497	31,665	31,834	30,556	28,348	3	15	32,001	25,158	27
<b>Average Managed Assets</b>	<b>\$ 814,923</b>	<b>\$ 796,320</b>	<b>\$ 810,072</b>	<b>\$ 785,722</b>	<b>\$ 752,714</b>	2	8	<b>\$ 807,123</b>	<b>\$ 751,165</b>	7

(a) Includes severance and other related costs associated with expense containment programs implemented in 2002.

(b) Includes Occupancy Expense, Technology and Communications Expense, Other Expense and Surety Settlement and Litigation Reserve.

(c) The Firm uses the shareholder value added ("SVA") framework to measure performance of its business segments. To derive SVA, a non-GAAP financial measure, the Firm applies a cost of capital to each business segment. The capital elements and resultant capital charges provide the businesses with the financial framework to evaluate the trade-off between the use of capital by each business unit versus its return to shareholders. The table above provides a reconciliation of net income on a consolidated basis to the Firm's SVA.

(d) Ratios are based on annualized amounts.

(e) A 12% (after-tax) cost of capital, based on average economic capital, is used for the Firm. To derive shareholder value added for the business segments, a 12% (after-tax) cost of capital is applied for each business segment, except for JPMorgan Partners, which is charged a 15% (after-tax) cost of capital.

**J.P. MORGAN CHASE & CO.**  
**RECONCILIATION FROM REPORTED TO OPERATING BASIS**  
(in millions)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003		YEAR TO DATE		YTD 2003
						Over (Under) 2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>REVENUE</b>										
<b>TRADING REVENUE</b>										
Reported	\$ 829	\$ 1,546	\$ 1,298	\$ 586	\$ 26	(46)%	NM	\$ 3,673	\$ 2,089	76%
Trading-Related NII	449	479	683	668	386	(6)	16%	1,611	1,212	33
<b>Operating</b>	<b>\$ 1,278</b>	<b>\$ 2,025</b>	<b>\$ 1,981</b>	<b>\$ 1,254</b>	<b>\$ 412</b>	<b>(37)</b>	<b>210</b>	<b>\$ 5,284</b>	<b>\$ 3,301</b>	<b>60</b>
<b>CREDIT CARD REVENUE <sup>(a)</sup></b>										
Reported	\$ 756	\$ 698	\$ 692	\$ 807	\$ 806	8	(6)	\$ 2,146	\$ 2,062	4
Credit Card Securitizations	(173)	(122)	(169)	(230)	(237)	(42)	27	(464)	(468)	1
<b>Operating</b>	<b>\$ 583</b>	<b>\$ 576</b>	<b>\$ 523</b>	<b>\$ 577</b>	<b>\$ 569</b>	<b>1</b>	<b>2</b>	<b>\$ 1,682</b>	<b>\$ 1,594</b>	<b>6</b>
<b>OTHER REVENUE</b>										
Reported	\$ 213	\$ 64	\$ 108	\$ 108	\$ 200	233	7	\$ 385	\$ 390	(1)
Credit Card Securitizations	(14)	(24)	(4)	13	(10)	42	(40)	(42)	(49)	14
<b>Operating</b>	<b>\$ 199</b>	<b>\$ 40</b>	<b>\$ 104</b>	<b>\$ 121</b>	<b>\$ 190</b>	<b>398</b>	<b>5</b>	<b>\$ 343</b>	<b>\$ 341</b>	<b>1</b>
<b>NET INTEREST INCOME</b>										
Reported	\$ 3,048	\$ 3,063	\$ 3,215	\$ 2,981	\$ 2,736	—	11	\$ 9,326	\$ 8,545	9
Credit Card Securitizations	658	626	630	647	601	5	9	1,914	1,526	25
Trading-Related NII	(449)	(479)	(683)	(668)	(386)	6	(16)	(1,611)	(1,212)	(33)
<b>Operating</b>	<b>\$ 3,257</b>	<b>\$ 3,210</b>	<b>\$ 3,162</b>	<b>\$ 2,960</b>	<b>\$ 2,951</b>	<b>1</b>	<b>10</b>	<b>\$ 9,629</b>	<b>\$ 8,859</b>	<b>9</b>
<b>TOTAL REVENUE</b>										
Reported	\$ 7,748	\$ 9,034	\$ 8,406	\$ 7,495	\$ 6,947	(14)	12	\$ 25,188	\$ 22,119	14
Credit Card Securitizations	471	480	457	430	354	(2)	33	1,408	1,009	40
<b>Total Operating Revenue</b>	<b>\$ 8,219</b>	<b>\$ 9,514</b>	<b>\$ 8,863</b>	<b>\$ 7,925</b>	<b>\$ 7,301</b>	<b>(14)</b>	<b>13</b>	<b>\$ 26,596</b>	<b>\$ 23,128</b>	<b>15</b>
<b>NONINTEREST EXPENSE</b>										
Reported	\$ 5,095	\$ 5,832	\$ 5,541	\$ 7,161	\$ 5,051	(13)	1	\$ 16,468	\$ 15,603	6
Real Estate Reserves	—	—	—	—	(98)	NM	NM	—	(98)	NM
Surety Settlement and Litigation Reserve	—	—	—	(1,300)	—	NM	NM	—	—	NM
Merger and Restructuring Costs	—	—	—	(393)	(333)	NM	NM	—	(817)	NM
<b>Total Operating Expense</b>	<b>\$ 5,095</b>	<b>\$ 5,832</b>	<b>\$ 5,541</b>	<b>\$ 5,468</b>	<b>\$ 4,620</b>	<b>(13)</b>	<b>10</b>	<b>\$ 16,468</b>	<b>\$ 14,688</b>	<b>12</b>
<b>CREDIT COSTS</b>										
Provision for Credit Losses — Reported	\$ 223	\$ 435	\$ 743	\$ 921	\$ 1,836	(49)	(88)	\$ 1,401	\$ 3,410	(59)
Credit Card Securitizations	471	480	457	430	354	(2)	33	1,408	1,009	40
<b>Credit Costs — Operating</b>	<b>\$ 694</b>	<b>\$ 915</b>	<b>\$ 1,200</b>	<b>\$ 1,351</b>	<b>\$ 2,190</b>	<b>(24)</b>	<b>(68)</b>	<b>\$ 2,809</b>	<b>\$ 4,419</b>	<b>(36)</b>

(a) Included in Fees and Commissions.

## SEGMENT DETAIL

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**J.P. MORGAN CHASE & CO.**  
**INVESTMENT BANK**  
**FINANCIAL HIGHLIGHTS**  
(in millions, except ratios and employees)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003
						2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>OPERATING INCOME STATEMENT</b>										
<b>REVENUE:</b>										
Trading Revenue (Includes Trading NII):										
Fixed Income and Other	\$ 1,158	\$ 1,865	\$ 1,730	\$ 1,299	\$ 632	(38)%	83%	\$ 4,753	\$ 3,169	50%
Equities	95	160	199	(31)	(254)	(41)	NM	454	42	NM
	<u>1,253</u>	<u>2,025</u>	<u>1,929</u>	<u>1,268</u>	<u>378</u>	<u>(38)</u>	<u>231</u>	<u>5,207</u>	<u>3,211</u>	<u>62</u>
Investment Banking Fees	636	765	619	650	529	(17)	20	2,020	2,046	(1)
Net Interest Income	578	634	731	672	679	(9)	(15)	1,943	2,117	(8)
Fees and Commissions	426	403	380	370	432	6	(1)	1,209	1,249	(3)
Securities Gains	225	445	382	376	465	(49)	(52)	1,052	700	50
All Other Revenue	85	(18)	20	17	(2)	NM	NM	87	(32)	NM
<b>TOTAL OPERATING REVENUE</b>	<b><u>3,203</u></b>	<b><u>4,254</u></b>	<b><u>4,061</u></b>	<b><u>3,353</u></b>	<b><u>2,481</u></b>	<b><u>(25)</u></b>	<b><u>29</u></b>	<b><u>11,518</u></b>	<b><u>9,291</u></b>	<b><u>24</u></b>
<b>EXPENSE:</b>										
Compensation Expense	977	1,392	1,321	1,064	722	(30)	35	3,690	2,910	27
Noncompensation Expense	823	913	835	882	846	(10)	(3)	2,571	2,569	—
Operating Expense (Excl. Severance and Related Costs)	1,800	2,305	2,156	1,946	1,568	(22)	15	6,261	5,479	14
Severance and Related Costs	26	150	104	337	79	(83)	(67)	280	250	12
<b>TOTAL OPERATING EXPENSE</b>	<b><u>1,826</u></b>	<b><u>2,455</u></b>	<b><u>2,260</u></b>	<b><u>2,283</u></b>	<b><u>1,647</u></b>	<b><u>(26)</u></b>	<b><u>11</u></b>	<b><u>6,541</u></b>	<b><u>5,729</u></b>	<b><u>14</u></b>
Operating Margin	1,377	1,799	1,801	1,070	834	(23)	65	4,977	3,562	40
Credit Costs	(181)	(4)	245	489	1,316	NM	NM	60	1,904	(97)
Corporate Credit Allocation	(11)	(11)	(14)	(19)	(25)	—	56	(36)	(68)	47
Operating Income (Loss) Before Income Tax Expense	1,547	1,792	1,542	562	(507)	(14)	NM	4,881	1,590	207
Income Tax Expense (Benefit)	625	706	600	200	(252)	(11)	NM	1,931	566	241
<b>OPERATING EARNINGS (LOSS)</b>	<b><u>\$ 922</u></b>	<b><u>\$ 1,086</u></b>	<b><u>\$ 942</u></b>	<b><u>\$ 362</u></b>	<b><u>\$ (255)</u></b>	<b><u>(15)</u></b>	<b><u>NM</u></b>	<b><u>\$ 2,950</u></b>	<b><u>\$ 1,024</u></b>	<b><u>188</u></b>
Average Allocated Capital	\$ 18,910	\$ 20,061	\$ 20,783	\$ 20,320	\$ 19,448	(6)	(3)	\$ 19,911	\$ 19,779	1
Average Assets	512,127	495,114	525,653	515,620	494,705	3	4	510,915	488,657	5
Shareholder Value Added	344	481	322	(258)	(849)	(28)	NM	1,147	(768)	NM
Return on Allocated Capital	19%	22%	18%	7%	NM	(300)bp	NM	20%	7%	1,300bp
Overhead Ratio	57	58	56	68	66%	(100)	(900)bp	57	62	(500)
Overhead Ratio Excl. Severance and Related Costs	56	54	53	58	63	200	(700)	54	59	(500)
Compensation Expense as a % of Operating Revenue Excl. Severance and Related Costs	31	33	33	32	29	(200)	200	32	31	100
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	<b>14,491</b>	<b>14,464</b>	<b>14,619</b>	<b>15,145</b>	<b>16,370</b>	<b>—%</b>	<b>(11)%</b>			
<b>Shareholder Value Added:</b>										
Operating Earnings	\$ 922	\$ 1,086	\$ 942	\$ 362	\$ (255)	(15)	NM	\$ 2,950	\$ 1,024	188%
Less: Preferred Dividends	5	5	6	5	5	—	—	16	16	—
Adjusted Operating Earnings	917	1,081	936	357	(260)	(15)	NM	2,934	1,008	191
Less: Cost of Capital	573	600	614	615	589	(5)	(3)	1,787	1,776	1
<b>Total Shareholder Value Added</b>	<b><u>\$ 344</u></b>	<b><u>\$ 481</u></b>	<b><u>\$ 322</u></b>	<b><u>\$ (258)</u></b>	<b><u>\$ (849)</u></b>	<b><u>(28)</u></b>	<b><u>NM</u></b>	<b><u>\$ 1,147</u></b>	<b><u>\$ (768)</u></b>	<b><u>NM</u></b>

**J.P. MORGAN CHASE & CO.  
INVESTMENT BANK  
BUSINESS-RELATED METRICS  
(in millions)**

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003
						2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>BUSINESS REVENUE:</b>										
<b>INVESTMENT BANKING FEES</b>										
Advisory	\$ 161	\$ 162	\$ 159	\$ 216	\$ 139	(1)%	16%	\$ 482	\$ 527	(9)%
Equity Underwriting	173	163	108	88	56	6	209	444	382	16
Debt Underwriting	302	440	352	346	334	(31)	(10)	1,094	1,137	(4)
<b>TOTAL</b>	<b>636</b>	<b>765</b>	<b>619</b>	<b>650</b>	<b>529</b>	<b>(17)</b>	<b>20</b>	<b>2,020</b>	<b>2,046</b>	<b>(1)</b>
<b>CAPITAL MARKETS &amp; LENDING</b>										
Fixed Income	1,449	2,175	1,992	1,581	908	(33)	60	5,616	3,962	42
Treasury	371	626	605	577	607	(41)	(39)	1,602	1,260	27
Credit Portfolio	406	298	412	354	441	36	(8)	1,116	1,213	(8)
Equities	341	390	433	191	(4)	(13)	NM	1,164	810	44
<b>TOTAL</b>	<b>2,567</b>	<b>3,489</b>	<b>3,442</b>	<b>2,703</b>	<b>1,952</b>	<b>(26)</b>	<b>32</b>	<b>9,498</b>	<b>7,245</b>	<b>31</b>
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 3,203</b>	<b>\$ 4,254</b>	<b>\$ 4,061</b>	<b>\$ 3,353</b>	<b>\$ 2,481</b>	<b>(25)</b>	<b>29</b>	<b>\$ 11,518</b>	<b>\$ 9,291</b>	<b>24</b>
<b>MEMO:</b>										
<b>CAPITAL MARKETS &amp; LENDING TOTAL</b>										
<b>RETURN REVENUE <sup>(a)</sup></b>										
Fixed Income	\$ 1,525	\$ 2,111	\$ 1,952	\$ 1,498	\$ 942	(28)	62	\$ 5,588	\$ 4,024	39
Treasury	492	437	536	467	363	13	36	1,465	1,047	40
Credit Portfolio	406	298	412	354	441	36	(8)	1,116	1,213	(8)
Equities	341	390	433	191	(4)	(13)	NM	1,164	810	44
<b>TOTAL</b>	<b>\$ 2,764</b>	<b>\$ 3,236</b>	<b>\$ 3,333</b>	<b>\$ 2,510</b>	<b>\$ 1,742</b>	<b>(15)</b>	<b>59</b>	<b>\$ 9,333</b>	<b>\$ 7,094</b>	<b>32</b>
<b>MARKET SHARE / RANKINGS: <sup>(b)</sup></b>										
Global Syndicated Loans	15%/#1	23%/#1	14%/#1	19%/#1	21%/#1			18%/#1	24%/#1	
U.S. Investment-Grade Bonds	15%/#2	16%/#2	14%/#2	14%/#2	15%/#2			15%/#2	17%/#2	
Euro-Denominated Corporate International Bonds	7%/#2	5%/#7	4%/#10	7%/#4	5%/#9			5%/#6	6%/#4	
Global Equity and Equity-Related	9%/#4	9%/#4	10%/#3	3%/#9	2%/#15			10%/#4	5%/#8	
U.S. Equity and Equity-Related	7%/#6	12%/#4	16%/#1	5%/#7	3%/#8			11%/#4	6%/#6	
Global Announced M&A	14%/#6	14%/#5	22%/#2	15%/#5	12%/#7			16%/#3	14%/#7	

(a) Total return revenue represents financial revenues plus the unrealized gains or losses on investment securities and hedges (included in comprehensive income) and internally transfer-priced assets and liabilities.

(b) Derived from Thomson Financial Securities Data, which reflects subsequent updates to prior-period information. Global announced M&A is based on rank value; all other rankings are based on proceeds, with full credit to each book manager/equal if joint.

**J.P. MORGAN CHASE & CO.**  
**TREASURY & SECURITIES SERVICES**  
**FINANCIAL HIGHLIGHTS**  
(in millions, except ratios and employees)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003
						2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>OPERATING INCOME STATEMENT</b>										
<b>REVENUE:</b>										
Fees and Commissions	\$ 655	\$ 632	\$ 599	\$ 581	\$ 605	4%	8%	\$ 1,886	\$ 1,831	3%
Net Interest Income	316	312	299	315	312	1	1	927	922	1
All Other Revenue	42	41	38	47	112	2	(63)	121	208	(42)
<b>TOTAL OPERATING REVENUE</b>	<b>1,013</b>	<b>985</b>	<b>936</b>	<b>943</b>	<b>1,029</b>	3	(2)	<b>2,934</b>	<b>2,961</b>	(1)
<b>EXPENSE:</b>										
Compensation Expense	312	312	315	279	286	—	9	939	884	6
Noncompensation Expense	456	465	427	467	450	(2)	1	1,348	1,343	—
Operating Expense (Excl. Severance and Related Costs)	768	777	742	746	736	(1)	4	2,287	2,227	3
Severance and Related Costs	10	24	4	5	4	(58)	150	38	12	217
<b>TOTAL OPERATING EXPENSE</b>	<b>778</b>	<b>801</b>	<b>746</b>	<b>751</b>	<b>740</b>	(3)	5	<b>2,325</b>	<b>2,239</b>	4
Operating Margin	235	184	190	192	289	28	(19)	609	722	(16)
Credit Costs	(1)	1	1	2	(1)	NM	—	1	(1)	NM
Corporate Credit Allocation	11	11	14	19	25	—	(56)	36	68	(47)
Operating Income Before Income Tax Expense	247	194	203	209	315	27	(22)	644	791	(19)
Income Tax Expense	90	68	72	78	114	32	(21)	230	288	(20)
<b>OPERATING EARNINGS</b>	<b>\$ 157</b>	<b>\$ 126</b>	<b>\$ 131</b>	<b>\$ 131</b>	<b>\$ 201</b>	25	(22)	<b>\$ 414</b>	<b>\$ 503</b>	(18)
Average Allocated Capital	\$ 2,604	\$ 2,765	\$ 2,757	\$ 2,720	\$ 2,601	(6)	—	\$ 2,708	\$ 2,678	1
Average Assets	18,351	19,381	17,562	19,279	15,943	(5)	15	18,434	17,276	7
Shareholder Value Added	78	43	49	48	122	81	(36)	170	261	(35)
Return on Allocated Capital	24%	18%	19%	19%	31%	600bp	(700)bp	20%	25%	(500)bp
Overhead Ratio	77	81	80	80	72	(400)	500	79	76	300
Assets under Custody (in billions)	\$ 6,926	\$ 6,777	\$ 6,269	\$ 6,336	\$ 6,251	2%	11%			
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	14,294	14,393	14,349	14,440	14,739	(1)	(3)			
<b>Shareholder Value Added:</b>										
<b>Operating Earnings</b>	<b>\$ 157</b>	<b>\$ 126</b>	<b>\$ 131</b>	<b>\$ 131</b>	<b>\$ 201</b>	25	(22)	<b>\$ 414</b>	<b>\$ 503</b>	(18)%
Less: Preferred Dividends	1	—	1	—	1	NM	—	2	2	—
Adjusted Operating Earnings	156	126	130	131	200	24	(22)	412	501	(18)
Less: Cost of Capital	78	83	81	83	78	(6)	—	242	240	1
<b>Total Shareholder Value Added</b>	<b>\$ 78</b>	<b>\$ 43</b>	<b>\$ 49</b>	<b>\$ 48</b>	<b>\$ 122</b>	81	(36)	<b>\$ 170</b>	<b>\$ 261</b>	(35)
<b>OPERATING REVENUE BY BUSINESS:</b>										
Treasury Services	\$ 501	\$ 472	\$ 478	\$ 472	\$ 467	6	7	\$ 1,451	\$ 1,354	7
Investor Services	371	360	340	334	384	3	(3)	1,071	1,181	(9)
Institutional Trust Services	237	240	205	225	220	(1)	8	682	644	6
Other	(96)	(87)	(87)	(88)	(42)	(10)	(129)	(270)	(218)	(24)
<b>Total Treasury &amp; Securities Services</b>	<b>\$ 1,013</b>	<b>\$ 985</b>	<b>\$ 936</b>	<b>\$ 943</b>	<b>\$ 1,029</b>	3	(2)	<b>\$ 2,934</b>	<b>\$ 2,961</b>	(1)

**J.P. MORGAN CHASE & CO.**  
**INVESTMENT MANAGEMENT & PRIVATE BANKING**  
**FINANCIAL HIGHLIGHTS**  
(in millions, except ratios and employees)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003 Over (Under)
						2Q 2003	3Q 2002	2003	2002	2002
<b>OPERATING INCOME STATEMENT</b>										
<b>REVENUE:</b>										
Fees and Commissions	\$ 573	\$ 508	\$ 510	\$ 507	\$ 519	13%	10%	\$ 1,591	\$ 1,670	(5)%
Net Interest Income	116	117	116	107	117	(1)	(1)	349	342	2
All Other Revenue	48	54	16	39	59	(11)	(19)	118	177	(33)
<b>TOTAL OPERATING REVENUE</b>	<b>737</b>	<b>679</b>	<b>642</b>	<b>653</b>	<b>695</b>	9	6	<b>2,058</b>	<b>2,189</b>	(6)
<b>EXPENSE:</b>										
Compensation Expense	314	290	284	311	267	8	18	888	813	9
Noncompensation Expense	299	286	290	315	296	5	1	875	908	(4)
<b>TOTAL OPERATING EXPENSE</b>	<b>613</b>	<b>576</b>	<b>574</b>	<b>626</b>	<b>563</b>	6	9	<b>1,763</b>	<b>1,721</b>	2
Operating Margin	124	103	68	27	132	20	(6)	295	468	(37)
Credit Costs	(7)	—	6	13	26	NM	NM	(1)	71	NM
Operating Income Before Income Tax Expense	131	103	62	14	106	27	24	296	397	(25)
Income Tax Expense	46	36	27	2	38	28	21	109	147	(26)
<b>OPERATING EARNINGS</b>	<b>\$ 85</b>	<b>\$ 67</b>	<b>\$ 35</b>	<b>\$ 12</b>	<b>\$ 68</b>	27	25	<b>\$ 187</b>	<b>\$ 250</b>	(25)%
Average Allocated Capital	\$ 5,490	\$ 5,481	\$ 5,438	\$ 5,540	\$ 5,607	—	(2)	\$ 5,470	\$ 5,678	(4)
Average Goodwill Capital	4,097	4,096	4,101	4,115	4,117	—	—	4,098	4,116	—
Average Assets	33,199	33,929	33,582	33,522	34,968	(2)	(5)	33,569	36,473	(8)
Shareholder Value Added	(82)	(99)	(128)	(157)	(104)	17	21	(309)	(265)	(17)
Tangible Shareholder Value Added	47	28	(3)	(28)	26	68	81	72	122	(41)
Return on Allocated Capital	6%	5%	2%	1%	5%	100bp	100bp	4%	6%	(200)bp
Return on Tangible Allocated Capital	25	20	11	5	19	500	600	19	23	(400)
Overhead Ratio	83	85	89	96	81	(200)	200	86	79	700
Pre-Tax Margin Ratio	18	15	10	2	15	300	300	14	18	(400)
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	7,716	7,884	7,510	7,827	8,080	(2)%	(5)%			
<b>Shareholder Value Added:</b>										
<b>Operating Earnings</b>	<b>\$ 85</b>	<b>\$ 67</b>	<b>\$ 35</b>	<b>\$ 12</b>	<b>\$ 68</b>	27	25	<b>\$ 187</b>	<b>\$ 250</b>	(25)%
Less: Preferred Dividends	2	1	2	1	2	100	—	5	5	—
Adjusted Operating Earnings	83	66	33	11	66	26	26	182	245	(26)
Less: Cost of Capital	165	165	161	168	170	—	(3)	491	510	(4)
<b>Total Shareholder Value Added</b>	<b>(82)</b>	<b>(99)</b>	<b>(128)</b>	<b>(157)</b>	<b>(104)</b>	17	21	<b>(309)</b>	<b>(265)</b>	(17)
Add: Goodwill Exclusion Impact	129	127	125	129	130	2	(1)	381	387	(2)
<b>Tangible SVA<sup>(a)</sup></b>	<b>\$ 47</b>	<b>\$ 28</b>	<b>\$ (3)</b>	<b>\$ (28)</b>	<b>\$ 26</b>	68	81	<b>\$ 72</b>	<b>\$ 122</b>	(41)
<b>ASSETS UNDER SUPERVISION (in billions)</b>										
<b>Client Segment:</b>										
Retail	\$ 88 <sup>(b)</sup>	\$ 84	\$ 72	\$ 80	\$ 77	5	14			
Private Banking	132 <sup>(b)</sup>	130	125	130	126	2	5			
Institutional	307 <sup>(b)</sup>	298	298	305	298	3	3			
Assets under Management	527 <sup>(b)</sup>	512	495	515	501	3	5			
Custody / Brokerage / Administration / Deposits	193 <sup>(b)</sup>	182	127	129	131	6	47			
Assets under Supervision	<b>\$ 720<sup>(b)</sup></b>	<b>\$ 694</b>	<b>\$ 622</b>	<b>\$ 644</b>	<b>\$ 632</b>	4	14			
<b>Geographic Region:</b>										
Americas	\$ 348 <sup>(b)</sup>	\$ 348	\$ 350	\$ 362	\$ 352	—	(1)			
Europe and Asia	179 <sup>(b)</sup>	164	145	153	149	9	20			
Assets under Management	527 <sup>(b)</sup>	512	495	515	501	3	5			
Custody / Brokerage / Administration / Deposits	193 <sup>(b)</sup>	182	127	129	131	6	47			
Assets under Supervision	<b>\$ 720<sup>(b)</sup></b>	<b>\$ 694</b>	<b>\$ 622</b>	<b>\$ 644</b>	<b>\$ 632</b>	4	14			
<b>Product Class:</b>										
Liquidity	\$ 149 <sup>(b)</sup>	\$ 140	\$ 144	\$ 144	\$ 130	6	15			
Fixed Income	146 <sup>(b)</sup>	150	144	149	150	(3)	(3)			
Equities and Other	232 <sup>(b)</sup>	222	207	222	221	5	5			
Assets under Management	527 <sup>(b)</sup>	512	495	515	501	3	5			
Custody / Brokerage / Administration / Deposits	193 <sup>(b)</sup>	182	127	129	131	6	47			
Assets under Supervision	<b>\$ 720<sup>(b)</sup></b>	<b>\$ 694</b>	<b>\$ 622</b>	<b>\$ 644</b>	<b>\$ 632</b>	4	14			

(a) In addition to shareholder value added ("SVA"), the Firm uses tangible SVA, a non-GAAP financial measure, as an additional measure of the economics of the IMPB business segment. To derive tangible SVA, the impact of goodwill is excluded.

(b) Estimated

**J.P. MORGAN CHASE & CO.**  
**JPMORGAN PARTNERS**  
**FINANCIAL HIGHLIGHTS**  
(in millions, except employees)

	3QTR	2QTR	1QTR	4QTR	3QTR	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003
	2003	2003	2003	2002	2002	2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>OPERATING INCOME STATEMENT</b>										
<b>REVENUE:</b>										
Direct Investments:										
Realized Cash Gains (Net)	\$ 134	\$ 153	\$ 46	\$ 144	\$ 91	(12)%	47%	\$ 333	\$ 308	8%
Write-downs / Write-offs	1	(177)	(176)	(225)	(210)	NM	NM	(352)	(600)	41
Mark-to-Market Gains (Losses) <sup>(a)</sup>	26	147	(6)	108	(120)	(82)	NM	167	(318)	NM
Total Direct Investments	161	123	(136)	27	(239)	31	NM	148	(610)	NM
Private Third-Party Fund Investments (Net)	(41)	(145)	(94)	(80)	(60)	72	32	(280)	(70)	(300)
Total Private Equity Gains (Losses) <sup>(b)</sup>	120	(22)	(230)	(53)	(299)	NM	NM	(132)	(680)	81
Net Interest Income (Loss)	(54)	(58)	(62)	(57)	(63)	7	14	(174)	(211)	18
Fees and Other Revenue	12	10	14	27	3	20	300	36	31	16
<b>TOTAL OPERATING REVENUE</b>	<b>78</b>	<b>(70)</b>	<b>(278)</b>	<b>(83)</b>	<b>(359)</b>	NM	NM	<b>(270)</b>	<b>(860)</b>	69
<b>EXPENSE:</b>										
Compensation Expense	32	35	34	23	33	(9)	(3)	101	104	(3)
Noncompensation Expense	32	39	29	46	46	(18)	(30)	100	126	(21)
<b>TOTAL OPERATING EXPENSE</b>	<b>64</b>	<b>74</b>	<b>63</b>	<b>69</b>	<b>79</b>	(14)	(19)	<b>201</b>	<b>230</b>	(13)
Operating Income (Loss) Before Income Tax Expense	14	(144)	(341)	(152)	(438)	NM	NM	(471)	(1,090)	57
Income Tax Expense (Benefit)	4	(53)	(124)	(57)	(160)	NM	NM	(173)	(398)	57
<b>OPERATING EARNINGS (LOSS)</b>	<b>\$ 10</b>	<b>\$ (91)</b>	<b>\$ (217)</b>	<b>\$ (95)</b>	<b>\$ (278)</b>	NM	NM	<b>\$ (298)</b>	<b>\$ (692)</b>	57
Average Allocated Capital	\$ 5,721	\$ 5,916	\$ 5,985	\$ 6,102	\$ 6,183	(3)	(7)	\$ 5,873	\$ 6,358	(8)
Average Assets	8,649	9,008	9,428	9,629	9,404	(4)	(8)	9,025	9,694	(7)
Shareholder Value Added	(207)	(314)	(441)	(327)	(514)	34	60	(962)	(1,411)	32
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	325	329	342	357	364	(1)	(11)			
<b>Shareholder Value Added:</b>										
Operating Earnings	\$ 10	\$ (91)	\$ (217)	\$ (95)	\$ (278)	NM	NM	\$ (298)	\$ (692)	57
Less: Preferred Dividends	2	1	2	2	2	100	—	5	6	(17)
Adjusted Operating Earnings	8	(92)	(219)	(97)	(280)	NM	NM	(303)	(698)	57
Less: Cost of Capital	215	222	222	230	234	(3)	(8)	659	713	(8)
<b>Total Shareholder Value Added</b>	<b>\$ (207)</b>	<b>\$ (314)</b>	<b>\$ (441)</b>	<b>\$ (327)</b>	<b>\$ (514)</b>	34	60	<b>\$ (962)</b>	<b>\$ (1,411)</b>	32

(a) Includes mark-to-market gains (losses) and reversals of mark-to-market gains (losses) due to public securities sales.  
(b) Includes the impact of portfolio hedging activities.



**J.P. MORGAN CHASE & CO.**  
**JPMORGAN PARTNERS**  
**INVESTMENT PORTFOLIO — PRIVATE AND PUBLIC SECURITIES**  
(in millions)

	Sep 30 2003	Jun 30 2003	Mar 31 2003	Dec 31 2002	Sep 30 2002	Sep 30, 2003 Over (Under)	
						Jun 30 2003	Sep 30 2002
<b>PORTFOLIO INFORMATION</b>							
Public Securities (66 companies) <sup>(a) (b)</sup>							
Carrying Value	\$ 705	\$ 591	\$ 478	\$ 520	\$ 488	19%	44%
Cost	560	531	624	663	764	5	(27)
Private Direct Securities (861 companies) <sup>(b)</sup>							
Carrying Value	5,686	5,766	5,912	5,865	5,694	(1)	—
Cost	7,188	7,351	7,439	7,316	7,186	(2)	—
Private Third-Party Fund Investments (288 funds) <sup>(b) (c)</sup>							
Carrying Value	1,406	1,544	1,780	1,843	1,831	(9)	(23)
Cost	2,020	2,121	2,360	2,333	2,216	(5)	(9)
Total Investment Portfolio — Carrying Value	<u>\$ 7,797</u>	<u>\$ 7,901</u>	<u>\$ 8,170</u>	<u>\$ 8,228</u>	<u>\$ 8,013</u>	(1)	(3)
Total Investment Portfolio — Cost	<u>\$ 9,768</u>	<u>\$ 10,003</u>	<u>\$ 10,423</u>	<u>\$ 10,312</u>	<u>\$ 10,166</u>	(2)	(4)
% of Portfolio to the Firm's Common Equity <sup>(d)</sup>	<u>17%</u>	<u>18%</u>	<u>20%</u>	<u>20%</u>	<u>19%</u>	(100)bp	(200)bp

(a) The quoted public value was \$1.1 billion at September 30, 2003.

(b) Represents the number of companies and funds at September 30, 2003.

(c) Unfunded commitments to private third-party equity funds were \$1.7 billion at September 30, 2003.

(d) For purposes of calculating this ratio, the JPMP carrying value excludes the post-December 31, 2002 impact of public mark-to-market valuation adjustments, and the Firm's common equity excludes SFAS 115 equity balances.

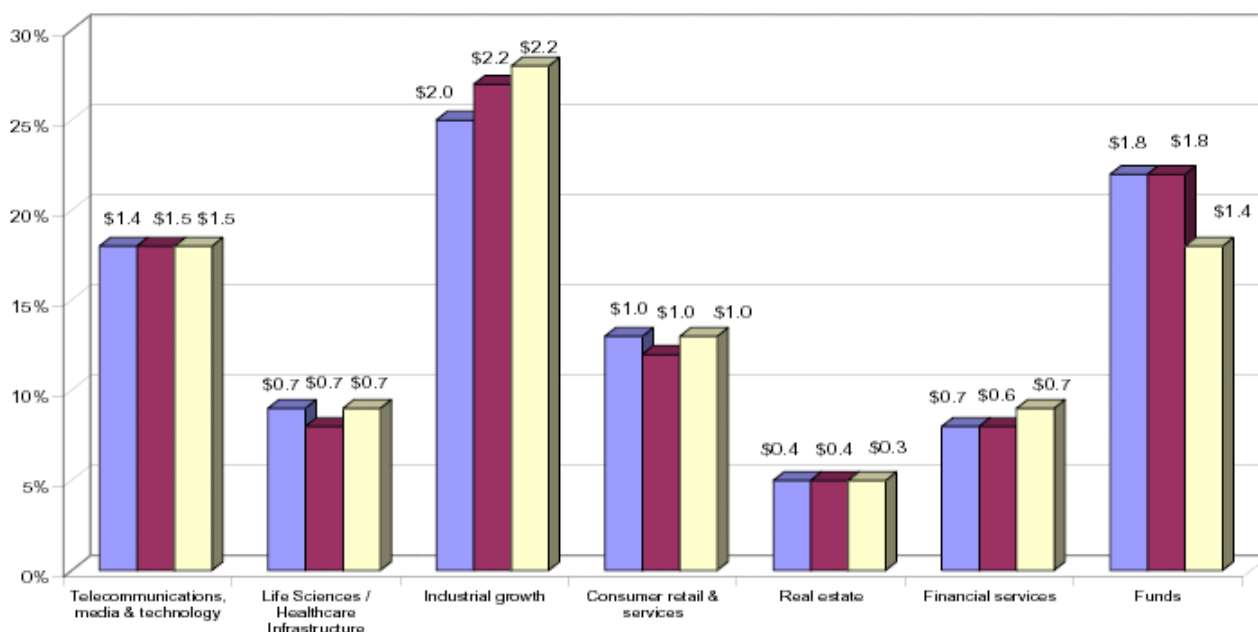
**JPMP's Private Equity Portfolio by Industry Group**

% of carrying value as of September 30, 2003, December 31, 2002 and September 30, 2002

Amounts above the bars represent the carrying values of the investments

(In billions)

■ September 30, 2002  
■ December 31, 2002  
■ September 30, 2003



**J.P. MORGAN CHASE & CO.  
CHASE FINANCIAL SERVICES  
FINANCIAL HIGHLIGHTS  
(in millions, except ratios and employees)**

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003
						2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>OPERATING INCOME STATEMENT</b>										
<b>REVENUE:</b>										
Net Interest Income	\$ 2,491	\$ 2,422	\$ 2,318	\$ 2,128	\$ 2,108	3%	18%	\$ 7,231	\$ 6,166	17%
Fees and Commissions	932	915	845	933	910	2	2	2,692	2,633	2
Securities Gains	(61)	323	102	375	112	NM	NM	364	118	208
Mortgage Fees and Related Income <sup>(a)</sup>	(17)	292	417	(132)	512	NM	NM	692	1,080	(36)
All Other Revenue	5	24	13	30	25	(79)	(80)	42	124	(66)
<b>TOTAL OPERATING REVENUE</b>	<b>3,350</b>	<b>3,976</b>	<b>3,695</b>	<b>3,334</b>	<b>3,667</b>	(16)	(9)	<b>11,021</b>	<b>10,121</b>	9
<b>EXPENSE:</b>										
Compensation Expense	692	757	721	610	662	(9)	5	2,170	1,927	13
Noncompensation Expense	1,023	1,008	1,023	1,076	978	1	5	3,054	2,819	8
Operating Expense (Excl. Severance and Related Costs)	1,715	1,765	1,744	1,686	1,640	(3)	5	5,224	4,746	10
Severance and Related Costs	26	2	14	25	15	NM	73	42	74	(43)
<b>TOTAL OPERATING EXPENSE</b>	<b>1,741</b>	<b>1,767</b>	<b>1,758</b>	<b>1,711</b>	<b>1,655</b>	(1)	5	<b>5,266</b>	<b>4,820</b>	9
Operating Margin	1,609	2,209	1,937	1,623	2,012	(27)	(20)	5,755	5,301	9
Credit Costs	883	817	877	874	823	8	7	2,577	2,285	13
Operating Income Before Income Tax Expense	726	1,392	1,060	749	1,189	(48)	(39)	3,178	3,016	5
Income Tax Expense	266	511	386	281	428	(48)	(38)	1,163	1,117	4
<b>OPERATING EARNINGS</b>	<b>\$ 460</b>	<b>\$ 881</b>	<b>\$ 674</b>	<b>\$ 468</b>	<b>\$ 761</b>	(48)	(40)	<b>\$ 2,015</b>	<b>\$ 1,899</b>	6
Average Allocated Capital	\$ 8,991	\$ 8,650	\$ 8,469	\$ 8,513	\$ 8,634	4	4	\$ 8,705	\$ 8,650	1
Average Managed Assets <sup>(b)</sup>	223,373	217,278	202,332	188,469	178,817	3	25	214,404	176,661	21
Shareholder Value Added	185	620	421	208	498	(70)	(63)	1,226	1,115	10
Return on Allocated Capital	20%	41%	32%	22%	35%	(2,100)bp	(1,500)bp	31%	29%	200bp
Overhead Ratio	52	44	48	51	45	800	700	48	48	—
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	<b>46,231</b>	<b>45,268</b>	<b>44,312</b>	<b>43,543</b>	<b>42,839</b>	<b>2%</b>	<b>8%</b>			
<b>Shareholder Value Added:</b>										
Operating Earnings	\$ 460	\$ 881	\$ 674	\$ 468	\$ 761	(48)	(40)	\$ 2,015	\$ 1,899	6%
Less: Preferred Dividends	3	2	3	2	3	50	—	8	8	—
Adjusted Operating Earnings	457	879	671	466	758	(48)	(40)	2,007	1,891	6
Less: Cost of Capital	272	259	250	258	260	5	5	781	776	1
<b>Total Shareholder Value Added</b>	<b>\$ 185</b>	<b>\$ 620</b>	<b>\$ 421</b>	<b>\$ 208</b>	<b>\$ 498</b>	(70)	(63)	<b>\$ 1,226</b>	<b>\$ 1,115</b>	10

(a) Includes all mortgage-related noninterest revenues except Securities Gains. Third quarter 2003 amounts reflect \$209 million of Mortgage Servicing Fees, Net of Amortization, Writedowns and Derivatives Hedging (previously recorded in Fees and Commissions), \$(86) million of Residential Mortgage Origination/Sales Activities (Other Revenue), \$(161) million of hedging of pipeline activities (Trading Revenue), and \$21 million of all other revenues (Fees and Commissions and Other Revenue).

(b) Includes credit card receivables that have been securitized.

**J.P. MORGAN CHASE & CO.**  
**CHASE FINANCIAL SERVICES**  
**BUSINESS FINANCIAL HIGHLIGHTS**  
(in millions)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003
						2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>CHASE FINANCIAL SERVICES' BUSINESSES</b>										
<b>CHASE HOME FINANCE:</b>										
Operating Revenue:										
Operating Revenue (Excl. MSR Hedging Revenue) <sup>(a)</sup>	\$ 668	\$ 1,086	\$ 1,051	\$ 721	\$ 708	(38)%	(6)%	\$ 2,805	\$ 2,007	40%
MSR Hedging Revenue <sup>(a)</sup>	(6)	233	86	(84)	263	NM	NM	313	261	20
Total	\$ 662	\$ 1,319	\$ 1,137	\$ 637	\$ 971	(50)	(32)	\$ 3,118	\$ 2,268	37
Operating Expense	416	377	363	379	311	10	34	1,156	919	26
Operating Earnings	124	567	429	146	385	(78)	(68)	1,120	774	45
<b>CHASE CARDMEMBER SERVICES:</b>										
Operating Revenue	\$ 1,578	\$ 1,520	\$ 1,468	\$ 1,571	\$ 1,556	4	1	\$ 4,566	\$ 4,395	4
Operating Expense	552	539	534	608	546	2	1	1,625	1,548	5
Operating Earnings	206	173	154	141	232	19	(11)	533	538	(1)
<b>CHASE AUTO FINANCE:</b>										
Operating Revenue	\$ 218	\$ 222	\$ 199	\$ 187	\$ 165	(2)	32	\$ 639	\$ 501	28
Operating Expense	72	72	67	65	61	—	18	211	183	15
Operating Earnings	50	68	39	35	24	(26)	108	157	134	17
<b>CHASE REGIONAL BANKING:</b>										
Operating Revenue	\$ 637	\$ 658	\$ 632	\$ 694	\$ 699	(3)	(9)	\$ 1,927	\$ 2,140	(10)
Operating Expense	569	573	566	566	550	(1)	3	1,708	1,660	3
Operating Earnings	18	42	35	78	76	(57)	(76)	95	281	(66)
<b>CHASE MIDDLE MARKET:</b>										
Operating Revenue	\$ 367	\$ 356	\$ 364	\$ 358	\$ 376	3	(2)	\$ 1,087	\$ 1,107	(2)
Operating Expense	225	219	211	224	200	3	13	655	616	6
Operating Earnings	70	82	91	56	94	(15)	(26)	243	267	(9)

(a) MSR represents Mortgage Servicing Rights.

**J.P. MORGAN CHASE & CO.**  
**CHASE FINANCIAL SERVICES**  
**BUSINESS-RELATED METRICS**  
(in billions, except ratios and where otherwise noted)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003 Over (Under)
						2Q 2003	3Q 2002	2003	2002	2002
<b>Chase Home Finance</b>										
Originations:										
Retail, Wholesale and Correspondent	\$ 68	\$ 55	\$ 41	\$ 40	\$ 29	24%	134%	\$ 164	\$ 73	125%
Correspondent Negotiated Transactions	25	23	21	21	7	9	257	69	22	214
Loans Serviced (EOP)	455	437	432	426	435	4	5	455	435	5
End-of-Period Outstandings	85.8	74.5	67.3	63.6	55.6	15	54	85.8	55.6	54
Total Average Loans Owned	80.6	71.2	64.4	59.7	54.2	13	49	72.4	55.1	31
MSR Carrying Value	4.0	3.0	3.2	3.2	3.6	33	11	4.0	3.6	11
Number of Customers (in millions)	4.0	3.9	4.0	4.0	4.0	3	—	4.0	4.0	—
Net Charge-Off Ratio	0.15%	0.18%	0.20%	0.27%	0.21%	(3)bp	(6)bp	0.18%	0.24%	(6)bp
Overhead Ratio	63	29	32	59	32	3,400	3,100	37	41	(400)
<b>Chase Cardmember Services — Managed Basis</b>										
End-of-Period Outstandings	\$ 50.9	\$ 51.0	\$ 50.6	\$ 51.1	\$ 51.1	—%	—%	\$ 50.9	\$ 51.1	—%
Average Outstandings	50.9	50.7	50.9	50.7	50.4	—	1	50.8	48.5	5
Total Purchases & Cash Advances <sup>(a)</sup>	22.9	22.2	20.7	21.2	23.0	3	—	65.8	62.8	7
Total Accounts (in millions)	30.6	30.3	29.8	29.2	28.6	1	7	30.6	28.6	7
Active Accounts (in millions)	16.3	16.4	16.5	16.5	16.5	(1)	(1)	16.3	16.5	(1)
New Accounts (in millions)	1.1	1.0	1.1	1.0	0.9	10	22	3.2	2.7	19
Net Charge-Off Ratio <sup>(b)</sup>	5.83%	6.02%	5.95%	5.71%	5.54%	(19)bp	29bp	5.93%	5.95%	(2)bp
30+ Day Delinquency Rate	4.62	4.40	4.59	4.67	4.47	22	15	4.62	4.47	15
Overhead Ratio	35	35	36	39	35	—	—	36	35	100
<b>Chase Auto Finance</b>										
Loan and Lease Receivables (EOP)	\$ 42.8	\$ 41.7	\$ 41.1	\$ 37.4	\$ 33.8	3%	27%	\$ 42.8	\$ 33.8	27%
Average Loan and Lease Receivables	42.1	41.7	39.6	35.8	31.5	1	34	41.2	30.3	36
Auto Origination Volume	7.0	7.9	7.4	6.8	7.6	(11)	(8)	22.3	18.4	21
Auto Market Share	6.6% <sup>(d)</sup>	6.8%	6.7%	5.7%	5.8%	(20)bp	80bp	6.6%	5.8%	80bp
Net Charge-Off Ratio	0.41	0.37	0.48	0.53	0.59	4	(18)	0.42	0.50	(8)
Overhead Ratio	33	32	34	35	37	100	(400)	33	37	(400)
<b>Chase Regional Banking</b>										
Total Average Deposits	\$ 76.0	\$ 74.5	\$ 72.6	\$ 70.1	\$ 70.1	2%	8%	\$ 74.4	\$ 69.7	7%
Total Average Assets Under Management <sup>(c)</sup>	109.5 <sup>(d)</sup>	108.1	105.3	102.6	102.6	1	7	107.8	103.9	4
Number of Branches	528	527	527	528	533	—	(1)	528	533	(1)
Number of ATMs	1,740	1,735	1,870	1,876	1,884	—	(8)	1,740	1,884	(8)
Overhead Ratio	89%	87%	89%	82%	79%	200bp	1,000bp	89%	78%	1,100bp
<b>Chase Middle Market</b>										
Total Average Loans	\$ 14.3	\$ 14.3	\$ 14.3	\$ 14.1	\$ 13.7	—%	4%	\$ 14.3	\$ 13.6	5%
Total Average Deposits	28.9	26.9	28.0	25.8	24.0	7	20	28.0	23.6	19
Nonperforming Average Loans as a % of Total Average										
Loans	1.12%	1.24%	1.42%	1.59%	1.95%	(12)bp	(83)bp	1.26%	2.03%	(77)bp
Overhead Ratio	61	61	58	63	53	—	800	60	56	400

(a) Sum of total customer purchases, cash advances and balance transfers.

(b) Prior periods have been restated to conform to current presentation.

(c) Assets under management includes deposits.

(d) Estimated

## SUPPLEMENTAL DETAIL

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**J.P. MORGAN CHASE & CO.**  
**NONINTEREST REVENUE AND NONINTEREST EXPENSE DETAIL ON A REPORTED BASIS**  
(in millions)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003
						2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>NONINTEREST REVENUE</b>										
<b>Investment Banking Fees:</b>										
Underwriting and other:										
Equity	\$ 173	\$ 163	\$ 108	\$ 84	\$ 57	6%	204%	\$ 444	\$ 380	17%
Debt	317	460	342	361	345	(31)	(8)	1,119	1,182	(5)
Total Underwriting and other	490	623	450	445	402	(21)	22	1,563	1,562	—
Advisory	159	156	166	233	143	2	11	481	523	(8)
<b>Total</b>	<b>\$ 649</b>	<b>\$ 779</b>	<b>\$ 616</b>	<b>\$ 678</b>	<b>\$ 545</b>	(17)	19	<b>\$ 2,044</b>	<b>\$ 2,085</b>	(2)
<b>Trading-Related Revenue: <sup>(a)</sup></b>										
Equities	\$ 108	\$ 151	\$ 194	\$ (20)	\$ (211)	(28)	NM	\$ 453	\$ 132	243
Fixed Income and Other	1,170	1,874	1,787	1,274	623	(38)	88	4,831	3,169	52
<b>Total</b>	<b>\$ 1,278</b>	<b>\$ 2,025</b>	<b>\$ 1,981</b>	<b>\$ 1,254</b>	<b>\$ 412</b>	(37)	210	<b>\$ 5,284</b>	<b>\$ 3,301</b>	60
<b>Fees and Commissions:</b>										
Investment Management, Custody and Processing Services	\$ 944	\$ 891	\$ 885	\$ 863	\$ 923	6	2	\$ 2,720	\$ 2,896	(6)
Credit Card Revenue	756	698	692	807	806	8	(6)	2,146	2,062	4
Brokerage and Investment Services	343	321	277	273	321	7	7	941	958	(6)
Other Lending-Related Service Fees	157	127	124	160	128	24	23	408	386	6
Deposit Service Fees	298	284	285	277	288	5	3	867	851	2
Other Fees	244	230	225	215	199	6	23	699	639	9
<b>Total</b>	<b>\$ 2,742</b>	<b>\$ 2,551</b>	<b>\$ 2,488</b>	<b>\$ 2,595</b>	<b>\$ 2,665</b>	7	3	<b>\$ 7,781</b>	<b>\$ 7,792</b>	—
<b>NONINTEREST EXPENSE</b>										
<b>Other Expense:</b>										
Professional Services	\$ 325	\$ 324	\$ 325	\$ 378	\$ 307	—	6	\$ 974	\$ 925	5
Outside Services	294	310	272	249	256	(5)	15	876	745	18
Marketing	179	167	164	220	179	7	—	510	469	9
Travel and Entertainment	103	102	89	96	102	1	1	294	315	(7)
Amortization of Intangibles	73	73	74	82	80	—	(9)	220	241	(9)
All Other	298	250	310	351	324	19	(8)	858	1,040	(18)
<b>Total</b>	<b>\$ 1,272</b>	<b>\$ 1,226</b>	<b>\$ 1,234</b>	<b>\$ 1,376</b>	<b>\$ 1,248</b>	4	2	<b>\$ 3,732</b>	<b>\$ 3,735</b>	—

(a) Includes trading-related net interest income. See reconciliation from reported to operating basis on page 6.

**J.P. MORGAN CHASE & CO.**  
**CONSOLIDATED BALANCE SHEET**  
(in millions)

	Sep 30 2003	Jun 30 2003	Mar 31 2003	Dec 31 2002	Sep 30 2002	Sep 30, 2003	
						Over	(Under)
						Jun 30 2003	Sep 30 2002
<b>ASSETS</b>							
Cash and Due from Banks	\$ 18,585	\$ 23,398	\$ 22,229	\$ 19,218	\$ 18,159	(21)%	2%
Deposits with Banks	10,601	10,393	6,896	8,942	13,447	2	(21)
Federal Funds Sold and Securities Purchased under Resale Agreements	88,752	69,748	69,764	65,809	63,748	27	39
Securities Borrowed	37,096	41,067	39,188	34,143	35,283	(10)	5
Trading Assets:							
Debt and Equity Instruments	146,731	139,275	146,783	165,199	151,264	5	(3)
Derivative Receivables	83,787	93,602	86,649	83,102	87,518	(10)	(4)
Securities	65,152	82,549	85,178	84,463	79,768	(21)	(18)
Loans (Net of Allowance for Loan Losses)	231,448	222,307	212,256	211,014	206,215	4	12
Private Equity Investments	7,797	7,901	8,170	8,228	8,013	(1)	(3)
Goodwill	8,134	8,132	8,122	8,096	8,108	—	—
Mortgage Servicing Rights	4,007	2,967	3,235	3,230	3,606	35	11
Other Intangibles:							
Purchased Credit Card Relationships	1,078	1,141	1,205	1,269	1,337	(6)	(19)
All Other Intangibles	311	320	294	307	311	(3)	—
Other Assets	89,221	99,803	65,187	65,780	64,982	(11)	37
<b>TOTAL ASSETS <sup>(a)</sup></b>	<b>\$ 792,700</b>	<b>\$ 802,603</b>	<b>\$ 755,156</b>	<b>\$ 758,800</b>	<b>\$ 741,759</b>	(1)	7
<b>LIABILITIES</b>							
Deposits:							
Noninterest-Bearing	\$ 81,865	\$ 88,096	\$ 77,822	\$ 82,029	\$ 74,724	(7)	10
Interest-Bearing	231,761	230,152	222,845	222,724	217,447	1	7
Total Deposits	313,626	318,248	300,667	304,753	292,171	(1)	7
Federal Funds Purchased and Securities Sold under Repurchase Agreements	131,959	155,330	160,221	169,483	154,745	(15)	(15)
Commercial Paper	14,790	12,382	14,039	16,591	13,775	19	7
Other Borrowed Funds	8,174	12,176	12,848	8,946	12,646	(33)	(35)
Trading Liabilities:							
Debt and Equity Instruments	87,516	72,825	64,427	66,864	71,607	20	22
Derivative Payables	68,285	72,831	64,804	66,227	70,593	(6)	(3)
Accounts Payable, Accrued Expenses and Other Liabilities (including the Allowance for Lending-Related Commitments)							
Beneficial Interests of Consolidated Variable Interest Entities	54,333	64,072	46,776	38,440	38,233	(15)	42
Long-Term Debt	18,399	—	—	—	—	NM	NM
Junior Subordinated Deferrable Interest Debentures Held by Trusts that Issued Guaranteed Capital Debt Securities	43,945	43,371	42,851	39,751	39,113	1	12
Guaranteed Preferred Beneficial Interests in Capital Debt Securities Issued by Consolidated Trusts	6,716	1,108	—	—	—	NM	NM
Guaranteed Preferred Beneficial Interests in Capital Debt Securities Issued by Consolidated Trusts	—	5,439	5,439	5,439	5,439	NM	NM
<b>TOTAL LIABILITIES</b>	<b>747,743</b>	<b>757,782</b>	<b>712,072</b>	<b>716,494</b>	<b>698,322</b>	(1)	7
<b>STOCKHOLDERS' EQUITY</b>							
Preferred Stock	1,009	1,009	1,009	1,009	1,009	—	—
Common Stock	2,041	2,036	2,032	2,024	2,023	—	1
Capital Surplus	13,238	12,898	12,477	13,222	13,113	3	1
Retained Earnings	28,540	27,633	26,538	25,851	26,940	3	6
Accumulated Other Comprehensive Income	187	1,293	1,113	1,227	1,465	(86)	(87)
Treasury Stock, at Cost	(58)	(48)	(85)	(1,027)	(1,113)	(21)	95
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>44,957</b>	<b>44,821</b>	<b>43,084</b>	<b>42,306</b>	<b>43,437</b>	—	3
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 792,700</b>	<b>\$ 802,603</b>	<b>\$ 755,156</b>	<b>\$ 758,800</b>	<b>\$ 741,759</b>	(1)	7

(a) At September 30, 2003, includes an incremental \$15 billion related to variable interest entities that were consolidated during the third quarter of 2003 in accordance with FIN 46. Also includes approximately \$3 billion of variable interest entities consolidated prior to the third quarter of 2003 that continue to be consolidated in accordance with FIN 46.

**J.P. MORGAN CHASE & CO.**  
**CONDENSED AVERAGE BALANCE SHEET AND ANNUALIZED YIELDS**  
(in millions, except rates)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003
						2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>AVERAGE BALANCES</b>										
<b>ASSETS</b>										
Deposits with Banks	\$ 10,163	\$ 7,061	\$ 9,998	\$ 13,074	\$ 13,071	44%	(22)%	\$ 9,075	\$ 11,564	(22)%
Federal Funds Sold and Securities Purchased under Resale Agreements	89,865	76,690	87,657	88,974	83,402	17	8	84,745	82,583	3
Securities and Trading Assets	213,861	225,333	246,007	229,120	205,232	(5)	4	228,282	195,986	16
Securities Borrowed	40,019	42,160	38,654	40,673	41,881	(5)	(4)	40,283	43,387	(7)
Loans	237,508	219,950	215,882	211,489	205,037	8	16	224,526	211,413	6
Total Interest-Earning Assets	591,416	571,194	598,198	583,330	548,623	4	8	586,911	544,933	8
Noninterest-Earning Assets	191,010	193,461	180,040	171,836	175,743	(1)	9	188,211	181,074	4
<b>TOTAL ASSETS</b>	<b>\$ 782,426</b>	<b>\$ 764,655</b>	<b>\$ 778,238</b>	<b>\$ 755,166</b>	<b>\$ 724,366</b>	<b>2</b>	<b>8</b>	<b>\$ 775,122</b>	<b>\$ 726,007</b>	<b>7</b>
<b>LIABILITIES</b>										
Interest-Bearing Deposits	\$ 221,539	\$ 225,950	\$ 225,389	\$ 215,061	\$ 214,932	(2)	3	\$ 224,279	\$ 218,211	3
Federal Funds Purchased and Securities Sold under Repurchase Agreements	148,132	164,386	191,163	182,526	170,266	(10)	(13)	167,735	163,677	2
Commercial Paper	13,088	12,929	14,254	13,469	13,740	1	(5)	13,419	17,033	(21)
Other Borrowings <sup>(a)</sup>	72,191	63,524	68,453	65,591	66,014	14	9	68,069	70,673	(4)
Beneficial Interests of Consolidated Variable Interest Entities	19,791	—	—	—	—	NM	NM	6,671	—	NM
Long-Term Debt	48,685	49,219	46,001	44,621	45,525	(1)	7	47,978	43,693	10
Total Interest-Bearing Liabilities	523,426	516,008	545,260	521,268	510,477	1	3	528,151	513,287	3
Noninterest-Bearing Liabilities	214,860	204,879	190,111	190,919	170,712	5	26	203,375	170,430	19
<b>TOTAL LIABILITIES</b>	<b>738,286</b>	<b>720,887</b>	<b>735,371</b>	<b>712,187</b>	<b>681,189</b>	<b>2</b>	<b>8</b>	<b>731,526</b>	<b>683,717</b>	<b>7</b>
<b>PREFERRED STOCK OF SUBSIDIARY <sup>(b)</sup></b>										
Preferred Stock	1,009	1,009	1,009	1,009	1,009	—	—	1,009	1,009	—
Common Stockholders' Equity	43,131	42,759	41,858	41,970	42,168	1	2	42,587	41,164	3
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>44,140</b>	<b>43,768</b>	<b>42,867</b>	<b>42,979</b>	<b>43,177</b>	<b>1</b>	<b>2</b>	<b>43,596</b>	<b>42,173</b>	<b>3</b>
<b>TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY</b>	<b>\$ 782,426</b>	<b>\$ 764,655</b>	<b>\$ 778,238</b>	<b>\$ 755,166</b>	<b>\$ 724,366</b>	<b>2</b>	<b>8</b>	<b>\$ 775,122</b>	<b>\$ 726,007</b>	<b>7</b>
<b>AVERAGE RATES</b>										
<b>INTEREST-EARNING ASSETS</b>										
Deposits with Banks	0.93%	2.39%	2.58%	1.48%	2.65%	(146)bp	(172)bp	1.91%	2.94%	(103)bp
Federal Funds Sold and Securities Purchased under Resale Agreements	1.52	1.85	2.19	2.33	2.52	(33)	(100)	1.85	2.52	(67)
Securities and Trading Assets	4.41	4.64	4.64	4.62	4.98	(23)	(57)	4.57	5.16	(59)
Securities Borrowed	0.71	0.75	1.02	1.42	1.70	(4)	(99)	0.82	1.65	(83)
Loans	4.83	5.12	5.32	5.29	5.73	(29)	(90)	5.08	5.85	(77)
Total Interest-Earning Assets	<b>3.83</b>	<b>4.13</b>	<b>4.26</b>	<b>4.22</b>	<b>4.58</b>	<b>(30)</b>	<b>(75)</b>	<b>4.07</b>	<b>4.70</b>	<b>(63)</b>
<b>INTEREST-BEARING LIABILITIES</b>										
Interest-Bearing Deposits	1.41	1.69	1.92	2.17	2.62	(28)	(121)	1.67	2.50	(83)
Federal Funds Purchased and Securities Sold under Repurchase Agreements	1.29	1.41	1.54	1.71	2.06	(12)	(77)	1.42	2.06	(64)
Commercial Paper	1.00	1.22	1.30	1.53	1.81	(22)	(81)	1.17	1.80	(63)
Other Borrowings	5.12	5.39	4.99	4.69	5.06	(27)	6	5.16	5.05	11
Beneficial Interests of Consolidated Variable Interest Entities	0.92	—	—	—	—	NM	NM	0.92	—	NM
Long-Term Debt	3.01	3.14	3.23	3.68	3.22	(13)	(21)	3.12	3.22	(10)
Total Interest-Bearing Liabilities	<b>2.01</b>	<b>2.18</b>	<b>2.27</b>	<b>2.44</b>	<b>2.78</b>	<b>(17)</b>	<b>(77)</b>	<b>2.15</b>	<b>2.75</b>	<b>(60)</b>
<b>INTEREST RATE SPREAD</b>	<b>1.82%</b>	<b>1.95%</b>	<b>1.99%</b>	<b>1.78%</b>	<b>1.80%</b>	<b>(13)</b>	<b>2</b>	<b>1.92%</b>	<b>1.95%</b>	<b>(3)</b>
<b>NET INTEREST MARGIN</b>	<b>2.05%</b>	<b>2.16%</b>	<b>2.19%</b>	<b>2.04%</b>	<b>1.99%</b>	<b>(11)</b>	<b>6</b>	<b>2.14%</b>	<b>2.11%</b>	<b>3</b>
<b>NET INTEREST MARGIN ADJUSTED FOR SECURITIZATIONS</b>	<b>2.36%</b>	<b>2.47%</b>	<b>2.49%</b>	<b>2.36%</b>	<b>2.31%</b>	<b>(11)</b>	<b>5</b>	<b>2.44%</b>	<b>2.38%</b>	<b>6</b>

(a) Includes securities sold but not yet purchased.

(b) On February 28, 2002, all outstanding shares were redeemed.

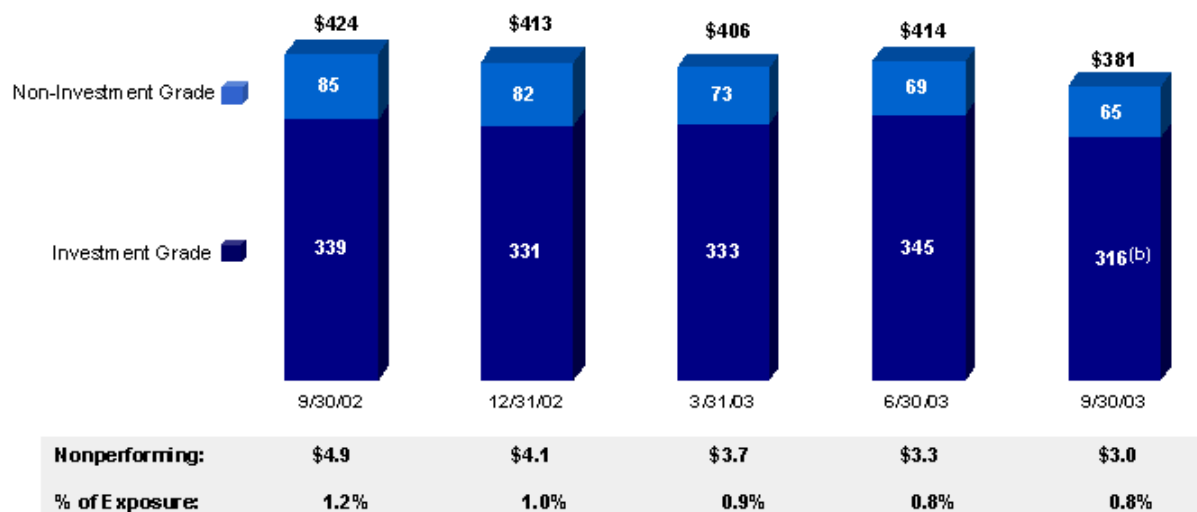


**J.P. MORGAN CHASE & CO.**  
**CREDIT-RELATED INFORMATION**  
(in millions, except ratios)

	Sep 30 2003	Jun 30 2003	Mar 31 2003	Dec 31 2002	Sep 30 2002	September 30, 2003 Over (Under)	
						Jun 30 2003	Sep 30 2002
<b>CREDIT EXPOSURE</b>							
<b>COMMERCIAL</b>							
Loans — U.S. <sup>(a)</sup>	\$ 58,082	\$ 55,693	\$ 54,156	\$ 56,667	\$ 62,901	4%	(8)%
Loans — Non-U.S.	30,326	35,363	34,290	34,881	34,585	(14)	(12)
Total Commercial Loans	88,408	91,056	88,446	91,548	97,486	(3)	(9)
Derivative Receivables <sup>(b)</sup>	83,787	93,602	86,649	83,102	87,518	(10)	(4)
Other Receivables <sup>(c)</sup>	108	108	108	108	1,130	—	(90)
<b>TOTAL COMMERCIAL CREDIT-RELATED ASSETS</b>	<b>172,303</b>	<b>184,766</b>	<b>175,203</b>	<b>174,758</b>	<b>186,134</b>	(7)	(7)
Lending-Related Commitments <sup>(d)</sup>	209,042	229,119	230,698	238,120	238,150	(9)	(12)
<b>TOTAL COMMERCIAL CREDIT EXPOSURE <sup>(e)</sup></b>	<b>381,345</b>	<b>413,885</b>	<b>405,901</b>	<b>412,878</b>	<b>424,284</b>	(8)	(10)
<b>CONSUMER</b>							
1-4 Family Residential Mortgages — First Liens	68,873	57,593	51,711	49,357	41,934	20	64
Home Equity	16,981	17,327	15,363	14,643	13,741	(2)	24
1-4 Family Residential Mortgages	85,854	74,920	67,074	64,000	55,675	15	54
Credit Card — Reported <sup>(f)</sup>	16,015	16,578	17,509	19,677	20,508	(3)	(22)
Credit Card Securitizations <sup>(f)</sup>	34,315	33,789	32,377	30,722	29,843	2	15
Credit Card — Managed	50,330	50,367	49,886	50,399	50,351	—	—
Automobile Financings	38,867	38,151	36,865	33,615	30,612	2	27
Other Consumer <sup>(g)</sup>	7,057	6,689	7,577	7,524	7,197	6	(2)
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>182,108</b>	<b>170,127</b>	<b>161,402</b>	<b>155,538</b>	<b>143,835</b>	7	27
<b>TOTAL CREDIT PORTFOLIO</b>	<b>\$ 563,453</b>	<b>\$ 584,012</b>	<b>\$ 567,303</b>	<b>\$ 568,416</b>	<b>\$ 568,119</b>	(4)	(1)

- (a) At September 30, 2003, includes \$10.9 billion of exposure related to consolidated variable interest entities in accordance with FIN 46, of which \$10.4 billion is associated with multi-seller asset-backed commercial paper conduits.
- (b) At September 30, 2003, Derivative Receivables decreased \$360 million in accordance with FIN 46.
- (c) Represents at September 30, 2003 the Enron-related letter of credit, which continues to be the subject of litigation with a credit-worthy entity and which was classified in Other Assets.
- (d) At September 30, 2003, total commitments related to asset-backed commercial paper conduits consolidated in accordance with FIN 46 are \$18.7 billion, of which \$6.8 billion is included in Lending-Related Commitments. The remaining \$11.9 billion of commitments related to these variable interest entities were excluded as their underlying assets are reported as follows: \$10.4 billion in Loans-U.S. and \$1.5 billion in Available-for-Sale Securities.
- (e) Includes all Enron-related credit exposures. Credit exposure excludes risk participations and does not reflect the benefit of credit derivative hedges or liquid collateral held against derivatives contracts.
- (f) At September 30, 2003, credit card securitizations includes \$1.1 billion of accrued interest and fees on securitized credit card loans that were classified in Other Assets, consistent with the FASB Staff Position, Accounting for Accrued Interest Receivable Related to Securitized and Sold Receivables under SFAS 140. Prior to March 31, 2003, these balances were classified in Credit Card Loans.
- (g) Consists of manufactured housing loans, installment loans (direct and indirect types of consumer finance), student loans, unsecured revolving lines of credit and non-U.S. consumer loans.

**Commercial Exposure Risk Profile <sup>(a)</sup>**  
(\$ in billions)



(a) Includes all Enron-related credit exposures, inclusive of \$108 million subject to litigation with a credit-worthy entity.

(b) Investment Grade includes \$10.5 billion of loan and derivative exposure related to consolidated variable interest entities in accordance with FIN 46.

**J.P. MORGAN CHASE & CO.**  
**CREDIT-RELATED INFORMATION (CONT.)**  
(in millions, except ratios)

	Sep 30 2003	Jun 30 2003	Mar 31 2003	Dec 31 2002	Sep 30 2002	Sep 30, 2003 Over (Under)	
						Jun 30 2003	Sep 30 2002
<b>NONPERFORMING ASSETS AND RATIOS</b>							
<b>COMMERCIAL</b>							
Loans — U.S.	\$ 1,360	\$ 1,810	\$ 2,029	\$ 2,059	\$ 1,865	(25)%	(27)%
Loans — Non-U.S.	1,238	1,153	1,257	1,613	1,731	7	(28)
Total Commercial Loans	2,598	2,963	3,286	3,672	3,596	(12)	(28)
Derivative Receivables	260	276	277	289	169	(6)	54
Other Receivables <sup>(a)</sup>	108	108	108	108	1,130	—	(90)
<b>TOTAL COMMERCIAL CREDIT EXPOSURE</b>	<b>2,966</b>	<b>3,347</b>	<b>3,671</b>	<b>4,069</b>	<b>4,895</b>	(11)	(39)
<b>CONSUMER</b>							
1-4 Family Residential Mortgages — First Liens	263	251	249	259	265	5	(1)
Home Equity	54	52	54	53	49	4	10
1-4 Family Residential Mortgages	317	303	303	312	314	5	1
Credit Card — Reported	13	13	14	15	17	—	(24)
Credit Card Securitizations	—	—	—	—	—	NM	NM
Credit Card — Managed	13	13	14	15	17	—	(24)
Automobile Financings	113	111	112	118	108	2	5
Other Consumer <sup>(b)</sup>	70	66	66	76	68	6	3
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>513</b>	<b>493</b>	<b>495</b>	<b>521</b>	<b>507</b>	4	1
Assets Acquired in Loan Satisfaction	203	227	225	190	140	(11)	45
<b>TOTAL CREDIT PORTFOLIO <sup>(c)</sup></b>	<b>\$ 3,682</b>	<b>\$ 4,067</b>	<b>\$ 4,391</b>	<b>\$ 4,780</b>	<b>\$ 5,542</b>	(9)	(34)
<b>TOTAL NONPERFORMING ASSETS TO TOTAL ASSETS</b>	<b>0.46%</b>	<b>0.51%</b>	<b>0.58%</b>	<b>0.63%</b>	<b>0.75%</b>	(5)bp	(29)bp
<b>PAST DUE 90 DAYS AND OVER AND ACCRUING</b>							
<b>COMMERCIAL</b>							
Loans — U.S.	\$ 35	\$ 35	\$ 37	\$ 57	\$ 32	—%	9%
Loans — Non-U.S.	2	—	2	—	1	NM	100
Derivative Receivables	—	—	—	—	—	NM	NM
<b>TOTAL COMMERCIAL CREDIT EXPOSURE</b>	<b>37</b>	<b>35</b>	<b>39</b>	<b>57</b>	<b>33</b>	6	12
<b>CONSUMER</b>							
1-4 Family Residential Mortgages — First Liens	—	—	—	—	1	NM	NM
Home Equity	—	—	—	—	—	NM	NM
1-4 Family Residential Mortgages	—	—	—	—	1	NM	NM
Credit Card — Reported <sup>(d)</sup>	229	229	269	451	447	—	(49)
Credit Card Securitizations <sup>(d)</sup>	814	792	808	630	526	3	55
Credit Card — Managed	1,043	1,021	1,077	1,081	973	2	7
Automobile Financings	—	—	—	—	—	NM	NM
Other Consumer <sup>(b)</sup>	21	21	22	22	26	—	(19)
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>1,064</b>	<b>1,042</b>	<b>1,099</b>	<b>1,103</b>	<b>1,000</b>	2	6
<b>TOTAL CREDIT PORTFOLIO</b>	<b>\$ 1,101</b>	<b>\$ 1,077</b>	<b>\$ 1,138</b>	<b>\$ 1,160</b>	<b>\$ 1,033</b>	2	7

- (a) Represents at September 30, 2003 the Enron-related letter of credit, which continues to be the subject of litigation with a credit-worthy entity and which was classified in Other Assets.
- (b) Consists of manufactured housing loans, installment loans (direct and indirect types of consumer finance), student loans, unsecured revolving lines of credit and non-U.S. consumer loans.
- (c) Nonperforming assets exclude nonaccrual loans held for sale (“HFS”) of \$192 million at September 30, 2003. HFS loans are carried at the lower of cost or market, and declines in value are recorded in Other Revenue.
- (d) At September 30, 2003, credit card securitizations includes \$151 million of accrued interest and fees on securitized credit card loans past due 90 days and over and accruing that were classified in Other Assets, consistent with the FASB Staff Position, Accounting for Accrued Interest Receivable Related to Securitized and Sold Receivables under SFAS 140. Prior to March 31, 2003, these balances were classified in Credit Card Loans.

**J.P. MORGAN CHASE & CO.**  
**CREDIT-RELATED INFORMATION (CONT.)**  
(in millions, except ratios)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003		YEAR TO DATE		YTD 2003
						Over (Under)	2Q 2003	3Q 2002	2003	2002
<b>NET CHARGE-OFFS</b>										
<b>COMMERCIAL</b>										
Loans — U.S.	\$ 194	\$ 185	\$ 118	\$ 226	\$ 307	5%	(37)%	\$ 497	\$ 695	(28)%
Loans — Non-U.S.	65	72	174	208	527	(10)	(88)	311	752	(59)
Total Commercial Loans	259	257	292	434	834	1	(69)	808	1,447	(44)
Lending-Related Commitments	—	—	—	212	—	NM	NM	—	—	NM
<b>TOTAL COMMERCIAL CREDIT EXPOSURE</b>	<b>259</b>	<b>257</b>	<b>292</b>	<b>646</b>	<b>834</b>	<b>1</b>	<b>(69)</b>	<b>808</b>	<b>1,447</b>	<b>(44)</b>
<b>CONSUMER</b>										
1-4 Family Residential Mortgages — First Liens	4	5	5	11	6	(20)	(33)	14	38	(63)
Home Equity	1	6	2	4	1	(83)	—	9	3	200
1-4 Family Residential Mortgages	5	11	7	15	7	(55)	(29)	23	41	(44)
Credit Card — Reported	263	268	275	286	333	(2)	(21)	806	1,103	(27)
Credit Card Securitizations	471	480	457	430	354	(2)	33	1,408	1,009	40
Credit Card — Managed	734	748	732	716	687	(2)	7	2,214	2,112	5
Automobile Financings	43	39	46	47	47	10	(9)	128	114	12
Other Consumer <sup>(a)</sup>	44	39	50	54	45	13	(2)	133	135	(1)
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>826</b>	<b>837</b>	<b>835</b>	<b>832</b>	<b>786</b>	<b>(1)</b>	<b>5</b>	<b>2,498</b>	<b>2,402</b>	<b>4</b>
<b>TOTAL CREDIT PORTFOLIO</b>	<b>\$ 1,085</b>	<b>\$ 1,094</b>	<b>\$ 1,127</b>	<b>\$ 1,478</b>	<b>\$ 1,620</b>	<b>(1)</b>	<b>(33)</b>	<b>\$ 3,306</b>	<b>\$ 3,849</b>	<b>(14)</b>
<b>NET CHARGE-OFF RATES — ANNUALIZED</b>										
<b>COMMERCIAL</b>										
Loans — U.S.	1.21% <sup>(b)</sup>	1.40%	0.86%	1.61%	1.95%	(19)bp	(74)bp	1.16%	1.43%	(27)bp
Loans — Non-U.S.	0.84	0.88	2.07	2.30	6.66	(4)	(582)	1.28	2.97	(169)
Total Commercial Loans	1.09 <sup>(b)</sup>	1.20	1.32	1.88	3.53	(11)	(244)	1.20	1.96	(76)
Lending-Related Commitments	—	—	—	0.35	—	—	—	—	—	—
<b>TOTAL COMMERCIAL CREDIT EXPOSURE</b>	<b>0.33</b>	<b>0.33</b>	<b>0.37</b>	<b>0.78</b>	<b>1.00</b>	<b>—</b>	<b>(67)</b>	<b>0.34</b>	<b>0.57</b>	<b>(23)</b>
<b>CONSUMER</b>										
1-4 Family Residential Mortgages — First Liens	0.02	0.04	0.04	0.09	0.06	(2)	(4)	0.03	0.12	(9)
Home Equity	0.02	0.15	0.05	0.11	0.03	(13)	(1)	0.08	0.03	5
1-4 Family Residential Mortgages	0.02	0.06	0.04	0.10	0.05	(4)	(3)	0.04	0.10	(6)
Credit Card — Reported	6.26	6.22	6.17	5.90	6.27	4	(1)	6.22	6.57	(35)
Credit Card Securitizations	5.57	5.90	5.82	5.58	4.95	(33)	62	5.76	5.36	40
Credit Card — Managed	5.80	6.01	5.95	5.70	5.51	(21)	29	5.92	5.93	(1)
Automobile Financings	0.45	0.41	0.53	0.58	0.64	4	(19)	0.46	0.55	(9)
Other Consumer <sup>(a)</sup>	2.53	2.15	2.54	2.77	2.53	38	—	2.41	2.34	7
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>1.86</b>	<b>2.01</b>	<b>2.14</b>	<b>2.20</b>	<b>2.23</b>	<b>(15)</b>	<b>(37)</b>	<b>2.00</b>	<b>2.33</b>	<b>(33)</b>
<b>TOTAL MANAGED LOANS</b>	<b>1.59</b>	<b>1.74</b>	<b>1.85</b>	<b>2.08</b>	<b>2.75</b>	<b>(15)</b>	<b>(116)</b>	<b>1.72</b>	<b>2.18</b>	<b>(46)</b>
<b>TOTAL CREDIT PORTFOLIO</b>	<b>0.88</b>	<b>0.91</b>	<b>0.95</b>	<b>1.22</b>	<b>1.36</b>	<b>(3)</b>	<b>(48)</b>	<b>0.91</b>	<b>1.08</b>	<b>(17)</b>

(a) Consists of manufactured housing loans, installment loans (direct and indirect types of consumer finance), student loans, unsecured revolving lines of credit and non-U.S. consumer loans.

(b) Reflects the impact of consolidated variable interest entities in accordance with FIN 46. Excluding the exposures related to the FIN 46 adoption, the net charge-off rate would have been 1.49% for Loans-U.S. and 1.24% for Total Commercial Loans.

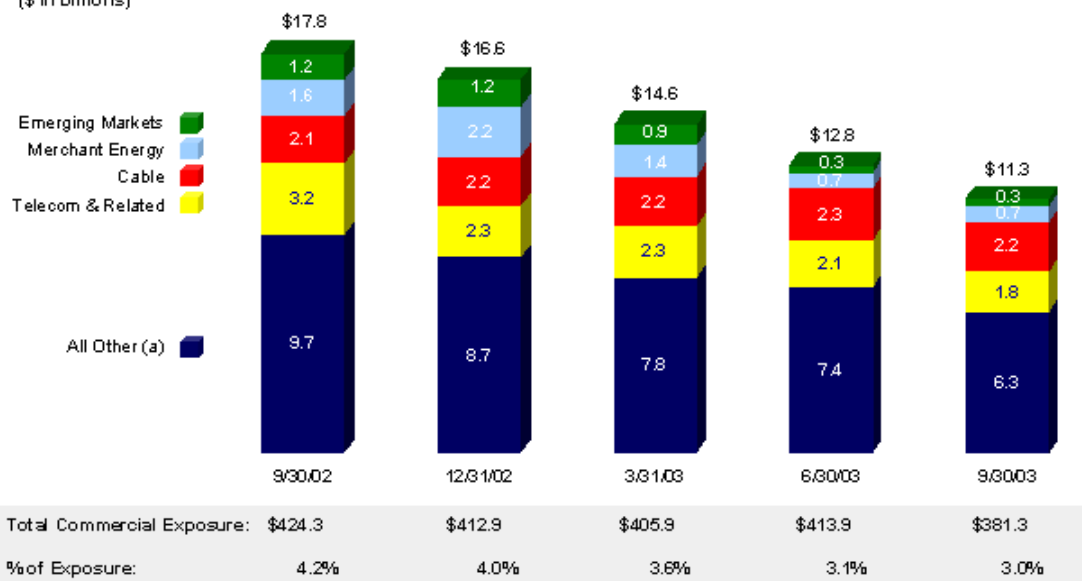
**J.P. MORGAN CHASE & CO.**  
**CREDIT-RELATED INFORMATION (CONT.)**  
(in millions, except ratios)

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003	
						Over (Under) 2Q 2003	3Q 2002
<b>SUMMARY OF CHANGES IN THE ALLOWANCE</b>							
<b>LOANS:</b>							
Beginning Balance	\$ 5,087	\$ 5,215	\$ 5,350	\$ 5,263	\$ 5,006	(2)%	2%
Net Charge-Offs	(614)	(614)	(670)	(836)	(1,266)	—	52
Provision for Loan Losses	278	487	670	921	1,544	(43)	(82)
Other	2	(1)	(135)	2	(21)	NM	NM
<b>Ending Balance</b>	<b>\$ 4,753</b>	<b>\$ 5,087</b>	<b>\$ 5,215</b>	<b>\$ 5,350</b>	<b>\$ 5,263</b>	(7)	(10)
<b>LENDING-RELATED COMMITMENTS:</b>							
Beginning Balance	\$ 384	\$ 436	\$ 363	\$ 573	\$ 281	(12)	37
Net Charge-Offs	—	—	—	(212)	—	NM	NM
Provision for Lending-Related Commitments	(55)	(52)	73	—	292	(6)	NM
Other	—	—	—	2	—	NM	NM
<b>Ending Balance</b>	<b>\$ 329</b>	<b>\$ 384</b>	<b>\$ 436</b>	<b>\$ 363</b>	<b>\$ 573</b>	(14)	(43)
<b>ALLOWANCE COMPONENTS AND RATIOS</b>							
<b>LOANS:</b>							
Commercial — Specific	\$ 1,096	\$ 1,371	\$ 1,528	\$ 1,603	\$ 1,525	(20)%	(28)%
Commercial — Expected	481	548	590	613	554	(12)	(13)
<b>Total Commercial</b>	<b>1,577</b>	<b>1,919</b>	<b>2,118</b>	<b>2,216</b>	<b>2,079</b>	(18)	(24)
Consumer Expected	2,234	2,226	2,255	2,360	2,365	—	(6)
<b>Total Specific and Expected</b>	<b>3,811</b>	<b>4,145</b>	<b>4,373</b>	<b>4,576</b>	<b>4,444</b>	(8)	(14)
Residual Component	942	942	842	774	819	—	15
<b>Total Allowance for Loan Losses</b>	<b>\$ 4,753</b>	<b>\$ 5,087</b>	<b>\$ 5,215</b>	<b>\$ 5,350</b>	<b>\$ 5,263</b>	(7)	(10)
<b>LENDING-RELATED COMMITMENTS:</b>							
Commercial — Specific	\$ 187	\$ 252	\$ 305	\$ 237	\$ 426	(26)	(56)
Commercial — Expected	95	85	84	87	83	12	14
<b>Total Specific and Expected</b>	<b>282</b>	<b>337</b>	<b>389</b>	<b>324</b>	<b>509</b>	(16)	(45)
Residual Component	47	47	47	39	64	—	(27)
<b>Total Allowance for Lending-Related Commitments</b>	<b>\$ 329</b>	<b>\$ 384</b>	<b>\$ 436</b>	<b>\$ 363</b>	<b>\$ 573</b>	(14)	(43)
Allowance for Loan Losses to Total Loans	2.01% <sup>(a)</sup>	2.24%	2.40%	2.47%	2.49%	(23)bp	(48)bp
Allowance for Loan Losses to Total Nonperforming Loans	153	147	138	128	128	600	2,500
Allowance for Loan Losses to Total Nonperforming Assets	129	125	119	112	95	400	3,400
<b>CREDIT COSTS</b>							
<b>Loans:</b>							
Commercial	\$ (85)	\$ 58	\$ 194	\$ 526	\$ 1,107	NM	NM
Consumer	363	329	411	395	438	10%	(17)%
<b>Total Specific and Expected</b>	<b>278</b>	<b>387</b>	<b>605</b>	<b>921</b>	<b>1,545</b>	(28)	(82)
Residual Component	—	100	65	—	(1)	NM	NM
<b>Total Provision for Loan Losses</b>	<b>278</b>	<b>487</b>	<b>670</b>	<b>921</b>	<b>1,544</b>	(43)	(82)
<b>Lending-Related Commitments:</b>							
Commercial	(55)	(52)	65	25	266	(6)	NM
Residual Component	—	—	8	(25)	26	NM	NM
<b>Total Provision for Lending-Related Commitments</b>	<b>(55)</b>	<b>(52)</b>	<b>73</b>	<b>—</b>	<b>292</b>	(6)	NM
<b>Provision for Credit Losses</b>	<b>223</b>	<b>435</b>	<b>743</b>	<b>921</b>	<b>1,836</b>	(49)	(88)
<b>Securitized Credit Losses</b>	<b>471</b>	<b>480</b>	<b>457</b>	<b>430</b>	<b>354</b>	(2)	33
<b>Total Managed Credit Costs</b>	<b>\$ 694</b>	<b>\$ 915</b>	<b>\$ 1,200</b>	<b>\$ 1,351</b>	<b>\$ 2,190</b>	(24)	(68)

(a) Reflects the impact of consolidated variable interest entities in accordance with FIN 46. Excluding the exposures related to the FIN 46 adoption, the ratio would have been 2.11%.

### Commercial Criticized Exposure Trend

(\$ in billions)



(a) Includes all Enron-related credit exposures, inclusive of \$108 million subject to litigation with a credit-worthy entity.

**J.P. MORGAN CHASE & CO.**  
**CREDIT-RELATED INFORMATION (CONT.)**  
(in millions, except ratios)

	Sep 30 2003		Jun 30 2003		Mar 31 2003		Dec 31 2002		Sep 30 2002		Sep 30, 2003 Over (Under)	
											Jun 30 2003	Sep 30 2002
	\$	%	\$	%	\$	%	\$	%	\$	%		
<b>TELECOM AND RELATED INDUSTRIES <sup>(a)</sup></b>												
Credit Exposure <sup>(b)</sup>	\$ 12,547	100%	\$ 16,059	100%	\$ 16,739	100%	\$ 16,770	100%	\$ 18,208	100%	(22)%	(31)%
Risk Profile of Credit Exposure:												
Investment-Grade	7,797	62%	10,715	67%	11,061	66%	9,376	56%	10,107	56%	(27)	(23)
Noninvestment-Grade:												
Noncriticized	2,978	24%	3,201	20%	3,381	20%	5,076	30%	4,928	27%	(7)	(40)
Criticized Performing	1,423	11%	1,738	11%	1,756	11%	1,487	9%	2,421	13%	(18)	(41)
Criticized Nonperforming <sup>(c)</sup>	349	3%	405	2%	541	3%	831	5%	752	4%	(14)	(54)
<b>CABLE INDUSTRY <sup>(d)</sup></b>												
Credit Exposure <sup>(b)</sup>	\$ 4,942	100%	\$ 5,143	100%	\$ 5,312	100%	\$ 5,982	100%	\$ 5,427	100%	(4)	(9)
Risk Profile of Credit Exposure:												
Investment-Grade	1,882	38%	1,909	37%	2,112	40%	2,681	45%	1,913	35%	(1)	(2)
Noninvestment-Grade:												
Noncriticized	829	17%	908	18%	977	18%	1,096	18%	1,385	26%	(9)	(40)
Criticized Performing	1,751	35%	1,833	36%	1,717	32%	1,673	28%	1,735	32%	(4)	1
Criticized Nonperforming <sup>(c)</sup>	480	10%	493	9%	506	10%	532	9%	394	7%	(3)	22
<b>MERCHANT ENERGY AND RELATED INDUSTRIES <sup>(e)</sup></b>												
Credit Exposure <sup>(b)</sup>	\$ 4,962	100%	\$ 5,915	100%	\$ 6,170	100%	\$ 6,230	100%	\$ 6,241	100%	(16)	(20)
Risk Profile of Credit Exposure:												
Investment-Grade	3,541	71%	3,996	68%	3,744	61%	3,580	57%	3,470	56%	(11)	2
Noninvestment-Grade:												
Noncriticized	764	15%	1,214	20%	1,066	17%	423	7%	1,196	19%	(37)	(36)
Criticized Performing	372	8%	463	8%	1,156	19%	1,849	30%	1,405	22%	(20)	(74)
Criticized Nonperforming <sup>(c)</sup>	285	6%	242	4%	204	3%	378	6%	170	3%	18	68
<b>TOTAL COMMERCIAL CREDIT EXPOSURE</b>												
Credit Exposure <sup>(b)</sup>	\$ 381,345	100%	\$ 413,885	100%	\$ 405,901	100%	\$ 412,878	100%	\$ 424,284	100%	(8)	(10)
Risk Profile of Credit Exposure:												
Investment-Grade	316,544 <sup>(f)</sup>	83%	345,331	83%	332,602	82%	331,319	80%	339,442	80%	(8)	(7)
Noninvestment-Grade:												
Noncriticized	53,457	14%	55,711	14%	58,731	14%	64,981	16%	67,055	16%	(4)	(20)
Criticized Performing	8,378	2%	9,496	2%	10,897	3%	12,509	3%	12,892	3%	(12)	(35)
Criticized Nonperforming <sup>(c)</sup>	2,966	1%	3,347	1%	3,671	1%	4,069	1%	4,895	1%	(11)	(39)

Note: The risk profile is based on JPMorgan Chase's internal risk ratings, which generally correspond to the following ratings as defined by Standard & Poor's / Moody's:

Investment Grade: AAA / Aaa to BBB- / Baa3

Noninvestment Grade: BB+ / Ba1 to B- / B3

Criticized: CCC+ / Caa1 & below

- (a) Telecom and Related Industries includes other companies with an interdependence upon the telecommunications sector.
- (b) Credit exposure excludes risk participations and does not reflect the benefit of credit derivative hedges or liquid collateral held against derivatives contracts.
- (c) Nonperforming assets exclude nonaccrual HFS loans; HFS loans are carried at the lower of cost or market and declines in value are recorded in Other Revenue.
- (d) Cable Industry includes companies with material investments in cable systems.
- (e) Merchant Energy and Related Industries includes merchant generation or energy trading entities, unregulated subsidiaries of power companies and holding companies which derive a material percentage of earnings from unregulated power businesses. These amounts exclude Enron-related exposure.
- (f) Investment Grade includes \$10.5 billion of loan and derivative exposure related to consolidated variable interest entities in accordance with FIN 46.

**J.P. MORGAN CHASE & CO.  
CAPITAL**

	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003
						2Q 2003	3Q 2002	2003	2002	Over (Under) 2002
<b>AVAILABLE VERSUS REQUIRED AVERAGE CAPITAL</b>										
<b>(in billions)</b>										
Common Stockholders' Equity	\$ 43.1 <sup>(a)</sup>	\$ 42.8	\$ 41.9	\$ 42.0	\$ 42.2	1%	2%	\$ 42.6 <sup>(a)</sup>	\$ 41.2	3%
Economic Risk Capital										
Credit Risk	12.7 <sup>(a)</sup>	14.4	15.1	14.7	13.5	(12)	(6)	14.0 <sup>(a)</sup>	13.8	1
Market Risk	5.0 <sup>(a)</sup>	4.3	4.2	4.1	4.8	16	4	4.5 <sup>(a)</sup>	5.0	(10)
Operational Risk	3.4 <sup>(a)</sup>	3.5	3.5	3.5	3.5	(3)	(3)	3.5 <sup>(a)</sup>	3.5	—
Business Risk	1.7 <sup>(a)</sup>	1.7	1.7	1.8	1.8	—	(6)	1.7 <sup>(a)</sup>	1.8	(6)
Private Equity Risk	5.4 <sup>(a)</sup>	5.4	5.4	5.5	5.7	—	(5)	5.4 <sup>(a)</sup>	5.8	(7)
Economic Risk Capital	28.2 <sup>(a)</sup>	29.3	29.9	29.6	29.3	(4)	(4)	29.1 <sup>(a)</sup>	29.9	(3)
Goodwill / Intangibles	8.8 <sup>(a)</sup>	8.9	8.9	8.9	8.9	(1)	(1)	8.9 <sup>(a)</sup>	8.8	1
Asset Capital Tax	4.1 <sup>(a)</sup>	3.9	4.0	3.9	3.8	5	8	4.0 <sup>(a)</sup>	3.9	3
Capital Against Nonrisk Factors	12.9 <sup>(a)</sup>	12.8	12.9	12.8	12.7	1	2	12.9 <sup>(a)</sup>	12.7	2
Total Capital Allocated to Business Activities	41.1	42.1	42.8	42.4	42.0	(2)	(2)	42.0	42.6	(1)
Diversification Effect	(5.3) <sup>(a)</sup>	(5.0)	(5.0)	(4.9)	(5.3)	(6)	—	(5.1) <sup>(a)</sup>	(5.5)	7
<b>Total Required Internal Capital</b>	<b>35.8<sup>(a)</sup></b>	<b>37.1</b>	<b>37.8</b>	<b>37.5</b>	<b>36.7</b>	<b>(4)</b>	<b>(2)</b>	<b>36.9<sup>(a)</sup></b>	<b>37.1</b>	<b>(1)</b>
<b>Firm Capital in Excess of Required Capital</b>	<b>\$ 7.3<sup>(a)</sup></b>	<b>\$ 5.7</b>	<b>\$ 4.1</b>	<b>\$ 4.5</b>	<b>\$ 5.5</b>	<b>28</b>	<b>33</b>	<b>\$ 5.7<sup>(a)</sup></b>	<b>\$ 4.1</b>	<b>39</b>
<b>COMMON SHARES OUTSTANDING</b>										
<b>(in millions)</b>										
Basic Weighted-Average Shares Outstanding	2,012.2	2,005.6	1,999.8	1,990.0	1,986.0	—	1	2,006.0	1,982.3	1
Diluted Weighted-Average Shares Outstanding	2,068.2	2,050.6	2,021.9	2,008.5	2,005.8	1	3	2,047.0	2,009.3	2
Common Shares Outstanding — at Period End	2,039.2	2,035.1	2,030.0	1,998.7	1,995.9	—	2	2,039.2	1,995.9	2
<b>CASH DIVIDENDS DECLARED PER SHARE</b>	<b>\$ 0.34</b>	<b>\$ 0.34</b>	<b>\$ 0.34</b>	<b>\$ 0.34</b>	<b>\$ 0.34</b>	<b>—</b>	<b>—</b>	<b>\$ 1.02</b>	<b>\$ 1.02</b>	<b>—</b>
<b>BOOK VALUE PER SHARE</b>	<b>21.55</b>	<b>21.53</b>	<b>20.73</b>	<b>20.66</b>	<b>21.26</b>	<b>—</b>	<b>1</b>	<b>20.13</b>	<b>17.86</b>	<b>—</b>
<b>SHARE PRICE</b>										
High	\$ 38.26	\$ 36.52	\$ 28.29	\$ 26.14	\$ 33.68	5	14	\$ 38.26	\$ 39.68	(4)
Low	32.40	23.75	20.13	15.26	17.86	36	81	20.13	17.86	13
Close	34.33	34.18	23.71	24.00	18.99	—	81			
<b>CAPITAL RATIOS</b>										
<b>(in millions, except ratios)</b>										
Tier 1 Capital	42,733 <sup>(a)</sup>	\$ 41,115	\$ 38,442	\$ 37,570	\$ 38,459	4	11			
Total Capital	59,649 <sup>(a)</sup>	58,848	55,702	54,495	55,024	1	8			
Risk-Weighted Assets	493,108 <sup>(a)</sup>	491,500 <sup>(b)</sup>	455,549	455,948	442,586	—	11			
Adjusted Average Assets	770,277 <sup>(a)</sup>	751,376	764,677	741,862	711,703	3	8			
Tier 1 Capital Ratio	8.7% <sup>(a)</sup>	8.4% <sup>(b)</sup>	8.4%	8.2%	8.7%	30bp	—bp			
Total Capital Ratio	12.1 <sup>(a)</sup>	12.0 <sup>(b)</sup>	12.2	12.0	12.4	10	(30)			
Tier 1 Leverage Ratio	5.5 <sup>(a)</sup>	5.5	5.0	5.1	5.4	—	10			

(a) Estimated

(b) The Firm changed the way it calculates risk-weighted assets during the third quarter of 2003. The June 30, 2003 Tier 1 and Total Capital ratios of 8.4% and 12.0%, respectively, are calculated on the same basis as for September 30, 2003. The June 30, 2003 Tier 1 and Total Capital ratios were previously reported as 8.7% and 12.4%, respectively. Prior quarters have not been restated.



**J.P. MORGAN CHASE & CO.  
MARKET RISK — AVERAGE VAR**

(in millions)	3QTR 2003	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	3QTR 2003		YEAR TO DATE		YTD 2003
						Over (Under)	2Q 2003	3Q 2002	2003	2002
Trading Portfolio:										
Interest Rate	\$ 65.4	\$ 62.4	\$ 54.2	\$ 66.5	\$ 69.2	5%	(5)%	\$ 60.8	\$ 68.1	(11)%
Foreign Exchange	14.8	15.1	17.3	14.0	11.6	(2)	28	15.7	10.8	45
Equities	12.0	9.1	11.0	8.5	18.3	32	(34)	10.7	16.4	(35)
Commodities	3.5	3.0	2.2	2.1	2.8	17	25	2.9	4.1	(29)
Hedge Fund Investment	5.9	4.5	3.5	3.4	3.4	31	74	4.6	3.1	48
Less: Portfolio Diversification	(33.5)	(35.3)	(34.5)	(27.5)	(32.7)	(5)	2	(34.4)	(29.3)	17
<b>Total Trading VAR</b>	<b>\$ 68.1</b>	<b>\$ 58.8</b>	<b>\$ 53.7</b>	<b>\$ 67.0</b>	<b>\$ 72.6</b>	16	(6)	<b>\$ 60.3</b>	<b>\$ 73.2</b>	(18)

**J.P. MORGAN CHASE & CO.**  
**Glossary of Terms**

**Assets Under Management:** Represent assets actively managed by Investment Management & Private Banking on behalf of institutional and private banking clients. Excludes assets managed at American Century Companies Inc., in which the Firm has a 44% ownership interest.

**Assets Under Supervision:** Represent assets under management as well as custody, brokerage, administration and deposit accounts.

**Average Allocated Capital:** Represents the portion of average common stockholders' equity allocated to the business segments. The total average allocated capital of all business segments equals the total average common stockholders' equity of the Firm.

**Average Goodwill Capital:** The Firm allocates capital to businesses equal to 100% of the carrying value of goodwill. Average goodwill capital is equal to the average carrying value of goodwill.

**Average Managed Assets:** Excludes the impact of credit card securitizations.

**bp:** Denotes basis points; 100 bp equals 1%.

**Corporate:** Includes Support Units and the effect remaining at the corporate level after the implementation of management accounting policies.

**FIN 46:** FASB Interpretation No. 46, "Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51."

**JPMorgan Partners ("JPMP"):** JPMorgan Chase's private equity business. The fair value of public investments held by JPMP are marked-to-market at the quoted public value. To determine the carrying values of these investments, JPMP incorporates the use of liquidity discounts to take into account the fact that it cannot immediately realize or hedge the quoted public values as a result of regulatory, corporate and/or contractual sales restrictions imposed on these holdings. Private investments are initially valued based on cost. The carrying values of private investments are adjusted from cost to reflect both positive and negative changes evidenced by financing events with third-party capital providers. In addition, these investments are subject to ongoing impairment reviews by JPMP's senior investment professionals. A variety of factors are reviewed and monitored to assess impairment including, but not limited to, operating performance and future expectations, comparable industry valuations of public companies, changes in market outlook and changes in the third-party financing environment.

**Managed Credit Card Receivables or Managed Basis:** Refers to credit card receivables on the Firm's balance sheet plus credit card receivables that have been securitized.

**NM:** Not meaningful

**Operating Basis or Operating Earnings:** Reported results excluding the impact of merger and restructuring costs, special items and credit card securitizations.

**Other Consumer Loans:** Consists of manufactured housing loans, installment loans (direct and indirect types of consumer finance), student loans, unsecured revolving lines of credit and non-U.S. consumer loans.

**Overhead Ratio:** Operating expense (excluding merger and restructuring costs and special items) as a percentage of operating revenue.

**Reported Basis:** Financial statements prepared under accounting principles generally accepted in the United States of America ("U.S. GAAP"). The reported basis includes the impact of credit card securitizations, merger and restructuring costs and special items.

**Return on Tangible Allocated Capital:** Excludes the impact of goodwill on operating earnings and average allocated capital.

**Segment Results** - All periods are on a comparable basis, although restatements may occur in future periods to reflect further alignment of management accounting policies or changes in organizational structures between businesses.

**Shareholder Value Added ("SVA"):** Represents operating earnings minus preferred dividends and an explicit charge for capital.

**Special Items:** Includes merger and restructuring costs and other special items.

**Tangible Shareholder Value Added:** Excludes the impact of goodwill on operating earnings and capital charges.

**Trading-Related Revenue:** Includes net interest income ("NII") attributable to trading activities.

**Unaudited:** The financial statements and information included throughout this document are unaudited.

**Value-at-Risk ("VAR"):** A measure of the dollar amount of potential loss from adverse market moves in an ordinary market environment.

OCTOBER 22, 2003

**THIRD QUARTER 2003**

**Financial results**



## 3Q03 and YTD 2003

- Significant improvement in performance from last year
  - Lower risk in commercial credit and private equity
  - Strong earnings rebound
    - Drivers: fixed income, mortgage revenues, commercial credit
    - YTD results include unusual benefits & costs
  
- Upside potential from continuing recovery and strong franchise

## Operating results

\$ billions				
	3Q03	O/(U)		O/(U)
		2Q03	3Q02	YTD 02
Revenue	\$8.2	(14)%	13%	15%
Expenses	5.1	(13)	10	12
Credit Costs	0.7	(24)	(68)	(36)
Earnings	1.6	(11)	401	83
ROE <sup>1</sup>	15%	17%	3%	

<sup>1</sup> Actual ROE for all periods, not over/under.

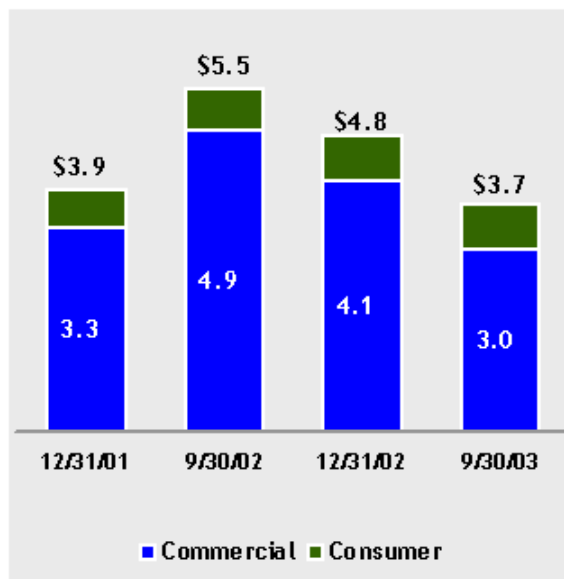
- 3Q03 EPS of \$0.78, YTD EPS of \$2.35
- YTD ROE of 15% compared to 8% in YTD 02

## YTD reduced risk concentrations

- Significant reduction in commercial credit risk
  - Secondary loan sales and credit derivative hedging of \$11BN
  - Continued reduction in single name concentrations
  - Loans (excluding FIN 46) down 15% to \$77BN
    - FIN 46 adds \$11BN of (collateralized) conduit loans
  
- More diversified, smaller private equity portfolio

## Nonperforming assets and credit costs

Nonperforming Assets (\$ in BN)



Credit Costs (\$ in MM, managed basis)

	3Q03	2Q03	3Q02
Total Net Charge-offs	\$1,085	\$1,094	\$1,620
Change in Reserves	(391)	(179)	570
Credit Costs	\$694	\$915	\$2,190
Consumer	834	809	792
Commercial & Residual	(140)	106	1,398

## Investment Bank

\$ in billions					
	3Q03	O/(U)		YTD 03	O/(U)
		2Q03	3Q02		YTD 02
Revenue	\$3.2	(25)%	29%	\$11.5	24%
Expenses	1.8	(26)	11	6.5	14
Credit Costs	(0.2)	NM	NM	0.1	(97)
Earnings	0.9	(15)	NM	3.0	188
ROE <sup>1</sup>	19%	22%	NM	20%	7%

<sup>1</sup>Actual ROE for all periods, not over/under.



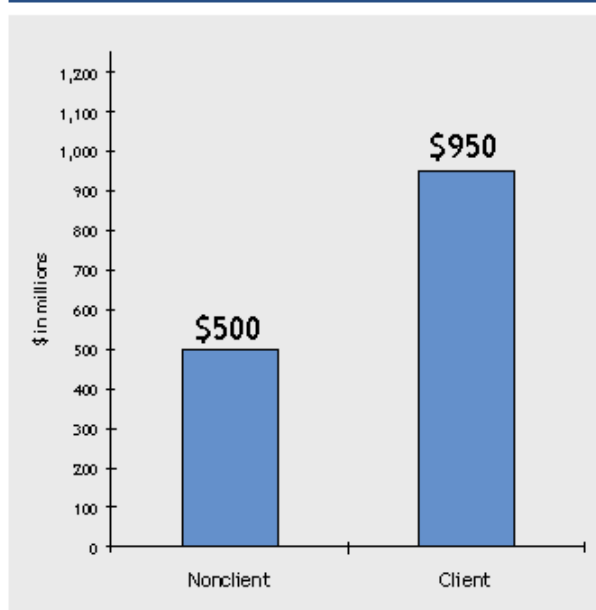
## Investment Bank trading revenue

(\$ in millions)

	3Q03	2Q03	3Q02
Trading Revenue	\$1,253	\$2,025	\$378

- Client revenue at highest level since merger; steady and growing
- Nonclient revenue down from 2Q03, up from 3Q02
- Average trading VAR up from 2Q03, down from 3Q02

Client/Nonclient Revenue - 11 quarter average



## Investment Bank fees and league table summary

(\$ in millions)	3Q03	O/(U)		O/(U)
		2Q03	3Q02	YTD 02
Advisory	\$161	(1)%	16%	(9)%
Underwriting	475	(21)	22	1
Investment banking fees	\$636	(17)%	20%	(1)%

	YTD 03	
	Rank	Share
Global Announced M&A	3	16%
US Equity & Equity Related	4	11%
US Investment Grade Bonds	2	15%
Global Syndicated Loans	1	18%

Source: Thomson Financial; arrow indicates ranking change vs. FY2002

## Chase Financial Services

\$ in billions					
	3Q03	O/(U)		YTD 03	O/(U)
		2Q03	3Q02		YTD 02
Revenue	\$3.4	(16)%	(9)%	\$11.0	9%
Expenses	1.7	(1)	5	5.3	9
Credit Costs	0.9	8	7	2.6	13
Earnings	0.5	(48)	(40)	2.0	6
ROE <sup>1</sup>	20%	41%	35%	31%	29%

<sup>1</sup>Actual ROE for all periods, not over/under.

## Chase Home Finance revenue

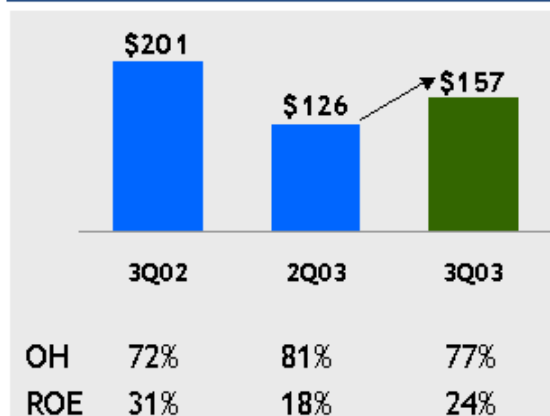
\$ in millions					
	3Q03	O/(U)		YTD 03	O/(U)
		2Q03	3Q02		YTD 02
Operating	\$668	\$(418)	\$ (40)	\$2,805	\$798
MSR hedging	(6)	(239)	(269)	313	52
Total Revenue	\$662	\$(657)	\$(309)	\$3,118	\$850

- Record origination volumes in 3Q but declining production revenue
  - Relative to last year higher warehouse loans and NII
  - Loss on hedge of pipeline and rate lock extensions
- No net gains from MSR hedging

## T&SS and IM&PB earnings

(\$ in millions)

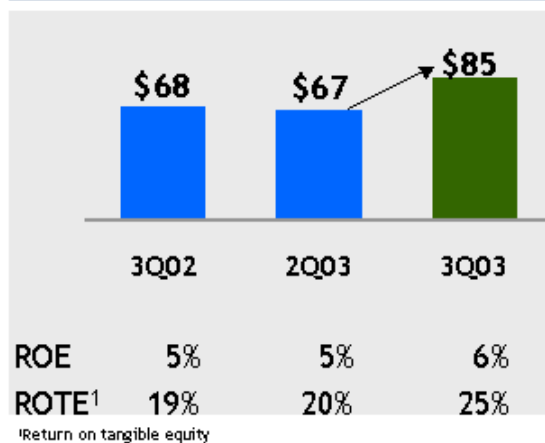
### Treasury & Securities Services



- Strength in Treasury Services and Institutional Trust; Investor Services turning
- \$50MM pretax gain on sale in 3Q02



### Investment Mgmt & Private Banking



- Revenue growth, positive asset flows
- Pretax margin improvement to 18%

## JPMorgan Partners

\$ in millions			
	3Q03	2Q03	3Q02
Direct portfolio	\$161	\$123	\$(239)
Funds (net)	(41)	(145)	(60)
Total PE Gains/(Losses)	\$120	\$(22)	\$(299)

- YTD close to 25% reduction in 3<sup>rd</sup> party funds
- Positive bottom line
- Turning around? Still slow pace of realizations, but lower writedowns

## Earnings and shareholder returns

- 9 month operating EPS of \$2.35 up 81%; shareholder return up 48%
  
- Earnings reflect unusual market opportunities and costs
  - Fixed income trading and securities gains; mortgage revenues
  - High real estate and litigation costs
  - Negative commercial credit costs
  
- Potential earnings and shareholder upside
  - Equity market and corporate finance rebound impacting wholesale businesses and JPMP
  - Stable growth in retail businesses
  - Revaluation

## Summary

- Significant improvement in performance from last year
- Delivering value to clients
- Consistent execution



*This presentation contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. These risks and uncertainties could cause our results to differ materially from those set forth in such forward looking statements. Such risks and uncertainties are described in our Quarterly Report on Form 10-Q for the quarters ended June 30, 2003 and March 31, 2003 and in the 2002 Annual Report on Form 10-K, each filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's internet site (<http://www.sec.gov>), to which reference is hereby made.*