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: January 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 5. Other Events

On January 22, 2003, J.P. Morgan Chase & Co. (“JPMorgan Chase” or the “Firm”) reported a net loss of $387 million, or ($0.20) per share, in the fourth quarter of 2002, compared with net income of $40 million, or $0.01 per share, in the third quarter of 2002 and a net loss of $332 million, or ($0.18) per share, in the fourth quarter of 2001.

As previously announced, earnings this quarter were affected negatively by the impact of the charges taken in connection with the settlement of the Enron surety litigation and the establishment of a litigation reserve related to certain material litigation, proceedings and investigations. Excluding these charges, which totaled $1.30 billion or $0.43 per share, and the previously disclosed merger and relocation costs of $393 million or $0.13 per share, earnings for the 2002 fourth quarter would have been $0.36 per share, in line with the guidance provided on the Firm’s January 2, 2003 investor call.

For the full year, net income was $1.66 billion, or $0.80 per share, compared with net income of $1.69 billion and earnings per share of $0.80 in 2001. Earnings before litigation-related charges and merger and relocation costs were $3.38 billion or $1.66 per share this year compared with earnings of $3.80 billion or $1.85 per share in 2001.

A copy of the 2002 fourth quarter earnings press release is attached hereto as Exhibit 99.1.

That 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 Reports on Form 10-Q for the quarters ended September 30, 2002, June 30, 2002 and March 31, 2002 and in the 2001 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), to which reference is hereby made.

Item 7. Financial Statements, Pro forma Financial Information and Exhibits

Exhibit Number	Description
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 — 2002 Fourth Quarter Earnings

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Item 9. Regulation FD Disclosure

Exhibit 99.2 are copies of supplemental financial schedules. Those schedules are furnished pursuant to Item 9 and the information contained in Exhibit 99.2 shall not be deemed “filed” for the 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 99.2 shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act of 1933.

Exhibit 99.3 are copies of slides presented at an investors’ presentation on January 22, 2003 reviewing 2002 fourth quarter earnings. Those slides are furnished pursuant to Item 9 and the information contained in Exhibit 99.3 shall not be deemed “filed” for the 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 Company under the Securities Act of 1933.

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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: January 24, 2003

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EXHIBIT 12.1

J.P. MORGAN CHASE & CO.

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

	Full Year 2002
Excluding Interest on Deposits	
Income before income taxes	$ 2,519
Fixed charges:	
Interest expense	8,505
One-third of rents, net of income from subleases *(a)*	293
Total fixed charges	8,798
Less: Equity in undistributed income of affiliates	(85)
Earnings before taxes and fixed charges, excluding capitalized interest	$11,232
Fixed charges, as above	$ 8,798
Ratio of earnings to fixed charges	1.28
Including Interest on Deposits	
Fixed charges, as above	$ 8,798
Add: Interest on deposits	5,253
Total fixed charges and interest on deposits	$14,051
Earnings before taxes and fixed charges, excluding capitalized interest, as above	$11,232
Add: Interest on deposits	5,253
Total earnings before taxes, fixed charges and interest on deposits	$16,485
Ratio of earnings to fixed charges	1.17

(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)

	Full Year 2002
Excluding Interest on Deposits	
Income before income taxes	$ 2,519
Fixed charges:	
Interest expense	8,505
One-third of rents, net of income from subleases *(a)*	293
Total fixed charges	8,798
Less: Equity in undistributed income of affiliates	(85)
Earnings before taxes and fixed charges, excluding capitalized interest	$11,232
Fixed charges, as above	$ 8,798
Preferred stock dividends (pre-tax)	77
Fixed charges including preferred stock dividends	$ 8,875
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.27
Including Interest on Deposits	
Fixed charges including preferred stock dividends, as above	$ 8,875
Add: Interest on deposits	5,253
Total fixed charges including preferred stock dividends and interest on deposits	$14,128
Earnings before taxes and fixed charges, excluding capitalized interest, as above	$11,232
Add: Interest on deposits	5,253
Total earnings before taxes, fixed charges and interest on deposits	$16,485
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.17

(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 2002 FOURTH QUARTER AND FULL YEAR RESULTS

New York, January 22, 2003 – J.P. Morgan Chase & Co. (NYSE: JPM) today reported a net loss of $387 million, or ($0.20) per share, in the fourth quarter of 2002, compared with net income of $40 million, or $0.01 per share, in the third quarter of 2002 and a net loss of $332 million, or ($0.18) per share, in the fourth quarter of 2001.

As previously announced, earnings this quarter were affected negatively by the impact of the charges taken in connection with the settlement of the Enron surety litigation and the establishment of a litigation reserve related to certain material litigation, proceedings and investigations. Excluding these charges, which totaled $1.30 billion or $0.43 per share, and the previously disclosed merger and relocation costs of $393 million or $0.13 per share, earnings for the 2002 fourth quarter would have been $0.36 per share, in line with the guidance provided on our January 2, 2003 analyst call.

For the full year, net income was $1.66 billion, or $0.80 per share, compared with net income of $1.69 billion and earnings per share of $0.80 in 2001. Earnings before litigation-related charges and merger and relocation costs were $3.38 billion or $1.66 per share this year compared with earnings of $3.80 billion or $1.85 per share in 2001.

“2002 tested the strength and tenacity of JPMorgan Chase. While operating revenues were up 2% from 2001, the impact of sluggish capital markets and our concentrations in private equity and in segments of our commercial credit portfolio led to a disappointing year,” said William B. Harrison, Jr., Chairman and Chief Executive Officer. “Fourth quarter results are a step in the right direction. Our consumer and operating services businesses continued to perform well, capital markets performance improved, and the credit picture stabilized. We enter 2003 with our product and client leadership positions intact, an adjusted expense baseline, and a focus on disciplined execution.”

Highlights for the fourth quarter of 2002:

- Investment Bank revenues improved sharply from weak third quarter levels due to a rebound in trading revenues and higher investment banking fees.
- Both Chase Financial Services (formerly Retail & Middle Market Financial Services) and Treasury & Securities Services generated operating returns on equity of 19%.
- Credit costs were significantly below 2002 third quarter and 2001 fourth quarter levels, but continued to be high. Nonperforming loans increased marginally from the third quarter.
- Operating expenses were higher, driven by severance and related costs of $500 million, as well as higher incentives reflecting improved revenues and lower credit costs.
- The Enron surety case with insurance companies was settled and reserves for litigation costs were established.

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Business segment results

Chase Financial Services had operating earnings of $500 million, an increase of 54% from the fourth quarter of 2001. For the full year, operating earnings were a record $2.49 billion, an increase of 62% from 2001. Operating ROE was 19% for the fourth quarter and 24% for the full year, compared to 14% and 17% for the respective periods in 2001.

Operating revenues of $3.36 billion were up 16% from the fourth quarter of 2001. Operating revenues and operating earnings were down from the 2002 third quarter, reflecting the absence of large gains from the hedging of mortgage servicing rights. For the full year, operating revenues of $13.54 billion were 24% higher than the prior year. Both the quarterly and full year operating revenue increases from 2001 reflected high production volumes across all consumer credit businesses. Home Finance revenues for the year were up 73% over 2001 due to strong mortgage originations and gains on the hedging of mortgage servicing rights. In Cardmember Services, managed credit card outstandings increased 23% from December 31, 2001 to $51.1 billion due to organic growth and the Providian acquisition in the first quarter of 2002. There were close to one million new accounts originated during the fourth quarter and 3.7 million originated during the year. For the year, Auto Finance revenues increased 26% from 2001 driven by higher originations and improved margins. In Regional Banking, average deposits grew 6% from 2001 levels; however, lower interest rates resulted in lower spreads and lower revenues. In Middle Market, average deposits grew by 30% from 2001.

Operating expenses of $1.68 billion for the quarter were up 16% from the fourth quarter of 2001 and full year expenses of $6.42 billion increased by 14% from 2001. The increases reflected the impact of higher business volumes. Savings generated by Six Sigma productivity programs continued to partially offset the growth in expenses.

Managed (retained and securitized) credit costs of $874 million were 6% lower than the fourth quarter of 2001, while full year credit costs increased 10% from 2001. The year-on-year growth was driven by a 16% increase in managed consumer loans and the inclusion of the Providian credit card portfolio.

The Investment Bank had operating earnings of $361 million in the fourth quarter, compared to an operating loss of $250 million in the 2002 third quarter and operating earnings of $382 million in the fourth quarter of 2001. For the year, operating earnings were $1.37 billion, compared to $2.92 billion in 2001. The year-on-year decline in operating earnings was driven by higher credit costs, lower revenues and the inclusion of $587 million of severance and related costs in operating expenses.

Operating revenues of $3.30 billion were 36% higher than the 2002 third quarter and 7% higher than the fourth quarter of 2001; full year operating revenues of $12.40 billion were down 15% from 2001.

Investment banking fees of $650 million were 23% higher than the prior quarter, but 30% lower than the fourth quarter of 2001. For the full year, investment banking revenues were 25% lower than 2001. The decreases from the prior year reflected industry-wide weakness in M&A activity and in underwriting volumes in the equity and debt markets.

Advisory revenues in the fourth quarter were down 20% from the same period in 2001, but were the highest for the year. Advisory revenues for the full year were down 40%. For the year, the Investment Bank ranked #5 in global announced M&A.[1]

1 Derived from Thomson Financial Securities Data

Underwriting revenues and other fees were up 11% from the third quarter, but down 34% from the fourth quarter of 2001. For the year, underwriting revenues and other fees were down 17% from 2001. The declines from the prior year were due to weakness in debt and equity underwriting activity. The firm maintained its #2 ranking in underwriting U.S. investment grade bonds, improved to #3 in global high yield bonds from #4 in 2001, and was ranked #1 in asset-backed securities for the first time ever.[2]

Trading revenues (including related net interest income) of $1.25 billion were up significantly from the third quarter and increased by 23% from the fourth quarter of 2001. For the full year, trading revenues (including related net interest income) declined by 28%. Fixed income results increased 34% from the fourth quarter of 2001, while full year fixed income results were down 11% from the prior year. The year-on-year decline was due to lower portfolio management results primarily in interest rate trading, which offset an increase in client flow. The decline in equities was due to lower portfolio management results primarily in equity derivatives.

Securities gains for the fourth quarter were $376 million compared to $465 million in the 2002 third quarter and $165 million in the fourth quarter of 2001. For the full year, securities gains totaled $1.08 billion compared with $538 million for the prior year. These gains resulted from the strong performance of Global Treasury, which manages the firm’s interest rate exposures and investment securities activities. Global Treasury’s activities complement and offer a strategic balance and diversification benefit to the firm’s trading activities. Global Treasury manages the interest rate risk of the firm on a “total return” basis, which measures both realized income (securities gains or losses and net interest income) and unrealized gains or losses on assets and liabilities of the firm. The total return from these activities was $467 million in the fourth quarter, up 51% from the fourth quarter of 2001.

Credit costs were $489 million, down from $1.32 billion in the 2002 third quarter and down from $618 million in the fourth quarter of 2001. For the year, credit costs of $2.39 billion were up from $1.15 billion in 2001 driven by significantly higher charge-offs, primarily in the telecommunications and cable sectors, and provisions in excess of charge-offs for loans.

Operating expenses for the fourth quarter of $2.27 billion increased by 22% from the fourth quarter of 2001. The increase was driven by severance and related costs of $338 million, primarily due to a reduction in staffing levels as part of initiatives announced in the fourth quarter. The initiatives, once completed, will reduce staffing levels by over 2,000 and are expected to generate annual savings of approximately $700 million. Additional severance and related costs to complete this program are estimated at $150 million. For the year, operating expenses were $7.98 billion, down 9% from 2001, reflecting lower incentive compensation as a result of lower operating earnings and the impact of lower staff levels, partially offset by higher severance costs. The overhead ratio for the fourth quarter was 69% and, excluding $338 million of severance and related costs, was 59%. The overhead ratio excluding severance and related costs for the third quarter of 2002 was 64%, and was 60% for the fourth quarter of 2001. For the full year, the overhead ratio was 64% and, excluding $587 million in severance and related costs, was 60%, compared to 60% for 2001.

Treasury & Securities Services had operating earnings of $140 million, down 7% from the fourth quarter of 2001. For the full year, operating earnings were a record $677 million, up 7% from the prior year. ROE for the quarter was 19% compared to 21% in the fourth quarter of 2001 and for the full year was 23% compared to 21% in 2001.

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2 Derived from Thomson Financial Securities Data

Operating revenues for the fourth quarter were $968 million, virtually unchanged from the fourth quarter of 2001. For the full year, operating revenues were up 2% driven by a 14% improvement in Institutional Trust Services reflecting acquisitions, new business wins and increased balances, which more than offset the effect of lower interest rates. Treasury Services revenues increased 5%, principally in the middle market segment despite lower revenues on non-interest bearing balances due to the low interest rate environment. Investor Services revenues declined 9% from the prior year driven by weak equity markets resulting in reduced deposit balances, custody fees, foreign exchange revenue and securities lending activity.

Operating expenses were flat for the full year and were up 1% from the fourth quarter of 2001, reflecting continued cost containment measures that included Six Sigma programs and selected reductions in staff.

Investment Management & Private Banking had fourth quarter operating earnings of $43 million, down 58% from the fourth quarter 2001. For the year, operating earnings were $384 million or 20% lower than 2001. Pre-tax margin in the fourth quarter was 4% and was 16% for the full year, compared with 17% in the fourth quarter of 2001 and 19% for full year 2001.

Operating revenues of $655 million in the fourth quarter were 14% below the same period last year, while full year operating revenues of $2.87 billion were down 11% from 2001. Lower global equity valuations, lower investor activity and decreased net interest income from deposits and credit products accounted for the decline. Revenues in the fourth quarter also reflected the impact of non-operating charges, taken at American Century Companies, Inc. Operating expenses of $618 million for the quarter were 2% higher than the fourth quarter of 2001 and included $25 million in severance and related expenses. For the year, operating expenses totaled $2.34 billion, 9% lower than 2001, and included $47 million in severance and related costs.

Total assets under management at year-end of $516 billion increased 4% from September 2002, but were down 15% from year-end 2001. Assets under management increased from third quarter levels reflecting improving equity markets and net inflows into the private bank. Assets under management declined from the prior year due to market depreciation and institutional outflows. Retail mutual funds assets increased from the prior year. Not reflected in assets under management is the firm’s 45% interest in American Century, whose assets under management were $72 billion at 2002 year-end, $70 billion as of September 30, 2002 and $89 billion as of year-end 2001.

JPMorgan Partners had an operating loss of $91 million for the quarter compared to operating losses of $283 million in the third quarter and $348 million in the fourth quarter of 2001. For the full year, the operating loss was $789 million as compared to an operating loss of $1.12 billion in 2001.

Total net private equity gains were negative $53 million, compared to negative $299 million in the third quarter and negative $398 million in the fourth quarter of 2001. The quarter’s activities included $169 million in net realized gains, primarily from sales of public and private securities, and $108 million in mark-to-market gains on JPMP’s public portfolio, which included gains from holdings in an IPO completed this quarter. These revenues were offset by negative valuation adjustments taken on JPMP’s direct portfolio holdings ($225 million) and losses recorded on its limited partner interests in third-party private equity funds ($105 million) due to sales activity and declining asset valuations at such funds.

For the full year, private equity gains were negative $733 million as compared to a negative $1.18 billion in 2001. The private equity market continues to show modest improvement but exit opportunities remain limited.

Expenses

Operating expenses were $5.47 billion, an 18% increase from the 2002 third quarter driven by severance and related costs of $500 million associated with expense reduction programs and by higher incentives reflecting improved Investment Bank trading performance and lower credit costs. The third quarter included $122 million of severance and related costs.

For the full year, operating expenses were $20.16 billion, down 2% from the prior year reflecting lower operating expenses in the Investment Bank and Investment Management & Private Banking, but higher operating expenses at Chase Financial Services. Severance and related costs included in operating expenses totaled $890 million in 2002.

During the quarter, the Firm announced a technology outsourcing agreement with IBM Global Services that will provide cost savings, increased cost variability, strong technical solutions, improved service quality and reliability, and innovation.

Credit

Commercial net charge-offs in the fourth quarter of 2002 were $646 million, compared to $834 million in the 2002 third quarter and $433 million in the fourth quarter of 2001. Net commercial loan charge-offs in the fourth quarter were $434 million and for lending-related commitments were $212 million. For the full year, total commercial net charge-offs totaled $2.09 billion compared to $979 million in 2001. The charge-off ratio for commercial loans was 1.88% for the fourth quarter of 2002, 3.53% for the third quarter and 1.93% for the full year.

Consumer net charge-offs on a managed basis were $832 million, up from $649 million in the fourth quarter of 2001. For the full year, consumer net charge-offs totaled $3.23 billion compared with $2.40 billion in 2001. The year-over-year increase was due primarily to the inclusion of the Providian portfolio acquired during the first quarter of 2002 and higher volumes. On a managed basis, the credit card net charge-off ratio was 5.70% for the fourth quarter of 2002, compared to 5.51% for the third quarter and 5.48% for the fourth quarter of 2001.

Provision for Credit Losses was $921 million in the fourth quarter of 2002 compared to $1.84 billion in the 2002 third quarter and $1.47 billion in the fourth quarter of 2001. For the year, the provision was $4.33 billion compared with $3.18 billion in 2001. The provision in excess of net charge-offs was $443 million for the year compared to a provision in excess of net charge-offs of $850 million in 2001.

Total Nonperforming Assets were $4.78 billion at December 31, 2002, compared to $5.54 billion at September 30, 2002 and $3.92 billion as of December 31, 2001. The three month decline was driven by the settlement of the Enron surety litigation. Excluding the Enron surety receivable there was an increase in nonperforming loans from the third quarter of 2002 related primarily to nonperforming merchant energy and telecommunications and related loans.

Total assets and capital

Total assets as of December 31, 2002 were $759 billion, compared with $742 billion as of September 30, 2002 and $694 billion as of December 31, 2001. Commercial loans were down 6%, or $5.9 billion, from the third quarter and decreased 13%, or $13.3 billion from December 31, 2001. Managed consumer loans increased 8% from the third quarter and increased 16% from December 31, 2001. The Tier 1 capital ratio was 8.2% at December 31, 2002, compared to 8.7% at September 30, 2002 and 8.3% at December 31, 2001. The decrease from September 30, 2002 was driven primarily by the Enron settlement and litigation reserve as well as regulatory changes requiring the holding of capital against certain securitization related accounts.

Other financial information (on a pre-tax basis)

Special Items in the fourth quarter of 2002 included a $400 million charge in connection with the Enron surety litigation settlement and the establishment of litigation reserves of $900 million, as well as $393 million in merger and relocation costs. This compares to $333 million in merger and relocation costs and $98 million in real estate reserves for excess facilities capacity in the third quarter. Special items in the fourth quarter of 2001 included merger and restructuring costs of $841 million. For full year 2002, special items included $1.30 billion in charges related to the Enron surety settlement and establishment of litigation reserves, $98 million in real estate reserves and $1.21 billion in merger and relocation costs. For the full year 2001, special items included $2.52 billion in merger and relocation costs and the cumulative effect of a transition adjustment of a negative $25 million (after-tax) related to the adoption of SFAS 133.

J.P. Morgan Chase & Co. is a leading global financial services firm with assets of $759 billion and operations in more than 50 countries. The firm is a leader in investment banking, asset management, private banking, private equity, custody and transaction services and retail and middle market financial services. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumer customers and the world’s most prominent corporate, institutional and government clients. Information about JPMorgan Chase is available on the internet at www.jpmorganchase.com.

JPMorgan Chase will hold a conference call for the investment community on Wednesday, January 22, 2003 at 11:00 a.m. (Eastern Time) to review fourth quarter 2002 financial results. The dial in number is (973) 582-2754. A live audio webcast of the call will be available on www.jpmorganchase.com. Slides for the call are also available on www.jpmorganchase.com. A telephone replay of the presentation will be available beginning at 1:30 p.m. (ET) on January 22, 2003 and continuing through 6:00 p.m. (ET) on January 28, 2003 at (973) 341-3080 pin #3668851. The replay also will be available on www.jpmorganchase.com. Additional detailed financial, statistical and business-related information is included in a financial supplement. The earnings release and the financial supplement are available on the JPMorgan Chase web site (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 quarter ended September 30, 2002 and in the 2001 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), to which reference is hereby made.

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

JPMorganChase

	4QTR 2002	3QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
INCOME STATEMENT (a)								
REVENUE:								
Investment Banking Fees	$ 678	$ 545	$ 931	24%	(27)%	$ 2,763	$ 3,612	(24)%
Trading Revenue	585	(21)	355	NM	65	2,594	4,918	(47)
Fees and Commissions	2,282	3,005	2,493	(24)	(8)	10,756	9,481	13
Private Equity — Realized Gains (Losses)	(45)	(40)	81	(13)	NM	(105)	651	NM
Private Equity — Unrealized Gains (Losses)	(23)	(275)	(505)	92	95	(641)	(1,884)	66
Securities Gains	747	578	202	29	270	1,563	866	80
Other Revenue (b)	290	419	151	(31)	92	1,158	898	29
Total Noninterest Revenue	4,514	4,211	3,708	7	22	18,088	18,542	(2)
Net Interest Income	2,981	2,736	2,944	9	1	11,526	10,802	7
Revenue before Provision for Credit Losses	7,495	6,947	6,652	8	13	29,614	29,344	1
Provision for Credit Losses (b)	921	1,836	1,468	(50)	(37)	4,331	3,182	36
TOTAL NET REVENUE	6,574	5,111	5,184	29	27	25,283	26,162	(3)
NONINTEREST EXPENSE:								
Compensation Expense	3,032	2,367	2,622	28	16	10,983	11,844	(7)
Occupancy Expense	425	478	334	(11)	27	1,606	1,348	19
Technology and Communications Expense	635	625	640	2	(1)	2,554	2,631	(3)
Amortization of Intangibles	82	80	187	3	(56)	323	729	(56)
Other Expense	1,294	1,168	1,128	11	15	4,788	4,521	6
Surety Settlement and Litigation Reserve (c)	1,300	—	—	NM	NM	1,300	—	NM
Merger and Restructuring Costs	393	333	841	18	(53)	1,210	2,523	(52)
TOTAL NONINTEREST EXPENSE	7,161	5,051	5,752	42	24	22,764	23,596	(4)
Income (Loss) before Income Tax Expense and Effect of Accounting Change	(587)	60	(568)	NM	(3)	2,519	2,566	(2)
Income Tax Expense (Benefit)	(200)	20	(236)	NM	15	856	847	1
INCOME (LOSS) BEFORE EFFECT OF ACCOUNTING CHANGE	(387)	40	(332)	NM	(17)	1,663	1,719	(3)
Net Effect of Change in Accounting Principle	—	—	—	NM	NM	—	(25)	NM
NET INCOME (LOSS) (d)	$ (387)	$ 40	$ (332)	NM	(17)	$ 1,663	$ 1,694	(2)
PER COMMON SHARE								
Net Income (Loss):								
Basic (d)	$ (0.20)	$ 0.01	$ (0.18)	NM	(11)%	$ 0.81	$ 0.83	(2)%
Diluted (d)	(0.20)	0.01	(0.18)	NM	(11)	0.80	0.80	—
Cash Dividends Declared	0.34	0.34	0.34	—%	—	1.36	1.36	—
Share Price at Period End	24.00	18.99	36.35	26	(34)			
Book Value at Period End	20.66	21.26	20.32	(3)	2			
COMMON SHARES OUTSTANDING								
Average Common Shares:								
Basic	1,990.0	1,986.0	1,969.6	—%	1%	1,984.3	1,972.4	1%
Diluted	2,008.5	2,005.8	2,007.4	—	—	2,009.1	2,023.6	(1)
Common Shares at Period End	1,998.7	1,995.9	1,973.4	—	1			
PERFORMANCE RATIOS								
Return on Average Assets (e)	NM	0.02%	NM	NM	NM	0.23%	0.23%	— bp
Return on Average Common Equity (e)	NM	0.3	NM	NM	NM	3.9	3.9	—
CAPITAL RATIOS								
Tier I Capital Ratio	8.2%(f)	8.7%	8.3%	(50) bp	(10) bp			
Total Capital Ratio	11.9(f)	12.4	11.9	(50)	—			
Tier I Leverage Ratio	5.1(f)	5.4	5.2	(30)	(10)			

SELECTED BALANCE SHEET ITEMS					
Net Loans	$211,014	$206,215	$212,920	2%	(1)%
Total Assets	758,800	741,759	693,575	2	9
Deposits	304,753	292,171	293,650	4	4
Long-Term Debt (g)	45,190	44,552	43,622	1	4
Common Stockholders' Equity	41,297	42,428	40,090	(3)	3
Total Stockholders' Equity	42,306	43,437	41,099	(3)	3
FULL-TIME EQUIVALENT EMPLOYEES (h)	94,335	95,637	95,812	(1)	(2)

(a) In the first quarter of 2002, the Firm implemented EITF 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred (Formerly EITF Abstracts, Topic D-103)." Prior period amounts have been adjusted.

(b) In the third quarter of 2002, the "Provision for Loan Losses" was renamed "Provision for Credit Losses" and now includes the aggregate amount of the provisions for loan losses and for lending-related commitments. The prior period provision for lending-related commitments was reclassified from "Other Revenue" to the "Provision for Credit Losses".

(c) Represents a charge related to the settlement of the Enron surety litigation and the establishment of a litigation reserve for certain material litigation, proceedings and investigations.

(d) 2001 includes the cumulative effect of a transition adjustment of $(25) million, net of taxes, related to the adoption of SFAS 133, relating to the accounting for derivative instruments and hedging activities. The impact on both basic and diluted earnings per share was $(0.01).

(e) Quarterly ratios are based on annualized amounts.

(f) Estimated

(g) Includes Guaranteed Preferred Beneficial Interests in the Firm's Junior Subordinated Deferrable Interest Debentures.

(h) Represents actual period end amount for each respective quarter.

bp — Denotes basis points; 100 bp equals 1%

NM — Not meaningful

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

In addition to analyzing the Firm's results on a reported basis, management utilizes "operating 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 GAAP results and then excludes the impact of merger and restructuring costs and special items, which management currently defines as significant nonrecurring gains or losses of $75 million or more. 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 are therefore not indicative of trends.

	FOURTH QUARTER 2002					
	REPORTED BASIS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	AMORTIZATION OF GOODWILL (d)	RECLASSES	OPERATING BASIS
INCOME STATEMENT						
Revenue						
Investment Banking Fees	$ 678	$ —	$ —	$ —	$ —	$ 678
Trading Revenue (e)	585	—	—	—	668	1,253
Fees and Commissions	2,282	(230)	—	—	—	2,052
Private Equity — Realized Gains (Losses)	(45)	—	—	—	—	(45)
Private Equity — Unrealized Gains (Losses)	(23)	—	—	—	—	(23)
Securities Gains	747	—	—	—	—	747
Other Revenue	290	13	—	—	—	303
Net Interest Income (e)	2,981	647	—	—	(668)	2,960
Total Revenue	**7,495**	**430**	**—**	**—**	**—**	**7,925**
Noninterest Expense						
Compensation Expense (f)	3,032	—	—	—	(439)	2,593
Noncompensation Expense (f) (g)	3,736	—	(1,300)	—	(61)	2,375
Merger and Restructuring Costs	393	—	(393)	—	—	—
Severance and Related Costs (f)	—	—	—	—	500	500
Total Expense	**7,161**	**—**	**(1,693)**	**—**	**—**	**5,468**
Operating Margin	**334**	**430**	**1,693**	**—**	**—**	**2,457**
Credit Costs	921	430	—	—	—	1,351
Income (Loss) before Income Tax Expense	(587)	—	1,693	—	—	1,106
Income Tax Expense (Benefit)	(200)	—	576	—	—	376
Net Income (Loss)	**$ (387)**	**$ —**	**$ 1,117**	**$ —**	**$ —**	**$ 730**
EARNINGS (LOSS) PER SHARE — DILUTED	$ (0.20)		$ 0.56			$ 0.36

	FOURTH QUARTER 2001					
	REPORTED RESULTS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	AMORTIZATION OF GOODWILL (d)	RECLASSES	OPERATING BASIS
INCOME STATEMENT						
Revenue						
Investment Banking Fees	$ 931	$ —	$ —	$ —	$ —	$ 931
Trading Revenue (e)	355	—	—	—	549	904
Fees and Commissions	2,493	(153)	—	—	—	2,340
Private Equity — Realized Gains (Losses)	81	—	—	—	—	81
Private Equity — Unrealized Gains (Losses)	(505)	—	—	—	—	(505)
Securities Gains	202	—	—	—	—	202
Other Revenue	151	(13)	—	—	—	138
Net Interest Income (e)	2,944	430	—	—	(549)	2,825
Total Revenue	**6,652**	**264**	**—**	**—**	**—**	**6,916**
Noninterest Expense						
Compensation Expense	2,622	—	—	—	—	2,622
Noncompensation Expense (g)	2,289	—	—	(151)	—	2,138
Merger and Restructuring Costs	841	—	(841)	—	—	—
Severance and Related Costs	—	—	—	—	—	—
Total Expense	**5,752**	**—**	**(841)**	**(151)**	**—**	**4,760**
Operating Margin	**900**	**264**	**841**	**151**	**—**	**2,156**

Credit Costs	1,468	264	—	—	—	1,732
Income (Loss) before Income Tax Expense	(568)	—	841	151	—	424
Income Tax Expense (Benefit)	(236)	—	262	42	—	68
Net Income (Loss)	**$ (332)**	**$ —**	**$ 579**	**$ 109**	**$ —**	**$ 356**
EARNINGS (LOSS) PER SHARE — DILUTED (h)	$ (0.18)		$0.29	$0.05		$ 0.17

(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. The 2002 fourth quarter includes $393 million (pre-tax) of merger and restructuring costs, and $1,300 million (pre-tax) for the Enron surety settlement and litigation reserve. The 2001 fourth quarter includes $841 million (pre-tax) of merger and restructuring costs. See page 11 for a reconciliation of the effect of special items on earnings per share.

(d) Reported net income for 2002 reflects the adoption of SFAS 142 and, accordingly, the Firm ceased amortizing goodwill effective January 1, 2002. There was no impairment of goodwill upon adoption of SFAS 142. Prior period operating earnings for 2001 have been adjusted by adding back goodwill amortization to report results on a basis comparable to 2002.

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

(f) The Compensation and Noncompensation Expense categories include severance and other related costs associated with expense containment programs implemented in 2002. For purposes of reviewing results on an operating basis, these costs have been reclassified to a separate line.

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

(h) Diluted EPS for the fourth quarter of 2001 is reported as $(0.18) which equals basic EPS, instead of $(0.17), since using diluted average shares outstanding would cause antidilution. As a result, the net loss per share does not foot by $(0.01).

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

In addition to analyzing the Firm's results on a reported basis, management utilizes "operating 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 GAAP results and then excludes the impact of merger and restructuring costs and special items, which management currently defines as significant nonrecurring gains or losses of $75 million or more. 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 are therefore not indicative of trends.

FULL YEAR 2002

	REPORTED RESULTS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	AMORTIZATION OF GOODWILL (d)	RECLASSES	OPERATING BASIS
INCOME STATEMENT						
Revenue						
Investment Banking Fees	$ 2,763	$ —	$ —	$ —	$ —	$ 2,763
Trading Revenue (e)	2,594	—	—	—	1,880	4,474
Fees and Commissions	10,756	(698)	—	—	—	10,058
Private Equity — Realized Gains (Losses)	(105)	—	—	—	—	(105)
Private Equity — Unrealized Gains (Losses)	(641)	—	—	—	—	(641)
Securities Gains	1,563	—	—	—	—	1,563
Other Revenue	1,158	(36)	—	—	—	1,122
Net Interest Income (e)	11,526	2,173	—	—	(1,880)	11,819
Total Revenue	**29,614**	**1,439**	**—**	**—**	**—**	**31,053**
Noninterest Expense						
Compensation Expense (f)	10,983	—	—	—	(746)	10,237
Noncompensation Expense (f)(g)	10,571	—	(1,398)	—	(144)	9,029
Merger and Restructuring Costs	1,210	—	(1,210)	—	—	—
Severance and Related Costs (f)	—	—	—	—	890	890
Total Expense	**22,764**	**—**	**(2,608)**	**—**	**—**	**20,156**
Operating Margin	**6,850**	**1,439**	**2,608**	**—**	**—**	**10,897**
Credit Costs	4,331	1,439	—	—	—	5,770
Income before Income Tax Expense and Effect of Accounting Change	2,519	—	2,608	—	—	5,127
Income Tax Expense	856	—	887	—	—	1,743
Income before Effect of Accounting Change	1,663	—	1,721	—	—	3,384
Net Effect of Change in Accounting Principle	—	—	—	—	—	—
Net Income	**$ 1,663**	**$ —**	**$ 1,721**	**$ —**	**$ —**	**$ 3,384**
EARNINGS PER SHARE — DILUTED	$ 0.80		$ 0.86			$ 1.66

FULL YEAR 2001

	REPORTED RESULTS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	AMORTIZATION OF GOODWILL (d)	RECLASSES	OPERATING BASIS
INCOME STATEMENT						
Revenue						
Investment Banking Fees	$ 3,612	$ —	$ —	$ —	$ —	$ 3,612
Trading Revenue (e)	4,918	—	—	—	1,361	6,279
Fees and Commissions	9,481	(340)	—	—	—	9,141
Private Equity — Realized Gains (Losses)	651	—	—	—	—	651
Private Equity — Unrealized Gains (Losses)	(1,884)	—	—	—	—	(1,884)
Securities Gains	866	—	—	—	—	866
Other Revenue	898	(17)	—	—	—	881
Net Interest Income (e)	10,802	1,405	—	—	(1,361)	10,846
Total Revenue	**29,344**	**1,048**	**—**	**—**	**—**	**30,392**
Noninterest Expense						
Compensation Expense	11,844	—	—	—	—	11,844
Noncompensation Expense (g)	9,229	—	—	(585)	—	8,644
Merger and Restructuring Costs	2,523	—	(2,523)	—	—	—

Severance and Related Costs	—	—	—	—	—	—
Total Expense	**23,596**	**—**	**(2,523)**	**(585)**	**—**	**20,488**
Operating Margin	**5,748**	**1,048**	**2,523**	**585**	**—**	**9,904**
Credit Costs	3,182	1,048	—	—	—	4,230
Income before Income Tax Expense and Effect of Accounting Change	2,566	—	2,523	585	—	5,674
Income Tax Expense	847	—	833	192	—	1,872
Income before Effect of Accounting Change	1,719	—	1,690	393	—	3,802
Net Effect of Change in Accounting Principle	(25)	—	25	—	—	—
Net Income	**$ 1,694**	**$ —**	**$ 1,715**	**$ 393**	**$ —**	**$ 3,802**
EARNINGS PER SHARE — DILUTED	$ 0.80		$ 0.86	$0.19		$ 1.85

(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. 2002 includes $1,210 million (pre-tax) of merger and restructuring costs, and $1,300 million (pre-tax) for the Enron surety settlement and litigation reserve. 2002 also includes $98 million (pre-tax) for real estate charges that was recorded in Occupancy Expense in the reported results. 2001 includes $2,523 million (pre-tax) of merger and restructuring costs. See page 11 for a reconciliation of the effect of special items on earnings per share.

(d) Reported net income for 2002 reflects the adoption of SFAS 142 and, accordingly, the Firm ceased amortizing goodwill effective January 1, 2002. There was no impairment of goodwill upon adoption of SFAS 142. Prior period operating earnings for 2001 have been adjusted by adding back goodwill amortization to report results on a basis comparable to 2002.

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

(f) The Compensation and Noncompensation Expense categories include severance and other related costs associated with expense containment programs implemented in 2002. For purposes of reviewing results on an operating basis, these costs have been reclassified to a separate line.

(g) Includes Occupancy Expense, Technology and Communications Expense, Amortization of Intangibles, 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)

JPMorganChase

	4QTR 2002	3QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
OPERATING INCOME STATEMENT (a)(b)								
OPERATING REVENUE:								
Investment Banking Fees	$ 678	$ 545	$ 931	24%	(27)%	$ 2,763	$ 3,612	(24)%
Trading-Related Revenue (Includes Trading NII)	1,253	365	904	243	39	4,474	6,279	(29)
Fees and Commissions	2,052	2,768	2,340	(26)	(12)	10,058	9,141	10
Private Equity — Realized Gains (Losses)	(45)	(40)	81	(13)	NM	(105)	651	NM
Private Equity — Unrealized Gains (Losses)	(23)	(275)	(505)	92	95	(641)	(1,884)	66
Securities Gains	747	578	202	29	270	1,563	866	80
Other Revenue (c)	303	409	138	(26)	120	1,122	881	27
Net Interest Income (Excludes Trading NII)	2,960	2,951	2,825	—	5	11,819	10,846	9
TOTAL OPERATING REVENUE	**7,925**	**7,301**	**6,916**	9	15	**31,053**	**30,392**	2
OPERATING EXPENSE:								
Compensation Expense	2,593	2,259	2,622	15	(1)	10,237	11,844	(14)
Noncompensation Expense (d)	2,375	2,239	2,138	6	11	9,029	8,644	4
Operating Expense (Excluding Severance and Related Costs)	4,968	4,498	4,760	10	4	19,266	20,488	(6)
Severance and Related Costs (e)	500	122	—	310	NM	890	—	NM
TOTAL OPERATING EXPENSE	**5,468**	**4,620**	**4,760**	18	15	**20,156**	**20,488**	(2)
Credit Costs (c)	1,351	2,190	1,732	(38)	(22)	5,770	4,230	36
Operating Income before Income Tax Expense	1,106	491	424	125	161	5,127	5,674	(10)
Income Tax Expense	376	166	68	127	NM	1,743	1,872	(7)
OPERATING EARNINGS	**$ 730**	**$ 325**	**$ 356**	125	105	**$ 3,384**	**$ 3,802**	(11)
Special Items & Change in Accounting Principle	(1,117)	(285)	(579)	(292)	(93)	(1,721)	(1,715)	—
Amortization of Goodwill (Net of Taxes) (f)	—	—	(109)	NM	NM	—	(393)	NM
NET INCOME (LOSS)	**$ (387)**	**$ 40**	**$ (332)**	NM	(17)	**$ 1,663**	**$ 1,694**	(2)
OPERATING BASIS								
Diluted Earnings per Share	$ 0.36	$ 0.16	$ 0.17	125	112	$ 1.66	$ 1.85	(10)
Shareholder Value Added	(551)	(964)	(915)	43	40	(1,631)	(1,247)	(31)
Return on Average Managed Assets (g)	0.37%	0.17%	0.19%	20 bp	18 bp	0.45%	0.50%	(5) bp
Return on Common Equity(g)	6.8	2.9	3.3	390	350	8.1	9.0	(90)
Common Dividend Payout Ratio	96	222	199	NM	NM	83	73	1,000
Compensation Expense as a % of Revenue	33	31	38	200	(500)	33	39	(600)
Noncompensation Expense as a % of Revenue	30	31	31	(100)	(100)	29	28	100
Overhead Ratio	69	63	69	600	—	65	67	(200)
Overhead Ratio (Excl. Severance and Related Costs)	63	62	69	100	(600)	62	67	(500)

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

(b) In the first quarter of 2002, the Firm implemented EITF 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred (Formerly EITF Abstracts, Topic D-103)." Prior period amounts have been adjusted.

(c) "Credit Costs" include the aggregate provision for credit losses and credit card securitizations. Prior period amounts have been adjusted.

(d) Includes Occupancy Expense, Technology and Communications Expense, Amortization of Intangibles and Other Expense.

(e) The Compensation and Noncompensation Expense categories include severance and other related costs associated with expense containment programs implemented in 2002. For purposes of reviewing results on an operating basis, these costs have been reclassified to a separate line.

(f) Reported net income for 2002 reflects the adoption of SFAS 142 and, accordingly, the Firm ceased amortizing goodwill effective January 1, 2002. There was no impairment of goodwill upon adoption of SFAS 142. Prior period operating earnings for 2001 have been adjusted by adding back goodwill amortization to report 2001 results on a basis comparable to 2002.

(g) Quarterly 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)

JPMorganChase

	4QTR 2002	3QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
OPERATING REVENUE								
Investment Bank	$3,299	$2,419	$3,089	36%	7%	$12,399	$14,671	(15)%
Treasury & Securities Services	968	1,068	969	(9)	—	4,046	3,978	2
Investment Management & Private Banking	655	700	764	(6)	(14)	2,868	3,226	(11)
Chase Financial Services	3,356	3,690	2,884	(9)	16	13,541	10,951	24
JPMorgan Partners	(79)	(370)	(469)	79	83	(954)	(1,470)	35
Corporate (a)	(274)	(206)	(321)	(33)	15	(847)	(964)	12
OPERATING REVENUE (b)	**$7,925**	**$7,301**	**$6,916**	9	15	**$31,053**	**$30,392**	2
EARNINGS								
Investment Bank	$ 361	$ (250)	$ 382	NM	(5)	$ 1,365	$ 2,918	(53)
Treasury & Securities Services	140	214	150	(35)	(7)	677	632	7
Investment Management & Private Banking	43	99	103	(57)	(58)	384	479	(20)
Chase Financial Services	500	797	324	(37)	54	2,490	1,538	62
JPMorgan Partners	(91)	(283)	(348)	68	74	(789)	(1,116)	29
Corporate (a)	(223)	(252)	(255)	12	13	(743)	(649)	(14)
OPERATING EARNINGS (b)	**730**	**325**	**356**	125	105	**3,384**	**3,802**	(11)
Net Effect of Change in Accounting Principle	—	—	—	NM	NM	—	(25)	NM
Special Items (Net of Taxes):								
Merger and Restructuring Costs	(259)	(220)	(579)	(18)	55	(798)	(1,690)	53
Real Estate Charge	—	(65)	—	NM	NM	(65)	—	NM
Surety Settlement and Litigation Reserve	(858)	—	—	NM	NM	(858)	—	NM
Amortization of Goodwill (Net of Taxes) (c)	—	—	(109)	NM	NM	—	(393)	NM
NET INCOME (LOSS) (b)	**$ (387)**	**$ 40**	**$ (332)**	NM	(17)	**$ 1,663**	**$ 1,694**	(2)
EARNINGS PER SHARE — DILUTED								
OPERATING EARNINGS (b)	**$ 0.36**	**$ 0.16**	**$ 0.17**	125	112	**$ 1.66**	**$ 1.85**	(10)
Net Effect of Change in Accounting Principle	—	—	—	NM	NM	—	(0.01)	NM
Special Items (Net of Taxes):								
Merger and Restructuring Costs	(0.13)	(0.12)	(0.29)	(8)	55	(0.40)	(0.85)	53
Real Estate Charge	—	(0.03)	—	NM	NM	(0.03)	—	NM
Surety Settlement and Litigation Reserve	(0.43)	—	—	NM	NM	(0.43)	—	NM
Amortization of Goodwill (Net of Taxes) (c)	—	—	(0.05)	NM	NM	—	(0.19)	NM
NET INCOME (LOSS) (b) (d)	**$ (0.20)**	**$ 0.01**	**$ (0.18)**	NM	(11)	**$ 0.80**	**$ 0.80**	—
OPERATING RETURN ON COMMON EQUITY								
Investment Bank	7.6%	NM	7.9%	NM	(30) bp	7.4%	15.2%	(780) bp
Treasury & Securities Services	18.8	28.2%	20.7	(940) bp	(190)	22.5	21.2	130
Investment Management & Private Banking	2.6	6.4	6.6	(380)	(400)	6.2	7.5	(130)
Chase Financial Services	19.2	30.2	13.5	(1,100)	570	24.1	16.7	740
OPERATING RETURN ON COMMON EQUITY (b)	**6.8**	**2.9**	**3.3**	390	350	**8.1**	**9.0**	(90)

(a) Includes Support Units and the effect remaining at the corporate level after the implementation of management accounting policies.

(b) Represents consolidated JPMorgan Chase.

(c) Reported net income for 2002 reflects the adoption of SFAS 142 and, accordingly, the Firm ceased amortizing goodwill effective January 1, 2002. There was no impairment of goodwill upon adoption of SFAS 142. Prior period operating earnings for 2001 have been adjusted by adding back amortization of goodwill to report 2001 results on a basis comparable with 2002.

(d) Diluted EPS for the fourth quarter of 2001 is reported as $(0.18) which equals basic EPS, instead of $(0.17), since using diluted average shares outstanding would cause antidilution. As a result, the net loss per share does not foot by $(0.01).

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

	Dec 31 2002	Sep 30 2002	Dec 31 2001	Dec 31, 2002 Over (Under) Sep 30 2002	Dec 31, 2002 Over (Under) Dec 31 2001
ASSETS					
Cash and Due from Banks	$ 19,218	$ 18,159	$ 22,600	6%	(15)%
Deposits with Banks	8,942	13,447	12,743	(34)	(30)
Federal Funds Sold and Securities Purchased under Resale Agreements	65,809	63,748	63,727	3	3
Securities Borrowed	34,143	35,283	36,580	(3)	(7)
Trading Assets:					
Debt and Equity Instruments	165,199	151,264	118,248	9	40
Derivative Receivables	83,102	87,518	71,157	(5)	17
Securities	84,463	79,768	59,760	6	41
Loans (Net of Allowance for Loan Losses)	211,014	206,215	212,920	2	(1)
Private Equity Investments	8,228	8,013	9,197	3	(11)
Goodwill	8,096	8,108	8,336	—	(3)
Other Intangibles:					
Mortgage Servicing Rights	3,230	3,606	6,579	(10)	(51)
Purchased Credit Card Relationships	1,269	1,337	519	(5)	145
All Other Intangibles	307	311	44	(1)	NM
Other Assets	65,780	64,982	71,165	1	(8)
TOTAL ASSETS	**$758,800**	**$741,759**	**$693,575**	2	9
LIABILITIES					
Deposits	$304,753	$292,171	$293,650	4	4
Federal Funds Purchased and Securities Sold under Repurchase Agreements	169,483	154,745	128,445	10	32
Commercial Paper	16,591	13,775	18,510	20	(10)
Other Borrowed Funds	8,946	12,646	10,835	(29)	(17)
Trading Liabilities:					
Debt and Equity Instruments	66,864	71,607	52,988	(7)	26
Derivative Payables	66,227	70,593	56,063	(6)	18
Accounts Payable, Accrued Expenses and Other Liabilities (including the Allowance for Lending-Related Commitments)	38,440	38,233	47,813	1	(20)
Long-Term Debt	39,751	39,113	39,183	2	1
Guaranteed Preferred Beneficial Interests in the Firm’s Junior Subordinated Deferrable Interest Debentures	5,439	5,439	4,439	—	23
TOTAL LIABILITIES	**716,494**	**698,322**	**651,926**	3	10
PREFERRED STOCK OF SUBSIDIARY	**—**	**—**	**550**	NM	NM
STOCKHOLDERS’ EQUITY					
Preferred Stock	1,009	1,009	1,009	—	—
Common Stock	2,024	2,023	1,997	—	1
Capital Surplus	13,222	13,113	12,495	1	6
Retained Earnings	25,851	26,940	26,993	(4)	(4)
Accumulated Other Comprehensive Income	1,227	1,465	(442)	(16)	NM
Treasury Stock, at Cost	(1,027)	(1,113)	(953)	8	(8)
TOTAL STOCKHOLDERS’ EQUITY	**42,306**	**43,437**	**41,099**	(3)	3
TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS’ EQUITY	**$758,800**	**$741,759**	**$693,575**	2	9

Note: Prior periods have been adjusted to conform with current methodologies.

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

	Dec 31 2002	Sep 30 2002	Dec 31 2001	Dec 31, 2002 Over (Under) Sep 30 2002	Dec 31, 2002 Over (Under) Dec 31 2001
CREDIT-RELATED ASSETS:					
Commercial Loans	$ 91,548	$ 97,486	$104,864	(6)%	(13)%
Derivative Receivables	83,102	87,518	71,157	(5)	17
Total Commercial Credit-Related Assets (a)	174,650	185,004	176,021	(6)	(1)
Managed Consumer Loans (b)	155,538	143,835	134,004	8	16
Total Managed Credit-Related Assets	**$330,188**	**$328,839**	**$310,025**	—	7
NET LOAN CHARGE-OFFS: (c)					
Commercial Loans	$ 434	$ 834	$ 433	(48)	—
Managed Credit Card (b)	716	687	538	4	33
All Other Consumer	116	99	111	17	5
Managed Consumer Loans	832	786	649	6	28
Total Managed Net Loan Charge-offs	**$ 1,266**	**$ 1,620**	**$ 1,082**	(22)	17
NET LOAN CHARGE-OFF RATES — ANNUALIZED:					
Total Commercial Loans	1.88%	3.53%	1.58%	(165) bp	30 bp
Managed Credit Card	5.70	5.51	5.48	19	22
Total Managed Loans	2.08	2.75	1.80	(67)	28
NONPERFORMING ASSETS:					
Commercial Loans	$ 3,672	$ 3,596	$ 1,997	2%	84%
Derivative Receivables (d)	289	169	170	71	70
Consumer Loans	521	507	499	3	4
Assets Acquired in Loan Satisfactions	190	140	124	36	53
Total	4,672	4,412	2,790	6	67
Other Receivables (d) (e)	108	1,130	1,130	(90)	(90)
Total Nonperforming Assets (f)	**$ 4,780**	**$ 5,542**	**$ 3,920**	(14)	22
SELECTED COUNTRY EXPOSURE (in billions)					
Argentina	$ 0.4(g)	$ 0.3	$ 0.6	33	(33)
Brazil	2.2(g)	1.9	3.3	16	(33)
Venezuela	0.4(g)	0.3	0.3	33	33

(a) Excludes unfunded commercial lending-related commitments of $240 billion at December 31, 2002 and September 30, 2002 and $248 billion at December 31, 2001. Unused advised lines of credit of $22 billion at December 31, 2002, $18 billion at September 30, 2002, and $19 billion at December 31, 2001 are included in unfunded commercial lending-related commitments.

(b) Includes securitized credit card receivables.

(c) Net charge-offs are presented for the quarter ended as of the date indicated.

(d) Includes $125 million of Enron-related surety receivables at December 31, 2002 that were the subject of recently settled litigation with credit-worthy entities. These receivables were classified in Other Receivables at September 30, 2002 and December 31, 2001, respectively.

(e) These receivables relate to the Enron-related letter of credit at December 31, 2002, which is the subject of litigation with a credit-worthy entity and are classified in Other Assets. Other Receivables at September 30, 2002 and December 31, 2001 included the Enron-related surety receivables and letter of credit, which were classified in Other Assets at September 30, 2002 and Derivative Receivables at December 31, 2001, respectively.

(f) Nonperforming assets at December 31, 2002 have not been reduced for credit protection (single name credit default swaps and collateralized loan obligations) relating to nonperforming counterparties in amounts aggregating $66 million. Nonperforming assets exclude nonaccrual loans held for sale ("HFS") of $43 million. HFS loans are carried at the lower of cost or market, and declines in value are recorded in Other Revenue.

(g) Estimated

PRESS RELEASE FINANCIAL SUPPLEMENT
FOURTH QUARTER 2002

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

JPMorganChase

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
REVENUE										
Investment Banking Fees	$ 678	$ 545	$ 785	$ 755	$ 931	24%	(27)%	$ 2,763	$ 3,612	(24)%
Trading Revenue	585	(21)	731	1,299	355	NM	65	2,594	4,918	(47)
Fees and Commissions	2,282	3,005	2,885	2,584	2,493	(24)	(8)	10,756	9,481	13
Private Equity — Realized Gains (Losses)	(45)	(40)	(10)	(10)	81	(13)	NM	(105)	651	NM
Private Equity — Unrealized Gains (Losses)	(23)	(275)	(115)	(228)	(505)	92	95	(641)	(1,884)	66
Securities Gains	747	578	124	114	202	29	270	1,563	866	80
Other Revenue (a)	290	419	292	157	151	(31)	92	1,158	898	29
Total Noninterest Revenue	**4,514**	**4,211**	**4,692**	**4,671**	**3,708**	7	22	**18,088**	**18,542**	(2)
Interest Income	6,184	6,316	6,498	6,286	6,823	(2)	(9)	25,284	32,181	(21)
Interest Expense	3,203	3,580	3,616	3,359	3,879	(11)	(17)	13,758	21,379	(36)
Net Interest Income	**2,981**	**2,736**	**2,882**	**2,927**	**2,944**	9	1	**11,526**	**10,802**	7
Revenue before Provision for Credit Losses	7,495	6,947	7,574	7,598	6,652	8	13	29,614	29,344	1
Provision for Credit Losses (a)	921	1,836	821	753	1,468	(50)	(37)	4,331	3,182	36
TOTAL NET REVENUE	**6,574**	**5,111**	**6,753**	**6,845**	**5,184**	29	27	**25,283**	**26,162**	(3)
NONINTEREST EXPENSE										
Compensation Expense	3,032	2,367	2,761	2,823	2,622	28	16	10,983	11,844	(7)
Occupancy Expense (b)	425	478	365	338	334	(11)	27	1,606	1,348	19
Technology and Communications Expense	635	625	629	665	640	2	(1)	2,554	2,631	(3)
Amortization of Intangibles	82	80	92	69	187	3	(56)	323	729	(56)
Other Expense	1,294	1,168	1,118	1,208	1,128	11	15	4,788	4,521	6
Surety Settlement and Litigation Reserve (b)	1,300	—	—	—	—	NM	NM	1,300	—	NM
Merger and Restructuring Costs	393	333	229	255	841	18	(53)	1,210	2,523	(52)
TOTAL NONINTEREST EXPENSE	**7,161**	**5,051**	**5,194**	**5,358**	**5,752**	42	24	**22,764**	**23,596**	(4)
Income (Loss) before Income Tax Expense and Effect of Accounting Change	(587)	60	1,559	1,487	(568)	NM	(3)	2,519	2,566	(2)
Income Tax Expense (Benefit)	(200)	20	531	505	(236)	NM	15	856	847	1
INCOME (LOSS) BEFORE EFFECT OF ACCTG. CHG	**(387)**	**40**	**1,028**	**982**	**(332)**	NM	(17)	**1,663**	**1,719**	(3)
Net Effect of Change in Accounting Principle	—	—	—	—	—	NM	NM	—	(25)	NM
NET INCOME (LOSS)	**$ (387)**	**$ 40**	**$ 1,028**	**$ 982**	**$ (332)**	NM	(17)	**$ 1,663**	**$ 1,694**	(2)
NET INCOME (LOSS) PER COMMON SHARE (c)										
Basic	$ (0.20)	$ 0.01	$ 0.51	$ 0.49	$ (0.18)	NM	(11)	$ 0.81	$ 0.83	(2)
Diluted	(0.20)	0.01	0.50	0.48	(0.18)	NM	(11)	0.80	0.80	—
PERFORMANCE RATIOS										
Return on Average Assets	NM	0.02%	0.56%	0.55%	NM	NM	NM	0.23%	0.23%	—bp
Return on Average Common Equity	NM	0.3	10.0	9.7	NM	NM	NM	3.9	3.9	—
FULL-TIME EQUIVALENT EMPLOYEES (d)	94,335	95,637	95,878	96,938	95,812	(1)%	(2)%			

Note: Prior periods have been adjusted to conform with current methodologies.

(a) In the third quarter of 2002, the “Provision for Loan Losses” was renamed “Provision for Credit Losses” and now includes the aggregate amount of the provisions for loan losses and for lending-related commitments. The prior period provision for lending-related commitments was reclassified from “Other Revenue” to the “Provision for Credit Losses”.

(b) In the fourth quarter of 2002, a $1,300 million (pre-tax) charge was recorded related to the settlement of the Enron surety litigation and the establishment of a litigation reserve for certain material litigation, proceedings and investigations. In the third quarter of 2002, $98 million (pre-tax) in real estate charges were recorded in “Occupancy Expense” on a reported basis.

(c) Basic and diluted earnings per share have been reduced by $0.01 in full year 2001 due to the impact of the adoption of SFAS 133 relating to the accounting for derivative instruments and hedging activities.

(d) Represents actual period end amount for each respective quarter.

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

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
OPERATING REVENUE										
Investment Bank	$3,299	$2,419	$3,086	$3,595	$3,089	36%	7%	$12,399	$14,671	(15)%
Treasury & Securities Services	968	1,068	1,031	979	969	(9)	—	4,046	3,978	2
Investment Management & Private Banking	655	700	739	774	764	(6)	(14)	2,868	3,226	(11)
Chase Financial Services	3,356	3,690	3,421	3,074	2,884	(9)	16	13,541	10,951	24
JPMorgan Partners	(79)	(370)	(193)	(312)	(469)	79	83	(954)	(1,470)	35
Corporate (a)	(274)	(206)	(176)	(191)	(321)	(33)	15	(847)	(964)	12
OPERATING REVENUE (b)	**$7,925**	**$7,301**	**$7,908**	**$7,919**	**$6,916**	9	15	**$31,053**	**$30,392**	2
EARNINGS										
Investment Bank	$ 361	$ (250)	$ 493	$ 761	$ 382	NM	(5)	$ 1,365	$ 2,918	(53)
Treasury & Securities Services	140	214	178	145	150	(35)	(7)	677	632	7
Investment Management & Private Banking	43	99	113	129	103	(57)	(58)	384	479	(20)
Chase Financial Services	500	797	679	514	324	(37)	54	2,490	1,538	62
JPMorgan Partners	(91)	(283)	(168)	(247)	(348)	68	74	(789)	(1,116)	29
Corporate (a)	(223)	(252)	(116)	(152)	(255)	12	13	(743)	(649)	(14)
OPERATING EARNINGS (b)	**730**	**325**	**1,179**	**1,150**	**356**	125	105	**3,384**	**3,802**	(11)
Net Effect of Change in Accounting Principle	—	—	—	—	—	NM	NM	—	(25)	NM
Special Items (Net of Taxes):										
Merger and Restructuring Costs	(259)	(220)	(151)	(168)	(579)	(18)	55	(798)	(1,690)	53
Real Estate Charge	—	(65)	—	—	—	NM	NM	(65)	—	NM
Surety Settlement and Litigation Reserve	(858)	—	—	—	—	NM	NM	(858)	—	NM
Amortization of Goodwill, Net of Taxes	—	—	—	—	(109)	NM	NM	—	(393)	NM
NET INCOME (LOSS) (b)	**$ (387)**	**$ 40**	**$1,028**	**$ 982**	**$ (332)**	NM	(17)	**$ 1,663**	**$ 1,694**	(2)
EARNINGS PER SHARE — DILUTED										
OPERATING EARNINGS (b)	**$ 0.36**	**$ 0.16**	**$ 0.58**	**$ 0.57**	**$ 0.17**	125	112	**$ 1.66**	**$ 1.85**	(10)
Net Effect of Change in Accounting Principle	—	—	—	—	—	NM	NM	—	(0.01)	NM
Special Items (Net of Taxes):										
Merger and Restructuring Costs	(0.13)	(0.12)	(0.08)	(0.09)	(0.29)	(8)	55	(0.40)	(0.85)	53
Real Estate Charge	—	(0.03)	—	—	—	NM	NM	(0.03)	—	NM
Surety Settlement and Litigation Reserve	(0.43)	—	—	—	—	NM	NM	(0.43)	—	NM
Amortization of Goodwill, Net of Taxes	—	—	—	—	(0.05)	NM	NM	—	(0.19)	NM
NET INCOME (LOSS)(b)(c)	**$ (0.20)**	**$ 0.01**	**$ 0.50**	**$ 0.48**	**$ (0.18)**	NM	(11)	**$ 0.80**	**$ 0.80**	—
OPERATING RETURN ON COMMON EQUITY										
Investment Bank	7.6%	NM	10.7%	16.3%	7.9%	NM	(30)bp	7.4%	15.2%	(780)bp
Treasury & Securities Services	18.8	28.2%	23.1	19.5	20.7	(940)bp	(190)	22.5	21.2	130
Investment Management & Private Banking	2.6	6.4	7.2	8.5	6.6	(380)	(400)	6.2	7.5	(130)
Chase Financial Services	19.2	30.2	26.1	20.5	13.5	(1,100)	570	24.1	16.7	740
OPERATING RETURN ON COMMON EQUITY(b)	**6.8**	**2.9**	**11.4**	**11.4**	**3.3**	390	350	**8.1**	**9.0**	(90)

(a) Includes Support Units and the effect remaining at the corporate level after the implementation of management accounting policies.

(b) Represents consolidated JPMorgan Chase.

(c) Diluted EPS for the fourth quarter of 2001 is reported as $(0.18) which equals basic EPS, instead of $(0.17), since using diluted average shares outstanding would cause antidilution. As a result, the net loss earnings per share does not foot by $(0.01).

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

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
OPERATING REVENUE										
Investment Banking Fees	$ 678	$ 545	$ 785	$ 755	$ 931	24%	(27)%	$ 2,763	$ 3,612	(24)%
Trading-Related Revenue (Includes Trading NII)	1,253	365	1,136	1,720	904	243	39	4,474	6,279	(29)
Fees and Commissions	2,052	2,768	2,745	2,493	2,340	(26)	(12)	10,058	9,141	10
Private Equity — Realized Gains (Losses)	(45)	(40)	(10)	(10)	81	(13)	NM	(105)	651	NM
Private Equity — Unrealized Gains (Losses)	(23)	(275)	(115)	(228)	(505)	92	95	(641)	(1,884)	66
Securities Gains	747	578	124	114	202	29	270	1,563	866	80
Other Revenue	303	409	273	137	138	(26)	120	1,122	881	27
Net Interest Income (Excludes Trading NII)	2,960	2,951	2,970	2,938	2,825	—	5	11,819	10,846	9
TOTAL OPERATING REVENUE	**7,925**	**7,301**	**7,908**	**7,919**	**6,916**	9	15	**31,053**	**30,392**	2
OPERATING EXPENSE										
Compensation Expense (a)	2,593	2,259	2,642	2,743	2,622	15	(1)	10,237	11,844	(14)
Noncompensation Expense (a) (b)	2,375	2,239	2,161	2,254	2,138	6	11	9,029	8,644	4
Operating Expense (Excludes Severance and Related Costs)	**4,968**	**4,498**	**4,803**	**4,997**	**4,760**	10	4	**19,266**	**20,488**	(6)
Severance and Related Costs	500	122	162	106	—	310	NM	890	—	NM
TOTAL OPERATING EXPENSE	**5,468**	**4,620**	**4,965**	**5,103**	**4,760**	18	15	**20,156**	**20,488**	(2)
Credit Costs	1,351	2,190	1,155	1,074	1,732	(38)	(22)	5,770	4,230	36
Operating Income before Income Tax Expense	1,106	491	1,788	1,742	424	125	161	5,127	5,674	(10)
Income Tax Expense	376	166	609	592	68	127	NM	1,743	1,872	(7)
OPERATING EARNINGS	**$ 730**	**$ 325**	**$1,179**	**$1,150**	**$ 356**	125	105	**$ 3,384**	**$ 3,802**	(11)
OPERATING BASIS										
Diluted Earnings per Share	$ 0.36	$ 0.16	$ 0.58	$ 0.57	$ 0.17	125	112	$ 1.66	$ 1.85	(10)
Shareholder Value Added	(551)	(964)	(57)	(59)	(915)	43	40	(1,631)	(1,247)	(31)
Return on Average Managed Assets	0.37%	0.17%	0.62%	0.63%	0.19%	20bp	18 bp	0.45%	0.50%	(5)bp
Return on Common Equity	6.8	2.9	11.4	11.4	3.3	390	350	8.1	9.0	(90)
Common Dividend Payout Ratio	96	222	59	60	199	NM	NM	83	73	1,000
Effective Income Tax Rate	34	34	34	34	16	—	1,800	34	33	100
Compensation Expense as a % of Operating Revenue	33	31	33	35	38	200	(500)	33	39	(600)
Noncompensation Expense as a % of Operating Revenue	30	31	27	28	31	(100)	(100)	29	28	100
Overhead Ratio	69	63	63	64	69	600	—	65	67	(200)
Overhead Ratio (Excl. Severance and Related Costs)	63	62	61	63	69	100	(600)	62	67	(500)

Note: Prior periods have been adjusted to conform with current methodologies.

(a) The Compensation and Noncompensation Expense categories include severance and other related costs associated with expense containment programs implemented in 2002. For purposes of reviewing results on an operating basis, these costs have been reclassified to a separate line.

(b) Includes Occupancy Expense, Technology and Communications Expense, Amortization of Intangibles and Other Expense.

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

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
REVENUE										
TRADING REVENUE										
Reported	$ 585	$ (21)	$ 731	$1,299	$ 355	NM	65%	$ 2,594	$ 4,918	(47)%
Trading-Related NII	668	386	405	421	549	73%	22	1,880	1,361	38
Operating	**$ 1,253**	**$ 365**	**$1,136**	**$1,720**	**$ 904**	243	39	**$ 4,474**	**$ 6,279**	(29)
CREDIT CARD REVENUE (a)										
Reported	$ 807	$ 806	$ 669	$ 587	$ 662	—	22	$ 2,869	$ 2,108	36
Credit Card Securitizations	(230)	(237)	(140)	(91)	(153)	3	(50)	(698)	(340)	(105)
Operating	**$ 577**	**$ 569**	**$ 529**	**$ 496**	**$ 509**	1	13	**$ 2,171**	**$ 1,768**	23
OTHER REVENUE										
Reported	$ 290	$ 419	$ 292	$ 157	$ 151	(31)	92	$ 1,158	$ 898	29
Credit Card Securitizations	13	(10)	(19)	(20)	(13)	NM	NM	(36)	(17)	112
Operating	**$ 303**	**$ 409**	**$ 273**	**$ 137**	**$ 138**	(26)	120	**$ 1,122**	**$ 881**	27
NET INTEREST INCOME										
Reported	$ 2,981	$2,736	$2,882	$2,927	$2,944	9	1	$11,526	$10,802	7
Credit Card Securitizations	647	601	493	432	430	8	50	2,173	1,405	55
Trading-Related NII	(668)	(386)	(405)	(421)	(549)	73	22	(1,880)	(1,361)	38
Operating	**$ 2,960**	**$2,951**	**$2,970**	**$2,938**	**$2,825**	—	5	**$11,819**	**$10,846**	9
TOTAL REVENUE										
Reported	$ 7,495	$6,947	$7,574	$7,598	$6,652	8	13	$29,614	$29,344	1
Credit Card Securitizations	430	354	334	321	264	21	63	1,439	1,048	37
Total Operating Revenue	**$ 7,925**	**$7,301**	**$7,908**	**$7,919**	**$6,916**	9	15	**$31,053**	**$30,392**	2
NONINTEREST EXPENSE										
Reported	$ 7,161	$5,051	$5,194	$5,358	$5,752	42	24	$22,764	$23,596	(4)
Merger and Restructuring Costs	(393)	(333)	(229)	(255)	(841)	18	(53)	(1,210)	(2,523)	(52)
Surety Settlement and Litigation Reserve	(1,300)	—	—	—	—	NM	NM	(1,300)	—	NM
Real Estate Reserves	—	(98)	—	—	—	NM	NM	(98)	—	NM
Amortization of Goodwill	—	—	—	—	(151)	NM	NM	—	(585)	NM
Total Operating Expense	**$ 5,468**	**$4,620**	**$4,965**	**$5,103**	**$4,760**	18	15	**$20,156**	**$20,488**	(2)
CREDIT COSTS										
Provision for Credit Losses — Reported	$ 921	$1,836	$ 821	$ 753	$1,468	(50)	(37)	$ 4,331	$ 3,182	36
Credit Card Securitizations	430	354	334	321	264	21	63	1,439	1,048	37
Credit Costs — Operating	**$ 1,351**	**$2,190**	**$1,155**	**$1,074**	**$1,732**	(38)	(22)	**$ 5,770**	**$ 4,230**	36

(a) Included in Fees and Commissions.

SEGMENT DETAIL

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

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
OPERATING INCOME STATEMENT										
REVENUE:										
Trading Revenue (Includes Trading NII):										
Fixed Income and Other	$ 1,284	$ 629	$ 1,022	$ 1,493	$ 957	104%	34%	$ 4,428	$ 4,979	(11)%
Equities	(30)	(255)	95	201	63	88	NM	11	1,189	(99)
	1,254	374	1,117	1,694	1,020	235	23	4,439	6,168	(28)
Investment Banking Fees	650	529	781	736	931	23	(30)	2,696	3,591	(25)
Net Interest Income	629	632	637	715	789	—	(20)	2,613	2,943	(11)
Fees and Commissions	357	422	420	385	370	(15)	(4)	1,584	1,501	6
Securities Gains	376	465	108	127	165	(19)	128	1,076	538	100
All Other Revenue	33	(3)	23	(62)	(186)	NM	NM	(9)	(70)	87
TOTAL OPERATING REVENUE	**3,299**	**2,419**	**3,086**	**3,595**	**3,089**	36	7	**12,399**	**14,671**	(15)
EXPENSE:										
Compensation Expense	1,058	715	1,053	1,126	1,124	48	(6)	3,952	5,286	(25)
Noncompensation Expense	876	830	824	909	733	6	20	3,439	3,496	(2)
Operating Expense (Excludes Severance and Related Costs)	1,934	1,545	1,877	2,035	1,857	25	4	7,391	8,782	(16)
Severance and Related Costs (a)	338	79	124	46	—	328	NM	587	—	NM
TOTAL OPERATING EXPENSE	**2,272**	**1,624**	**2,001**	**2,081**	**1,857**	40	22	**7,978**	**8,782**	(9)
Operating Margin	1,027	795	1,085	1,514	1,232	29	(17)	4,421	5,889	(25)
Credit Costs	489	1,315	306	282	618	(63)	(21)	2,392	1,148	108
Operating Income (Loss) Before Income Tax Expense	538	(520)	779	1,232	614	NM	(12)	2,029	4,741	(57)
Income Tax Expense (Benefit)	177	(270)	286	471	232	NM	(24)	664	1,823	(64)
OPERATING EARNINGS (LOSS)	**$ 361**	**$ (250)**	**$ 493**	**$ 761**	**$ 382**	NM	(5)	**$ 1,365**	**$ 2,918**	(53)
Average Common Equity	$ 18,643	$ 17,566	$ 18,293	$ 18,798	$ 18,858	6	(1)	$ 18,323	$ 18,964	(3)
Average Assets	514,993	494,259	502,847	467,214	510,608	4	1	494,958	510,282	(3)
Shareholder Value Added	(207)	(787)	(59)	200	(194)	74	(7)	(853)	615	NM
Return on Common Equity	7.6%	NM	10.7%	16.3%	7.9%	NM	(30)bp	7.4%	15.2%	(780)bp
Overhead Ratio	69	67%	65	58	60	200bp	900	64	60	400
Overhead Ratio Excl. Severance and Related Costs	59	64	61	57	60	(500)	(100)	60	60	—
Compensation Expense as a % of Operating Revenue Excl. Severance and Related Costs	32	30	34	31	36	200	(400)	32	36	(400)
FULL-TIME EQUIVALENT EMPLOYEES (b)	14,837	16,051	16,407	17,367	17,619	(8)%	(16)%			

Note: Prior periods have been adjusted to conform with current methodologies.

(a) For the full year 2002, includes $503 million of severance and $84 million of related costs.

(b) Represents actual period end amount for each respective quarter.

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

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
BUSINESS REVENUE:										
INVESTMENT BANKING FEES										
Advisory	$ 216	$ 139	$ 194	$ 194	$ 269	55%	(20)%	$ 743	$ 1,248	(40)%
Underwriting and Other Fees	434	390	587	542	662	11	(34)	1,953	2,343	(17)
TOTAL	**650**	**529**	**781**	**736**	**931**	23	(30)	**2,696**	**3,591**	(25)
CAPITAL MARKETS & LENDING										
Fixed Income	1,552	882	1,250	1,733	1,288	76	20	5,417	6,215	(13)
Treasury	580	606	268	385	487	(4)	19	1,839	1,521	21
Credit Portfolio	323	409	412	299	66	(21)	389	1,443	1,092	32
Equities	194	(7)	375	442	317	NM	(39)	1,004	2,252	(55)
TOTAL	**2,649**	**1,890**	**2,305**	**2,859**	**2,158**	40	23	**9,703**	**11,080**	(12)
TOTAL OPERATING REVENUE	**$ 3,299**	**$ 2,419**	**$ 3,086**	**$ 3,595**	**$ 3,089**	36	7	**$ 12,399**	**$ 14,671**	(15)
MEMO:										
CAPITAL MARKETS & LENDING TOTAL RETURN REVENUE (a)										
Fixed Income	$ 1,467	$ 915	$ 1,322	$ 1,690	$ 1,319	60	11	$ 5,394	$ 6,301	(14)
Treasury	467	363	215	469	309	29	51	1,514	950	59
Credit Portfolio	323	409	412	299	66	(21)	389	1,443	1,092	32
Equities	194	(7)	375	442	317	NM	(39)	1,004	2,252	(55)
TOTAL	**$ 2,451**	**$ 1,680**	**$ 2,324**	**$ 2,900**	**$ 2,011**	46	22	**$ 9,355**	**$ 10,595**	(12)
MARKET SHARE / RANKINGS: (b)										
Global Syndicated Loans	19% / #1	21% / #1	28% / #1	21% / #1	25% / #1			23% / #1	27% / #1	
U.S. Investment Grade Bonds	14% / #2	14% / #2	18% / #2	16% / #2	13% / #2			16% / #2	14% / #2	
Euro-Denominated Corporate International Bonds	7% / #5	5% / #9	5% / #7	6% / #4	6% / #6			6% / #4	7% / #3	
Global Equity and Equity-Related	4% / #9	2% / #12	6% / #6	5% / #6	5% / #8			5% / #8	4% / #9	
U.S. Equity and Equity-Related	5% / #7	3% / #7	9% / #5	5% / #7	8% / #6			6% / #6	4% / #8	
Global Announced M&A	15% / #5	12% / #9	19% / #2	13% / #7	33% / #1			15% / #5	22% / #4	

Note: Prior periods have been adjusted to conform with current methodologies.

(a) Total return revenues include operating revenues plus the unrealized gains or losses on third-party or internally transfer priced assets and liabilities in treasury and fixed income activities, which are not accounted for on a mark-to-market basis through earnings.

(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. U.S. Equity and Equity-Related adjusted to reflect all equity issuances in the U.S. market for both U.S. and foreign issuers.

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

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
OPERATING INCOME STATEMENT										
REVENUE:										
Fees and Commissions	$ 593	$ 615	$ 630	$ 608	$ 576	(4)%	3%	$ 2,446	$ 2,291	7%
Net Interest Income	354	351	348	337	349	1	1	1,390	1,472	(6)
All Other Revenue	21	102	53	34	44	(79)	(52)	210	215	(2)
TOTAL OPERATING REVENUE	**968**	**1,068**	**1,031**	**979**	**969**	(9)	—	**4,046**	**3,978**	2
EXPENSE:										
Compensation Expense	284	290	301	304	275	(2)	3	1,179	1,150	3
Noncompensation Expense	465	450	456	451	464	3	—	1,822	1,856	(2)
TOTAL OPERATING EXPENSE	**749**	**740**	**757**	**755**	**739**	1	1	**3,001**	**3,006**	—
Operating Margin	219	328	274	224	230	(33)	(5)	1,045	972	8
Credit Costs	2	(1)	(1)	1	2	NM	—	1	7	(86)
Operating Income Before Income Tax Expense	217	329	275	223	228	(34)	(5)	1,044	965	8
Income Tax Expense	77	115	97	78	78	(33)	(1)	367	333	10
OPERATING EARNINGS	**$ 140**	**$ 214**	**$ 178**	**$ 145**	**$ 150**	(35)	(7)	**$ 677**	**$ 632**	7
Average Common Equity	$ 2,937	$ 2,994	$ 3,075	$ 2,987	$ 2,862	(2)	3	$ 2,998	$ 2,958	1
Average Assets	19,535	16,170	19,139	17,225	18,684	21	5	18,018	18,794	(4)
Shareholder Value Added	50	122	85	56	63	(59)	(21)	313	272	15
Return on Common Equity	18.8%	28.2%	23.1%	19.5%	20.7%	(940)bp	(190)bp	22.5%	21.2%	130bp
Overhead Ratio	77	69	73	77	76	800	100	74	76	(200)
FULL-TIME EQUIVALENT EMPLOYEES (a)	14,416	14,716	14,840	15,216	14,367	(2)%	—%			
OPERATING REVENUE BY BUSINESS:										
Treasury Services	$ 503	$ 506	$ 478	$ 481	$ 476	(1)	6	$ 1,968	$ 1,873	5%
Investor Services	333	389	422	386	389	(14)	(14)	1,530	1,676	(9)
Institutional Trust Services	228	223	224	206	192	2	19	881	774	14
Other	(96)	(50)	(93)	(94)	(88)	(92)	(9)	(333)	(345)	3
Total Treasury & Securities Services	$ 968	$ 1,068	$ 1,031	$ 979	$ 969	(9)	—	$ 4,046	$ 3,978	2

Note: Prior periods have been adjusted to conform with current methodologies.

(a) Represents actual period end amount for each respective quarter.

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

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
OPERATING INCOME STATEMENT										
REVENUE:										
Fees and Commissions	$ 507	$ 519	$ 560	$ 590	$ 581	(2)%	(13)%	$ 2,176	$ 2,399	(9)%
Net Interest Income	114	125	123	121	144	(9)	(21)	483	587	(18)
All Other Revenue	34	56	56	63	39	(39)	(13)	209	240	(13)
TOTAL OPERATING REVENUE	**655**	**700**	**739**	**774**	**764**	(6)	(14)	**2,868**	**3,226**	(11)
EXPENSE:										
Compensation Expense	310	267	261	286	287	16	8	1,124	1,303	(14)
Noncompensation Expense	308	290	316	298	319	6	(3)	1,212	1,267	(4)
TOTAL OPERATING EXPENSE	**618**	**557**	**577**	**584**	**606**	11	2	**2,336**	**2,570**	(9)
Operating Margin	37	143	162	190	158	(74)	(77)	532	656	(19)
Credit Costs	13	26	23	23	30	(50)	(57)	85	35	143
Operating Income Before Income Tax Expense	24	117	139	167	128	(79)	(81)	447	621	(28)
Income Tax Expense	(19)	18	26	38	25	NM	NM	63	142	(56)
OPERATING EARNINGS	**$ 43**	**$ 99**	**$ 113**	**$ 129**	**$ 103**	(57)	(58)	**$ 384**	**$ 479**	(20)
Average Common Equity	$ 6,134	$ 6,039	$ 6,179	$ 6,110	$ 6,106	2	—	$ 6,115	$ 6,275	(3)
Average Assets	33,522	34,968	36,478	38,007	36,529	(4)	(8)	35,729	36,896	(3)
Shareholder Value Added	(145)	(85)	(74)	(53)	(83)	(71)	(75)	(357)	(284)	(26)
Return on Common Equity	2.6%	6.4%	7.2%	8.5%	6.6%	(380)bp	(400)bp	6.2%	7.5%	(130)bp
Overhead Ratio	94	80	78	75	79	1,400	1,500	81	80	100
FULL-TIME EQUIVALENT EMPLOYEES (a)	7,793	8,046	8,075	8,002	8,162	(3)%	(5)%			
(in billions)										
ASSETS UNDER MANAGEMENT (b)	**$ 516**(c)	**$ 497**	**$ 545**	**$ 585**	**$ 606**	4	(15)			
Private Banking	129(c)	121	135	142	142	7	(9)			
Institutional	324(c)	314	343	374	405	3	(20)			
Retail	63(c)	62	67	69	59	2	7			
ASSETS UNDER MANAGEMENT	**$ 516**(c)	**$ 497**	**$ 545**	**$ 585**	**$ 606**	4	(15)			
Americas	362(c)	348	380	421	442	4	(18)			
Europe and Asia	154(c)	149	165	164	164	3	(6)			
ASSETS UNDER MANAGEMENT	**$ 516**(c)	**$ 497**	**$ 545**	**$ 585**	**$ 606**	4	(15)			
Fixed Income and Cash	297(c)	283	293	312	329	5	(10)			
Equities and Other	219(c)	214	252	273	277	2	(21)			
ASSETS UNDER SUPERVISION (d)	**$ 636**(c)	**$ 615**	**$ 686**	**$ 722**	**$ 756**	3	(16)			

Note: Prior periods have been adjusted to conform with current methodologies.

(a) Represents actual period end amount for each respective quarter.

(b) 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 45% ownership interest.

(c) Estimated

(d) Assets under supervision represent assets under management as well as custody, restricted stock, deposit, and brokerage accounts.

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

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
OPERATING INCOME STATEMENT										
REVENUE:										
Private Equity:										
Realized Gains (Losses)	$ (26)	$ (40)	$ (12)	$ (13)	$ 107	35%	NM	$ (91)	$ 675	NM
Unrealized Gains (Losses)	(27)	(259)	(114)	(242)	(505)	90	95%	(642)	(1,858)	65%
Total Private Equity Gains (Losses)	(53)	(299)	(126)	(255)	(398)	82	87	(733)	(1,183)	38
Net Interest Income (Loss)	(71)	(76)	(87)	(87)	(83)	7	14	(321)	(350)	8
Fees and Other Revenue	45	5	20	30	12	NM	275	100	63	59
TOTAL OPERATING REVENUE	**(79)**	**(370)**	**(193)**	**(312)**	**(469)**	79	83	**(954)**	**(1,470)**	35
EXPENSE:										
Compensation Expense	24	33	34	37	36	(27)	(33)	128	144	(11)
Noncompensation Expense	44	45	40	41	44	(2)	—	170	149	14
TOTAL OPERATING EXPENSE	**68**	**78**	**74**	**78**	**80**	(13)	(15)	**298**	**293**	2
Operating Income (Loss) Before Income Tax Expense	(147)	(448)	(267)	(390)	(549)	67	73	(1,252)	(1,763)	29
Income Tax Expense (Benefit)	(56)	(165)	(99)	(143)	(201)	66	72	(463)	(647)	28
OPERATING EARNINGS (LOSS)	**$ (91)**	**$ (283)**	**$ (168)**	**$ (247)**	**$ (348)**	68	74	**$ (789)**	**$ (1,116)**	29
Average Common Equity	$ 5,300	$5,366	$ 5,470	$ 5,687	$ 6,105	(1)	(13)	$ 5,454	$ 6,475	(16)
Average Assets	10,223	9,938	10,122	10,565	11,618	3	(12)	10,210	12,143	(16)
Shareholder Value Added	(293)	(488)	(374)	(459)	(581)	40	50	(1,614)	(2,097)	23
FULL-TIME EQUIVALENT EMPLOYEES (a)	361	367	359	340	320	(2)	13			

Note: Prior periods have been adjusted to conform with current methodologies.

(a) Represents actual period end amount for each respective quarter.

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

	Dec 31 2002	Sep 30 2002	Jun 30 2002	Mar 31 2002	Dec 31 2001	Dec 31, 2002 Over (Under) Sep 30 2002	Dec 31, 2002 Over (Under) Dec 31 2001
PORTFOLIO INFORMATION							
Public Securities (101 companies) (a) (b)							
Carrying Value	$ 520	$ 488	$ 695	$ 705	$ 998	7%	(48)%
Cost	663	764	860	809	802	(13)	(17)
Private Direct Securities (945 companies) (b)							
Carrying Value	5,865	5,694	5,707	6,054	6,289	3	(7)
Cost	7,316	7,186	7,066	7,317	7,544	2	(3)
Private Fund Investments (324 funds) (b)							
Carrying Value	1,843	1,831	1,827	1,794	1,910	1	(4)
Cost	2,333	2,216	2,164	2,119	2,182	5	7
Total Investment Portfolio — Carrying Value	$ 8,228	$ 8,013	$ 8,229	$ 8,553	$ 9,197	3	(11)
Total Investment Portfolio — Cost	$10,312	$10,166	$10,090	$10,245	$10,528	1	(2)

Public Securities Investments at December 31, 2002
(dollars and shares in millions)

	Symbol	Shares	Quoted Public Value	Cost
Seagate Technology	STX	15.9	$171	$ 22
Encore Acquisition Company	EAC	4.9	90	34
Triton PCS Holdings, Inc.	TPC	16.0	63	71
Fisher Scientific International, Inc.	FSH	2.0	55	16
Guitar Center Inc.	GTRC	3.2	54	35
AT&T Wireless Services, Inc. (c)	AWE	5.8	33	4
United Auto Group, Inc.	UAG	2.6	32	30
1-800-FLOWERS.COM, Inc.	FLWS	3.9	24	14
Wesco International, Inc.	WCC	4.4	24	47
dj Orthopedics, Inc.	DJO	6.0	23	55
Top Ten Public Securities			**$569**	**$328**
Other Public Securities (91 companies)			192	335
Total Public Securities (101 companies)			**$761**	**$663**

(a) Publicly traded positions only.

(b) Represents the number of companies and funds at December 31, 2002.

(c) Excludes 3.6 million shares held directly by the holding company and 0.9 million shares held by JPMorgan Chase Bank, which were received upon distribution from JPMP.

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

JPMorganChase

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
OPERATING INCOME STATEMENT										
REVENUE:										
Net Interest Income	$ 2,154	$ 2,134	$ 2,098	$ 2,009	$ 1,822	1%	18%	$ 8,395	$ 6,933	21%
Fees and Commissions	599	1,228	1,129	890	778	(51)	(23)	3,846	2,875	34
Securities Gains	375	112	19	(13)	61	235	NM	493	378	30
All Other Revenue	228	216	175	188	223	6	2	807	765	5
TOTAL OPERATING REVENUE	**3,356**	**3,690**	**3,421**	**3,074**	**2,884**	(9)	16	**13,541**	**10,951**	24
EXPENSE:										
Compensation Expense	632	677	668	645	599	(7)	6	2,622	2,367	11
Noncompensation Expense	1,049	946	931	873	854	11	23	3,799	3,250	17
TOTAL OPERATING EXPENSE	**1,681**	**1,623**	**1,599**	**1,518**	**1,453**	4	16	**6,421**	**5,617**	14
Operating Margin	1,675	2,067	1,822	1,556	1,431	(19)	17	7,120	5,334	33
Credit Costs	874	823	736	726	926	6	(6)	3,159	2,873	10
Operating Income Before Income Tax Expense	801	1,244	1,086	830	505	(36)	59	3,961	2,461	61
Income Tax Expense	301	447	407	316	181	(33)	66	1,471	923	59
OPERATING EARNINGS	**$ 500**	**$ 797**	**$ 679**	**$ 514**	**$ 324**	(37)	54	**$ 2,490**	**$ 1,538**	62
Average Common Equity	$ 10,279	$ 10,414	$ 10,380	$ 10,095	$ 9,458	(1)	9	$ 10,293	$ 9,118	13
Average Managed Assets (a)	188,219	178,595	175,329	175,340	165,926	5	13	179,404	162,753	10
Shareholder Value Added	187	477	366	212	35	(61)	NM	1,242	430	189
Return on Common Equity	19.2%	30.2%	26.1%	20.5%	13.5%	(1,100)bp	570bp	24.1%	16.7%	740bp
Overhead Ratio	50	44	47	49	50	600	—	47	51	(400)
FULL-TIME EQUIVALENT EMPLOYEES (b)	43,607	42,901	42,632	42,317	41,195	2%	6%			
CHASE FINANCIAL SERVICES' BUSINESSES										
CHASE CARDMEMBER SERVICES:										
Operating Revenues	$ 1,578	$ 1,563	$ 1,492	$ 1,359	$ 1,261	1	25	$ 5,992	$ 4,482	34%
Operating Earnings	152	242	175	147	172	(37)	(12)	716	497	44
CHASE HOME FINANCE:										
Operating Revenues	$ 642	$ 975	$ 773	$ 529	$ 442	(34)	45	$ 2,919	$ 1,687	73
Operating Earnings	154	393	268	133	89	(61)	73	948	401	136
CHASE REGIONAL BANKING:										
Operating Revenues	$ 684	$ 690	$ 702	$ 719	$ 734	(1)	(7)	$ 2,795	$ 3,056	(9)
Operating Earnings	89	87	99	124	105	2	(15)	399	470	(15)
CHASE MIDDLE MARKET:										
Operating Revenues	$ 365	$ 384	$ 368	$ 376	$ 356	(5)	3	$ 1,493	$ 1,435	4
Operating Earnings	66	104	98	91	73	(37)	(10)	359	294	22
CHASE AUTO FINANCE:										
Operating Revenues	$ 190	$ 167	$ 167	$ 172	$ 164	14	16	$ 696	$ 552	26
Operating Earnings	38	27	82	33	36	41	6	180	128	41

Note: Prior periods have been adjusted to conform with current methodologies.

(a) Excludes the impact of credit card securitizations.

(b) Represents actual period end amount for each respective quarter.

J.P. MORGAN CHASE & CO.
CHASE FINANCIAL SERVICES
BUSINESS-RELATED METRICS

JPMorganChase

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under)		FULL YEAR		2002 Over (Under)
						3Q 2002	4Q 2001	2002	2001	2001
Chase Cardmember Services — Managed Basis										
End-of-Period Outstandings (in billions)	$ 51.1	$ 51.1	$ 49.5	$ 48.9	$ 41.6	—%	23%	$ 51.1	$ 41.6	23%
Total Purchases & Cash Advances (a) (in billions)	21.2	23.0	20.9	18.9	20.3	(8)	4	84.0	72.2	16
Total Accounts (in millions)	29.2	28.6	28.1	27.7	23.9	2	22	29.2	23.9	22
Net Charge-Off Ratio	5.75%	5.59%	6.41%	5.82%	5.56%	16bp	19bp	5.89%	5.49%	40bp
30+ Day Delinquency Rate	4.67	4.47	4.17	4.58	4.77	20	(10)	4.67	4.77	(10)
Overhead Ratio	38	34	34	34	34	400	400	35	36	(100)
Chase Regional Banking										
Total Average Deposits (in billions)	$ 70.6	$ 70.4	$ 70.0	$ 69.1	$ 66.3	—%	6%	$ 70.0	$ 65.8	6%
Total Average Assets Under Management (b) (in billions)	103.0(c)	102.9	104.4	104.8	102.9	—	—	103.8	102.6	1
Number of Branches	528	533	533	538	531	(1)	(1)	528	531	(1)
Number of ATMs	1,876	1,884	1,878	1,895	1,907	—	(2)	1,876	1,907	(2)
Number of Online Customers (in thousands)	1,185	1,128	1,066	1,003	937	5	26	1,185	937	26
Overhead Ratio	79%	75%	75%	74%	73%	400bp	600bp	76%	70%	600bp
Chase Home Finance										
Originations (in billions)	$ 60.9	$ 35.4	$ 26.5	$ 32.7	$ 50.4	72%	21%	$155.5	$184.2	(16)%
Loans Serviced (in billions)	426	435	436	426	430	(2)	(1)	426	430	(1)
Total Average Loans Owned (in billions)	59.7	54.2	54.1	56.9	57.3	10	4	56.2	55.7	1
Number of Customers (in millions)	4.0	4.1	4.1	4.0	4.0	(2)	—	4.0	4.0	—
Net Charge-Off Ratio	0.27%	0.21%	0.30%	0.21%	0.21%	6bp	6bp	0.25%	0.18%	7bp
Overhead Ratio	58	31	39	55	63	2,700	(500)	44	59	(1,500)
Chase Middle Market										
Total Average Loans (in billions)	$ 14.1	$ 13.7	$ 13.5	$ 13.6	$ 14.1	3%	—%	$ 13.7	$ 14.3	(4)%
Total Average Deposits (in billions)	25.8	24.0	24.0	22.7	20.1	8	28	24.1	18.5	30
Nonperforming Average Loans as a % of Total Average Loans	1.59%	1.95%	1.89%	2.20%	2.21%	(36)bp	(62)bp	1.91%	2.35%	(44)bp
Overhead Ratio	60	51	56	53	60	900	—	55	57	(200)
Chase Auto Finance										
Loan and Lease Receivables (in billions)	$ 36.4	$ 33.2	$ 29.3	$ 28.8	$ 28.4	10%	28%	$ 36.4	$ 28.4	28%
Origination Volume (in billions)	6.8	7.6	5.2	5.8	5.6	(11)	21	25.4	19.9	28
Market Share	5.7%(c)	5.8%	5.1%	5.2%	5.2%	(10)bp	50bp	5.7%	5.2%	50bp
Net Charge-Off Ratio	0.53	0.59	0.38	0.53	0.70	(6)	(17)	0.51	0.53	(2)
Overhead Ratio	33	35	35	34	33	(200)	—	34	37	(300)

Note: Prior periods have been adjusted to conform with current methodologies.

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

(b) Assets under management includes deposits.

(c) Estimated

SUPPLEMENTAL DETAIL

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

JPMorganChase

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under) 3Q 2002	4QTR 2002 Over (Under) 4Q 2001	FULL YEAR 2002	FULL YEAR 2001	2002 Over (Under) 2001
NONINTEREST REVENUE										
Investment Banking Fees:										
Advisory	$ 233	$ 143	$ 189	$ 191	$ 271	63%	(14)%	$ 756	$1,248	(39)%
Underwriting:										
Equity	84	57	184	139	205	47	(59)	464	525	(12)
Debt	361	345	412	425	455	5	(21)	1,543	1,839	(16)
Total	**$ 678**	**$ 545**	**$ 785**	**$ 755**	**$ 931**	24	(27)	**$ 2,763**	**$3,612**	(24)
Trading-Related Revenue: (a)										
Equities	$ (20)	$ (211)	$ 120	$ 223	$ 101	91	NM	$ 112	$1,307	(91)
Fixed Income and Other	1,273	576	1,016	1,497	803	121	59	4,362	4,972	(12)
Total	**$1,253**	**$ 365**	**$1,136**	**$1,720**	**$ 904**	243	39	**$ 4,474**	**$6,279**	(29)
Fees and Commissions:										
Investment Management, Custody and Processing Services	$ 863	$ 923	$ 981	$ 992	$ 987	(7)	(13)	$ 3,759	$3,951	(5)
Credit Card Revenue	807	806	669	587	662	—	22	2,869	2,108	36
Brokerage and Investment Services	273	321	333	304	305	(15)	(10)	1,231	1,244	(1)
Mortgage Servicing Fees, Net of Amortization and Writedowns	(330)	323	257	48	(81)	NM	(307)	298	(230)	NM
Other Lending-Related Service Fees	160	128	128	130	118	25	36	546	495	10
Deposit Service Charges	277	288	273	290	277	(4)	—	1,128	1,023	10
Other Fees	232	216	244	233	225	7	3	925	890	4
Total	**$2,282**	**$3,005**	**$2,885**	**$2,584**	**$2,493**	(24)	(8)	**$10,756**	**$9,481**	13
Other Revenue: (b)										
Residential Mortgage Origination/Sales Activities	$ 212	$ 213	$ 146	$ 100	$ 162	—	31	$ 671	$ 576	16
All Other Revenue	78	206	146	57	(11)	(62)	NM	487	322	51
Total	**$ 290**	**$ 419**	**$ 292**	**$ 157**	**$ 151**	(31)	92	**$ 1,158**	**$ 898**	29
NONINTEREST EXPENSE										
Other Expense:										
Professional Services	$ 378	$ 307	$ 311	$ 307	$ 289	23	31	$ 1,303	$1,139	14
Outside Services	249	256	240	249	213	(3)	17	994	888	12
Marketing	220	179	144	146	179	23	23	689	601	15
Travel and Entertainment	96	102	112	101	78	(6)	23	411	453	(9)
All Other	351	324	311	405	369	8	(5)	1,391	1,440	(3)
Total	**$1,294**	**$1,168**	**$1,118**	**$1,208**	**$1,128**	11	15	**$ 4,788**	**$4,521**	6

Note: Prior periods have been adjusted to conform with current methodologies.

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

(b) In the third quarter of 2002, the "Provision for Loan Losses" was renamed "Provision for Credit Losses" and now includes the aggregate amount of the provision for loan losses and provision for lending-related commitments. The prior period provision for lending-related commitments was reclassified from "Other Revenue" to the "Provision for Credit Losses" category.

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

	Dec 31 2002	Sep 30 2002	Jun 30 2002	Mar 31 2002	Dec 31 2001	Dec 31, 2002 Over (Under) Sep 30 2002	Dec 31, 2002 Over (Under) Dec 31 2001
ASSETS							
Cash and Due from Banks	$ 19,218	$ 18,159	$ 21,878	$ 22,637	$ 22,600	6%	(15)%
Deposits with Banks	8,942	13,447	10,517	9,691	12,743	(34)	(30)
Federal Funds Sold and Securities Purchased under Resale Agreements	65,809	63,748	71,740	76,719	63,727	3	3
Securities Borrowed	34,143	35,283	48,429	40,880	36,580	(3)	(7)
Trading Assets:							
Debt and Equity Instruments	165,199	151,264	159,746	144,992	118,248	9	40
Derivative Receivables	83,102	87,518	69,858	63,224	71,157	(5)	17
Securities	84,463	79,768	64,526	61,225	59,760	6	41
Loans (Net of Allowance for Loan Losses)	211,014	206,215	207,080	209,541	212,920	2	(1)
Private Equity Investments	8,228	8,013	8,229	8,553	9,197	3	(11)
Goodwill	8,096	8,108	8,089	8,055	8,336	—	(3)
Other Intangibles:							
Mortgage Servicing Rights	3,230	3,606	5,689	6,918	6,579	(10)	(51)
Purchased Credit Card Relationships	1,269	1,337	1,426	1,508	519	(5)	145
All Other Intangibles	307	311	313	327	44	(1)	NM
Other Assets	65,780	64,982	63,026	58,238	71,165	1	(8)
TOTAL ASSETS	**$758,800**	**$741,759**	**$740,546**	**$712,508**	**$693,575**	2	9
LIABILITIES							
Deposits:							
Noninterest-Bearing	$ 82,029	$ 74,724	$ 73,529	$ 72,659	$ 76,974	10	7
Interest-Bearing	222,724	217,447	220,300	209,378	216,676	2	3
Total Deposits	304,753	292,171	293,829	282,037	293,650	4	4
Federal Funds Purchased and Securities Sold under Repurchase Agreements	169,483	154,745	162,656	152,837	128,445	10	32
Commercial Paper	16,591	13,775	14,561	23,726	18,510	20	(10)
Other Borrowed Funds	8,946	12,646	17,352	16,968	10,835	(29)	(17)
Trading Liabilities:							
Debt and Equity Instruments	66,864	71,607	67,952	71,141	52,988	(7)	26
Derivative Payables	66,227	70,593	55,575	44,997	56,063	(6)	18
Accounts Payable, Accrued Expenses and Other Liabilities (including the Allowance for Lending-Related Commitments)	38,440	38,233	38,083	36,910	47,813	1	(20)
Long-Term Debt	39,751	39,113	42,363	37,322	39,183	2	1
Guaranteed Preferred Beneficial Interests in the Firm's Junior Subordinated Deferrable Interest Debentures	5,439	5,439	5,439	5,439	4,439	—	23
TOTAL LIABILITIES	**716,494**	**698,322**	**697,810**	**671,377**	**651,926**	3	10
PREFERRED STOCK OF SUBSIDIARY	**—**	**—**	**—**	**—**	**550**	NM	NM
STOCKHOLDERS' EQUITY							
Preferred Stock	1,009	1,009	1,009	1,009	1,009	—	—
Common Stock	2,024	2,023	2,020	2,016	1,997	—	1
Capital Surplus	13,222	13,113	13,111	12,783	12,495	1	6
Retained Earnings	25,851	26,940	27,605	27,278	26,993	(4)	(4)
Accumulated Other Comprehensive Income (Loss)	1,227	1,465	79	(909)	(442)	(16)	NM
Treasury Stock, at Cost	(1,027)	(1,113)	(1,088)	(1,046)	(953)	8	(8)
TOTAL STOCKHOLDERS' EQUITY	**42,306**	**43,437**	**42,736**	**41,131**	**41,099**	(3)	3
TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY	**$758,800**	**$741,759**	**$740,546**	**$712,508**	**$693,575**	2	9

Note: Prior periods have been adjusted to conform with current methodologies.

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

						4QTR 2002 Over (Under)		FULL YEAR		2002 Over (Under)
	4QTR 2002	**3QTR 2002**	**2QTR 2002**	**1QTR 2002**	**4QTR 2001**	**3Q 2002**	**4Q 2001**	**2002**	**2001**	**2001**
AVERAGE BALANCES										
ASSETS										
Deposits with Banks	$ 13,074	$ 13,071	$ 9,287	$ 12,326	$ 10,810	—%	21%	$ 11,945	$ 9,119	31%
Federal Funds Sold and Securities Purchased under Resale Agreements	88,974	83,402	83,317	81,004	85,582	7	4	84,194	83,841	—
Securities and Trading Assets	229,120	205,232	201,512	180,951	188,988	12	21	204,337	196,166	4
Securities Borrowed	40,673	41,881	46,537	41,739	39,213	(3)	4	42,703	38,156	12
Loans	211,489	205,037	211,495	217,847	218,625	3	(3)	211,432	219,843	(4)
Total Interest-Earning Assets	583,330	548,623	552,148	533,867	543,218	6	7	554,611	547,125	1
Noninterest-Earning Assets	171,836	175,743	182,798	184,779	196,557	(2)	(13)	178,746	188,848	(5)
TOTAL ASSETS	**$755,166**	**$724,366**	**$734,946**	**$718,646**	**$739,775**	4	2	**$733,357**	**$735,973**	—
LIABILITIES										
Interest-Bearing Deposits	$215,061	$214,932	$221,687	$218,049	$223,314	—	(4)	$217,417	$215,865	1
Federal Funds Purchased and Securities Sold under Repurchase Agreements	182,526	170,266	166,919	153,662	164,714	7	11	168,428	163,858	3
Commercial Paper	13,469	13,740	18,514	18,901	17,134	(2)	(21)	16,134	18,561	(13)
Other Borrowings (a)	65,591	66,014	78,614	67,408	55,388	(1)	18	69,393	64,029	8
Long-Term Debt	44,621	45,525	42,482	43,046	44,964	(2)	(1)	43,927	45,583	(4)
Total Interest-Bearing Liabilities	521,268	510,477	528,216	501,066	505,514	2	3	515,299	507,896	1
Noninterest-Bearing Liabilities	190,919	170,712	164,832	175,800	191,098	12	—	175,594	184,817	(5)
TOTAL LIABILITIES	**712,187**	**681,189**	**693,048**	**676,866**	**696,612**	5	2	**690,893**	**692,713**	—
PREFERRED STOCK OF SUBSIDIARY	**—**	**—**	**—**	**354**	**550**	NM	NM	**87**	**550**	(84)
Preferred Stock	1,009	1,009	1,009	1,009	1,009	—	—	1,009	1,186	(15)
Common Stockholders' Equity	41,970	42,168	40,889	40,417	41,604	—	1	41,368	41,524	—
TOTAL STOCKHOLDERS' EQUITY	**42,979**	**43,177**	**41,898**	**41,426**	**42,613**	—	1	**42,377**	**42,710**	(1)
TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY	**$755,166**	**$724,366**	**$734,946**	**$718,646**	**$739,775**	4	2	**$733,357**	**$735,973**	—
AVERAGE RATES										
INTEREST-EARNING ASSETS										
Deposits with Banks	1.48%	2.65%	3.31%	2.96%	3.76%	(117)bp	(228)bp	2.54%	4.96%	(242)bp
Federal Funds Sold and Securities Purchased under Resale Agreements	2.33	2.52	2.58	2.45	3.18	(19)	(85)	2.47	4.54	(207)
Securities and Trading Assets	4.62	4.98	5.18	5.35	5.40	(36)	(78)	5.01	5.67	(66)
Securities Borrowed	1.42	1.70	1.49	1.77	2.00	(28)	(58)	1.59	3.52	(193)
Loans	5.29	5.73	5.95	5.87	5.97	(44)	(68)	5.71	7.07	(136)
Total Interest-Earning Assets	**4.22**	**4.58**	**4.74**	**4.79**	**5.00**	(36)	(78)	**4.57**	**5.90**	(133)
INTEREST-BEARING LIABILITIES										
Interest-Bearing Deposits	2.17	2.62	2.38	2.49	2.52	(45)	(35)	2.42	3.70	(128)
Federal Funds Purchased and Securities Sold under Repurchase Agreements	1.71	2.06	2.06	2.07	2.63	(35)	(92)	1.97	4.06	(209)
Commercial Paper	1.53	1.81	1.84	1.76	2.30	(28)	(77)	1.74	4.03	(229)
Other Borrowings	4.69	5.06	5.24	4.81	6.17	(37)	(148)	4.96	5.77	(81)
Long-Term Debt	3.68	3.22	3.10	3.35	3.58	46	10	3.34	5.01	(167)
Total Interest-Bearing Liabilities	**2.44**	**2.78**	**2.75**	**2.72**	**3.04**	(34)	(60)	**2.67**	**4.21**	(154)
TOTAL INVESTABLE FUNDS	**2.18**	**2.59**	**2.63**	**2.55**	**2.83**	(41)	(65)	**2.48**	**3.91**	(143)
INTEREST RATE SPREAD	1.78%	1.80%	1.99%	2.07%	1.96%	(2)	(18)	1.90%	1.69%	21
NET INTEREST MARGIN	2.04%	1.99%	2.11%	2.24%	2.17%	5	(13)	2.09%	1.99%	10
NET INTEREST MARGIN ADJUSTED FOR SECURITIZATIONS	2.36%	2.31%	2.36%	2.47%	2.39%	5	(3)	2.37%	2.18%	19

(a) Includes securities sold but not yet purchased.

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

	Dec 31 2002	Sep 30 2002	Jun 30 2002	Mar 31 2002	Dec 31 2001	December 31, 2002 Over (Under) Sep 30 2002	December 31, 2002 Over (Under) Dec 31 2001
CREDIT-RELATED ASSETS							
COMMERCIAL LOANS							
Domestic Commercial	$ 56,667	$ 62,901	$ 67,124	$ 64,068	$ 66,436	(10)%	(15)%
Foreign Commercial	34,881	34,585	37,577	37,684	38,428	1	(9)
Total Commercial Loans	91,548	97,486	104,701	101,752	104,864	(6)	(13)
Derivative Receivables	83,102	87,518	69,858	63,224	71,157	(5)	17
TOTAL COMMERCIAL CREDIT-RELATED	**174,650**	**185,004**	**174,559**	**164,976**	**176,021**	**(6)**	**(1)**
CONSUMER LOANS							
Credit Card — Reported	19,677	20,508	21,036	24,746	19,387	(4)	1
Credit Card — Securitizations	30,722	29,843	27,499	23,225	21,424	3	43
Credit Card — Managed	50,399	50,351	48,535	47,971	40,811	—	23
1-4 Family Residential Mortgages	64,000	55,675	52,669	54,460	59,430	15	8
Auto Financings	33,615	30,612	26,666	26,002	25,667	10	31
Other Consumer (a)	7,524	7,197	7,014	7,586	8,096	5	(7)
TOTAL MANAGED CONSUMER LOANS	**155,538**	**143,835**	**134,884**	**136,019**	**134,004**	8	16
TOTAL MANAGED CREDIT-RELATED ASSETS	**$330,188**	**$328,839**	**$309,443**	**$300,995**	**$310,025**	**—**	**7**
NONPERFORMING ASSETS AND RATIOS							
COMMERCIAL LOANS							
Domestic Commercial	$ 2,059	$ 1,865	$ 1,402	$ 1,399	$ 1,275	10	61
Foreign Commercial	1,613	1,731	1,110	960	722	(7)	123
Total Commercial Loans	3,672	3,596	2,512	2,359	1,997	2	84
Derivative Receivables (b)	289	169	144	155	170	71	70
TOTAL	**3,961**	**3,765**	**2,656**	**2,514**	**2,167**	5	83
CONSUMER LOANS							
Credit Card — Reported	15	17	18	19	22	(12)	(32)
Credit Card — Securitizations	—	—	—	—	—	NM	NM
Credit Card — Managed	15	17	18	19	22	(12)	(32)
1-4 Family Residential Mortgages	312	314	275	351	280	(1)	11
Auto Financings	118	108	103	98	118	9	—
Other Consumer (a)	76	68	54	66	79	12	(4)
Total Consumer Loans	521	507	450	534	499	3	4
TOTAL	**4,482**	**4,272**	**3,106**	**3,048**	**2,666**	5	68
Assets Acquired in Loan Satisfactions	190	140	142	130	124	36	53
TOTAL	**4,672**	**4,412**	**3,248**	**3,178**	**2,790**	6	67
Other Receivables (c)	108	1,130	1,130	1,130	1,130	(90)	(90)
TOTAL NONPERFORMING ASSETS (d)	**$ 4,780**	**$ 5,542**	**$ 4,378**	**$ 4,308**	**$ 3,920**	(14)	22
TOTAL NONPERFORMING ASSETS TO TOTAL ASSETS	**0.63%**	**0.75%**	**0.59%**	**0.60%**	**0.57%**	(12)bp	6bp
PAST DUE 90 DAYS AND OVER AND ACCRUING							
COMMERCIAL LOANS							
Domestic Commercial	$ 57	$ 32	$ 29	$ 42	$ 30	78%	90%
Foreign Commercial	—	1	2	10	5	NM	NM
TOTAL COMMERCIAL CREDIT-RELATED	**57**	**33**	**31**	**52**	**35**	73	63
CONSUMER LOANS							
Credit Card — Reported	451	447	505	619	449	1	—
Credit Card — Securitizations	630	526	457	478	457	20	38
Credit Card — Managed	1,081	973	962	1,097	906	11	19
1-4 Family Residential Mortgages	—	1	—	—	—	NM	NM
Auto Financings	—	—	—	—	1	NM	NM
Other Consumer (a)	22	26	37	45	36	(15)	(39)
TOTAL CONSUMER LOANS	**1,103**	**1,000**	**999**	**1,142**	**943**	10	17
TOTAL CR.-REL. ACCRUING ASSETS PAST DUE 90 DAYS	**$ 1,160**	**$ 1,033**	**$ 1,030**	**$ 1,194**	**$ 978**	12	19

(a) Consists of installment loans (direct and indirect types of consumer finance), student loans, unsecured revolving lines of credit and foreign consumer loans.

(b) Includes $125 million of Enron-related surety receivables at December 31, 2002 that were the subject of recently settled litigation with credit-worthy entities.

(c) These receivables at December 31, 2002 relate to the Enron-related letter of credit, which is the subject of litigation with a credit-worthy entity and are classified in Other Assets.

(d) Nonperforming assets at December 31, 2002 have not been reduced for credit protection (single name credit default swaps and collateralized loan obligations) relating to nonperforming counterparties in amounts aggregating $66 million. Nonperforming assets exclude nonaccrual loans held for sale ("HFS") of $43 million. HFS loans are carried at the lower of cost or market, and declines in value are recorded in Other Revenue.

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

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under)		FULL YEAR		2002 Over (Under)
						3Q 2002	4Q 2001	2002	2001	2001
NET LOAN CHARGE-OFFS										
COMMERCIAL LOANS										
Domestic Commercial	$ 226	$ 307	$ 181	$ 207	$ 388	(26)%	(42)%	$ 921	$ 817	13%
Foreign Commercial	208	527	112	113	45	(61)	NM	960	165	NM
TOTAL COMMERCIAL LOANS	**434**	**834**	**293**	**320**	**433**	(48)	—	**1,881**	**982**	92
CONSUMER LOANS										
Credit Card — Reported	286	333	433	337	274	(14)	4	1,389	990	40
Credit Card — Securitizations	430	354	334	321	264	21	63	1,439	1,048	37
Credit Card — Managed	716	687	767	658	538	4	33	2,828	2,038	39
1-4 Family Residential Mortgages	15	7	21	13	18	114	(17)	56	50	12
Auto Financings	47	47	29	38	50	—	(6)	161	137	18
Other Consumer (a)	54	45	45	45	43	20	26	189	176	7
TOTAL CONSUMER LOANS	**832**	**786**	**862**	**754**	**649**	6	28	**3,234**	**2,401**	35
TOTAL MANAGED NET LOAN CHARGE-OFFS	**$1,266**	**$1,620**	**$1,155**	**$1,074**	**$1,082**	(22)	17	**$5,115**	**$3,383**	51
NET LOAN CHARGE-OFF RATES — ANNUALIZED										
COMMERCIAL LOANS										
Domestic Commercial	1.61%	1.95%	1.13%	1.24%	2.04%	(34)bp	(43)bp	1.52%	1.02%	50bp
Foreign Commercial	2.30	6.66	1.24	1.34	0.53	(436)	177	2.63	0.50	213
TOTAL COMMERCIAL LOANS	**1.88**	**3.53**	**1.17**	**1.27**	**1.58**	(165)	30	**1.93**	**0.87**	106
CONSUMER LOANS										
Credit Card — Reported	5.90	6.27	7.67	5.78	5.74	(37)	16	6.42	5.09	133
Credit Card — Securitizations	5.58	4.95	5.30	5.98	5.23	63	35	5.43	5.83	(40)
Credit Card — Managed	5.70	5.51	6.42	5.87	5.48	19	22	5.87	5.45	42
1-4 Family Residential Mortgages	0.10	0.05	0.16	0.09	0.12	5	(2)	0.10	0.09	1
Auto Financings	0.58	0.64	0.43	0.58	0.79	(6)	(21)	0.57	0.59	(2)
Other Consumer (a)	2.77	2.53	2.35	2.16	2.12	24	65	2.41	2.17	24
TOTAL CONSUMER LOANS	**2.20**	**2.23**	**2.53**	**2.22**	**1.98**	(3)	22	**2.30**	**1.92**	38
TOTAL MANAGED NET LOAN CHARGE-OFF RATES	**2.08**	**2.75**	**1.96**	**1.82**	**1.80**	(67)	28	**2.15**	**1.42**	73
ALLOWANCE FOR LOAN LOSSES AND RATIOS										
Allowance for Loan Losses (b)	$5,350	$5,263	$5,006	$5,005	$4,524	2%	18%			
To Total Loans	2.47%	2.49%	2.36%	2.33%	2.08%	(2)bp	39bp			
To Total Nonperforming Loans	128	128	169	173	181	—	(5,300)			
To Total Nonperforming Assets	112	95	114	116	115	1,700	(300)			
ALLOWANCE COMPONENTS (b)										
Commercial Specific and Expected	$2,216	$2,079	$1,806	$1,798	$1,724	7%	29%			
Consumer Expected	2,360	2,365	2,387	2,518	2,105	—	12			
Total Specific and Expected	**4,576**	**4,444**	**4,193**	**4,316**	**3,829**	3	20			
Residual Component	774	819	813	689	695	(5)	11			
Total	**$5,350**	**$5,263**	**$5,006**	**$5,005**	**$4,524**	2	18			

(a) Consists of installment loans (direct and indirect types of consumer finance), student loans, unsecured revolving lines of credit and foreign consumer loans.

(b) Represents period end balances for each respective quarter.

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

	Dec 31 2002	Sep 30 2002	Dec 31 2001
TELECOM AND RELATED INDUSTRIES (a)			
CREDIT-RELATED ASSETS			
Investment Grade	$3,069	$4,226	$ 4,050
Non-Investment Grade:			
Non-Criticized	3,116	2,887	3,553
Criticized, Performing	773	962	1,107
Nonperforming	831	752	236
Total Non-Investment Grade	4,720	4,601	4,896
Total Credit-Related Assets	$7,789	$8,827	$ 8,946
COMMITMENTS			
Investment Grade	$6,307	$5,881	$ 7,191
Non-Investment Grade:			
Non-Criticized	1,960	2,041	3,494
Criticized, Performing	714	1,459	799
Total Non-Investment Grade	2,674	3,500	4,293
Total Commitments	$8,981	$9,381	$11,484
CABLE INDUSTRY			
CREDIT-RELATED ASSETS			
Investment Grade	$1,697	$1,095	$ 1,057
Non-Investment Grade:			
Non-Criticized	699	807	1,896
Criticized, Performing	1,416	1,441	63
Nonperforming	532	394	39
Total Non-Investment Grade	2,647	2,642	1,998
Total Credit-Related Assets	$4,344	$3,737	$ 3,055
COMMITMENTS			
Investment Grade	$ 984	$ 818	$ 926
Non-Investment Grade:			
Non-Criticized	397	578	997
Criticized, Performing	257	294	39
Total Non-Investment Grade	654	872	1,036
Total Commitments	$1,638	$1,690	$ 1,962
MERCHANT ENERGY AND RELATED INDUSTRIES (b)			
CREDIT-RELATED ASSETS			
Investment Grade	$ 816	$ 859	$ 640
Non-Investment Grade:			
Non-Criticized	260	546	723
Criticized, Performing	1,059	659	43
Nonperforming	378	170	—
Total Non-Investment Grade	1,697	1,375	766
Total Credit-Related Assets	$2,513	$2,234	$ 1,406
COMMITMENTS			
Investment Grade	$2,764	$2,611	$ 3,207
Non-Investment Grade:			
Non-Criticized	163	650	946
Criticized, Performing	790	746	50
Total Non-Investment Grade	953	1,396	996

Total Commitments	$3,717	$4,007	$ 4,203

Note — Investment grade: JPMorgan Chase’s internal risk ratings generally corresponds to that of a BBB-/Baa3 or better rating as defined by independent rating agencies, such as Standard & Poor’s or Moody’s.

Criticized: JPMorgan Chase’s internal risk ratings generally corresponds to that of a CCC+/Caa1 or below rating as defined by independent rating agencies.

(a) Telecom and Related Industries includes other companies with an interdependence upon the telecommunications sector. Prior periods presented herein are on a comparable basis.

(b) These amounts exclude Enron-related exposure.

	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	4QTR 2001	4QTR 2002 Over (Under)		FULL YEAR		2002 Over (Under)
						3Q 2002	4Q 2001	2002	2001	2001
SOURCES AND USES OF TIER 1 CAPITAL (in billions)										
Sources of Free Cash Flow										
Operating Earnings Less Dividends	$ —(a)	$ (0.4)	$ 0.5	$ 0.5	$ (0.3)	NM	NM	$ 0.6(a)	$ 1.0	(40)%
Preferred Stock and Equivalents/Other Items	(1.2)(a)	(0.1)	(0.5)	0.2	(0.7)	NM	(71)%	(1.6)(a)	(1.5)	(7)
Capital for Internal Asset Growth	(1.3)(a)	(0.1)	0.6	0.5	1.4	NM	NM	(0.3)(a)	(0.9)	67
Total Sources of Free Cash Flow	**$ (2.5)**	**$ (0.6)**	**$ 0.6**	**$ 1.2**	**$ 0.4**	(317)%	NM	**$ (1.3)**	**$ (1.4)**	7
Uses of Free Cash Flow										
Increases (Decreases) in Capital Ratios	$ (2.3)(a)	$ (0.6)	$ 0.9	$ 1.4	$ 0.5	(283)	NM	$ (0.6)(a)	$ (0.9)	33
Acquisitions	—(a)	—	—	—	—	NM	NM	—(a)	0.1	NM
Repurchases Net of Stock Issuances	(0.2)(a)	—	(0.3)	(0.2)	(0.1)	NM	(100)	(0.7)(a)	(0.6)	(17)
Total Uses of Free Cash Flow	**$ (2.5)**	**$ (0.6)**	**$ 0.6**	**$ 1.2**	**$ 0.4**	(317)	NM	**$ (1.3)**	**$ (1.4)**	7
COMMON SHARES OUTSTANDING (in millions)										
Basic Weighted-Average Shares Outstanding	1,990.0	1,986.0	1,982.6	1,978.2	1,969.6	—	1	1,984.3	1,972.4	1
Diluted Weighted-Average Shares Outstanding	2,008.5	2,005.8	2,016.0	2,005.8	2,007.4	—	—	2,009.1	2,023.6	(1)
Common Shares Outstanding — at Period End	1,998.7	1,995.9	1,993.4	1,990.2	1,973.4	—	1	1,998.7	1,973.4	1
CASH DIVIDENDS DECLARED PER SHARE	$ 0.34	$ 0.34	$ 0.34	$ 0.34	$ 0.34	—	—	$ 1.36	$ 1.36	—
BOOK VALUE PER SHARE	20.66	21.26	20.93	20.16	20.32	(3)	2			
SHARE PRICE										
High	$ 26.14	$ 33.68	$ 38.75	$ 39.68	$ 40.95	(22)	(36)	$ 39.68	$ 59.19	(33)
Low	15.26	17.86	30.15	26.70	31.30	(15)	(51)	15.26	29.04	(47)
Close	24.00	18.99	33.92	35.65	36.35	26	(34)			
CAPITAL RATIOS										
Tier I Capital Ratio	8.2%(a)	8.7%	8.8%	8.6%	8.3%	(50)bp	(10)bp			
Total Capital Ratio	11.9(a)	12.4	12.7	12.5	11.9	(50)	—			
Tier I Leverage Ratio	5.1(a)	5.4	5.4	5.4	5.2	(30)	(10)			

Note: Prior periods have been adjusted to conform with current methodologies.

(a) Estimated

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.

JPMorgan Partners ("JPMP"): JPMorgan Chase's private equity business. Public securities held by JPMP are marked-to-market at the quoted public value less liquidity discounts, with the resulting unrealized gains/losses included in the income statement. JPMP's valuation policy for public securities incorporates the use of liquidity discounts and price averaging methodologies in certain circumstances to take into account the fact that JPMP cannot immediately realize the quoted public values as a result of the regulatory, corporate and contractual sales restrictions generally imposed on these holdings. Private investments are initially carried at cost, which is viewed as an approximation of fair value. The carrying value of private investments is adjusted to reflect valuation changes. Evidence of valuation changes are the result of unaffiliated party transactions, or in the case of impairment, regular internal valuation reviews by senior investment professionals. Such reviews consider external market and industry indicators of value.

Managed Credit Card Receivables or Managed Basis: Refer to the credit card receivables on JPMorgan Chase's balance sheet plus securitized credit card receivables.

NM: Not meaningful

Operating Basis or Operating Earnings: Represents reported results excluding the impact of merger and restructuring costs, special items, credit card securitizations and goodwill amortization.

Other Consumer Loans: Consists of installment loans (direct and indirect types of consumer finance), student loans, unsecured lines of credit and foreign consumer.

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

Reported Basis: Financial statements prepared under generally accepted accounting principles. The reported basis includes the impact of credit card securitizations, merger and restructuring costs, special items, and the net effect of the change in accounting principle.

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.

SFAS 133: As a result of the adoption of Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", net income in 2001 includes the cumulative effect of a transition adjustment of $(25) million, net of taxes. The impact on basic and diluted earnings per share was $(0.01).

SFAS 142: Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

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

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

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

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

Exhibit 99.3

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Fourth Quarter and Full Year 2002 Financial Results

January 22, 2003

Operating Results

- 4Q02
  - Trading revenue rebound
  - Lower commercial credit costs
  - Expenses up: incentives & severance
- Full year 2002
  - Retail and operating services perform well
  - Weakness in securities business, lending and private equity
  - Fundamental progress - - better operating margin, maintaining leadership positions
- Large nonrecurring charges - - merger & litigation

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4Q and Full Year EPS

($ per share)

	4Q02	FY02
Reported Net Income	($0.20)	$0.80
Non Operating Charges		
Merger & Relocation	0.13	0.43
Surety settlement & litigation	0.43	0.43
Operating Earnings	$0.36	$1.66
O(U) Prior year	$0.19	($0.19)

4Q Operating Results

($ in billions)

	4Q02	O/(U) 3Q02	O/(U) 4Q01
Revenues	$7.9	9%	15%
Expenses	5.5	18%	15%
Credit Costs	1.4	(38%)	(22%)
Earnings	$0.7	125%	105%
ROE	7%	3%	3%

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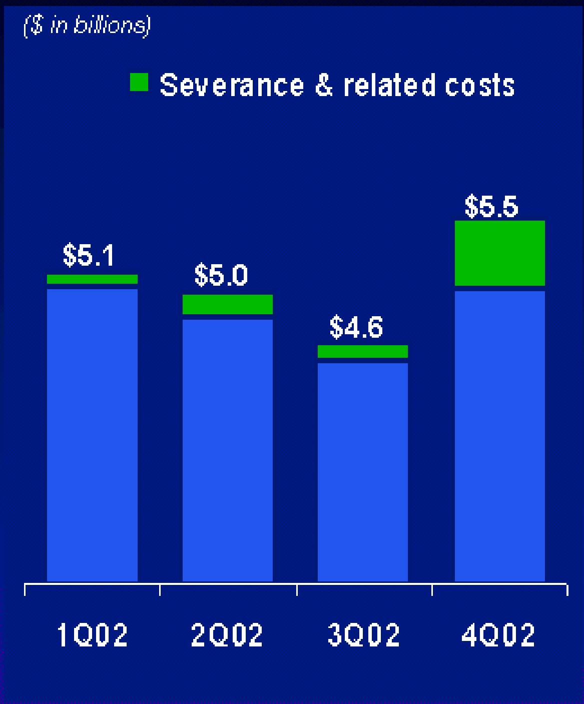
4Q Operating Expenses



- Severance and related costs, 70% in Investment Banking
  - $500mm or $0.16 a share for 4Q
  - $890mm or $0.29 for full year
  - $250mm or $0.08 a share in 2003
- Incentives vary with Investment Bank revenues and credit costs

4Q Large Operating Variances

($ in millions, rounded)

	Variances $O/(U) 3Q02	
	Expense[1]	Revenue
Investment Bank	$390	$880
Chase Financial Svcs	50	(330)
JPMorgan Partners	(10)	290
All Other [2]	40	(220)
Total ex. Severance & related costs	$470	$620
Severance & related costs	378	

(1) Excludes severance & related costs in operating expenses
(2) All Other includes TSS, IMPB, Support units and Corporate segments

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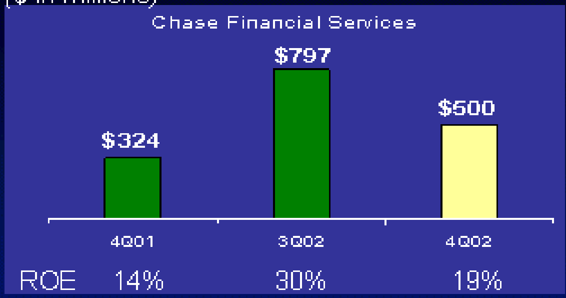
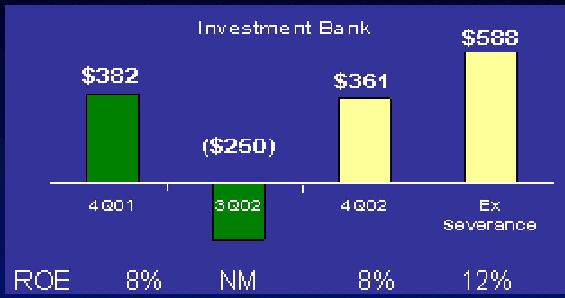
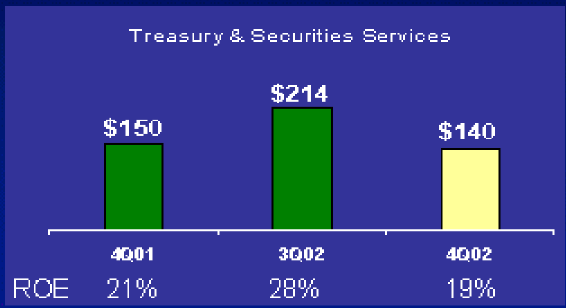
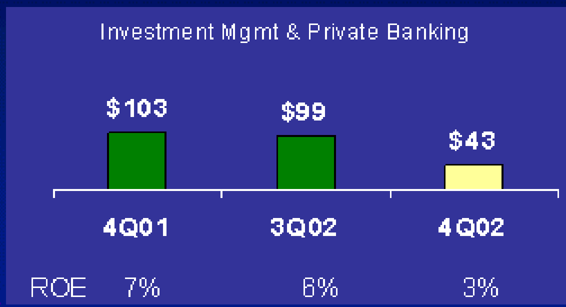
4Q Operating Results by Business

($ in millions)









	4Q01	3Q02	4Q02
JPMP Gains/Losses	($398)	($299)	($53)

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Credit Costs

($ in billions)

	4Q02	$O(U) 3Q02	FY02	$O(U) FY01
Commercial & Residual	$0.6	($0.8)	$2.8	$1.3
Consumer	0.8	0.0	3.0	0.3
Total Credit Costs	$1.4	($0.8)	$5.8	$1.6
Loan Loss Reserve	$5.4	$0.1		$0.8
Nonperforming Loans	4.2	0.1		1.7

- Credit costs related to telecom portfolio were $1.2bn in FY02
- Credit Card charge-off ratio of 5.7% and 5.9% in 4Q and FY02 respectively

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Industry View

- Telecom -- exposures down from restructurings
- Merchant energy – increase in nonperformers
- Airlines -- actively reduced & collateralized exposures

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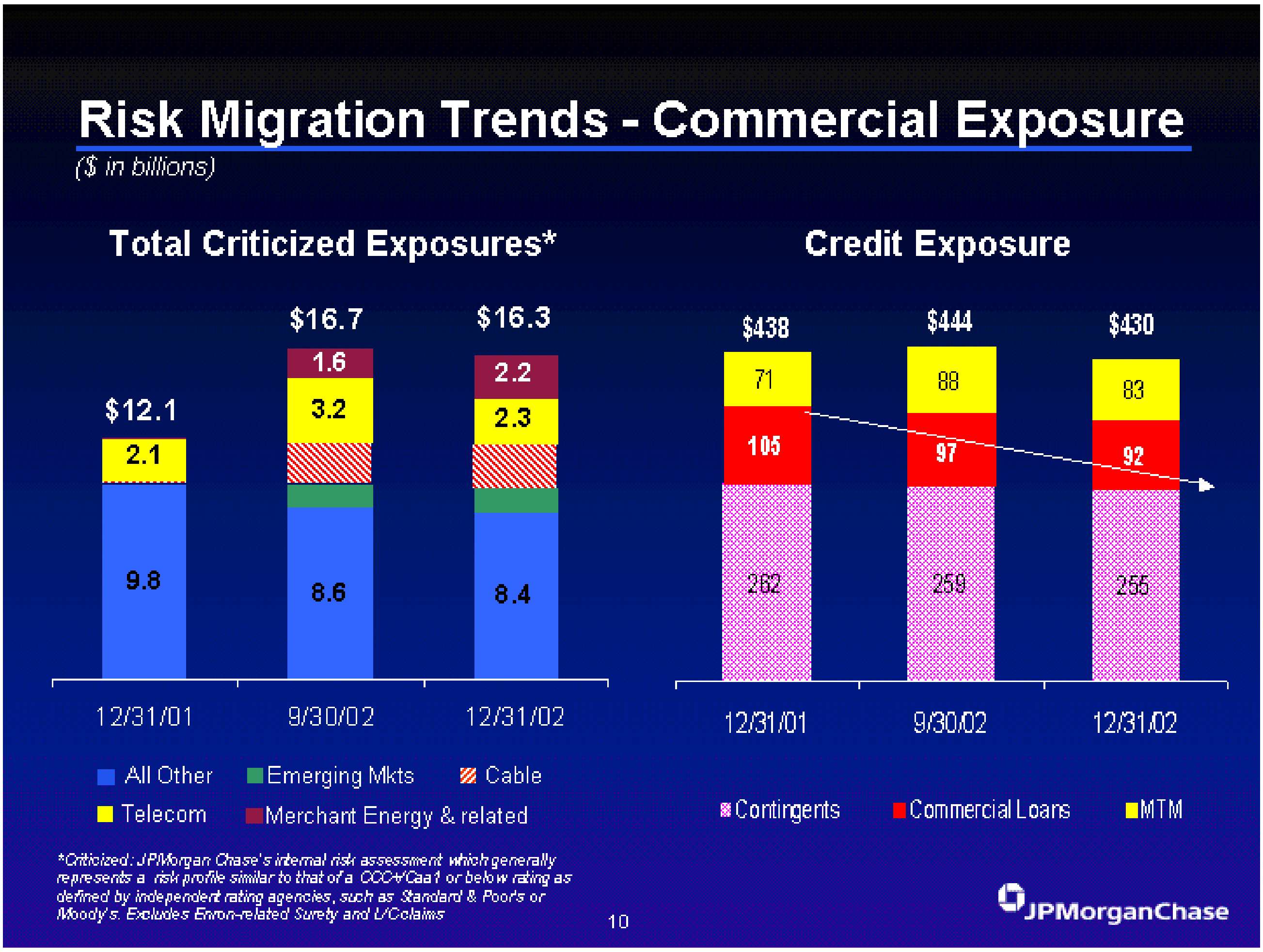
Risk Migration Trends - Commercial Exposure
($ in billions)
Total Criticized Exposures*
$12.1
2.1
9.8
$16.7
1.6
3.2
8.6
$16.3
2.2
2.3
8.4
12/31/01
9/30/02
12/31/02
All Other
Emerging Mkts
Cable
Telecom
Merchant Energy & related
Credit Exposure
$438
71
105
262
$444
88
97
259
$430
83
92
255
12/31/01
9/30/02
12/31/02
Contingents
Commercial Loans
MTM
*Criticized: JPMorgan Chase's internal risk assessment which generally represents a risk profile similar to that of a CCC+/Caa1 or below rating as defined by independent rating agencies, such as Standard & Poor's or Moody's. Excludes Enron-related Surety and L/Cclaims
10
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Full Year Operating Results

($ in billions)

	FY02	%O/(U) FY01	%O/(U) FY01 Ex.Severance & related Costs
Revenue	$31.1	2%	
Expenses	20.2	(2%)	(6%)
Operating Margin	$10.9	10%	19%
Credit Costs	5.8	36%	
Earnings	$3.4	(11%)	
ROE	8%	9%	

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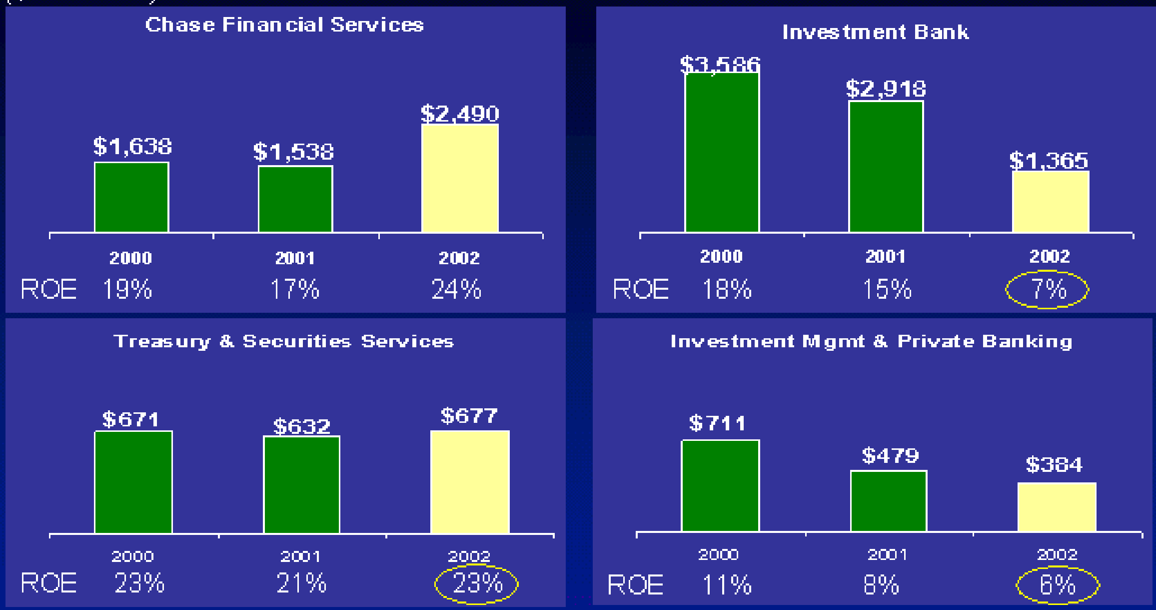
Full Year Operating Results by Business

($ in millions)



	2000	2001	2002
JPMP Gains/Losses	$997	($1,183)	($733)

Note: FY2000 numbers are pro-forma Flemings

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Chase Financial Services Key Drivers

($ in billions)

Operating Earnings	FY02	%O/(U) FY01
Consumer Credit	$1.8	80%
Regional Bkg & Middle Mkt.	0.8	(1%)
Total*	$2.5	62%
Total Adjusted for MSR Hedge Gains*	$2.1	37%
ROE	24%	17%
Adjusted ROE	20%	
Adjusted Overhead Ratio	50%	

*Total includes Other Chase Financial Services

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Investment Bank Results

($ in billions, operating basis)

	FY02	%O(U) FY01
Revenue	$12.4	(15%)
Total Expense	8.0	(9%)
Credit Costs	2.4	108%
Earnings	1.4	(53%)
ROE	7%	15%
Overhead	64%	60%

- Weak revenues, high credit and severance
  - Expenses excluding severance down 16%, overhead at 60%
  - residual severance related costs in '03

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Investment Bank League Table Summary

Full Year 2002		Rank	%Share
Global Syndicated Loans	↔	1	23%
U.S. Investment Grade Bonds	↔	2	16%
Global High Yield Corp Debt	↑	3	11%
Global Announced M&A	↓	5	15%
U.S. Equity and Equity Related	↑	6	6%

Source: Thomson Financial

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JPMP Private Equity Gains/Losses

($ in billions)

	FY02	FY01	FY00
MTM	($0.2)	($0.5)	($1.1)
Writedowns/Write-offs	(1.1)	(1.7)	(0.3)
Realized Gains	0.6	1.0	2.4
Total Private Equity Gains/Losses	($0.7)	($1.2)	$1.0

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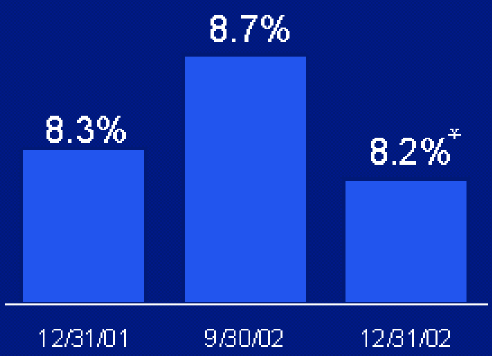
Capital

($ in billions)

Tier 1 Capital Ratio



	12/31/01	9/30/02	12/31/02
Total Assets	$694	$742	$759
RWA	$455	$443	$458

- Surety settlement & litigation (20bp)
- Regulatory changes
  - Capital for securitizations effective 12/02
  - New FASB on SPE effective 7/03
  - No change for ratings or internal economic capital

*estimated

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2003 Assumptions

- Revenue environment
  - Capital markets - no turnaround, lower loss at JPMP
  - Rates within range, lower mortgage origination & hedging gains
- Credit Costs
  - Commercial credit remains high but declines from 2002
  - Consumer increases driven by volumes
- Operating expenses slightly higher despite Investment Bank savings

2003 Operating Expense Drivers

Increases

- Options & performance stock, pension, & occupancy costs
- Retail & TSS growth
- Consolidation of Retirement Plan Services from American Century - - in negotiation

Decreases

- Investment Bank Savings
- Lower severance and related costs
- Technology outsourcing to IBM

Summary

- Difficult operating environment
- Continued focus on risk management, expenses, capital
- Today's cyclical impacts - Future leverage points
  - Credit
  - Capital markets activity
  - JPMorgan Partners
  - Improved operating margin
- Strong franchise – determined to win

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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 Reports on Form 10-Q for the quarters ended September 30, 2002 , June 30, 2002 and March 31, 2002 and in the 2001 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.

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