



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:

Commission file number

July 16, 2003

1-5805

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

(Exact name of registrant as specified in its charter)

Delaware

13-2624428

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

270 Park Avenue, New York, NY

10017

(Address of principal executive offices)

(Zip Code)

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

Item 7. Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
12.1	Computation of Ratio of Earnings to Fixed Charges
12.2	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements
99.1	Press Release – 2003 Second Quarter Earnings
99.2	Press Release Financial Supplement — Second Quarter 2003

Item 9. Regulation FD Disclosure (and Item 12. Results of Operations and Financial Condition)

On July 16, 2003, J.P. Morgan Chase & Co. (“JPMorgan Chase” or the “Firm”) reported second quarter 2003 net income of \$1.83 billion, or \$0.89 per share. Net income for the second quarter of 2002 was \$1.03 billion, or \$0.50 per share, and net income for the first quarter of 2003 was \$1.40 billion, or \$0.69 per share. A copy of the 2003 second quarter earnings press release is attached hereto as Exhibit 99.1, and a copy of the supplemental financial schedules is attached hereto as Exhibit 99.2.

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

The information included in this section and the exhibits attached hereto are intended to be furnished under “Item 12. Results of Operations and Financial Condition” and is included under Item 9 in accordance with SEC Release No. 33-8216.

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.

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(Registrant)

By: /s/ Joseph L. Sclafani

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Joseph L. Sclafani

Executive Vice President and Controller  
[Principal Accounting Officer]

Dated: July 16, 2003

## EXHIBIT INDEX

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EXHIBIT 12.1

J.P. MORGAN CHASE & CO.

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

	Six Months Ended June 30, 2003
<b>Excluding Interest on Deposits</b>	
Income before income taxes	\$ 4,889
Fixed charges:	
Interest expense	3,838
One-third of rents, net of income from subleases (a)	160
Total fixed charges	3,998
Less: Equity in undistributed income of affiliates	(23)
Earnings before taxes and fixed charges, excluding capitalized interest	\$ 8,864
Fixed charges, as above	\$ 3,998
Ratio of earnings to fixed charges	2.22
<b>Including Interest on Deposits</b>	
Fixed charges, as above	\$ 3,998
Add: Interest on deposits	2,018
Total fixed charges and interest on deposits	\$ 6,016
Earnings before taxes and fixed charges, excluding capitalized interest, as above	\$ 8,864
Add: Interest on deposits	2,018
Total earnings before taxes, fixed charges and interest on deposits	\$10,882
Ratio of earnings to fixed charges	1.81

(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)

	Six Months Ended June 30, 2003
<b>Excluding Interest on Deposits</b>	
Income before income taxes	\$ 4,889
Fixed charges:	
Interest expense	3,838
One-third of rents, net of income from subleases (a)	160
Total fixed charges	3,998
Less: Equity in undistributed income of affiliates	(23)
Earnings before taxes and fixed charges, excluding capitalized interest	\$ 8,864
Fixed charges, as above	\$ 3,998
Preferred stock dividends (pre-tax)	38
Fixed charges including preferred stock dividends	\$ 4,036
Ratio of earnings to fixed charges and preferred stock dividend requirements	2.20
<b>Including Interest on Deposits</b>	
Fixed charges including preferred stock dividends, as above	\$ 4,036
Add: Interest on deposits	2,018
Total fixed charges including preferred stock dividends and interest on deposits	\$ 6,054
Earnings before taxes and fixed charges, excluding capitalized interest, as above	\$ 8,864
Add: Interest on deposits	2,018
Total earnings before taxes, fixed charges and interest on deposits	\$10,882
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.80

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

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



News release: IMMEDIATE RELEASE

**JPMORGAN CHASE REPORTS 2003 SECOND QUARTER RESULTS  
 78% HIGHER THAN PRIOR YEAR**

**New York, July 16, 2003** – J.P. Morgan Chase & Co. (NYSE: JPM) today reported second quarter 2003 net income of \$1.83 billion, or \$0.89 per share, 78% higher than reported results for the second quarter of 2002. The return on average common equity for the quarter was 17%. Net income for the second quarter of 2002 was \$1.03 billion, or \$0.50 per share, and net income for the first quarter of 2003 was \$1.40 billion, or \$0.69 per share.

Last year, reported results were lower than results stated on an operating basis, which excluded merger and restructuring costs. Net income for the second quarter of 2003 was 55% higher than 2002 second quarter operating earnings. Operating earnings for the second quarter of 2002 were \$1.18 billion, or \$0.58 per share, with a return on common equity of 11%.

For the first six months of 2003, reported net income was \$3.23 billion, or \$1.57 per share, 61% higher than the prior year's reported results and 39% higher than the prior year's operating results. Reported net income for the first six months of 2002 was \$2.01 billion, or \$0.99 per share. Operating results for the first six months of 2002 were \$2.33 billion, or \$1.15 per share. Return on common equity was 15% for the first half of 2003, compared with 11% on an operating basis for the first half of 2002.

"I am pleased with our second quarter results, as we are beginning to realize the earnings potential of the firm. Our investment banking business maintained key leadership positions, benefitted from continued improvement in commercial credit costs and produced strong trading results. Chase Financial Services produced record earnings, with Chase Home Finance capitalizing on the mortgage refinancing boom," said William B. Harrison, Jr., Chairman and Chief Executive Officer.

**Highlights for the second quarter of 2003:**

- Total firm operating revenues were 20% higher than the second quarter of 2002, and for the first six months of 2003 were up 16% compared to the first half of 2002.
- The Investment Bank had strong capital markets results, improved market share in the first half of 2003 and benefitted from lower credit costs, generating a return on economic capital of 22%.
- Commercial credit costs, non-performing assets and criticized exposures declined significantly from the first quarter of 2003.
- Chase Financial Services reported record earnings, generating a return on economic capital of 41%.

The results for this quarter include an \$100 million addition to the previously established litigation reserve. JPMorgan Chase is in advanced stages of discussion with the staff of the Securities and Exchange Commission, the New York County District Attorney's Office, the Federal Reserve Bank of New York and the New York State Banking Department regarding a resolution of all regulatory matters related to the firm's dealings with Enron. The firm expects these discussions will be resolved within the next ninety days. As a result of these discussions, and to cover the expected cost of the settlements, the previously established litigation reserve has been increased by \$100 million.

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*The line of business operating results set forth below reflect the revised internal management reporting policies relating to allocating economic risk capital and other items previously disclosed in the firm's Form 8-K dated July 11, 2003. As discussed in that Form 8-K, all prior periods have been restated.*

### **Investment Bank ("IB")**

Operating earnings were \$1.09 billion in the second quarter, up 114% from the second quarter of 2002 and 15% from the first quarter of 2003. Operating revenues of \$4.26 billion were 35% higher than the second quarter of 2002 and 5% better than the first quarter of 2003. Return on economic capital was 22% for the quarter, compared with 10% in the second quarter of 2002 and 18% in the first quarter of 2003.

- *Investment banking fees* of \$765 million were 2% lower than the second quarter of 2002, but 23% higher than the first quarter of 2003. Relative to last year, strength in debt underwriting and loan syndication fees was offset by declines in equity underwriting fees. Advisory fees were down 16% from the second quarter of 2002 and reflected industry-wide weakness in M&A activity. For the first six months of the year, the firm maintained its #1 ranking in Global Loan Syndications and its #2 ranking in U.S. Investment Grade Bonds, improved to #3 in Global Announced M&A, with a 17% market share, and improved to #3 in U.S. Equity and Equity Related, with a 13% market share.<sup>1</sup>
- *Capital markets and lending revenues* for the quarter were \$3.49 billion, up 47% from the second quarter of 2002. On a total return basis (which represents total revenues plus the unrealized gains or losses on third party or internally transfer-priced assets and liabilities in fixed income and treasury activities), revenues of \$3.24 billion were up 35% from the second quarter of 2002. The increase reflected strong results in fixed income, driven by strength in North America credit markets, Latin America, interest rate derivatives and foreign exchange trading. Global Treasury had total return revenues of \$438 million, up 104% from the second quarter of 2002, due to risk positioning to benefit from interest rate movements. Equity capital markets revenues of \$390 million were 5% higher than the second quarter of 2002 reflecting better performance in equity derivatives.
- *Credit costs* in the Investment Bank were negative \$4 million as charge-offs of \$220 million were adequately reserved for in previous quarters. In addition, the quality of the credit portfolio improved and few new problem credits emerged during the quarter.
- *Operating expenses* of \$2.46 billion increased 23% from the second quarter of 2002 primarily driven by higher incentives resulting from improved financial performance. Non-compensation expenses increased 12% from the second quarter of 2002 as a result of the \$100 million addition to the Enron-related litigation reserve and \$104 million in charges to provide for anticipated losses on subletting unoccupied excess real estate. Without these two items, non-compensation expenses were down 13% from the second quarter of 2002.

### **Chase Financial Services ("CFS")**

Operating earnings were a record \$883 million, an increase of 36% from the second quarter of 2002 and 30% from the first quarter of 2003. Return on economic capital was 41% for the second quarter compared to 30% in the second quarter of 2002 and 32% in the first quarter of 2003.

- *Operating revenues* were a record \$3.98 billion for the quarter, up 17% from the second quarter of 2002, reflecting higher production volumes across all national consumer credit businesses. Home Finance revenues of \$1.32 billion were up 71% from the second quarter of 2002, due to record mortgage originations and, to a lesser extent, gains on the hedging of mortgage servicing rights. Auto Finance also generated record revenues in the second quarter, up 35% from the second quarter of 2002, driven by higher originations resulting in increased market share. Cardmember Services revenues were up 2%

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1 Derived from Thomson Financial Securities Data

from the prior year reflecting growth in fee related revenues. Regional Banking and Middle Market average deposits grew 7% and 12%, respectively, from the second quarter of 2002. However, both reported lower revenue as declining interest rates resulted in reduced net interest income, despite the higher balances.

- *Operating expenses* of \$1.76 billion for the quarter were up 8% from the second quarter of 2002 reflecting higher business volumes, increased marketing costs and higher incentives due to better financial performance.
- *Credit costs* of \$817 million were 11% higher than the second quarter of 2002. Charge-offs decreased 2% from the second quarter of 2002 despite a 21% increase in average managed loans. Delinquency rates in the consumer loan portfolios have decreased compared to the first quarter of 2003.

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

Operating earnings were \$127 million, down 23% from the second quarter of 2002 and 3% from the first quarter of 2003, principally due to severance and related costs and lower “corporate credit allocation earnings” (see below). Return on economic capital for the quarter was 18%, compared to 25% in the second quarter of 2002 and 19% in the first quarter of 2003.

- *Operating revenues* for the second quarter were \$984 million, down 1% from the second quarter of 2002. Treasury Services revenues increased 7% from the second quarter of 2002 due to higher trade finance revenues, card revenues and balance deficiency fees. Institutional Trust Services revenues increased 8% from the prior year reflecting increased activity in the asset servicing business, together with growth in selected debt product lines and the impact of acquisitions. Investor Services revenues declined 14% from the prior year as the business continues to be adversely affected by difficult market conditions, resulting in reduced deposit balances, custody fees, foreign exchange revenue and securities lending activity.
- *Operating expenses* increased 6% from the second quarter of 2002, reflecting charges to provide for anticipated losses on subletting unoccupied excess real estate, higher severance, the impact of acquisitions, the cost associated with expensing of options and increased pension costs.
- *Corporate Credit Allocation\** impact on net earnings associated with shared client exposures declined \$10 million, or 48%, from the second quarter of 2002 and \$3 million, or 21%, from the first quarter of 2003, reflecting lower loan volumes and higher related expenses.

- \* *As previously announced in the Form 8-K dated July 11, 2003, management has decided to assign to T&SS a corporate credit allocation, together with associated economic capital. The corporate credit allocation is the amount of net earnings related to certain credit exposures managed within the IB credit portfolio on behalf of clients shared with T&SS.*

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

Operating earnings were \$69 million in the second quarter, down 16% from the second quarter of 2002, but up 92% from the first quarter of 2003. The pre-tax margin in the second quarter of 2003 was 15%, compared with 18% in the second quarter of 2002 and 10% for the first quarter of 2003. Return on economic capital was 5% compared with 6% in the second quarter of 2002 and 3% in the first quarter of 2003. Tangible return on economic capital was 21% compared with 21% in the second quarter of 2002 and 12% in the first quarter of 2003.

- *Operating revenues* of \$684 million were 6% below the same period last year and 6% higher than the first quarter of 2003. IMPB generated increased quarter-on-quarter revenues for the first time since the first quarter of 2002. Lower global equity valuations (the S&P 500 index was down approximately 14% from the prior year’s level) and institutional outflows contributed to the decrease in revenue versus the second quarter of 2002.
- *Operating expenses* of \$578 million were flat compared to the second quarter of 2002.

- *Credit Costs* were zero for the second quarter of 2003 as compared to \$23 million in the second quarter of 2002.
- *Total assets under supervision* were \$694 billion at June 30, 2003, up 1% from the second quarter of 2002 and 12% higher than the first quarter of 2003. Assets under management decreased 6% from the second quarter of 2002 reflecting institutional outflows and equity market depreciation. Assets under management increased 3% from the first quarter of 2003. Not reflected in assets under management is the firm's 44% interest in American Century, which had assets under management of \$78 billion as of the end of the second quarter of 2003.

#### ***JPMorgan Partners ("JPMP")***

Total net private equity losses were \$22 million, compared to losses of \$126 million in the second quarter of 2002 and \$230 million in the first quarter of 2003.

- During the quarter, JPMP's direct private equity investments recorded net gains of \$123 million compared to net losses of \$135 million in the second quarter of 2002. The net gains for the direct investment portfolio of \$123 million included \$153 million in realized cash gains, \$147 million of mark-to-market gains on public securities and negative valuation adjustments of \$177 million.
- Limited partner interests in third-party private equity funds resulted in net losses of \$145 million compared to net gains of \$9 million in the second quarter of 2002. These included losses on the disposition of funded limited partnership interests under contract to be sold in the third quarter and additional performance deterioration in the remaining third party fund portfolio.
- JPMorgan Partners had a net operating loss of \$91 million for the quarter compared to net operating losses of \$168 million in the second quarter of 2002 and \$217 million in the first quarter of 2003.

#### ***Expenses***

- ***Operating expenses*** were \$5.8 billion, up 17% from the second quarter of 2002 and up 5% from the first quarter of 2003. Relative to last year, the increase was primarily driven by higher compensation expenses resulting from higher performance-related incentive accruals of \$628 million (including \$62 million related to stock-based compensation), the additional Enron-related litigation reserve of \$100 million, increased pension costs of \$21 million and increased severance and related costs including a \$128 million charge for vacant excess real estate. For the first half of 2003, expenses included \$381 million of severance and related costs, inclusive of \$206 million in charges for vacant excess real estate. Operating expenses in the first half of 2002 included \$268 million in severance and related costs.
- Personnel began to be transferred to IBM in connection with the technology infrastructure outsourcing agreement, resulting in a shift from compensation expenses to technology expenses.

#### ***Credit***

- ***Commercial*** loan net charge-offs in the second quarter of 2003 were \$257 million compared to \$292 million in the first quarter of 2003 and \$293 million in the second quarter of 2002. The charge-off ratio for commercial loans was 1.20% in the second quarter of 2003, compared to 1.32% in the first quarter of 2003 and 1.17% for the second quarter of 2002.
- ***Consumer*** loan net charge-offs excluding credit card securitizations were \$357 million in the second quarter of 2003 compared to \$378 million in the first quarter of 2003 and \$528 million in the second quarter of 2002. On a managed basis, which includes credit card securitizations, charge-offs were \$837 million, up from \$835 million in the first quarter of 2003 but down from \$862 million in the second quarter of 2002. The decrease from the second quarter of 2002 was due to improved credit quality across the consumer credit products. On a managed basis, the credit card net charge-off ratio was

6.01% for the second quarter of 2003, compared to 5.95% for the first quarter of 2003 and 6.42% for the second quarter of 2002.

- **Provision for credit losses** of \$435 million in the second quarter was less than total net charge-offs of \$614 million. On a managed basis, credit costs were \$915 million in the second quarter of 2003 compared to \$1.16 billion in the second quarter of 2002 and \$1.20 billion in the first quarter of 2003. Managed credit costs of \$915 million were less than total net managed charge-offs of \$1.09 billion.
- **Total Nonperforming Assets** were \$4.07 billion at June 30, 2003, down 7% from both the first quarter of 2003 and the second quarter of 2002. Commercial criticized exposures (including loans, derivative receivables and unfunded commitments) declined \$1.73 billion, or 12%, since March 31, 2003 and \$3.74 billion, or 23%, since December 31, 2002.

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

- **Total assets** as of June 30, 2003 were \$803 billion, compared with \$755 billion as of March 31, 2003 and \$741 billion as of June 30, 2002. Commercial loans were up 3%, or \$2.6 billion, from the first quarter of 2003 and decreased 13%, or \$13.6 billion, from June 30, 2002. Managed consumer loans increased 5% from March 31, 2003 and 26% from June 30, 2002, primarily from increases in mortgages. The Tier 1 capital ratio was 8.5% at June 30, 2003, compared to 8.4% at March 31, 2003 and 8.8% at June 30, 2002.

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

- There were no special items in the first half of 2003, as merger and restructuring costs are now included in reported results. Special items in the second quarter of 2002 and the first half of 2002 included \$229 million and \$484 million, respectively, in merger and restructuring costs.

J.P. Morgan Chase & Co. is a leading global financial services firm with assets of \$803 billion and operations in more than 50 countries. The firm is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, investment management, private banking and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumers nationwide, and many of the world's most prominent corporate, institutional and government clients. Information about JPMorgan Chase is available on the Internet at [www.jpmorganchase.com](http://www.jpmorganchase.com).

JPMorgan Chase will hold a conference call for the investment community on Wednesday, July 16, 2003 at 11:00 a.m. (Eastern Daylight Time) to review second quarter 2003 financial results. The dial-in number is (973) 935-8506. A live audio webcast of the call will be available on [www.jpmorganchase.com](http://www.jpmorganchase.com). Slides for the call will also be available on [www.jpmorganchase.com](http://www.jpmorganchase.com). A telephone replay of the presentation will be available beginning at 1:30 p.m. (EDT) on July 16, 2003 and continuing through 6:00 p.m. (EDT) on July 23, 2003 at (973) 341-3080 pin #4005588. The replay also will be available on [www.jpmorganchase.com](http://www.jpmorganchase.com) beginning at 1:30 p.m. (EDT) on July 16, 2003. 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](http://www.jpmorganchase.com)).

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

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



	2QTR 2003	1QTR 2003	2QTR 2002	2QTR 2003 Over (Under)	
				1Q 2003	2Q 2002
<b>INCOME STATEMENT</b>					
<b>REVENUE:</b>					
Investment Banking Fees	\$ 779	\$ 616	\$ 785	26%	(1)%
Trading Revenue	1,477	1,232	731	20	102
Fees and Commissions	2,479	2,598	2,885	(5)	(14)
Private Equity Gains (Losses)	(29)	(221)	(125)	87	77
Securities Gains	768	485	124	58	NM
Other Revenue	497	481	292	3	70
<b>Total Noninterest Revenue</b>	<b>5,971</b>	<b>5,191</b>	<b>4,692</b>	15	27
<b>Net Interest Income</b>	<b>3,063</b>	<b>3,215</b>	<b>2,882</b>	(5)	6
Revenue before Provision for Credit Losses	9,034	8,406	7,574	7	19
Provision for Credit Losses	435	743	821	(41)	(47)
<b>TOTAL NET REVENUE</b>	<b>8,599</b>	<b>7,663</b>	<b>6,753</b>	12	27
<b>EXPENSE:</b>					
Compensation Expense	3,231	3,174	2,761	2	17
Occupancy Expense	543	496	365	9	49
Technology and Communications Expense	732	637	629	15	16
Amortization of Intangibles	73	74	92	(1)	(21)
Other Expense	1,153	1,160	1,118	(1)	3
Surety Settlement and Litigation Reserve (a)	100	—	—	NM	NM
Merger and Restructuring Costs	—	—	229	NM	NM
<b>TOTAL NONINTEREST EXPENSE</b>	<b>5,832</b>	<b>5,541</b>	<b>5,194</b>	5	12
Income before Income Tax Expense	2,767	2,122	1,559	30	77
Income Tax Expense	940	722	531	30	77
<b>NET INCOME</b>	<b>\$ 1,827</b>	<b>\$ 1,400</b>	<b>\$ 1,028</b>	31	78
<b>PER COMMON SHARE</b>					
Net Income:					
Basic	\$ 0.90	\$ 0.69	\$ 0.51	30%	76%
Diluted	0.89	0.69	0.50	29	78
Cash Dividends Declared	0.34	0.34	0.34	—	—
Share Price at Period End	34.18	23.71	33.92	44	1
Book Value at Period End	21.53	20.73	20.93	4	3
<b>COMMON SHARES OUTSTANDING</b>					
Average Common Shares:					
Basic	2,005.6	1,999.8	1,982.6	—%	1%
Diluted	2,050.6	2,021.9	2,016.0	1	2
Common Shares at Period End	2,035.1	2,030.0	1,993.4	—	2
<b>PERFORMANCE RATIOS (b)</b>					
Return on Average Assets	0.96%	0.73%	0.56%	23bp	40bp
Return on Average Common Equity	17	13	10	400	700
<b>CAPITAL RATIOS</b>					
Tier I Capital Ratio	8.5%(c)	8.4%	8.8%	10bp	(30)bp
Total Capital Ratio	12.2(c)	12.2	12.7	—	(50)
Tier I Leverage Ratio	5.5(c)	5.0	5.4	50	10
<b>SELECTED BALANCE SHEET ITEMS</b>					
Net Loans	\$222,307	\$212,256	\$207,080	5%	7%
Total Assets	802,603	755,156	740,546	6	8
Deposits	318,248	300,667	293,829	6	8
Long-Term Debt (d)	49,918	48,290	47,802	3	4
Common Stockholders' Equity	43,812	42,075	41,727	4	5
Total Stockholders' Equity	44,821	43,084	42,736	4	5
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	92,256	93,878	95,878	(2)	(4)

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		2003
	2003	2002	Over (Under) 2002
<b>INCOME STATEMENT</b>			
<b>REVENUE:</b>			
Investment Banking Fees	\$ 1,395	\$ 1,540	(9)%
Trading Revenue	2,709	2,030	33
Fees and Commissions	5,077	5,469	(7)
Private Equity Gains (Losses)	(250)	(363)	31
Securities Gains	1,253	238	426
Other Revenue	978	449	118
<b>Total Noninterest Revenue</b>	<b>11,162</b>	<b>9,363</b>	19
<b>Net Interest Income</b>	<b>6,278</b>	<b>5,809</b>	8
Revenue before Provision for Credit Losses	17,440	15,172	15
Provision for Credit Losses	1,178	1,574	(25)
<b>TOTAL NET REVENUE</b>	<b>16,262</b>	<b>13,598</b>	20
<b>EXPENSE:</b>			
Compensation Expense	6,405	5,584	15
Occupancy Expense	1,039	703	48
Technology and Communications Expense	1,369	1,294	6
Amortization of Intangibles	147	161	(9)
Other Expense	2,313	2,326	(1)
Surety Settlement and Litigation Reserve (a)	100	—	NM
Merger and Restructuring Costs	—	484	NM
<b>TOTAL NONINTEREST EXPENSE</b>	<b>11,373</b>	<b>10,552</b>	8
Income before Income Tax Expense	4,889	3,046	61
Income Tax Expense	1,662	1,036	60
<b>NET INCOME</b>	<b>\$ 3,227</b>	<b>\$ 2,010</b>	61
<b>PER COMMON SHARE</b>			
Net Income:			
Basic	\$ 1.60	\$ 1.00	60%
Diluted	1.57	0.99	59
Cash Dividends Declared	0.68	0.68	—
Share Price at Period End			
Book Value at Period End			
<b>COMMON SHARES OUTSTANDING</b>			
Average Common Shares:			
Basic	2,002.8	1,980.4	1%
Diluted	2,036.3	2,011.0	1
Common Shares at Period End	2,035.1	1,993.4	2
<b>PERFORMANCE RATIOS (b)</b>			
Return on Average Assets	0.84%	0.56%	28bp
Return on Average Common Equity	15	10	500
<b>CAPITAL RATIOS</b>			
Tier I Capital Ratio			
Total Capital Ratio			
Tier I Leverage Ratio			
<b>SELECTED BALANCE SHEET ITEMS</b>			
Net Loans			
Total Assets			
Deposits			
Long-Term Debt (d)			
Common Stockholders' Equity			
Total Stockholders' Equity			
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>			

(a) In the second quarter of 2003, a \$100 million (pre-tax) charge was recorded for certain Enron-related litigation.

(b) Ratios are based on annualized amounts.

(c) Estimated

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

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)



SECOND QUARTER 2003

	REPORTED BASIS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	RECLASSES (d)	OPERATING BASIS (e)
<b>INCOME STATEMENT</b>					
Revenue					
Investment Banking Fees	\$ 779	\$ —	\$ —	\$ —	\$ 779
Trading Revenue	1,477	—	—	479	1,956
Fees and Commissions	2,479	(122)	—	—	2,357
Private Equity — Gains (Losses)	(29)	—	—	—	(29)
Securities Gains	768	—	—	—	768
Other Revenue	497	(24)	—	—	473
Net Interest Income	3,063	626	—	(479)	3,210
<b>Total Revenue</b>	<b>9,034</b>	<b>480</b>	<b>—</b>	<b>—</b>	<b>9,514</b>
Noninterest Expense					
Compensation Expense(f)	3,231	—	—	—	3,231
Noncompensation Expense(f)(g)	2,601	—	—	—	2,601
Merger and Restructuring Costs	—	—	—	—	—
<b>Total Noninterest Expense</b>	<b>5,832</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,832</b>
<b>Operating Margin</b>	<b>3,202</b>	<b>480</b>	<b>—</b>	<b>—</b>	<b>3,682</b>
Credit Costs	435	480	—	—	915
Income before Income Tax Expense	2,767	—	—	—	2,767
Income Tax Expense	940	—	—	—	940
<b>Net Income</b>	<b>\$1,827</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$1,827</b>
<b>EARNINGS PER SHARE — DILUTED</b>	<b>\$ 0.89</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 0.89</b>

SECOND QUARTER 2002

	REPORTED BASIS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	RECLASSES (d)	OPERATING BASIS (e)
<b>INCOME STATEMENT</b>					
Revenue					
Investment Banking Fees	\$ 785	\$ —	\$ —	\$ —	\$ 785
Trading Revenue	731	—	—	405	1,136
Fees and Commissions	2,885	(140)	—	—	2,745
Private Equity — Gains (Losses)	(125)	—	—	—	(125)
Securities Gains	124	—	—	—	124
Other Revenue	292	(19)	—	—	273
Net Interest Income	2,882	493	—	(405)	2,970
<b>Total Revenue</b>	<b>7,574</b>	<b>334</b>	<b>—</b>	<b>—</b>	<b>7,908</b>
Noninterest Expense					
Compensation Expense(f)	2,761	—	—	—	2,761
Noncompensation Expense(f)(g)	2,204	—	—	—	2,204
Merger and Restructuring Costs	229	—	(229)	—	—
<b>Total Noninterest Expense</b>	<b>5,194</b>	<b>—</b>	<b>(229)</b>	<b>—</b>	<b>4,965</b>
<b>Operating Margin</b>	<b>2,380</b>	<b>334</b>	<b>229</b>	<b>—</b>	<b>2,943</b>
Credit Costs	821	334	—	—	1,155
Income before Income Tax Expense	1,559	—	229	—	1,788
Income Tax Expense	531	—	78	—	609
<b>Net Income</b>	<b>\$1,028</b>	<b>\$ —</b>	<b>\$ 151</b>	<b>\$ —</b>	<b>\$1,179</b>
<b>EARNINGS PER SHARE — DILUTED</b>	<b>\$ 0.50</b>	<b>\$ —</b>	<b>\$0.08</b>	<b>\$ —</b>	<b>\$ 0.58</b>

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

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

provision for credit losses are reported as noninterest revenue.

- (c) Includes merger and restructuring costs and other special items. There were no special items reported in the second quarter of 2003. The 2002 second quarter includes \$229 million (pre-tax) of merger and restructuring costs.
- (d) On an operating basis, JPMorgan Chase reclassifies trading-related net interest income from Net Interest Income to Trading Revenue.
- (e) In addition to analyzing the Firm's results on a reported basis, management looks at results on an "operating basis" (or "managed basis") to assess each of its businesses and to measure overall Firm results against targeted goals. The definition of operating basis starts with the reported U.S. GAAP results and then excludes the impact of merger and restructuring costs, credit card securitizations, the amortization of goodwill and special items (which management defined as significant nonrecurring gains or losses of \$75 million or more during 2002 and \$50 million or more prior to 2002). Both restructuring charges and special items are viewed by management as transactions that are not part of the Firm's normal daily business operations or are unusual in nature and therefore are not indicative of trends. For a more detailed explanation of how the Firm looks at results on an "operating basis", see Reconciliation from Reported Results to Operating Basis on page 29 of JPMorgan Chase's March 31, 2003, Quarterly Report on Form 10-Q and on page 22 of JPMorgan Chase's 2002 Annual Report.
- (f) Includes severance and other related costs associated with expense containment programs implemented in 2002.
- (g) Includes Occupancy Expense, Technology and Communications Expense, Amortization of Intangibles, Other Expense and Surety Settlement and Litigation Reserve.

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



	YEAR TO DATE 2003				
	REPORTED BASIS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	RECLASSES (d)	OPERATING BASIS (e)
<b>INCOME STATEMENT</b>					
Revenue					
Investment Banking Fees	\$ 1,395	\$ —	\$ —	\$ —	\$ 1,395
Trading Revenue	2,709	—	—	1,162	3,871
Fees and Commissions	5,077	(291)	—	—	4,786
Private Equity — Gains (Losses)	(250)	—	—	—	(250)
Securities Gains	1,253	—	—	—	1,253
Other Revenue	978	(28)	—	—	950
Net Interest Income	6,278	1,256	—	(1,162)	6,372
<b>Total Revenue</b>	<b>17,440</b>	<b>937</b>	<b>—</b>	<b>—</b>	<b>18,377</b>
Noninterest Expense					
Compensation Expense(f)	6,405	—	—	—	6,405
Noncompensation Expense(f)(g)	4,968	—	—	—	4,968
Merger and Restructuring Costs	—	—	—	—	—
<b>Total Noninterest Expense</b>	<b>11,373</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>11,373</b>
<b>Operating Margin</b>	<b>6,067</b>	<b>937</b>	<b>—</b>	<b>—</b>	<b>7,004</b>
Credit Costs	1,178	937	—	—	2,115
Income before Income Tax Expense	4,889	—	—	—	4,889
Income Tax Expense	1,662	—	—	—	1,662
<b>Net Income</b>	<b>\$ 3,227</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 3,227</b>
<b>EARNINGS PER SHARE — DILUTED</b>	<b>\$ 1.57</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1.57</b>

	YEAR TO DATE 2002				
	REPORTED BASIS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	RECLASSES (d)	OPERATING BASIS (e)
<b>INCOME STATEMENT</b>					
Revenue					
Investment Banking Fees	\$ 1,540	\$ —	\$ —	\$ —	\$ 1,540
Trading Revenue	2,030	—	—	826	2,856
Fees and Commissions	5,469	(231)	—	—	5,238
Private Equity — Gains (Losses)	(363)	—	—	—	(363)
Securities Gains	238	—	—	—	238
Other Revenue	449	(39)	—	—	410
Net Interest Income	5,809	925	—	(826)	5,908
<b>Total Revenue</b>	<b>15,172</b>	<b>655</b>	<b>—</b>	<b>—</b>	<b>15,827</b>
Noninterest Expense					
Compensation Expense(f)	5,584	—	—	—	5,584
Noncompensation Expense(f)(g)	4,484	—	—	—	4,484
Merger and Restructuring Costs	484	—	(484)	—	—
<b>Total Noninterest Expense</b>	<b>10,552</b>	<b>—</b>	<b>(484)</b>	<b>—</b>	<b>10,068</b>
<b>Operating Margin</b>	<b>4,620</b>	<b>655</b>	<b>484</b>	<b>—</b>	<b>5,759</b>
Credit Costs	1,574	655	—	—	2,229
Income before Income Tax Expense	3,046	—	484	—	3,530
Income Tax Expense	1,036	—	165	—	1,201
<b>Net Income</b>	<b>\$ 2,010</b>	<b>\$ —</b>	<b>\$ 319</b>	<b>\$ —</b>	<b>\$ 2,329</b>
<b>EARNINGS PER SHARE — DILUTED</b>	<b>\$ 0.99</b>	<b>\$ —</b>	<b>\$ 0.16</b>	<b>\$ —</b>	<b>\$ 1.15</b>

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

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

provision for credit losses are reported as noninterest revenue.

- (c) Includes merger and restructuring costs and other special items. There were no special items reported in the first six months of 2003. The first six months of 2002 includes \$484 million (pre-tax) of merger and restructuring costs.
- (d) On an operating basis, JPMorgan Chase reclassifies trading-related net interest income from Net Interest Income to Trading Revenue.
- (e) In addition to analyzing the Firm's results on a reported basis, management looks at results on an "operating basis" (or "managed basis") to assess each of its businesses and to measure overall Firm results against targeted goals. The definition of operating basis starts with the reported U.S. GAAP results and then excludes the impact of merger and restructuring costs, credit card securitizations, the amortization of goodwill and special items (which management defined as significant nonrecurring gains or losses of \$75 million or more during 2002 and \$50 million or more prior to 2002). Both restructuring charges and special items are viewed by management as transactions that are not part of the Firm's normal daily business operations or are unusual in nature and therefore are not indicative of trends. For a more detailed explanation of how the Firm looks at results on an "operating basis", see Reconciliation from Reported Results to Operating Basis on page 29 of JPMorgan Chase's March 31, 2003, Quarterly Report on Form 10-Q and on page 22 of JPMorgan Chase's 2002 Annual Report.
- (f) Includes severance and other related costs associated with expense containment programs implemented in 2002.
- (g) Includes Occupancy Expense, Technology and Communications Expense, 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)



	2QTR 2003	1QTR 2003	2QTR 2002	2QTR 2003 Over (Under)	
				1Q 2003	2Q 2002
<b>OPERATING INCOME STATEMENT(a)</b>					
<b>OPERATING REVENUE:</b>					
Investment Banking Fees	\$ 779	\$ 616	\$ 785	26%	(1)%
Trading-Related Revenue (Includes Trading NII)	1,956	1,915	1,136	2	72
Fees and Commissions	2,357	2,429	2,745	(3)	(14)
Private Equity Gains (Losses)	(29)	(221)	(125)	87	77
Securities Gains	768	485	124	58	NM
Other Revenue	473	477	273	(1)	73
Net Interest Income (Excludes Trading NII)	3,210	3,162	2,970	2	8
<b>TOTAL OPERATING REVENUE</b>	<b>9,514</b>	<b>8,863</b>	<b>7,908</b>	<b>7</b>	<b>20</b>
<b>OPERATING EXPENSE:</b>					
Compensation Expense(b)	3,231	3,174	2,761	2	17
Noncompensation Expense(b)(c)	2,601	2,367	2,204	10	18
<b>TOTAL OPERATING EXPENSE</b>	<b>5,832</b>	<b>5,541</b>	<b>4,965</b>	<b>5</b>	<b>17</b>
Credit Costs	915	1,200	1,155	(24)	(21)
Corporate Credit Allocation	—	—	—	NM	NM
Operating Income before Income Tax Expense	2,767	2,122	1,788	30	55
Income Tax Expense	940	722	609	30	54
<b>OPERATING EARNINGS</b>	<b>1,827</b>	<b>1,400</b>	<b>1,179</b>	<b>31</b>	<b>55</b>
Special Items	—	—	(151)	NM	NM
<b>NET INCOME</b>	<b>\$1,827</b>	<b>\$1,400</b>	<b>\$1,028</b>	<b>31</b>	<b>78</b>
<b>OPERATING BASIS</b>					
Diluted Earnings per Share	\$ 0.89	\$ 0.69	\$ 0.58	29	53
Shareholder Value Added	536	148	(57)	262	NM
Return on Average Managed Assets(d)	0.92%	0.70%	0.62%	22bp	30bp
Return on Common Equity(d)	17	13	11	400	600
Common Dividend Payout Ratio	40	50	59	(1,000)	(1,900)
Compensation Expense as a % of Revenue	34	36	35	(200)	(100)
Noncompensation Expense as a % of Revenue	27	27	28	—	(100)
Overhead Ratio	61	63	63	(200)	(200)

[Additional columns below]

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>OPERATING INCOME STATEMENT(a)</b>			
<b>OPERATING REVENUE:</b>			
Investment Banking Fees	\$ 1,395	\$ 1,540	(9)%
Trading-Related Revenue (Includes Trading NII)	3,871	2,856	36
Fees and Commissions	4,786	5,238	(9)
Private Equity Gains (Losses)	(250)	(363)	31
Securities Gains	1,253	238	426
Other Revenue	950	410	132
Net Interest Income (Excludes Trading NII)	6,372	5,908	8
<b>TOTAL OPERATING REVENUE</b>	<b>18,377</b>	<b>15,827</b>	<b>16</b>
<b>OPERATING EXPENSE:</b>			
Compensation Expense(b)	6,405	5,584	15
Noncompensation Expense(b)(c)	4,968	4,484	11
<b>TOTAL OPERATING EXPENSE</b>	<b>11,373</b>	<b>10,068</b>	<b>13</b>

Credit Costs	2,115	2,229	(5)
Corporate Credit Allocation	—	—	NM
Operating Income before Income Tax Expense	4,889	3,530	38
Income Tax Expense	1,662	1,201	38
<b>OPERATING EARNINGS</b>	<b>3,227</b>	<b>2,329</b>	<b>39</b>
Special Items	—	(319)	NM
<b>NET INCOME</b>	<b>\$ 3,227</b>	<b>\$ 2,010</b>	<b>61</b>
<b>OPERATING BASIS</b>			
Diluted Earnings per Share	\$ 1.57	\$ 1.15	37
Shareholder Value Added	684	(116)	NM
Return on Average Managed Assets(d)	0.81%	0.63%	18bp
Return on Common Equity(d)	15	11	400
Common Dividend Payout Ratio	44	60	(1,600)
Compensation Expense as a % of Revenue	35	35	—
Noncompensation Expense as a % of Revenue	27	28	(100)
Overhead Ratio	62	64	(200)

- (a) See pages 7 and 8 for a reconciliation of reported results to operating basis.
- (b) Includes severance and other related costs associated with expense containment programs implemented in 2002.
- (c) Includes Occupancy Expense, Technology and Communications Expense, Amortization of Intangibles, Other Expense and Surety Settlement and Litigation Reserve.
- (d) Ratios are based on annualized amounts.

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



	2QTR 2003	1QTR 2003	2QTR 2002	2QTR 2003 Over (Under)	
				1Q 2003	2Q 2002
<b>OPERATING REVENUE</b>					
Investment Bank	\$ 4,257	\$ 4,068	\$ 3,154	5%	35%
Treasury & Securities Services	984	935	991	5	(1)
Investment Management & Private Banking	684	643	729	6	(6)
JPMorgan Partners	(70)	(278)	(193)	75	64
Chase Financial Services	3,977	3,696	3,400	8	17
Support Units and Corporate	(318)	(201)	(173)	(58)	(84)
<b>OPERATING REVENUE(a)</b>	<b>\$ 9,514</b>	<b>\$ 8,863</b>	<b>\$ 7,908</b>	7	20
<b>EARNINGS</b>					
Investment Bank	\$ 1,087	\$ 946	\$ 507	15	114
Treasury & Securities Services	127	131	165	(3)	(23)
Investment Management & Private Banking	69	36	82	92	(16)
JPMorgan Partners	(91)	(217)	(168)	58	46
Chase Financial Services	883	677	649	30	36
Support Units and Corporate	(248)	(173)	(56)	(43)	(343)
<b>OPERATING EARNINGS(a)</b>	<b>1,827</b>	<b>1,400</b>	<b>1,179</b>	31	55
Special Items (Net of Taxes):					
Merger and Restructuring Costs	—	—	(151)	NM	NM
<b>NET INCOME(a)</b>	<b>\$ 1,827</b>	<b>\$ 1,400</b>	<b>\$ 1,028</b>	31	78
<b>AVERAGE ECONOMIC CAPITAL</b>					
Investment Bank	\$20,101	\$20,825	\$19,638	(3)	2
Treasury & Securities Services	2,768	2,759	2,662	—	4
Investment Management & Private Banking	5,481	5,432	5,741	1	(5)
JPMorgan Partners	5,916	5,985	6,330	(1)	(7)
Chase Financial Services	8,661	8,469	8,716	2	(1)
Support Units and Corporate	(168)	(1,612)	(2,198)	90	92
<b>TOTAL ECONOMIC CAPITAL(a)</b>	<b>\$42,759</b>	<b>\$41,858</b>	<b>\$40,889</b>	2	5
<b>EARNINGS PER SHARE — DILUTED</b>					
<b>OPERATING EARNINGS(a)</b>	<b>\$ 0.89</b>	<b>\$ 0.69</b>	<b>\$ 0.58</b>	29	53
Special Items (Net of Taxes):					
Merger and Restructuring Costs	—	—	(0.08)	NM	NM
<b>NET INCOME(a)</b>	<b>\$ 0.89</b>	<b>\$ 0.69</b>	<b>\$ 0.50</b>	29	78
<b>OPERATING RETURN ON ECONOMIC CAPITAL</b>					
Investment Bank	22%	18%	10%	400bp	1,200bp
Treasury & Securities Services	18	19	25	(100)	(700)
Investment Management & Private Banking	5	3	6	200	(100)
Chase Financial Services	41	32	30	900	1,100
<b>OPERATING RETURN ON ECONOMIC CAPITAL(a)</b>	<b>17</b>	<b>13</b>	<b>11</b>	400	600

[Additional columns below]

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>OPERATING REVENUE</b>			
Investment Bank	\$ 8,325	\$ 6,809	22%
Treasury & Securities Services	1,919	1,933	(1)
Investment Management & Private Banking	1,327	1,494	(11)

JPMorgan Partners	(348)	(501)	31
Chase Financial Services	7,673	6,455	19
Support Units and Corporate	(519)	(363)	(43)
<b>OPERATING REVENUE(a)</b>	<b>\$18,377</b>	<b>\$15,827</b>	16
<b>EARNINGS</b>			
Investment Bank	\$ 2,033	\$ 1,276	59
Treasury & Securities Services	258	301	(14)
Investment Management & Private Banking	105	182	(42)
JPMorgan Partners	(308)	(413)	25
Chase Financial Services	1,560	1,135	37
Support Units and Corporate	(421)	(152)	(177)
<b>OPERATING EARNINGS(a)</b>	<b>3,227</b>	<b>2,329</b>	39
Special Items (Net of Taxes):			
Merger and Restructuring Costs	—	(319)	NM
<b>NET INCOME(a)</b>	<b>\$ 3,227</b>	<b>\$ 2,010</b>	61
<b>AVERAGE ECONOMIC CAPITAL</b>			
Investment Bank	\$20,461	\$19,934	3
Treasury & Securities Services	2,764	2,727	1
Investment Management & Private Banking	5,457	5,714	(4)
JPMorgan Partners	5,950	6,447	(8)
Chase Financial Services	8,565	8,661	(1)
Support Units and Corporate	(886)	(2,828)	69
<b>TOTAL ECONOMIC CAPITAL(a)</b>	<b>\$42,311</b>	<b>\$40,655</b>	4
<b>EARNINGS PER SHARE — DILUTED</b>			
<b>OPERATING EARNINGS(a)</b>	<b>\$ 1.57</b>	<b>\$ 1.15</b>	37
Special Items (Net of Taxes):			
Merger and Restructuring Costs	—	(0.16)	NM
<b>NET INCOME(a)</b>	<b>\$ 1.57</b>	<b>\$ 0.99</b>	59
<b>OPERATING RETURN ON ECONOMIC CAPITAL</b>			
Investment Bank	20%	13%	700bp
Treasury & Securities Services	19	22	(300)
Investment Management & Private Banking	4	6	(200)
Chase Financial Services	37	26	1,100
<b>OPERATING RETURN ON ECONOMIC CAPITAL(a)</b>	<b>15</b>	<b>11</b>	400

(a) Represents consolidated JPMorgan Chase.

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



				Jun 30, 2003 Over (Under)	
	Jun 30 2003	Mar 31 2003	Jun 30 2002	Mar 31 2003	Jun 30 2002
<b>ASSETS</b>					
Cash and Due from Banks	\$ 23,398	\$ 22,229	\$ 21,878	5%	7%
Deposits with Banks	10,393	6,896	10,517	51	(1)
Federal Funds Sold and Securities Purchased under Resale Agreements	69,748	69,764	71,740	—	(3)
Securities Borrowed	41,067	39,188	48,429	5	(15)
Trading Assets:					
Debt and Equity Instruments	139,275	146,783	159,746	(5)	(13)
Derivative Receivables	93,602	86,649	69,858	8	34
Securities	82,549	85,178	64,526	(3)	28
Loans (Net of Allowance for Loan Losses)	222,307	212,256	207,080	5	7
Private Equity Investments	7,901	8,170	8,229	(3)	(4)
Goodwill	8,132	8,122	8,089	—	1
Mortgage Servicing Rights	2,967	3,235	5,689	(8)	(48)
Other Intangibles:					
Purchased Credit Card Relationships	1,141	1,205	1,426	(5)	(20)
All Other Intangibles	320	294	313	9	2
Other Assets	99,803	65,187	63,026	53	58
<b>TOTAL ASSETS</b>	<b>\$802,603</b>	<b>\$755,156</b>	<b>\$740,546</b>	<b>6</b>	<b>8</b>
<b>LIABILITIES</b>					
Deposits	\$318,248	\$300,667	\$293,829	6	8
Federal Funds Purchased and Securities Sold under Repurchase Agreements	155,330	160,221	162,656	(3)	(5)
Commercial Paper	12,382	14,039	14,561	(12)	(15)
Other Borrowed Funds	12,176	12,848	17,352	(5)	(30)
Trading Liabilities:					
Debt and Equity Instruments	72,825	64,427	67,952	13	7
Derivative Payables	72,831	64,804	55,575	12	31
Accounts Payable, Accrued Expenses and Other Liabilities (including the Allowance for Lending-Related Commitments)	64,072	46,776	38,083	37	68
Long-Term Debt	44,479	42,851	42,363	4	5
Guaranteed Preferred Beneficial Interests in the Firm's Junior Subordinated Deferrable Interest Debentures	5,439	5,439	5,439	—	—
<b>TOTAL LIABILITIES</b>	<b>757,782</b>	<b>712,072</b>	<b>697,810</b>	<b>6</b>	<b>9</b>
<b>STOCKHOLDERS' EQUITY</b>					
Preferred Stock	1,009	1,009	1,009	—	—
Common Stock	2,036	2,032	2,020	—	1
Capital Surplus	12,898	12,477	13,111	3	(2)
Retained Earnings	27,633	26,538	27,605	4	—
Accumulated Other Comprehensive Income	1,293	1,113	79	16	NM
Treasury Stock, at Cost	(48)	(85)	(1,088)	44	96
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>44,821</b>	<b>43,084</b>	<b>42,736</b>	<b>4</b>	<b>5</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$802,603</b>	<b>\$755,156</b>	<b>\$740,546</b>	<b>6</b>	<b>8</b>

	Jun 30 2003	Mar 31 2003	Jun 30 2002	Jun 30, 2003 Over (Under)	
				Mar 31 2003	Jun 30 2002
<b>CREDIT EXPOSURE:</b>					
Commercial Loans	\$ 91,056	\$ 88,446	\$104,701	3%	(13)%
Derivative Receivables	93,602	86,649	69,858	8	34
Other Receivables(a)	108	108	1,130	—	(90)
<b>Total Commercial Credit-Related Assets</b>	<b>184,766</b>	<b>175,203</b>	<b>175,689</b>	<b>5</b>	<b>5</b>
Lending-Related Commitments(b)	229,119	230,698	239,240	(1)	(4)
<b>Total Commercial Credit Exposure(c)</b>	<b>413,885</b>	<b>405,901</b>	<b>414,929</b>	<b>2</b>	<b>—</b>
Managed Consumer Loans(d)	170,127	161,402	134,884	5	26
<b>Total Credit Portfolio</b>	<b>\$584,012</b>	<b>\$567,303</b>	<b>\$549,813</b>	<b>3</b>	<b>6</b>
<b>NET CHARGE-OFFS:</b>					
Commercial Loans	\$ 257	\$ 292	\$ 293	(12)	(12)
Lending-Related Commitments	—	—	—	NM	NM
<b>Total Commercial Credit Exposure</b>	<b>257</b>	<b>292</b>	<b>293</b>	<b>(12)</b>	<b>(12)</b>
Managed Credit Card(d)	748	732	767	2	(2)
All Other Consumer	89	103	95	(14)	(6)
<b>Total Managed Consumer Loans</b>	<b>837</b>	<b>835</b>	<b>862</b>	<b>—</b>	<b>(3)</b>
<b>Total Credit Portfolio</b>	<b>\$ 1,094</b>	<b>\$ 1,127</b>	<b>\$ 1,155</b>	<b>(3)</b>	<b>(5)</b>
<b>NET CHARGE-OFF RATES — ANNUALIZED:</b>					
Total Commercial Loans	1.20%	1.32%	1.17%	(12)bp	3bp
Managed Credit Card	6.01	5.95	6.42	6	(41)
Total Credit Portfolio	0.91	0.95	0.97	(4)	(6)
<b>NONPERFORMING ASSETS:</b>					
Commercial Loans	\$ 2,963	\$ 3,286	\$ 2,512	(10)%	18%
Derivative Receivables	276	277	144	—	92
Other Receivables(a)	108	108	1,130	—	(90)
Consumer Loans	493	495	450	—	10
Assets Acquired in Loan Satisfaction	227	225	142	1	60
<b>Total Credit Portfolio(e)</b>	<b>\$ 4,067</b>	<b>\$ 4,391</b>	<b>\$ 4,378</b>	<b>(7)</b>	<b>(7)</b>

- (a) Represents, at June 30, 2003, the Enron-related letter of credit, which continues to be the subject of litigation and which was classified in Other Assets.
- (b) Includes unused advised lines of credit of \$19 billion at June 30, 2003, \$22 billion at March 31, 2003, and \$18 billion at June 30, 2002.
- (c) Includes all Enron-related credit exposures. Credit exposure excludes risk participations and does not reflect the benefit of credit derivative hedges or liquid collateral held against derivatives contracts.
- (d) Includes securitized credit card receivables.
- (e) Nonperforming assets exclude nonaccrual loans held for sale (“HFS”) of \$45 million at June 30, 2003. HFS loans are carried at the lower of cost or market, and declines in value are recorded in Other Revenue.



**PRESS RELEASE FINANCIAL SUPPLEMENT**  
**SECOND QUARTER 2003**

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

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

	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>REVENUE</b>							
Investment Banking Fees	\$ 779	\$ 616	\$ 678	\$ 545	\$ 785	26%	(1)%
Trading Revenue	1,477	1,232	585	(21)	731	20	102
Fees and Commissions	2,479	2,598	2,282	3,005	2,885	(5)	(14)
Private Equity Gains (Losses)	(29)	(221)	(68)	(315)	(125)	87	77
Securities Gains	768	485	747	578	124	58	NM
Other Revenue	497	481	290	419	292	3	70
<b>Total Noninterest Revenue</b>	<b>5,971</b>	<b>5,191</b>	<b>4,514</b>	<b>4,211</b>	<b>4,692</b>	15	27
Interest Income	5,871	6,263	6,184	6,316	6,498	(6)	(10)
Interest Expense	2,808	3,048	3,203	3,580	3,616	(8)	(22)
<b>Net Interest Income</b>	<b>3,063</b>	<b>3,215</b>	<b>2,981</b>	<b>2,736</b>	<b>2,882</b>	(5)	6
Revenue before Provision for Credit Losses	9,034	8,406	7,495	6,947	7,574	7	19
Provision for Credit Losses	435	743	921	1,836	821	(41)	(47)
<b>TOTAL NET REVENUE</b>	<b>8,599</b>	<b>7,663</b>	<b>6,574</b>	<b>5,111</b>	<b>6,753</b>	12	27
<b>EXPENSE</b>							
Compensation Expense	3,231	3,174	3,032	2,367	2,761	2	17
Occupancy Expense (a)	543	496	425	478	365	9	49
Technology and Communications Expense	732	637	635	625	629	15	16
Amortization of Intangibles	73	74	82	80	92	(1)	(21)
Other Expense	1,153	1,160	1,294	1,168	1,118	(1)	3
Surety Settlement and Litigation Reserve (a)	100	—	1,300	—	—	NM	NM
Merger and Restructuring Costs	—	—	393	333	229	NM	NM
<b>TOTAL NONINTEREST EXPENSE</b>	<b>5,832</b>	<b>5,541</b>	<b>7,161</b>	<b>5,051</b>	<b>5,194</b>	5	12
Income (Loss) before Income Tax Expense	2,767	2,122	(587)	60	1,559	30	77
Income Tax Expense (Benefit)	940	722	(200)	20	531	30	77
<b>NET INCOME (LOSS)</b>	<b>\$ 1,827</b>	<b>\$ 1,400</b>	<b>\$ (387)</b>	<b>\$ 40</b>	<b>\$ 1,028</b>	31	78
<b>NET INCOME (LOSS) APPLICABLE TO COMMON STOCK</b>	<b>\$ 1,815</b>	<b>\$ 1,387</b>	<b>\$ (399)</b>	<b>\$ 27</b>	<b>\$ 1,015</b>	31	79
<b>NET INCOME (LOSS) PER COMMON SHARE</b>							
Basic	\$ 0.90	\$ 0.69	\$ (0.20)	\$ 0.01	\$ 0.51	30	76
Diluted	0.89	0.69	(0.20)	0.01	0.50	29	78
<b>PERFORMANCE RATIOS (b)</b>							
Return on Average Assets	0.96%	0.73%	NM	0.02%	0.56%	23bp	40bp
Return on Average Common Equity	17	13	NM	—	10	400	700
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	92,256	93,878	94,335	95,637	95,878	(2)%	(4)%

[Additional columns below]

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>REVENUE</b>			
Investment Banking Fees	\$ 1,395	\$ 1,540	(9)%
Trading Revenue	2,709	2,030	33
Fees and Commissions	5,077	5,469	(7)

Private Equity Gains (Losses)	(250)	(363)	31
Securities Gains	1,253	238	426
Other Revenue	978	449	118
<b>Total Noninterest Revenue</b>	<b>11,162</b>	<b>9,363</b>	19
Interest Income	12,134	12,784	(5)
Interest Expense	5,856	6,975	(16)
<b>Net Interest Income</b>	<b>6,278</b>	<b>5,809</b>	8
Revenue before Provision for Credit Losses	17,440	15,172	15
Provision for Credit Losses	1,178	1,574	(25)
<b>TOTAL NET REVENUE</b>	<b>16,262</b>	<b>13,598</b>	20
<b>EXPENSE</b>			
Compensation Expense	6,405	5,584	15
Occupancy Expense (a)	1,039	703	48
Technology and Communications Expense	1,369	1,294	6
Amortization of Intangibles	147	161	(9)
Other Expense	2,313	2,326	(1)
Surety Settlement and Litigation Reserve (a)	100	—	NM
Merger and Restructuring Costs	—	484	NM
<b>TOTAL NONINTEREST EXPENSE</b>	<b>11,373</b>	<b>10,552</b>	8
Income (Loss) before Income Tax Expense	4,889	3,046	61
Income Tax Expense (Benefit)	1,662	1,036	60
<b>NET INCOME (LOSS)</b>	<b>\$ 3,227</b>	<b>\$ 2,010</b>	61
<b>NET INCOME (LOSS) APPLICABLE TO COMMON STOCK</b>	<b>\$ 3,202</b>	<b>\$ 1,984</b>	61
<b>NET INCOME (LOSS) PER COMMON SHARE</b>			
Basic	\$ 1.60	\$ 1.00	60
Diluted	1.57	0.99	59
<b>PERFORMANCE RATIOS (b)</b>			
Return on Average Assets	0.84%	0.56%	28bp
Return on Average Common Equity	15	10	500
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>			

(a) In the second quarter of 2003, a \$100 million (pre-tax) charge was recorded for certain Enron-related litigation. In the fourth quarter of 2002, a \$1,300 million (pre-tax) charge was recorded for the settlement of the Enron surety litigation and the establishment of a reserve for certain material litigation, proceedings and investigations. In the third quarter of 2002, \$98 million (pre-tax) in real estate charges were recorded in "Occupancy Expense" on a reported basis.

(b) Ratios are based on annualized amounts.

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

	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>OPERATING REVENUE</b>							
Investment Bank	\$ 4,257	\$ 4,068	\$ 3,355	\$ 2,481	\$ 3,154	5%	35%
Treasury & Securities Services	984	935	941	1,029	991	5	(1)
Investment Management & Private Banking	684	643	652	695	729	6	(6)
JPMorgan Partners	(70)	(278)	(83)	(359)	(193)	75	64
Chase Financial Services	3,977	3,696	3,334	3,668	3,400	8	17
Support Units and Corporate	(318)	(201)	(274)	(213)	(173)	(58)	(84)
<b>OPERATING REVENUE (a)</b>	<b>\$ 9,514</b>	<b>\$ 8,863</b>	<b>\$ 7,925</b>	<b>\$ 7,301</b>	<b>\$ 7,908</b>	<b>7</b>	<b>20</b>
<b>EARNINGS</b>							
Investment Bank	\$ 1,087	\$ 946	\$ 363	\$ (256)	\$ 507	15	114
Treasury & Securities Services	127	131	129	201	165	(3)	(23)
Investment Management & Private Banking	69	36	12	68	82	92	(16)
JPMorgan Partners	(91)	(217)	(96)	(278)	(168)	58	46
Chase Financial Services	883	677	467	760	649	30	36
Support Units and Corporate	(248)	(173)	(145)	(170)	(56)	(43)	(343)
<b>OPERATING EARNINGS (a)</b>	<b>1,827</b>	<b>1,400</b>	<b>730</b>	<b>325</b>	<b>1,179</b>	<b>31</b>	<b>55</b>
Special Items (Net of Taxes):							
Real Estate Charge	—	—	—	(65)	—	NM	NM
Surety Settlement and Litigation Reserve	—	—	(858)	—	—	NM	NM
Merger and Restructuring Costs	—	—	(259)	(220)	(151)	NM	NM
<b>NET INCOME (LOSS) (a)</b>	<b>\$ 1,827</b>	<b>\$ 1,400</b>	<b>\$ (387)</b>	<b>\$ 40</b>	<b>\$ 1,028</b>	<b>31</b>	<b>78</b>
<b>AVERAGE ECONOMIC CAPITAL</b>							
Investment Bank	\$20,101	\$ 20,825	\$ 20,317	\$19,443	\$ 19,638	(3)	2
Treasury & Securities Services	2,768	2,759	2,720	2,603	2,662	—	4
Investment Management & Private Banking	5,481	5,432	5,540	5,607	5,741	1	(5)
JPMorgan Partners	5,916	5,985	6,102	6,183	6,330	(1)	(7)
Chase Financial Services	8,661	8,469	8,516	8,637	8,716	2	(1)
Support Units and Corporate	(168)	(1,612)	(1,225)	(305)	(2,198)	90	92
<b>TOTAL ECONOMIC CAPITAL (a)</b>	<b>\$42,759</b>	<b>\$41,858</b>	<b>\$41,970</b>	<b>\$42,168</b>	<b>\$40,889</b>	<b>2</b>	<b>5</b>
<b>OPERATING EARNINGS (a)</b>	<b>\$ 0.89</b>	<b>\$ 0.69</b>	<b>\$ 0.36</b>	<b>\$ 0.16</b>	<b>\$ 0.58</b>	<b>29</b>	<b>53</b>
Special Items (Net of Taxes):							
Real Estate Charge	—	—	—	(0.03)	—	NM	NM
Surety Settlement and Litigation Reserve	—	—	(0.43)	—	—	NM	NM
Merger and Restructuring Costs	—	—	(0.13)	(0.12)	(0.08)	NM	NM
<b>NET INCOME (LOSS) (a)</b>	<b>\$ 0.89</b>	<b>\$ 0.69</b>	<b>\$ (0.20)</b>	<b>\$ 0.01</b>	<b>\$ 0.50</b>	<b>29</b>	<b>78</b>
<b>OPERATING RETURN ON COMMON EQUITY</b>							
Investment Bank	22%	18%	7%	NM	10%	400bp	1,200bp
Treasury & Securities Services	18	19	19	31%	25	(100)	(700)
Investment Management & Private Banking	5	3	1	5	6	200	(100)
Chase Financial Services	41	32	22	35	30	900	1,100
<b>OPERATING RETURN ON COMMON EQUITY (a)</b>	<b>17</b>	<b>13</b>	<b>7</b>	<b>3</b>	<b>11</b>	<b>400</b>	<b>600</b>

[Additional columns below]

[Continued from above table, first column(s) repeated]

YEAR TO DATE

YTD 2003  
Over (Under)

	2003	2002	2002
<b>OPERATING REVENUE</b>			
Investment Bank	\$ 8,325	\$ 6,809	22%
Treasury & Securities Services	1,919	1,933	(1)
Investment Management & Private Banking	1,327	1,494	(11)
JPMorgan Partners	(348)	(501)	31
Chase Financial Services	7,673	6,455	19
Support Units and Corporate	(519)	(363)	(43)
<b>OPERATING REVENUE (a)</b>	<b>\$18,377</b>	<b>\$15,827</b>	<b>16</b>
<b>EARNINGS</b>			
Investment Bank	\$ 2,033	\$ 1,276	59
Treasury & Securities Services	258	301	(14)
Investment Management & Private Banking	105	182	(42)
JPMorgan Partners	(308)	(413)	25
Chase Financial Services	1,560	1,135	37
Support Units and Corporate	(421)	(152)	(177)
<b>OPERATING EARNINGS (a)</b>	<b>3,227</b>	<b>2,329</b>	<b>39</b>
Special Items (Net of Taxes):			
Real Estate Charge	—	—	NM
Surety Settlement and Litigation Reserve	—	—	NM
Merger and Restructuring Costs	—	(319)	NM
<b>NET INCOME (LOSS) (a)</b>	<b>\$ 3,227</b>	<b>\$ 2,010</b>	<b>61</b>
<b>AVERAGE ECONOMIC CAPITAL</b>			
Investment Bank	\$20,461	\$19,934	3
Treasury & Securities Services	2,764	2,727	1
Investment Management & Private Banking	5,457	5,714	(4)
JPMorgan Partners	5,950	6,447	(8)
Chase Financial Services	8,565	8,661	(1)
Support Units and Corporate	(886)	(2,828)	69
<b>TOTAL ECONOMIC CAPITAL (a)</b>	<b>\$42,311</b>	<b>\$40,655</b>	<b>4</b>
<b>EARNINGS PER SHARE — DILUTED</b>			
<b>OPERATING EARNINGS (a)</b>	<b>\$ 1.57</b>	<b>\$ 1.15</b>	<b>37</b>
Special Items (Net of Taxes):			
Real Estate Charge	—	—	NM
Surety Settlement and Litigation Reserve	—	—	NM
Merger and Restructuring Costs	—	(0.16)	NM
<b>NET INCOME (LOSS) (a)</b>	<b>\$ 1.57</b>	<b>\$ 0.99</b>	<b>59</b>
<b>OPERATING RETURN ON COMMON EQUITY</b>			
Investment Bank	20%	13%	700bp
Treasury & Securities Services	19	22	(300)
Investment Management & Private Banking	4	6	(200)
Chase Financial Services	37	26	1,100
<b>OPERATING RETURN ON COMMON EQUITY (a)</b>	<b>15</b>	<b>11</b>	<b>400</b>

(a) Represents consolidated JPMorgan Chase.

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

	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>OPERATING REVENUE</b>							
Investment Banking Fees	\$ 779	\$ 616	\$ 678	\$ 545	\$ 785	26%	(1)%
Trading-Related Revenue (Includes Trading NII)	1,956	1,915	1,253	365	1,136	2	72
Fees and Commissions	2,357	2,429	2,052	2,768	2,745	(3)	(14)
Private Equity Gains (Losses)	(29)	(221)	(68)	(315)	(125)	87	77
Securities Gains	768	485	747	578	124	58	NM
Other Revenue	473	477	303	409	273	(1)	73
Net Interest Income (Excludes Trading NII)	3,210	3,162	2,960	2,951	2,970	2	8
<b>TOTAL OPERATING REVENUE</b>	<b>9,514</b>	<b>8,863</b>	<b>7,925</b>	<b>7,301</b>	<b>7,908</b>	<b>7</b>	<b>20</b>
<b>OPERATING EXPENSE</b>							
Compensation Expense (a)	3,231	3,174	3,032	2,367	2,761	2	17
Noncompensation Expense (a) (b)	2,601	2,367	2,436	2,253	2,204	10	18
<b>TOTAL OPERATING EXPENSE</b>	<b>5,832</b>	<b>5,541</b>	<b>5,468</b>	<b>4,620</b>	<b>4,965</b>	<b>5</b>	<b>17</b>
Credit Costs	915	1,200	1,351	2,190	1,155	(24)	(21)
Corporate Credit Allocation	—	—	—	—	—	NM	NM
Operating Income before Income Tax Expense	2,767	2,122	1,106	491	1,788	30	55
Income Tax Expense	940	722	376	166	609	30	54
<b>OPERATING EARNINGS</b>	<b>\$ 1,827</b>	<b>\$ 1,400</b>	<b>\$ 730</b>	<b>\$ 325</b>	<b>\$ 1,179</b>	<b>31</b>	<b>55</b>
<b>OPERATING BASIS</b>							
Diluted Earnings per Share	\$ 0.89	\$ 0.69	\$ 0.36	\$ 0.16	\$ 0.58	29	53
Shareholder Value Added (c)	536	148	(551)	(964)	(57)	262	NM
Return on Average Managed Assets (d)	0.92%	0.70%	0.37%	0.17%	0.62%	22bp	30bp
Return on Common Equity (d)	17	13	7	3	11	400	600
Common Dividend Payout Ratio	40	50	96	222	59	(1,000)	(1,900)
Effective Income Tax Rate	34	34	34	34	34	—	—
Compensation Expense as a % of Operating Revenue	34	36	38	32	35	(200)	(100)
Noncompensation Expense as a % of Operating Revenue	27	27	31	31	28	—	(100)
Overhead Ratio	61	63	69	63	63	(200)	(200)
<b>Shareholder Value Added: (c)</b>							
<b>Net Income (Loss)</b>	<b>\$ 1,827</b>	<b>\$ 1,400</b>	<b>\$ (387)</b>	<b>\$ 40</b>	<b>\$ 1,028</b>	<b>31%</b>	<b>78%</b>
Special Items (Net of Taxes):							
Real Estate Charge	—	—	—	65	—	NM	NM
Surety Settlement and Litigation Reserve	—	—	858	—	—	NM	NM
Merger and Restructuring Costs	—	—	259	220	151	NM	NM
<b>Operating Earnings</b>	<b>1,827</b>	<b>1,400</b>	<b>730</b>	<b>325</b>	<b>1,179</b>	<b>31</b>	<b>55</b>
Less: Preferred Dividends	12	13	12	13	13	(8)	(8)
Adjusted Operating Earnings	1,815	1,387	718	312	1,166	31	56
Less: Cost of Capital (e)	1,279	1,239	1,269	1,276	1,223	3	5
<b>Total Shareholder Value Added</b>	<b>\$ 536</b>	<b>\$ 148</b>	<b>\$ (551)</b>	<b>\$ (964)</b>	<b>\$ (57)</b>	<b>262</b>	<b>NM</b>
<b>Return on Average Managed Assets: (d)</b>							
<b>Operating Earnings</b>	<b>\$ 1,827</b>	<b>\$ 1,400</b>	<b>\$ 730</b>	<b>\$ 325</b>	<b>\$ 1,179</b>	<b>31</b>	<b>55</b>
<b>Average Managed Assets</b>							
Average Assets	\$764,655	\$778,238	\$755,166	\$724,366	\$734,946	(2)	4
Average Credit Card Securitizations	31,665	31,834	30,556	28,348	25,289	(1)	25

[Additional columns below]

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>OPERATING REVENUE</b>			
Investment Banking Fees	\$ 1,395	\$ 1,540	(9)%
Trading-Related Revenue (Includes Trading NII)	3,871	2,856	36
Fees and Commissions	4,786	5,238	(9)
Private Equity Gains (Losses)	(250)	(363)	31
Securities Gains	1,253	238	426
Other Revenue	950	410	132
Net Interest Income (Excludes Trading NII)	6,372	5,908	8
<b>TOTAL OPERATING REVENUE</b>	<b>18,377</b>	<b>15,827</b>	16
<b>OPERATING EXPENSE</b>			
Compensation Expense (a)	6,405	5,584	15
Noncompensation Expense (a) (b)	4,968	4,484	11
<b>TOTAL OPERATING EXPENSE</b>	<b>11,373</b>	<b>10,068</b>	13
Credit Costs	2,115	2,229	(5)
Corporate Credit Allocation	—	—	NM
Operating Income before Income Tax Expense	4,889	3,530	38
Income Tax Expense	1,662	1,201	38
<b>OPERATING EARNINGS</b>	<b>\$ 3,227</b>	<b>\$ 2,329</b>	39
<b>OPERATING BASIS</b>			
Diluted Earnings per Share	\$ 1.57	\$ 1.15	37
Shareholder Value Added (c)	684	(116)	NM
Return on Average Managed Assets (d)	0.81%	0.63%	18bp
Return on Common Equity (d)	15	11	400
Common Dividend Payout Ratio	44	60	(1,600)
Effective Income Tax Rate	34	34	—
Compensation Expense as a % of Operating Revenue	35	35	—
Noncompensation Expense as a % of Operating Revenue	27	28	(100)
Overhead Ratio	62	64	(200)
<b>Shareholder Value Added: (c)</b>			
<b>Net Income (Loss)</b>	<b>\$ 3,227</b>	<b>\$ 2,010</b>	61%
Special Items (Net of Taxes):			
Real Estate Charge	—	—	NM
Surety Settlement and Litigation Reserve	—	—	NM
Merger and Restructuring Costs	—	319	NM
<b>Operating Earnings</b>	<b>3,227</b>	<b>2,329</b>	39
Less: Preferred Dividends	25	26	(4)
Adjusted Operating Earnings	3,202	2,303	39
Less: Cost of Capital (e)	2,518	2,419	4
<b>Total Shareholder Value Added</b>	<b>\$ 684</b>	<b>\$ (116)</b>	NM
<b>Return on Average Managed Assets: (d)</b>			
<b>Operating Earnings</b>	<b>\$ 3,227</b>	<b>\$ 2,329</b>	39
<b>Average Managed Assets</b>			
Average Assets	\$771,409	\$726,841	6
Average Credit Card Securitizations	31,749	23,537	35
<b>Average Managed Assets</b>	<b>\$803,158</b>	<b>\$750,378</b>	7

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

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

- (c) The Firm uses the shareholder value added (“SVA”) framework to measure performance of its business segments. The table above reconciles the Firm’s net income, which is a GAAP financial measure, to SVA, which is a non-GAAP financial measure. To derive SVA, the Firm applies a cost of capital to each business segment. The capital elements and resultant capital charges provide the businesses with the financial framework to evaluate the trade-off between the use of capital by each business unit versus its return to shareholders. Capital charges are an integral part of the SVA measurement for each business.
- (d) Ratios are based on annualized amounts.
- (e) A 12% (after-tax) cost of capital, based on average economic capital, is used for the Firm. To derive shareholder value added for the business segments, a 12% (after-tax) cost of capital is applied for each business segment, except for JPMorgan Partners, which is charged a 15% (after-tax) cost of capital.

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

	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>REVENUE</b>							
<b>TRADING REVENUE</b>							
Reported	\$1,477	\$1,232	\$ 585	\$ (21)	\$ 731	20%	102%
Trading-Related NII	479	683	668	386	405	(30)	18
<b>Operating</b>	<b>\$1,956</b>	<b>\$1,915</b>	<b>\$ 1,253</b>	<b>\$ 365</b>	<b>\$1,136</b>	2	72
<b>CREDIT CARD REVENUE (a)</b>							
Reported	\$ 698	\$ 692	\$ 807	\$ 806	\$ 669	1	4
Credit Card Securitizations	(122)	(169)	(230)	(237)	(140)	28	13
<b>Operating</b>	<b>\$ 576</b>	<b>\$ 523</b>	<b>\$ 577</b>	<b>\$ 569</b>	<b>\$ 529</b>	10	9
<b>OTHER REVENUE</b>							
Reported	\$ 497	\$ 481	\$ 290	\$ 419	\$ 292	3	70
Credit Card Securitizations	(24)	(4)	13	(10)	(19)	NM	(26)
<b>Operating</b>	<b>\$ 473</b>	<b>\$ 477</b>	<b>\$ 303</b>	<b>\$ 409</b>	<b>\$ 273</b>	(1)	73
<b>NET INTEREST INCOME</b>							
Reported	\$3,063	\$3,215	\$ 2,981	\$2,736	\$2,882	(5)	6
Credit Card Securitizations	626	630	647	601	493	(1)	27
Trading-Related NII	(479)	(683)	(668)	(386)	(405)	30	(18)
<b>Operating</b>	<b>\$3,210</b>	<b>\$3,162</b>	<b>\$ 2,960</b>	<b>\$2,951</b>	<b>\$2,970</b>	2	8
<b>TOTAL REVENUE</b>							
Reported	\$9,034	\$8,406	\$ 7,495	\$6,947	\$7,574	7	19
Credit Card Securitizations	480	457	430	354	334	5	44
<b>Total Operating Revenue</b>	<b>\$9,514</b>	<b>\$8,863</b>	<b>\$ 7,925</b>	<b>\$7,301</b>	<b>\$7,908</b>	7	20
<b>NONINTEREST EXPENSE</b>							
Reported	\$5,832	\$5,541	\$ 7,161	\$5,051	\$5,194	5	12
Real Estate Reserves	—	—	—	(98)	—	NM	NM
Surety Settlement and Litigation Reserve	—	—	(1,300)	—	—	NM	NM
Merger and Restructuring Costs	—	—	(393)	(333)	(229)	NM	NM
<b>Total Operating Expense</b>	<b>\$5,832</b>	<b>\$5,541</b>	<b>\$ 5,468</b>	<b>\$4,620</b>	<b>\$4,965</b>	5	17
<b>CREDIT COSTS</b>							
Provision for Credit Losses — Reported	\$ 435	\$ 743	\$ 921	\$1,836	\$ 821	(41)	(47)
Credit Card Securitizations	480	457	430	354	334	5	44
<b>Credit Costs — Operating</b>	<b>\$ 915</b>	<b>\$1,200</b>	<b>\$ 1,351</b>	<b>\$2,190</b>	<b>\$1,155</b>	(24)	(21)

[Additional columns below]

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>REVENUE</b>			
<b>TRADING REVENUE</b>			
Reported	\$ 2,709	\$ 2,030	33%

Trading-Related NII	1,162	826	41
<b>Operating</b>	<b>\$ 3,871</b>	<b>\$ 2,856</b>	36
<b>CREDIT CARD REVENUE (a)</b>			
Reported	\$ 1,390	\$ 1,256	11
Credit Card Securitizations	(291)	(231)	(26)
<b>Operating</b>	<b>\$ 1,099</b>	<b>\$ 1,025</b>	7
<b>OTHER REVENUE</b>			
Reported	\$ 978	\$ 449	118
Credit Card Securitizations	(28)	(39)	28
<b>Operating</b>	<b>\$ 950</b>	<b>\$ 410</b>	132
<b>NET INTEREST INCOME</b>			
Reported	\$ 6,278	\$ 5,809	8
Credit Card Securitizations	1,256	925	36
Trading-Related NII	(1,162)	(826)	(41)
<b>Operating</b>	<b>\$ 6,372</b>	<b>\$ 5,908</b>	8
<b>TOTAL REVENUE</b>			
Reported	\$17,440	\$15,172	15
Credit Card Securitizations	937	655	43
<b>Total Operating Revenue</b>	<b>\$18,377</b>	<b>\$15,827</b>	16
<b>NONINTEREST EXPENSE</b>			
Reported	\$11,373	\$10,552	8
Real Estate Reserves	—	—	NM
Surety Settlement and Litigation Reserve	—	—	NM
Merger and Restructuring Costs	—	(484)	NM
<b>Total Operating Expense</b>	<b>\$11,373</b>	<b>\$10,068</b>	13
<b>CREDIT COSTS</b>			
Provision for Credit Losses — Reported	\$ 1,178	\$ 1,574	(25)
Credit Card Securitizations	937	655	43
<b>Credit Costs — Operating</b>	<b>\$ 2,115</b>	<b>\$ 2,229</b>	(5)

(a) Included in Fees and Commissions.

SEGMENT DETAIL

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



	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>OPERATING INCOME STATEMENT</b>							
<b>REVENUE:</b>							
Trading Revenue (Includes Trading NII):							
Fixed Income and Other	\$ 1,870	\$ 1,730	\$ 1,298	\$ 631	\$ 1,034	8%	81%
Equities	155	199	(33)	(254)	96	(22)	61
	<u>2,025</u>	<u>1,929</u>	<u>1,265</u>	<u>377</u>	<u>1,130</u>	<u>5</u>	<u>79</u>
Investment Banking Fees	765	620	650	529	781	23	(2)
Net Interest Income	637	735	674	681	681	(13)	(6)
Fees and Commissions	403	380	370	432	429	6	(6)
Securities Gains	445	383	376	465	108	16	312
All Other Revenue	(18)	21	20	(3)	25	NM	NM
	<u>4,257</u>	<u>4,068</u>	<u>3,355</u>	<u>2,481</u>	<u>3,154</u>	<u>5</u>	<u>35</u>
<b>EXPENSE:</b>							
Compensation Expense	1,391	1,321	1,065	721	1,057	5	32
Noncompensation Expense	915	836	882	848	820	9	12
	<u>2,306</u>	<u>2,157</u>	<u>1,947</u>	<u>1,569</u>	<u>1,877</u>	<u>7</u>	<u>23</u>
Operating Expense (Excludes Severance and Related Costs)	2,306	2,157	1,947	1,569	1,877	7	23
Severance and Related Costs	150	104	337	79	124	44	21
	<u>2,456</u>	<u>2,261</u>	<u>2,284</u>	<u>1,648</u>	<u>2,001</u>	<u>9</u>	<u>23</u>
Operating Margin	1,801	1,807	1,071	833	1,153	—	56
Credit Costs	(4)	245	489	1,316	306	NM	NM
Corporate Credit Allocation	(11)	(14)	(19)	(25)	(21)	21	48
	<u>1,794</u>	<u>1,548</u>	<u>563</u>	<u>(508)</u>	<u>826</u>	<u>16</u>	<u>117</u>
Operating Income (Loss) Before Income Tax Expense	1,794	1,548	563	(508)	826	16	117
Income Tax Expense (Benefit)	707	602	200	(252)	319	17	122
	<u>\$ 1,087</u>	<u>\$ 946</u>	<u>\$ 363</u>	<u>\$ (256)</u>	<u>\$ 507</u>	<u>15</u>	<u>114</u>
Operating Earnings (Loss)	\$ 1,087	\$ 946	\$ 363	\$ (256)	\$ 507	15	114
Average Economic Capital	\$ 20,101	\$ 20,825	\$ 20,317	\$ 19,443	\$ 19,638	(3)	2
Average Assets	494,221	525,613	515,614	494,699	503,339	(6)	(2)
Shareholder Value Added	480	324	(258)	(849)	(86)	48	NM
Return on Economic Capital	22%	18%	7%	NM	10%	400bp	1,200bp
Overhead Ratio	58	56	68	66%	63	200	(500)
Overhead Ratio Excl. Severance and Related Costs	54	53	58	63	60	100	(600)
Compensation Expense as a % of Operating Revenue Excl. Severance and Related Costs	33	32	32	29	34	100	(100)
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	<b>14,457</b>	<b>14,605</b>	<b>15,139</b>	<b>16,364</b>	<b>16,688</b>	<b>(1)%</b>	<b>(13)%</b>
<b>Shareholder Value Added:</b>							
Operating Earnings	\$ 1,087	\$ 946	\$ 363	\$ (256)	\$ 507	15	114
Less: Preferred Dividends	5	6	5	5	5	(17)	—
	<u>1,082</u>	<u>940</u>	<u>358</u>	<u>(261)</u>	<u>502</u>	<u>15</u>	<u>116</u>
Adjusted Operating Earnings	1,082	940	358	(261)	502	15	116
Less: Cost of Capital	602	616	616	588	588	(2)	2
	<u>\$ 480</u>	<u>\$ 324</u>	<u>\$ (258)</u>	<u>\$ (849)</u>	<u>\$ (86)</u>	<u>48</u>	<u>NM</u>
Total Shareholder Value Added	\$ 480	\$ 324	\$ (258)	\$ (849)	\$ (86)	48	NM

[Additional columns below]

	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>OPERATING INCOME STATEMENT</b>			
<b>REVENUE:</b>			
Trading Revenue (Includes Trading NII):			
Fixed Income and Other	\$ 3,600	\$ 2,537	42%
Equities	354	297	19
	3,954	2,834	40
Investment Banking Fees	1,385	1,517	(9)
Net Interest Income	1,372	1,438	(5)
Fees and Commissions	783	817	(4)
Securities Gains	828	235	252
All Other Revenue	3	(32)	NM
<b>TOTAL OPERATING REVENUE</b>	<b>8,325</b>	<b>6,809</b>	22
<b>EXPENSE:</b>			
Compensation Expense	2,712	2,187	24
Noncompensation Expense	1,751	1,725	2
	4,463	3,912	14
Operating Expense (Excludes Severance and Related Costs)	4,463	3,912	14
Severance and Related Costs	254	171	49
<b>TOTAL OPERATING EXPENSE</b>	<b>4,717</b>	<b>4,083</b>	16
Operating Margin	3,608	2,726	32
Credit Costs	241	588	(59)
Corporate Credit Allocation	(25)	(43)	42
	3,342	2,095	60
Operating Income (Loss) Before Income Tax Expense	3,342	2,095	60
Income Tax Expense (Benefit)	1,309	819	60
<b>OPERATING EARNINGS (LOSS)</b>	<b>\$ 2,033</b>	<b>\$ 1,276</b>	59
Average Economic Capital	\$ 20,461	\$ 19,934	3
Average Assets	509,830	485,576	5
Shareholder Value Added	804	79	NM
Return on Economic Capital	20%	13%	700bp
Overhead Ratio	57	60	(300)
Overhead Ratio Excl. Severance and Related Costs	54	57	(300)
Compensation Expense as a % of Operating Revenue Excl. Severance and Related Costs	33	32	100
<b>Shareholder Value Added:</b>			
<b>Operating Earnings</b>	<b>\$ 2,033</b>	<b>\$ 1,276</b>	59%
Less: Preferred Dividends	11	11	—
Adjusted Operating Earnings	2,022	1,265	60
Less: Cost of Capital	1,218	1,186	3
<b>Total Shareholder Value Added</b>	<b>\$ 804</b>	<b>\$ 79</b>	NM

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



	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>BUSINESS REVENUE:</b>							
<b>INVESTMENT BANKING FEES</b>							
Advisory	\$ 162	\$ 160	\$ 216	\$ 139	\$ 194	1%	(16)%
Underwriting and Other Fees	603	460	434	390	587	31	3
<b>TOTAL</b>	<b>765</b>	<b>620</b>	<b>650</b>	<b>529</b>	<b>781</b>	<b>23</b>	<b>(2)</b>
<b>CAPITAL MARKETS &amp; LENDING</b>							
Fixed Income	2,176	1,992	1,580	909	1,289	9	69
Treasury	627	607	578	607	269	3	133
Credit Portfolio	299	413	356	440	442	(28)	(32)
Equities	390	436	191	(4)	373	(11)	5
<b>TOTAL</b>	<b>3,492</b>	<b>3,448</b>	<b>2,705</b>	<b>1,952</b>	<b>2,373</b>	<b>1</b>	<b>47</b>
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 4,257</b>	<b>\$ 4,068</b>	<b>\$ 3,355</b>	<b>\$ 2,481</b>	<b>\$ 3,154</b>	<b>5</b>	<b>35</b>
<b>MEMO:</b>							
<b>CAPITAL MARKETS &amp; LENDING TOTAL</b>							
<b>RETURN REVENUE (a)</b>							
Fixed Income	\$ 2,113	\$ 1,954	\$ 1,497	\$ 943	\$ 1,362	8	55
Treasury	438	536	464	364	215	(18)	104
Credit Portfolio	299	413	356	440	442	(28)	(32)
Equities	390	436	191	(4)	373	(11)	5
<b>TOTAL</b>	<b>\$ 3,240</b>	<b>\$ 3,339</b>	<b>\$ 2,508</b>	<b>\$ 1,743</b>	<b>\$ 2,392</b>	<b>(3)</b>	<b>35</b>
<b>MARKET SHARE / RANKINGS: (b)</b>							
Global Syndicated Loans	24% / #1	14% / #1	20% / #1	22% / #1	28% / #1		
U.S. Investment-Grade Bonds	17% / #2	15% / #2	14% / #2	15% / #2	19% / #2		
Euro-Denominated Corporate International							
Bonds	5% / #7	4% / #10	7% / #4	5% / #9	5% / #7		
Global Equity and Equity-Related	9% / #4	10% / #3	3% / #9	2% / #15	6% / #7		
U.S. Equity and Equity-Related	12% / #4	16% / #1	5% / #7	3% / #8	9% / #5		
Global Announced M&A	13% / #7	22% / #2	15% / #5	12% / #7	17% / #3		

[Additional columns below]

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>BUSINESS REVENUE:</b>			
<b>INVESTMENT BANKING FEES</b>			
Advisory	\$ 322	\$ 388	(17)%
Underwriting and Other Fees	1,063	1,129	(6)
<b>TOTAL</b>	<b>1,385</b>	<b>1,517</b>	<b>(9)</b>
<b>CAPITAL MARKETS &amp; LENDING</b>			
Fixed Income	4,168	3,052	37
Treasury	1,234	654	89
Credit Portfolio	712	771	(8)
Equities	826	815	1
<b>TOTAL</b>	<b>6,940</b>	<b>5,292</b>	<b>31</b>

<b>TOTAL OPERATING REVENUE</b>	<b>\$ 8,325</b>	<b>\$ 6,809</b>	22
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**MEMO:**

**CAPITAL MARKETS & LENDING TOTAL RETURN REVENUE (a)**

Fixed Income	\$ 4,067	\$ 3,083	32
Treasury	974	685	42
Credit Portfolio	712	771	(8)
Equities	826	815	1
<b>TOTAL</b>	<b>\$ 6,579</b>	<b>\$ 5,354</b>	<b>23</b>

**MARKET SHARE / RANKINGS: (b)**

Global Syndicated Loans	20% / #1	25% / #1
U.S. Investment-Grade Bonds	15% / #2	17% / #2
Euro-Denominated Corporate International Bonds	5% / #8	6% / #5
Global Equity and Equity-Related	10% / #4	5% / #7
U.S. Equity and Equity-Related	13% / #3	7% / #6
Global Announced M&A	17% / #3	15% / #6

- 
- (a) Total return revenue includes 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 non-U.S. issuers.

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



	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>OPERATING INCOME STATEMENT</b>							
<b>REVENUE:</b>							
Fees and Commissions	\$ 632	\$ 598	\$ 581	\$ 605	\$ 621	6%	2%
Net Interest Income	312	299	314	312	310	4	1
All Other Revenue	40	38	46	112	60	5	(33)
<b>TOTAL OPERATING REVENUE</b>	<b>984</b>	<b>935</b>	<b>941</b>	<b>1,029</b>	<b>991</b>	<b>5</b>	<b>(1)</b>
<b>EXPENSE:</b>							
Compensation Expense	320	319	285	290	302	—	6
Noncompensation Expense	478	425	467	450	449	12	6
<b>TOTAL OPERATING EXPENSE</b>	<b>798</b>	<b>744</b>	<b>752</b>	<b>740</b>	<b>751</b>	<b>7</b>	<b>6</b>
Operating Margin	186	191	189	289	240	(3)	(23)
Credit Costs	1	1	2	(1)	(1)	NM	NM
Corporate Credit Allocation	11	14	19	25	21	(21)	(48)
Operating Income Before Income Tax Expense	196	204	206	315	262	(4)	(25)
Income Tax Expense	69	73	77	114	97	(5)	(29)
<b>OPERATING EARNINGS</b>	<b>\$ 127</b>	<b>\$ 131</b>	<b>\$ 129</b>	<b>\$ 201</b>	<b>\$ 165</b>	<b>(3)</b>	<b>(23)</b>
Average Economic Capital	\$ 2,768	\$ 2,759	\$ 2,720	\$ 2,603	\$ 2,662	—	4
Average Assets	20,165	17,504	19,279	15,943	18,919	15	7
Shareholder Value Added	43	49	46	122	85	(12)	(49)
Return on Economic Capital	18%	19%	19%	31%	25%	(100) bp	(700) bp
Overhead Ratio	81	80	80	72	76	100	500
Assets under Custody (in billions)	\$ 6,777	\$ 6,269	\$ 6,336	\$ 6,251	\$ 6,417	8%	6%
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	<b>14,388</b>	<b>14,344</b>	<b>14,435</b>	<b>14,734</b>	<b>14,857</b>	<b>—</b>	<b>(3)</b>
<b>Shareholder Value Added:</b>							
<b>Operating Earnings</b>	<b>\$ 127</b>	<b>\$ 131</b>	<b>\$ 129</b>	<b>\$ 201</b>	<b>\$ 165</b>	<b>(3)</b>	<b>(23)</b>
Less: Preferred Dividends	—	1	—	1	—	NM	NM
Adjusted Operating Earnings	127	130	129	200	165	(2)	(23)
Less: Cost of Capital	84	81	83	78	80	4	5
<b>Total Shareholder Value Added</b>	<b>\$ 43</b>	<b>\$ 49</b>	<b>\$ 46</b>	<b>\$ 122</b>	<b>\$ 85</b>	<b>(12)</b>	<b>(49)</b>
<b>OPERATING REVENUE BY BUSINESS:</b>							
Treasury Services	\$ 472	\$ 479	\$ 470	\$ 467	\$ 440	(1)	7
Investor Services	359	340	334	384	416	6	(14)
Institutional Trust Services	239	205	225	221	222	17	8
Other	(86)	(89)	(88)	(43)	(87)	3	1
<b>Total Treasury &amp; Securities Services</b>	<b>\$ 984</b>	<b>\$ 935</b>	<b>\$ 941</b>	<b>\$ 1,029</b>	<b>\$ 991</b>	<b>5</b>	<b>(1)</b>

[Additional columns below]

[Continued from above table, first column(s) repeated]

YEAR TO DATE		YTD 2003 Over (Under)
2003	2002	2002

**OPERATING INCOME STATEMENT****REVENUE:**

Fees and Commissions	\$ 1,230	\$ 1,227	—%
Net Interest Income	611	611	—
All Other Revenue	78	95	(18)
<b>TOTAL OPERATING REVENUE</b>	<b>1,919</b>	<b>1,933</b>	<b>(1)</b>

**EXPENSE:**

Compensation Expense	639	606	5
Noncompensation Expense	903	894	1
<b>TOTAL OPERATING EXPENSE</b>	<b>1,542</b>	<b>1,500</b>	<b>3</b>

Operating Margin	377	433	(13)
Credit Costs	2	—	NM
Corporate Credit Allocation	25	43	(42)

Operating Income Before Income Tax Expense	400	476	(16)
Income Tax Expense	142	175	(19)

**OPERATING EARNINGS** **\$ 258** **\$ 301** **(14)**

Average Economic Capital	\$ 2,764	\$ 2,727	1
Average Assets	18,842	17,954	5
Shareholder Value Added	92	138	(33)
Return on Economic Capital	19%	22%	(300) bp
Overhead Ratio	80	78	200

Assets under Custody (in billions)

**FULL-TIME EQUIVALENT EMPLOYEES****Shareholder Value Added:**

<b>Operating Earnings</b>	<b>\$ 258</b>	<b>\$ 301</b>	<b>(14)%</b>
Less: Preferred Dividends	1	1	—
Adjusted Operating Earnings	257	300	(14)
Less: Cost of Capital	165	162	2
<b>Total Shareholder Value Added</b>	<b>\$ 92</b>	<b>\$ 138</b>	<b>(33)</b>

**OPERATING REVENUE BY BUSINESS:**

Treasury Services	\$ 951	\$ 887	7
Investor Services	699	797	(12)
Institutional Trust Services	444	425	4
Other	(175)	(176)	1
<b>Total Treasury &amp; Securities Services</b>	<b>\$ 1,919</b>	<b>\$ 1,933</b>	<b>(1)</b>

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



	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>OPERATING INCOME STATEMENT</b>							
<b>REVENUE:</b>							
Fees and Commissions	\$ 509	\$ 511	\$ 507	\$ 519	\$ 560	—%	(9)%
Net Interest Income	118	116	107	117	113	2	4
All Other Revenue	57	16	38	59	56	256	2
<b>TOTAL OPERATING REVENUE</b>	<b>684</b>	<b>643</b>	<b>652</b>	<b>695</b>	<b>729</b>	6	(6)
<b>EXPENSE:</b>							
Compensation Expense	290	285	311	267	261	2	11
Noncompensation Expense	288	289	315	296	315	—	(9)
<b>TOTAL OPERATING EXPENSE</b>	<b>578</b>	<b>574</b>	<b>626</b>	<b>563</b>	<b>576</b>	1	—
Operating Margin	106	69	26	132	153	54	(31)
Credit Costs	—	6	12	26	23	NM	NM
Operating Income Before Income Tax Expense	106	63	14	106	130	68	(18)
Income Tax Expense	37	27	2	38	48	37	(23)
<b>OPERATING EARNINGS</b>	<b>\$ 69</b>	<b>\$ 36</b>	<b>\$ 12</b>	<b>\$ 68</b>	<b>\$ 82</b>	92	(16)
Average Economic Capital	\$ 5,481	\$ 5,432	\$ 5,540	\$ 5,607	\$ 5,741	1	(5)
Average Assets	33,929	32,346	33,522	34,968	36,478	5	(7)
Shareholder Value Added	(97)	(126)	(155)	(104)	(92)	23	(5)
Tangible Shareholder Value Added	29	(1)	(28)	26	37	NM	(22)
Return on Economic Capital	5%	3%	1%	5%	6%	200 bp	(100) bp
Tangible Return on Economic Capital	21	12	5	19	21	900	—
Overhead Ratio	85	89	96	81	79	(400)	600
Pre-Tax Margin Ratio	15	10	2	15	18	500	(300)
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	<b>7,884</b>	<b>7,510</b>	<b>7,827</b>	<b>8,080</b>	<b>8,103</b>	5%	(3)%
<b>Shareholder Value Added:</b>							
<b>Operating Earnings</b>	<b>\$ 69</b>	<b>\$ 36</b>	<b>\$ 12</b>	<b>\$ 68</b>	<b>\$ 82</b>	92	(16)
Less: Preferred Dividends	1	2	1	2	1	(50)	—
Adjusted Operating Earnings	68	34	11	66	81	100	(16)
Less: Cost of Capital	165	160	166	170	173	3	(5)
<b>Total Shareholder Value Added</b>	<b>\$ (97)</b>	<b>\$ (126)</b>	<b>\$ (155)</b>	<b>\$ (104)</b>	<b>\$ (92)</b>	23	(5)
<b>ASSETS UNDER SUPERVISION (in billions)</b>							
<b>Client Segment:</b>							
Retail	\$ 84(a)	\$ 72	\$ 80	\$ 77	\$ 89	17	(6)
Private Banking	130(a)	125	130	126	138	4	(6)
Institutional	298(a)	298	305	298	318	—	(6)
Assets under Management	512(a)	495	515	501	545	3	(6)
Custody / brokerage / administration / deposits	182(a)	127	129	131	140	43	30
<b>Assets under Supervision</b>	<b>\$ 694(a)</b>	<b>\$ 622</b>	<b>\$ 644</b>	<b>\$ 632</b>	<b>\$ 685</b>	12	1
<b>Geographic Region:</b>							
Americas	\$ 348(a)	\$ 350	\$ 362	\$ 352	\$ 381	(1)	(9)
Europe and Asia	164(a)	145	153	149	164	13	—
Assets under Management	512(a)	495	515	501	545	3	(6)
Custody / brokerage / administration / deposits	182(a)	127	129	131	140	43	30

Assets under Supervision	\$ 694(a)	\$ 622	\$ 644	\$ 632	\$ 685	12	1
<b>Product Class:</b>							
Liquidity	\$ 140(a)	\$ 144	\$ 144	\$ 130	\$ 131	(3)	7
Fixed Income	150(a)	144	149	150	156	4	(4)
Equities and Other	222(a)	207	222	221	258	7	(14)
Assets under Management	512(a)	495	515	501	545	3	(6)
Custody / brokerage / administration / deposits	182(a)	127	129	131	140	43	30
Assets under Supervision	\$ 694(a)	\$ 622	\$ 644	\$ 632	\$ 685	12	1

[Additional columns below]

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>OPERATING INCOME STATEMENT</b>			
<b>REVENUE:</b>			
Fees and Commissions	\$ 1,020	\$ 1,150	(11)%
Net Interest Income	234	225	4
All Other Revenue	73	119	(39)
<b>TOTAL OPERATING REVENUE</b>	<b>1,327</b>	<b>1,494</b>	(11)
<b>EXPENSE:</b>			
Compensation Expense	575	547	5
Noncompensation Expense	577	610	(5)
<b>TOTAL OPERATING EXPENSE</b>	<b>1,152</b>	<b>1,157</b>	—
Operating Margin	175	337	(48)
Credit Costs	6	46	(87)
Operating Income Before Income Tax Expense	169	291	(42)
Income Tax Expense	64	109	(41)
<b>OPERATING EARNINGS</b>	<b>\$ 105</b>	<b>\$ 182</b>	(42)
Average Economic Capital	\$ 5,457	\$ 5,714	(4)
Average Assets	33,142	37,238	(11)
Shareholder Value Added	(223)	(162)	(38)
Tangible Shareholder Value Added	28	96	(71)
Return on Economic Capital	4%	6%	(200) bp
Tangible Return on Economic Capital	16	24	(800)
Overhead Ratio	87	77	1,000
Pre-Tax Margin Ratio	13	19	(600)
<b>Shareholder Value Added:</b>			
<b>Operating Earnings</b>	<b>\$ 105</b>	<b>\$ 182</b>	(42)%
Less: Preferred Dividends	3	3	—
Adjusted Operating Earnings	102	179	(43)
Less: Cost of Capital	325	341	(5)
<b>Total Shareholder Value Added</b>	<b>\$ (223)</b>	<b>\$ (162)</b>	(38)

(a) Estimated

	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002
<b>OPERATING INCOME STATEMENT</b>					
<b>REVENUE:</b>					
Direct Investments:					
Realized Cash Gains (Net)	\$ 153	\$ 46	\$ 144	\$ 91	\$ 91
Write-downs / Write-offs	(177)	(176)	(225)	(210)	(206)
Mark-to-Market	147	(6)	108	(120)	(20)
<b>Total Direct Investments</b>	<b>123</b>	<b>(136)</b>	<b>27</b>	<b>(239)</b>	<b>(135)</b>
Third Party Funds (Net)	(145)	(94)	(80)	(60)	9
<b>Total Private Equity Gains (Losses)</b>	<b>(22)</b>	<b>(230)</b>	<b>(53)</b>	<b>(299)</b>	<b>(126)</b>
Net Interest Income (Loss)	(58)	(62)	(58)	(63)	(74)
Fees and Other Revenue	10	14	28	3	7
<b>TOTAL OPERATING REVENUE</b>	<b>(70)</b>	<b>(278)</b>	<b>(83)</b>	<b>(359)</b>	<b>(193)</b>
<b>EXPENSE:</b>					
Compensation Expense	36	34	24	33	34
Noncompensation Expense	38	29	45	46	39
<b>TOTAL OPERATING EXPENSE</b>	<b>74</b>	<b>63</b>	<b>69</b>	<b>79</b>	<b>73</b>
Operating Income (Loss) Before Income Tax Expense	(144)	(341)	(152)	(438)	(266)
Income Tax Expense (Benefit)	(53)	(124)	(56)	(160)	(98)
<b>OPERATING EARNINGS (LOSS)</b>	<b>\$ (91)</b>	<b>\$ (217)</b>	<b>\$ (96)</b>	<b>\$ (278)</b>	<b>\$ (168)</b>
Average Economic Capital	\$5,916	\$5,985	\$6,102	\$6,183	\$6,330
Average Assets	9,008	9,428	9,629	9,404	9,611
Shareholder Value Added	(314)	(440)	(327)	(514)	(407)
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	<b>329</b>	<b>342</b>	<b>357</b>	<b>364</b>	<b>357</b>
<b>Shareholder Value Added:</b>					
<b>Operating Earnings</b>	<b>\$ (91)</b>	<b>\$ (217)</b>	<b>\$ (96)</b>	<b>\$ (278)</b>	<b>\$ (168)</b>
Less: Preferred Dividends	1	2	2	2	2
Adjusted Operating Earnings	(92)	(219)	(98)	(280)	(170)
Less: Cost of Capital	222	221	229	234	237
<b>Total Shareholder Value Added</b>	<b>\$ (314)</b>	<b>\$ (440)</b>	<b>\$ (327)</b>	<b>\$ (514)</b>	<b>\$ (407)</b>

[Additional columns below]

[Continued from above table, first column(s) repeated]

	2QTR 2003 Over (Under)		YEAR TO DATE		YTD 2003 Over (Under)
	1Q 2003	2Q 2002	2003	2002	2002
<b>OPERATING INCOME STATEMENT</b>					
<b>REVENUE:</b>					
Direct Investments:					
Realized Cash Gains (Net)	233%	68%	\$ 199	\$ 217	(8)%
Write-downs / Write-offs	(1)	14	(353)	(390)	9
Mark-to-Market	NM	NM	141	(198)	NM
<b>Total Direct Investments</b>	<b>NM</b>	<b>NM</b>	<b>(13)</b>	<b>(371)</b>	<b>96</b>
Third Party Funds (Net)	(54)	NM	(239)	(10)	NM

Total Private Equity Gains (Losses)	90	83	(252)	(381)	34
Net Interest Income (Loss)	6	22	(120)	(147)	18
Fees and Other Revenue	(29)	43	24	27	(11)
<b>TOTAL OPERATING REVENUE</b>	75	64	<b>(348)</b>	<b>(501)</b>	31
<b>EXPENSE:</b>					
Compensation Expense	6	6	70	71	(1)
Noncompensation Expense	31	(3)	67	80	(16)
<b>TOTAL OPERATING EXPENSE</b>	17	1	<b>137</b>	<b>151</b>	(9)
Operating Income (Loss) Before Income Tax Expense	58	46	(485)	(652)	26
Income Tax Expense (Benefit)	57	46	(177)	(239)	26
<b>OPERATING EARNINGS (LOSS)</b>	58	46	<b>\$ (308)</b>	<b>\$ (413)</b>	25
Average Economic Capital	(1)	(7)	\$5,950	\$6,447	(8)
Average Assets	(4)	(6)	9,217	9,841	(6)
Shareholder Value Added	29	23	(754)	(897)	16
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	(4)	(8)			
<b>Shareholder Value Added:</b>					
<b>Operating Earnings</b>	58	46	<b>\$ (308)</b>	<b>\$ (413)</b>	25
Less: Preferred Dividends	(50)	(50)	3	4	(25)
Adjusted Operating Earnings	58	46	(311)	(417)	25
Less: Cost of Capital	—	(6)	443	480	(8)
<b>Total Shareholder Value Added</b>	29	23	<b>\$ (754)</b>	<b>\$ (897)</b>	16

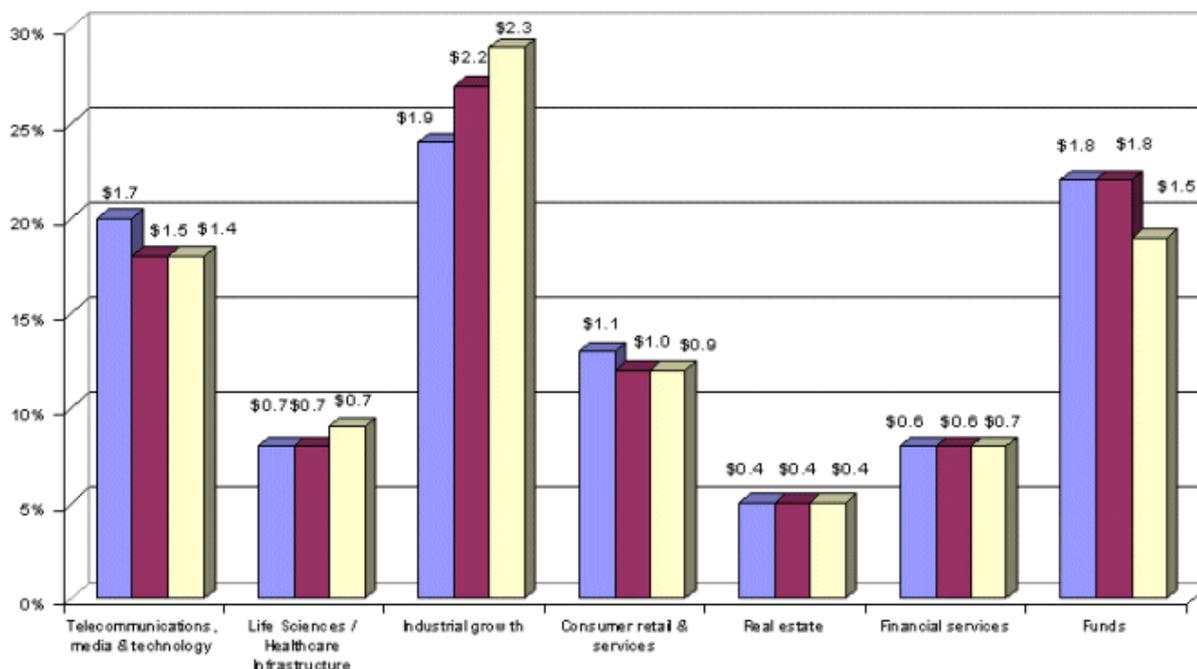
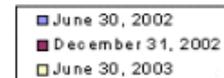
	Jun 30 2003	Mar 31 2003	Dec 31 2002	Sep 30 2002	Jun 30 2002	Jun 30, 2003 Over (Under)	
						Mar 31 2003	Jun 30 2002
<b>PORTFOLIO INFORMATION</b>							
Public Securities (79 companies) (a) (b)							
Carrying Value	\$ 591	\$ 478	\$ 520	\$ 488	\$ 695	24%	(15)%
Cost	531	624	663	764	860	(15)	(38)
Private Direct Securities (913 companies) (b)							
Carrying Value	5,766	5,912	5,865	5,694	5,707	(2)	1
Cost	7,351	7,439	7,316	7,186	7,066	(1)	4
Private Fund Investments (306 funds) (b)							
Carrying Value	1,544	1,780	1,843	1,831	1,827	(13)	(15)
Cost	2,121	2,360	2,333	2,216	2,164	(10)	(2)
Total Investment Portfolio — Carrying Value	\$ 7,901	\$ 8,170	\$ 8,228	\$ 8,013	\$ 8,229	(3)	(4)
Total Investment Portfolio — Cost	\$10,003	\$10,423	\$10,312	\$10,166	\$10,090	(4)	(1)
% of Portfolio to the Firm's Common Equity	18%	19%	20%	19%	20%	(100)bp	(200)bp

(a) Publicly traded positions only. Quoted public value was \$868 million at June 30, 2003.

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

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

% of carrying value as of June 30, 2003, December 31, 2002 and June 30, 2002  
 Amounts above the bars represent the carrying values of the investments  
 (in billions)



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



	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>OPERATING INCOME STATEMENT</b>							
<b>REVENUE:</b>							
Net Interest Income	\$ 2,423	\$ 2,319	\$ 2,128	\$ 2,107	\$ 2,072	4%	17%
Fees and Commissions	816	935	603	1,233	1,134	(13)	(28)
Securities Gains	324	102	375	112	19	218	NM
All Other Revenue	414	340	228	216	175	22	137
<b>TOTAL OPERATING REVENUE</b>	<b>3,977</b>	<b>3,696</b>	<b>3,334</b>	<b>3,668</b>	<b>3,400</b>	<b>8</b>	<b>17</b>
<b>EXPENSE:</b>							
Compensation Expense	762	733	634	677	668	4	14
Noncompensation Expense	1,002	1,021	1,078	981	958	(2)	5
<b>TOTAL OPERATING EXPENSE</b>	<b>1,764</b>	<b>1,754</b>	<b>1,712</b>	<b>1,658</b>	<b>1,626</b>	<b>1</b>	<b>8</b>
Operating Margin	2,213	1,942	1,622	2,010	1,774	14	25
Credit Costs	817	877	875	823	736	(7)	11
Operating Income Before Income Tax Expense	1,396	1,065	747	1,187	1,038	31	34
Income Tax Expense	513	388	280	427	389	32	32
<b>OPERATING EARNINGS</b>	<b>\$ 883</b>	<b>\$ 677</b>	<b>\$ 467</b>	<b>\$ 760</b>	<b>\$ 649</b>	<b>30</b>	<b>36</b>
Average Economic Capital	\$ 8,661	\$ 8,469	\$ 8,516	\$ 8,637	\$ 8,716	2	(1)
Average Managed Assets (a)	217,304	202,341	188,478	178,825	175,555	7	24
Shareholder Value Added	621	424	207	496	386	46	61
Return on Economic Capital	41%	32%	22%	35%	30%	900bp	1,100bp
Overhead Ratio	44	47	51	45	48	(300)	(400)
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>	<b>45,349</b>	<b>44,393</b>	<b>43,612</b>	<b>42,910</b>	<b>42,642</b>	<b>2%</b>	<b>6%</b>
<b>Shareholder value added:</b>							
<b>Operating Earnings</b>	<b>\$ 883</b>	<b>\$ 677</b>	<b>\$ 467</b>	<b>\$ 760</b>	<b>\$ 649</b>	<b>30</b>	<b>36</b>
Less: Preferred Dividends	2	3	2	3	2	(33)	—
Adjusted Operating Earnings	881	674	465	757	647	31	36
Less: Cost of Capital	260	250	258	261	261	4	—
<b>Total Shareholder Value Added</b>	<b>\$ 621</b>	<b>\$ 424</b>	<b>\$ 207</b>	<b>\$ 496</b>	<b>\$ 386</b>	<b>46</b>	<b>61</b>
<b>CHASE FINANCIAL SERVICES' BUSINESSES</b>							
<b>CHASE HOME FINANCE:</b>							
Operating Revenue	\$ 1,320	\$ 1,137	\$ 637	\$ 971	\$ 770	16	71
Operating Expense	375	361	380	312	312	4	20
Operating Earnings	568	431	146	385	261	32	118
<b>CHASE CARDMEMBER SERVICES:</b>							
Operating Revenue	\$ 1,520	\$ 1,469	\$ 1,571	\$ 1,557	\$ 1,486	3	2
Operating Expense	540	535	610	547	523	1	3
Operating Earnings	173	153	140	232	166	13	4
<b>CHASE AUTO FINANCE:</b>							
Operating Revenue	\$ 223	\$ 199	\$ 187	\$ 165	\$ 165	12	35
Operating Expense	72	67	65	61	61	7	18
Operating Earnings	68	39	36	24	79	74	(14)
<b>CHASE REGIONAL BANKING:</b>							
Operating Revenue	\$ 658	\$ 632	\$ 694	\$ 699	\$ 713	4	(8)
Operating Expense	572	564	565	550	553	1	3
Operating Earnings	42	36	79	76	90	17	(53)
<b>CHASE MIDDLE MARKET:</b>							
Operating Revenue	\$ 355	\$ 364	\$ 358	\$ 377	\$ 362	(2)	(2)
Operating Expense	218	210	225	201	210	4	4
Operating Earnings	82	91	57	94	90	(10)	(9)

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		YTD 2003
	2003	2002	Over (Under)
<b>OPERATING INCOME STATEMENT</b>			
<b>REVENUE:</b>			
Net Interest Income	\$ 4,742	\$ 4,058	17%
Fees and Commissions	1,751	2,028	(14)
Securities Gains	426	6	NM
All Other Revenue	754	363	108
<b>TOTAL OPERATING REVENUE</b>	<b>7,673</b>	<b>6,455</b>	<b>19</b>
<b>EXPENSE:</b>			
Compensation Expense	1,495	1,313	14
Noncompensation Expense	2,023	1,857	9
<b>TOTAL OPERATING EXPENSE</b>	<b>3,518</b>	<b>3,170</b>	<b>11</b>
Operating Margin	4,155	3,285	26
Credit Costs	1,694	1,462	16
Operating Income Before Income Tax Expense	2,461	1,823	35
Income Tax Expense	901	688	31
<b>OPERATING EARNINGS</b>	<b>\$ 1,560</b>	<b>\$ 1,135</b>	<b>37</b>
Average Economic Capital	\$ 8,565	\$ 8,661	(1)
Average Managed Assets (a)	209,864	175,574	20
Shareholder Value Added	1,045	615	70
Return on Economic Capital	37%	26%	1,100bp
Overhead Ratio	46	49	(300)
<b>FULL-TIME EQUIVALENT EMPLOYEES</b>			
<b>Shareholder value added:</b>			
<b>Operating Earnings</b>	<b>\$ 1,560</b>	<b>\$ 1,135</b>	<b>37%</b>
Less: Preferred Dividends	5	5	—
Adjusted Operating Earnings	1,555	1,130	38
Less: Cost of Capital	510	515	(1)
<b>Total Shareholder Value Added</b>	<b>\$ 1,045</b>	<b>\$ 615</b>	<b>70</b>
<b>CHASE FINANCIAL SERVICES' BUSINESSES</b>			
<b>CHASE HOME FINANCE:</b>			
Operating Revenue	\$ 2,457	\$ 1,297	89
Operating Expense	736	609	21
Operating Earnings	999	389	157
<b>CHASE CARDMEMBER SERVICES:</b>			
Operating Revenue	\$ 2,989	\$ 2,838	5
Operating Expense	1,075	1,004	7
Operating Earnings	326	304	7
<b>CHASE AUTO FINANCE:</b>			
Operating Revenue	\$ 422	\$ 336	26
Operating Expense	139	122	14
Operating Earnings	107	109	(2)
<b>CHASE REGIONAL BANKING:</b>			
Operating Revenue	\$ 1,290	\$ 1,440	(10)
Operating Expense	1,136	1,111	2
Operating Earnings	78	204	(62)
<b>CHASE MIDDLE MARKET:</b>			
Operating Revenue	\$ 719	\$ 733	(2)
Operating Expense	428	416	3
Operating Earnings	173	173	—

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



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



	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>Chase Home Finance</b>							
Originations:							
Retail, Wholesale and Correspondent	\$ 55	\$ 41	\$ 40	\$ 29	\$ 22	34%	150%
Correspondent Negotiated Transactions	23	21	21	7	5	10	360
Loans Serviced	437	432	426	435	436	1	—
End-of-Period Outstandings	74.5	67.3	63.6	55.6	53.6	11	39
Total Average Loans Owned	71.2	64.4	59.7	54.2	54.1	11	32
MSR Carrying Value	3.0	3.2	3.2	3.6	5.7	(6)	(47)
Number of Customers (in millions)	3.9	4.0	4.0	4.0	4.0	(3)	(3)
Net Charge-Off Ratio	0.18%	0.20%	0.27%	0.21%	0.30%	(2)bp	(12)bp
Overhead Ratio	28	32	60	32	41	(400)	(1,300)
<b>Chase Cardmember Services — Managed Basis</b>							
End-of-Period Outstandings	\$ 51.0	\$ 50.6	\$ 51.1	\$ 51.1	\$ 49.5	1%	3%
Average Outstandings	50.7	50.9	50.7	50.4	48.9	—	4
Total Purchases & Cash Advances (a)	22.2	20.7	21.2	23.0	20.9	7	6
Total Accounts (in millions)	30.3	29.8	29.2	28.6	28.1	2	8
Active Accounts (in millions)	16.4	16.5	16.5	16.5	16.3	(1)	1
Net Charge-Off Ratio	6.01%	5.87%	5.75%	5.59%	6.41%	14bp	(40)bp
30+ Day Delinquency Rate	4.40	4.59	4.67	4.47	4.17	(19)	23
Overhead Ratio	36	36	39	35	35	—	100
<b>Chase Auto Finance</b>							
Loan and Lease Receivables	\$ 41.7	\$ 41.1	\$ 37.4	\$ 33.8	\$ 29.3	1%	42%
Average Loan and Lease Receivables	41.7	39.6	35.8	31.5	29.6	5	41
Auto Origination Volume	7.9	7.4	6.8	7.6	5.2	7	52
Auto Market Share	6.8%(c)	6.7%	5.7%	5.8%	5.1%	10bp	170bp
Net Charge-Off Ratio	0.37	0.48	0.53	0.59	0.38	(11)	(1)
Overhead Ratio	32	34	35	37	37	(200)	(500)
<b>Chase Regional Banking</b>							
Total Average Deposits	\$ 74.5	\$ 72.6	\$ 70.1	\$ 70.1	\$ 69.9	3%	7%
Total Average Assets Under Management (b)	108.1(c)	105.3	102.6	102.6	104.3	3	4
Number of Branches	527	527	528	533	533	—	(1)
Number of ATMs	1,735(c)	1,870	1,876	1,884	1,878	(7)	(8)
Overhead Ratio	87%	89%	82%	79%	78%	(200)bp	900bp
<b>Chase Middle Market</b>							
Total Average Loans	\$ 14.3	\$ 14.3	\$ 14.1	\$ 13.7	\$ 13.5	—%	6%
Total Average Deposits	26.9	28.0	25.8	24.0	24.0	(4)	12
Nonperforming Average Loans as a % of Total Average							
Loans	1.24%	1.42%	1.59%	1.95%	1.89%	(18)bp	(65)bp
Overhead Ratio	61	58	63	53	58	300	300

[Additional columns below]

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>Chase Home Finance</b>			
Originations:			
Retail, Wholesale and Correspondent	\$ 96	\$ 44	118%
Correspondent Negotiated Transactions	44	15	193
Loans Serviced	437	436	—
End-of-Period Outstandings	74.5	53.6	39
Total Average Loans Owned	67.1	56.2	19
MSR Carrying Value	3.0	5.7	(47)
Number of Customers (in millions)	3.9	4.0	(3)
Net Charge-Off Ratio	0.19%	0.26%	(7)bp
Overhead Ratio	30	47	(1,700)
<b>Chase Cardmember Services — Managed Basis</b>			
End-of-Period Outstandings	\$ 51.0	\$ 49.5	3%

Average Outstandings	50.8	47.6	7
Total Purchases & Cash Advances (a)	42.9	39.8	8
Total Accounts (in millions)	30.3	28.1	8
Active Accounts (in millions)	16.4	16.3	1
Net Charge-Off Ratio	5.94%	6.12%	(18)bp
30+ Day Delinquency Rate	4.40	4.17	23
Overhead Ratio	36	35	100
<b>Chase Auto Finance</b>			
Loan and Lease Receivables	\$ 41.7	\$ 29.3	42%
Average Loan and Lease Receivables	40.7	29.8	37
Auto Origination Volume	15.3	10.9	40
Auto Market Share	6.8%	5.1%	170bp
Net Charge-Off Ratio	0.42	0.45	(3)
Overhead Ratio	33	36	(300)
<b>Chase Regional Banking</b>			
Total Average Deposits	\$ 73.6	\$ 69.5	6%
Total Average Assets Under Management (b)	106.9	104.6	2
Number of Branches	527	533	(1)
Number of ATMs	1,735	1,878	(8)
Overhead Ratio	88%	77%	1,100bp
<b>Chase Middle Market</b>			
Total Average Loans	\$ 14.3	\$ 13.5	6%
Total Average Deposits	27.5	23.4	18
Nonperforming Average Loans as a % of Total Average Loans	1.33%	2.02%	(69)bp
Overhead Ratio	60	57	300

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

(b) Assets under management includes deposits.

(c) Estimated

SUPPLEMENTAL DETAIL

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



	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>NONINTEREST REVENUE</b>							
<b>Investment Banking Fees:</b>							
Advisory	\$ 156	\$ 166	\$ 233	\$ 143	\$ 189	(6)%	(17)%
Underwriting:							
Equity	163	108	84	57	184	51	(11)
Debt	460	342	361	345	412	35	12
<b>Total</b>	<b>\$ 779</b>	<b>\$ 616</b>	<b>\$ 678</b>	<b>\$ 545</b>	<b>\$ 785</b>	26	(1)
<b>Trading-Related Revenue: (a)</b>							
Equities	\$ 151	\$ 194	\$ (20)	\$ (211)	\$ 120	(22)	26
Fixed Income and Other	1,805	1,721	1,273	576	1,016	5	78
<b>Total</b>	<b>\$1,956</b>	<b>\$1,915</b>	<b>\$1,253</b>	<b>\$ 365</b>	<b>\$1,136</b>	2	72
<b>Fees and Commissions:</b>							
Investment Management, Custody and Processing Services	\$ 891	\$ 885	\$ 863	\$ 923	\$ 981	1	(9)
Credit Card Revenue	698	692	807	806	669	1	4
Brokerage and Investment Services	321	277	273	321	333	16	(4)
Mortgage Servicing Fees, Net of Amortization, Writedowns and Derivatives Hedging	(94)	90	(330)	323	257	NM	NM
Other Lending-Related Service Fees	127	124	160	128	128	2	(1)
Deposit Service Fees	284	285	277	288	273	—	4
Other Fees	252	245	232	216	244	3	3
<b>Total</b>	<b>\$2,479</b>	<b>\$2,598</b>	<b>\$2,282</b>	<b>\$3,005</b>	<b>\$2,885</b>	(5)	(14)
<b>Other Revenue:</b>							
Residential Mortgage Origination/Sales Activities	\$ 439	\$ 378	\$ 212	\$ 213	\$ 146	16	201
All Other Revenue	58	103	78	206	146	(44)	(60)
<b>Total</b>	<b>\$ 497</b>	<b>\$ 481</b>	<b>\$ 290</b>	<b>\$ 419</b>	<b>\$ 292</b>	3	70
<b>NONINTEREST EXPENSE</b>							
<b>Other Expense:</b>							
Professional Services	\$ 324	\$ 325	\$ 378	\$ 307	\$ 311	—	4
Outside Services	310	272	249	256	240	14	29
Marketing	167	164	220	179	144	2	16
Travel and Entertainment	102	89	96	102	112	15	(9)
All Other	250	310	351	324	311	(19)	(20)
<b>Total</b>	<b>\$1,153</b>	<b>\$1,160</b>	<b>\$1,294</b>	<b>\$1,168</b>	<b>\$1,118</b>	(1)	3

[Additional columns below]

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>NONINTEREST REVENUE</b>			
<b>Investment Banking Fees:</b>			
Advisory	\$ 322	\$ 380	(15)%
Underwriting:			
Equity	271	323	(16)
Debt	802	837	(4)
<b>Total</b>	<b>\$1,395</b>	<b>\$1,540</b>	(9)

<b>Trading-Related Revenue: (a)</b>			
Equities	\$ 345	\$ 343	1
Fixed Income and Other	3,526	2,513	40
<b>Total</b>	<b>\$3,871</b>	<b>\$2,856</b>	36
<b>Fees and Commissions:</b>			
Investment Management, Custody and Processing Services	\$1,776	\$1,973	(10)
Credit Card Revenue	1,390	1,256	11
Brokerage and Investment Services	598	637	(6)
Mortgage Servicing Fees, Net of Amortization, Writedowns and Derivatives Hedging	(4)	305	NM
Other Lending-Related Service Fees	251	258	(3)
Deposit Service Fees	569	563	1
Other Fees	497	477	4
<b>Total</b>	<b>\$5,077</b>	<b>\$5,469</b>	(7)
<b>Other Revenue:</b>			
Residential Mortgage Origination/Sales Activities	\$ 817	\$ 246	232
All Other Revenue	161	203	(21)
<b>Total</b>	<b>\$ 978</b>	<b>\$ 449</b>	118
<b>NONINTEREST EXPENSE</b>			
<b>Other Expense:</b>			
Professional Services	\$ 649	\$ 618	5
Outside Services	582	489	19
Marketing	331	290	14
Travel and Entertainment	191	213	(10)
All Other	560	716	(22)
<b>Total</b>	<b>\$2,313</b>	<b>\$2,326</b>	(1)

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

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



	Jun 30 2003	Mar 31 2003	Dec 31 2002	Sep 30 2002	Jun 30 2002	Jun 30, 2003 Over (Under)	
						Mar 31 2003	Jun 30 2002
<b>ASSETS</b>							
Cash and Due from Banks	\$ 23,398	\$ 22,229	\$ 19,218	\$ 18,159	\$ 21,878	5%	7%
Deposits with Banks	10,393	6,896	8,942	13,447	10,517	51	(1)
Federal Funds Sold and Securities Purchased under Resale Agreements	69,748	69,764	65,809	63,748	71,740	—	(3)
Securities Borrowed	41,067	39,188	34,143	35,283	48,429	5	(15)
Trading Assets:							
Debt and Equity Instruments	139,275	146,783	165,199	151,264	159,746	(5)	(13)
Derivative Receivables	93,602	86,649	83,102	87,518	69,858	8	34
Securities	82,549	85,178	84,463	79,768	64,526	(3)	28
Loans (Net of Allowance for Loan Losses)	222,307	212,256	211,014	206,215	207,080	5	7
Private Equity Investments	7,901	8,170	8,228	8,013	8,229	(3)	(4)
Goodwill	8,132	8,122	8,096	8,108	8,089	—	1
Mortgage Servicing Rights	2,967	3,235	3,230	3,606	5,689	(8)	(48)
Other Intangibles:							
Purchased Credit Card Relationships	1,141	1,205	1,269	1,337	1,426	(5)	(20)
All Other Intangibles	320	294	307	311	313	9	2
Other Assets	99,803	65,187	65,780	64,982	63,026	53	58
<b>TOTAL ASSETS</b>	<b>\$802,603</b>	<b>\$755,156</b>	<b>\$758,800</b>	<b>\$741,759</b>	<b>\$740,546</b>	6	8
<b>LIABILITIES</b>							
Deposits:							
Noninterest-Bearing	\$ 88,096	\$ 77,822	\$ 82,029	\$ 74,724	\$ 73,529	13	20
Interest-Bearing	230,152	222,845	222,724	217,447	220,300	3	4
Total Deposits	318,248	300,667	304,753	292,171	293,829	6	8
Federal Funds Purchased and Securities Sold under							
Repurchase Agreements	155,330	160,221	169,483	154,745	162,656	(3)	(5)
Commercial Paper	12,382	14,039	16,591	13,775	14,561	(12)	(15)
Other Borrowed Funds	12,176	12,848	8,946	12,646	17,352	(5)	(30)
Trading Liabilities:							
Debt and Equity Instruments	72,825	64,427	66,864	71,607	67,952	13	7
Derivative Payables	72,831	64,804	66,227	70,593	55,575	12	31
Accounts Payable, Accrued Expenses and Other							
Liabilities (including the Allowance for Lending- Related Commitments)	64,072	46,776	38,440	38,233	38,083	37	68
Long-Term Debt	44,479	42,851	39,751	39,113	42,363	4	5
Guaranteed Preferred Beneficial Interests in the Firm's							
Junior Subordinated Deferrable Interest Debentures	5,439	5,439	5,439	5,439	5,439	—	—
<b>TOTAL LIABILITIES</b>	<b>757,782</b>	<b>712,072</b>	<b>716,494</b>	<b>698,322</b>	<b>697,810</b>	6	9
<b>STOCKHOLDERS' EQUITY</b>							
Preferred Stock	1,009	1,009	1,009	1,009	1,009	—	—
Common Stock	2,036	2,032	2,024	2,023	2,020	—	1
Capital Surplus	12,898	12,477	13,222	13,113	13,111	3	(2)
Retained Earnings	27,633	26,538	25,851	26,940	27,605	4	—
Accumulated Other Comprehensive Income	1,293	1,113	1,227	1,465	79	16	NM
Treasury Stock, at Cost	(48)	(85)	(1,027)	(1,113)	(1,088)	44	96
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>44,821</b>	<b>43,084</b>	<b>42,306</b>	<b>43,437</b>	<b>42,736</b>	4	5
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$802,603</b>	<b>\$755,156</b>	<b>\$758,800</b>	<b>\$741,759</b>	<b>\$740,546</b>	6	8

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



	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>AVERAGE BALANCES</b>							
<b>ASSETS</b>							
Deposits with Banks	\$ 7,061	\$ 9,998	\$ 13,074	\$ 13,071	\$ 9,287	(29)%	(24)%
Federal Funds Sold and Securities Purchased under							
Resale Agreements	76,690	87,657	88,974	83,402	83,317	(13)	(8)
Securities and Trading Assets	225,333	246,007	229,120	205,232	201,512	(8)	12
Securities Borrowed	42,160	38,654	40,673	41,881	46,537	9	(9)
Loans	219,950	215,882	211,489	205,037	211,495	2	4
Total Interest-Earning Assets	571,194	598,198	583,330	548,623	552,148	(5)	3
Noninterest-Earning Assets	193,461	180,040	171,836	175,743	182,798	7	6
<b>TOTAL ASSETS</b>	<b>\$764,655</b>	<b>\$778,238</b>	<b>\$755,166</b>	<b>\$724,366</b>	<b>\$734,946</b>	(2)	4
<b>LIABILITIES</b>							
Interest-Bearing Deposits	\$225,950	\$225,389	\$215,061	\$214,932	\$221,687	—	2
Federal Funds Purchased and Securities Sold under							
Repurchase Agreements	164,386	191,163	182,526	170,266	166,919	(14)	(2)
Commercial Paper	12,929	14,254	13,469	13,740	18,514	(9)	(30)
Other Borrowings (a)	63,524	68,453	65,591	66,014	78,614	(7)	(19)
Long-Term Debt	49,219	46,001	44,621	45,525	42,482	7	16
Total Interest-Bearing Liabilities	516,008	545,260	521,268	510,477	528,216	(5)	(2)
Noninterest-Bearing Liabilities	204,879	190,111	190,919	170,712	164,832	8	24
<b>TOTAL LIABILITIES</b>	<b>720,887</b>	<b>735,371</b>	<b>712,187</b>	<b>681,189</b>	<b>693,048</b>	(2)	4
<b>PREFERRED STOCK OF SUBSIDIARY (b)</b>							
Preferred Stock	1,009	1,009	1,009	1,009	1,009	—	—
Common Stockholders' Equity	42,759	41,858	41,970	42,168	40,889	2	5
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>43,768</b>	<b>42,867</b>	<b>42,979</b>	<b>43,177</b>	<b>41,898</b>	2	4
<b>TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY</b>	<b>\$764,655</b>	<b>\$778,238</b>	<b>\$755,166</b>	<b>\$724,366</b>	<b>\$734,946</b>	(2)	4
<b>AVERAGE RATES</b>							
<b>INTEREST-EARNING ASSETS</b>							
Deposits with Banks	2.39%	2.58%	1.48%	2.65%	3.31%	(19)bp	(92)bp
Federal Funds Sold and Securities Purchased under							
Resale Agreements	1.85	2.19	2.33	2.52	2.58	(34)	(73)
Securities and Trading Assets	4.64	4.64	4.62	4.98	5.18	—	(54)
Securities Borrowed	0.75	1.02	1.42	1.70	1.49	(27)	(74)
Loans	5.12	5.32	5.29	5.73	5.95	(20)	(83)
<b>Total Interest-Earning Assets</b>	<b>4.13</b>	<b>4.26</b>	<b>4.22</b>	<b>4.58</b>	<b>4.74</b>	(13)	(61)
<b>INTEREST-BEARING LIABILITIES</b>							
Interest-Bearing Deposits	1.69	1.92	2.17	2.62	2.38	(23)	(69)
Federal Funds Purchased and Securities Sold under							
Repurchase Agreements	1.41	1.54	1.71	2.06	2.06	(13)	(65)
Commercial Paper	1.22	1.30	1.53	1.81	1.84	(8)	(62)
Other Borrowings	5.39	4.99	4.69	5.06	5.24	40	15
Long-Term Debt	3.14	3.23	3.68	3.22	3.10	(9)	4
<b>Total Interest-Bearing Liabilities</b>	<b>2.18</b>	<b>2.27</b>	<b>2.44</b>	<b>2.78</b>	<b>2.75</b>	(9)	(57)
<b>INTEREST RATE SPREAD</b>	<b>1.95%</b>	<b>1.99%</b>	<b>1.78%</b>	<b>1.80%</b>	<b>1.99%</b>	(4)	(4)
<b>NET INTEREST MARGIN</b>	<b>2.16%</b>	<b>2.19%</b>	<b>2.04%</b>	<b>1.99%</b>	<b>2.11%</b>	(3)	5
<b>NET INTEREST MARGIN ADJUSTED FOR SECURITIZATIONS</b>	<b>2.47%</b>	<b>2.49%</b>	<b>2.36%</b>	<b>2.31%</b>	<b>2.36%</b>	(2)	11

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>AVERAGE BALANCES</b>			
<b>ASSETS</b>			
Deposits with Banks	\$ 8,521	\$ 10,798	(21)%
Federal Funds Sold and Securities Purchased under Resale Agreements	82,143	82,166	—
Securities and Trading Assets	235,613	191,288	23
Securities Borrowed	40,417	44,152	(8)
Loans	217,927	214,654	2
Total Interest-Earning Assets	584,621	543,058	8
Noninterest-Earning Assets	186,788	183,783	2
<b>TOTAL ASSETS</b>	<b>\$771,409</b>	<b>\$726,841</b>	<b>6</b>
<b>LIABILITIES</b>			
Interest-Bearing Deposits	\$225,671	\$219,879	3
Federal Funds Purchased and Securities Sold under Repurchase Agreements	177,701	160,327	11
Commercial Paper	13,588	18,706	(27)
Other Borrowings (a)	65,974	73,042	(10)
Long-Term Debt	47,619	42,762	11
Total Interest-Bearing Liabilities	530,553	514,716	3
Noninterest-Bearing Liabilities	197,536	170,285	16
<b>TOTAL LIABILITIES</b>	<b>728,089</b>	<b>685,001</b>	<b>6</b>
<b>PREFERRED STOCK OF SUBSIDIARY (b)</b>	<b>—</b>	<b>176</b>	<b>NM</b>
Preferred Stock	1,009	1,009	—
Common Stockholders' Equity	42,311	40,655	4
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>43,320</b>	<b>41,664</b>	<b>4</b>
<b>TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY</b>	<b>\$771,409</b>	<b>\$726,841</b>	<b>6</b>
<b>AVERAGE RATES</b>			
<b>INTEREST-EARNING ASSETS</b>			
Deposits with Banks	2.50%	3.11%	(61)bp
Federal Funds Sold and Securities Purchased under Resale Agreements	2.03	2.52	(49)
Securities and Trading Assets	4.64	5.26	(62)
Securities Borrowed	0.88	1.63	(75)
Loans	5.22	5.91	(69)
<b>Total Interest-Earning Assets</b>	<b>4.20</b>	<b>4.76</b>	<b>(56)</b>
<b>INTEREST-BEARING LIABILITIES</b>			
Interest-Bearing Deposits	1.80	2.44	(64)
Federal Funds Purchased and Securities Sold under Repurchase Agreements	1.48	2.07	(59)
Commercial Paper	1.26	1.80	(54)
Other Borrowings	5.18	5.04	14
Long-Term Debt	3.18	3.22	(4)
<b>Total Interest-Bearing Liabilities</b>	<b>2.23</b>	<b>2.73</b>	<b>(50)</b>
<b>INTEREST RATE SPREAD</b>	<b>1.97%</b>	<b>2.03%</b>	<b>(6)</b>
<b>NET INTEREST MARGIN</b>	<b>2.18%</b>	<b>2.17%</b>	<b>1</b>
<b>NET INTEREST MARGIN ADJUSTED FOR SECURITIZATIONS</b>	<b>2.48%</b>	<b>2.41%</b>	<b>7</b>

(a) Includes securities sold but not yet purchased.

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



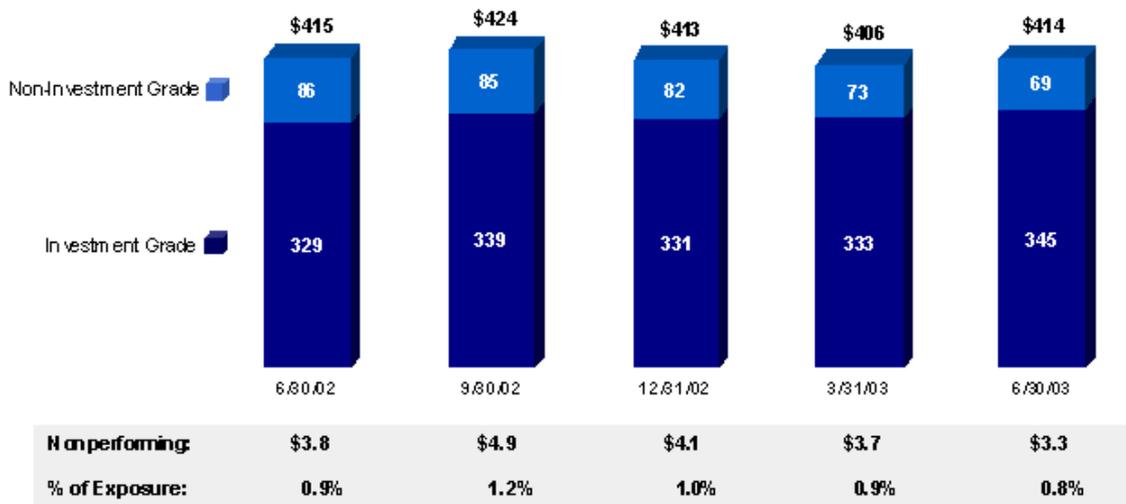
**J.P. MORGAN CHASE & CO.**  
**CREDIT-RELATED INFORMATION**  
(in millions, except ratios)



	Jun 30 2003	Mar 31 2003	Dec 31 2002	Sep 30 2002	Jun 30 2002	June 30, 2003 Over (Under)	
						Mar 31 2003	Jun 30 2002
<b>CREDIT EXPOSURE</b>							
<b>COMMERCIAL</b>							
Loans — U.S	\$ 55,693	\$ 54,156	\$ 56,667	\$ 62,901	\$ 67,124	3%	(17)%
Loans — Non-U.S	35,363	34,290	34,881	34,585	37,577	3	(6)
Total Commercial Loans	91,056	88,446	91,548	97,486	104,701	3	(13)
Derivative Receivables	93,602	86,649	83,102	87,518	69,858	8	34
Other Receivables (a)	108	108	108	1,130	1,130	—	(90)
<b>TOTAL COMMERCIAL CREDIT-RELATED ASSETS</b>	<b>184,766</b>	<b>175,203</b>	<b>174,758</b>	<b>186,134</b>	<b>175,689</b>	5	5
Lending-Related Commitments	229,119	230,698	238,120	238,150	239,240	(1)	(4)
<b>TOTAL COMMERCIAL CREDIT EXPOSURE (b)</b>	<b>413,885</b>	<b>405,901</b>	<b>412,878</b>	<b>424,284</b>	<b>414,929</b>	2	—
<b>CONSUMER</b>							
1-4 Family Residential Mortgages — First Liens	57,593	51,711	49,357	41,934	39,602	11	45
Home Equity	17,327	15,363	14,643	13,741	13,067	13	33
1-4 Family Residential Mortgages	74,920	67,074	64,000	55,675	52,669	12	42
Credit Card — Reported (c)	16,578	17,509	19,677	20,508	21,036	(5)	(21)
Credit Card Securitizations (c)	33,789	32,377	30,722	29,843	27,499	4	23
Credit Card — Managed	50,367	49,886	50,399	50,351	48,535	1	4
Auto Financings	38,151	36,865	33,615	30,612	26,666	3	43
Other Consumer (d)	6,689	7,577	7,524	7,197	7,014	(12)	(5)
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>170,127</b>	<b>161,402</b>	<b>155,538</b>	<b>143,835</b>	<b>134,884</b>	5	26
<b>TOTAL CREDIT PORTFOLIO</b>	<b>\$584,012</b>	<b>\$567,303</b>	<b>\$568,416</b>	<b>\$568,119</b>	<b>\$549,813</b>	3	6

- (a) Represents at June 30, 2003 the Enron-related letter of credit, which continues to be the subject of litigation and was classified in Other Assets.
- (b) Credit exposure excludes risk participations and does not reflect the benefit of credit derivative hedges or liquid collateral held against derivatives contracts.
- (c) At June 30, 2003 and March 31, 2003, credit card securitizations includes \$1,019 million and \$978 million, respectively, of accrued interest and fees on securitized credit card loans that were classified in Other Assets, consistent with the FASB Staff Position, Accounting for Accrued Interest Receivable Related to Securitized and Sold Receivables under SFAS 140. Prior to March 31, 2003, these balances were classified in Credit Card Loans.
- (d) Consists of manufactured housing loans, installment loans (direct and indirect types of consumer finance), student loans, unsecured revolving lines of credit and non-U.S. consumer loans.

**Commercial Exposure Risk Profile (e)**  
 (\$ in billions)



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

	Jun 30 2003	Mar 31 2003	Dec 31 2002	Sep 30 2002	Jun 30 2002	Jun 30, 2003 Over (Under)	
						Mar 31 2003	Jun 30 2002
<b>NONPERFORMING ASSETS AND RATIOS</b>							
<b>COMMERCIAL</b>							
Loans — U.S	\$1,810	\$2,029	\$2,059	\$1,865	\$1,402	(11)%	29%
Loans — Non-U.S	1,153	1,257	1,613	1,731	1,110	(8)	4
Total Commercial Loans	2,963	3,286	3,672	3,596	2,512	(10)	18
Derivative Receivables	276	277	289	169	144	—	92
Other Receivables (a)	108	108	108	1,130	1,130	—	(90)
<b>TOTAL COMMERCIAL CREDIT EXPOSURE</b>	<b>3,347</b>	<b>3,671</b>	<b>4,069</b>	<b>4,895</b>	<b>3,786</b>	(9)	(12)
<b>CONSUMER</b>							
1-4 Family Residential Mortgages — First Liens	251	249	259	265	226	1	11
Home Equity	52	54	53	49	49	(4)	6
1-4 Family Residential Mortgages	303	303	312	314	275	—	10
Credit Card — Reported	13	14	15	17	18	(7)	(28)
Credit Card Securitizations	—	—	—	—	—	NM	NM
Credit Card — Managed	13	14	15	17	18	(7)	(28)
Auto Financings	111	112	118	108	103	(1)	8
Other Consumer (b)	66	66	76	68	54	—	22
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>493</b>	<b>495</b>	<b>521</b>	<b>507</b>	<b>450</b>	—	10
Assets Acquired in Loan Satisfactions	227	225	190	140	142	1	60
<b>TOTAL CREDIT PORTFOLIO (c)</b>	<b>\$4,067</b>	<b>\$4,391</b>	<b>\$4,780</b>	<b>\$5,542</b>	<b>\$4,378</b>	(7)	(7)
<b>TOTAL NONPERFORMING ASSETS TO TOTAL ASSETS</b>	<b>0.51%</b>	<b>0.58%</b>	<b>0.63%</b>	<b>0.75%</b>	<b>0.59%</b>	(7)bp	(8)bp
<b>PAST DUE 90 DAYS AND OVER AND ACCRUING</b>							
<b>COMMERCIAL</b>							
Loans — U.S	\$ 35	\$ 37	\$ 57	\$ 32	\$ 29	(5)%	21%
Loans — Non-U.S	—	2	—	1	2	NM	NM
Derivative Receivables	—	—	—	—	—	NM	NM
<b>TOTAL COMMERCIAL CREDIT EXPOSURE</b>	<b>35</b>	<b>39</b>	<b>57</b>	<b>33</b>	<b>31</b>	(10)	13
<b>CONSUMER</b>							
1-4 Family Residential Mortgages — First Liens	—	—	—	1	—	NM	NM
Home Equity	—	—	—	—	—	NM	NM
1-4 Family Residential Mortgages	—	—	—	1	—	NM	NM
Credit Card — Reported (d)	229	269	451	447	505	(15)	(55)
Credit Card Securitizations (d)	792	808	630	526	457	(2)	73
Credit Card — Managed	1,021	1,077	1,081	973	962	(5)	6
Auto Financings	—	—	—	—	—	NM	NM
Other Consumer (b)	21	22	22	26	37	(5)	(43)
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>1,042</b>	<b>1,099</b>	<b>1,103</b>	<b>1,000</b>	<b>999</b>	(5)	4
<b>TOTAL CREDIT PORTFOLIO</b>	<b>\$1,077</b>	<b>\$1,138</b>	<b>\$1,160</b>	<b>\$1,033</b>	<b>\$1,030</b>	(5)	5

(a) Represents at June, 2003 the Enron-related letter of credit, which continues to be the subject of litigation and was classified in Other Assets.

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

- (c) Nonperforming assets at June 30, 2003 have not been reduced for credit protection (single name credit default swaps and collateralized loan obligations) relating to nonperforming counterparties in amounts aggregating \$97 million at June 30, 2003. Nonperforming assets exclude nonaccrual loans held for sale ("HFS") of \$45 million at June 30, 2003. HFS loans are carried at the lower of cost or market, and declines in value are recorded in Other Revenue.
- (d) At June 30, 2003 and March 31, 2003, credit card securitizations includes \$141 million and \$144 million, respectively, of accrued interest and fees on securitized credit card loans past due 90 days and over and accruing that were classified in Other Assets, consistent with the FASB Staff Position, Accounting for Accrued Interest Receivable Related to Securitized and Sold Receivables under SFAS 140. Prior to March 31, 2003, these balances were classified in Credit Card Loans.

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



	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>NET CHARGE-OFFS</b>							
<b>COMMERCIAL</b>							
Loans — U.S	\$ 185	\$ 118	\$ 226	\$ 307	\$ 181	57%	2%
Loans — Non-U.S	72	174	208	527	112	(59)	(36)
Total Commercial Loans	257	292	434	834	293	(12)	(12)
Lending-Related Commitments	—	—	212	—	—	NM	NM
<b>TOTAL COMMERCIAL CREDIT EXPOSURE</b>	<b>257</b>	<b>292</b>	<b>646</b>	<b>834</b>	<b>293</b>	<b>(12)</b>	<b>(12)</b>
<b>CONSUMER</b>							
1-4 Family Residential Mortgages — First Liens	5	5	11	6	21	—	(76)
Home Equity	6	2	4	1	—	200	NM
1-4 Family Residential Mortgages	11	7	15	7	21	57	(48)
Credit Card — Reported	268	275	286	333	433	(3)	(38)
Credit Card Securitizations	480	457	430	354	334	5	44
Credit Card — Managed	748	732	716	687	767	2	(2)
Auto Financings	39	46	47	47	29	(15)	34
Other Consumer (a)	39	50	54	45	45	(22)	(13)
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>837</b>	<b>835</b>	<b>832</b>	<b>786</b>	<b>862</b>	<b>—</b>	<b>(3)</b>
<b>TOTAL CREDIT PORTFOLIO</b>	<b>\$1,094</b>	<b>\$1,127</b>	<b>\$1,478</b>	<b>\$1,620</b>	<b>\$1,155</b>	<b>(3)</b>	<b>(5)</b>
<b>NET CHARGE-OFF RATES — ANNUALIZED</b>							
<b>COMMERCIAL</b>							
Loans — U.S	1.40%	0.86%	1.61%	1.95%	1.13%	54bp	27bp
Loans — Non-U.S	0.88	2.07	2.30	6.66	1.24	(119)	(36)
Total Commercial Loans	1.20	1.32	1.88	3.53	1.17	(12)	3
Lending-Related Commitments	—	—	0.35	—	—	—	—
<b>TOTAL COMMERCIAL CREDIT EXPOSURE</b>	<b>0.33</b>	<b>0.37</b>	<b>0.78</b>	<b>1.00</b>	<b>0.34</b>	<b>(4)</b>	<b>(1)</b>
<b>CONSUMER</b>							
1-4 Family Residential Mortgages — First Liens	0.04	0.04	0.09	0.06	0.20	—	(16)
Home Equity	0.15	0.05	0.11	0.03	—	10	15
1-4 Family Residential Mortgages	0.06	0.04	0.10	0.05	0.16	2	(10)
Credit Card — Reported	6.22	6.17	5.90	6.27	7.67	5	(145)
Credit Card Securitizations	5.90	5.82	5.58	4.95	5.30	8	60
Credit Card — Managed	6.01	5.95	5.70	5.51	6.42	6	(41)
Auto Financings	0.41	0.53	0.58	0.64	0.43	(12)	(2)
Other Consumer (a)	2.15	2.54	2.77	2.53	2.35	(39)	(20)
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>2.01</b>	<b>2.14</b>	<b>2.20</b>	<b>2.23</b>	<b>2.53</b>	<b>(13)</b>	<b>(52)</b>
<b>TOTAL MANAGED LOANS</b>	<b>1.74</b>	<b>1.85</b>	<b>2.08</b>	<b>2.75</b>	<b>1.96</b>	<b>(11)</b>	<b>(22)</b>
<b>TOTAL CREDIT PORTFOLIO</b>	<b>0.91</b>	<b>0.95</b>	<b>1.22</b>	<b>1.36</b>	<b>0.97</b>	<b>(4)</b>	<b>(6)</b>

[Additional columns below]

[Continued from above table, first column(s) repeated]

	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>NET CHARGE-OFFS</b>			
<b>COMMERCIAL</b>			
Loans — U.S	\$ 303	\$ 388	(22)%
Loans — Non-U.S	246	225	9
Total Commercial Loans	549	613	(10)
Lending-Related Commitments	—	—	NM

<b>TOTAL COMMERCIAL CREDIT EXPOSURE</b>	<b>549</b>	<b>613</b>	<b>(10)</b>
<b>CONSUMER</b>			
1-4 Family Residential Mortgages — First Liens	10	32	(69)
Home Equity	8	2	300
1-4 Family Residential Mortgages	18	34	(47)
Credit Card — Reported	543	770	(29)
Credit Card Securitizations	937	655	43
Credit Card — Managed	1,480	1,425	4
Auto Financings	85	67	27
Other Consumer (a)	89	90	(1)
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>1,672</b>	<b>1,616</b>	<b>3</b>
<b>TOTAL CREDIT PORTFOLIO</b>	<b>\$2,221</b>	<b>\$2,229</b>	<b>—</b>
<b>NET CHARGE-OFF RATES — ANNUALIZED</b>			
<b>COMMERCIAL</b>			
Loans — U.S	1.13%	1.18%	(5)bp
Loans — Non-U.S	1.48	1.29	19
Total Commercial Loans	1.26	1.22	4
Lending-Related Commitments	—	—	—
<b>TOTAL COMMERCIAL CREDIT EXPOSURE</b>	<b>0.35</b>	<b>0.36</b>	<b>(1)</b>
<b>CONSUMER</b>			
1-4 Family Residential Mortgages — First Liens	0.04	0.15	(11)
Home Equity	0.10	0.03	7
1-4 Family Residential Mortgages	0.05	0.12	(7)
Credit Card — Reported	6.19	6.71	(52)
Credit Card Securitizations	5.85	5.61	24
Credit Card — Managed	5.97	6.15	(18)
Auto Financings	0.47	0.50	(3)
Other Consumer (a)	2.35	2.25	10
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>2.07</b>	<b>2.38</b>	<b>(31)</b>
<b>TOTAL MANAGED LOANS</b>	<b>1.79</b>	<b>1.89</b>	<b>(10)</b>
<b>TOTAL CREDIT PORTFOLIO</b>	<b>0.93</b>	<b>0.93</b>	<b>—</b>

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

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

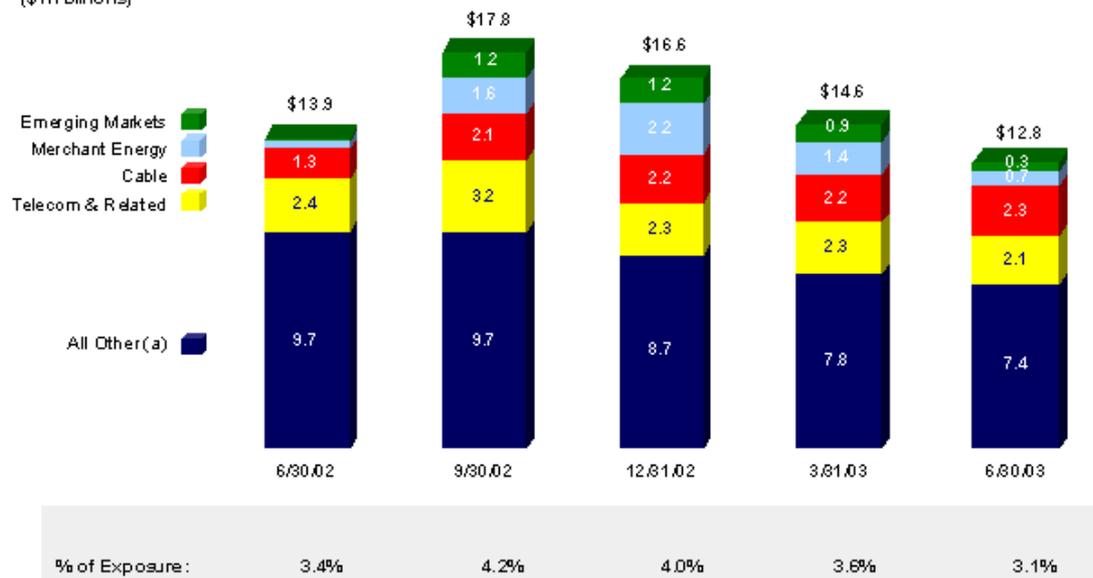


	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>SUMMARY OF CHANGES IN THE ALLOWANCE</b>							
<b>LOANS:</b>							
Beginning Balance	\$5,215	\$5,350	\$5,263	\$ 5,006	\$5,005	(3)%	4%
Net Charge-Offs	(614)	(670)	(836)	(1,266)	(821)	8	25
Provision for Loan Losses	487	670	921	1,544	821	(27)	(41)
Other	(1)	(135)	2	(21)	1	99	NM
<b>Ending Balance</b>	<b>\$5,087</b>	<b>\$5,215</b>	<b>\$5,350</b>	<b>\$ 5,263</b>	<b>\$5,006</b>	<b>(2)</b>	<b>2</b>
<b>LENDING-RELATED COMMITMENTS:</b>							
Beginning Balance	\$ 436	\$ 363	\$ 573	\$ 281	\$ 281	20	55
Net Charge-Offs	—	—	(212)	—	—	NM	NM
Provision for Lending-Related Commitments	(52)	73	—	292	—	NM	NM
Other	—	—	2	—	—	NM	NM
<b>Ending Balance</b>	<b>\$ 384</b>	<b>\$ 436</b>	<b>\$ 363</b>	<b>\$ 573</b>	<b>\$ 281</b>	<b>(12)</b>	<b>37</b>
<b>ALLOWANCE COMPONENTS AND RATIOS</b>							
<b>LOANS:</b>							
Commercial — Specific	\$1,371	\$1,528	\$1,603	\$ 1,525	\$1,212	(10)%	13%
Commercial — Expected	548	590	613	554	594	(7)	(8)
<b>Total Commercial</b>	<b>1,919</b>	<b>2,118</b>	<b>2,216</b>	<b>2,079</b>	<b>1,806</b>	<b>(9)</b>	<b>6</b>
Consumer Expected	2,226	2,255	2,360	2,365	2,387	(1)	(7)
<b>Total Specific and Expected</b>	<b>4,145</b>	<b>4,373</b>	<b>4,576</b>	<b>4,444</b>	<b>4,193</b>	<b>(5)</b>	<b>(1)</b>
Residual Component	942	842	774	819	813	12	16
<b>Total Allowance for Loans Losses</b>	<b>\$5,087</b>	<b>\$5,215</b>	<b>\$5,350</b>	<b>\$ 5,263</b>	<b>\$5,006</b>	<b>(2)</b>	<b>2</b>
<b>LENDING-RELATED COMMITMENTS:</b>							
Commercial — Specific	\$ 252	\$ 305	\$ 237	\$ 426	\$ 165	(17)	53
Commercial — Expected	85	84	87	83	78	1	9
<b>Total Specific and Expected</b>	<b>337</b>	<b>389</b>	<b>324</b>	<b>509</b>	<b>243</b>	<b>(13)</b>	<b>39</b>
Residual Component	47	47	39	64	38	—	24
<b>Total Allowance for Lending-Related Commitments</b>	<b>\$ 384</b>	<b>\$ 436</b>	<b>\$ 363</b>	<b>\$ 573</b>	<b>\$ 281</b>	<b>(12)</b>	<b>37</b>
Allowance for Loan Losses to Total Loans	2.24%	2.40%	2.47%	2.49%	2.36%	(16)bp	(12)bp
Allowance for Loan Losses to Total Nonperforming Loans	147	138	128	128	169	900	(2,200)
Allowance for Loan Losses to Total Nonperforming Assets	125	119	112	95	114	600	1,100
<b>CREDIT COSTS</b>							
<b>Loans:</b>							
Commercial	\$ 58	\$ 194	\$ 526	\$ 1,107	\$ 344	(70)%	(83)%
Consumer	329	411	395	438	391	(20)	(16)
<b>Total Specific and Expected</b>	<b>387</b>	<b>605</b>	<b>921</b>	<b>1,545</b>	<b>735</b>	<b>(36)</b>	<b>(47)</b>
Residual Component	100	65	—	(1)	86	54	16
<b>Total Provision for Loan Losses</b>	<b>487</b>	<b>670</b>	<b>921</b>	<b>1,544</b>	<b>821</b>	<b>(27)</b>	<b>(41)</b>
<b>Lending-Related Commitments:</b>							
Commercial	(52)	65	25	266	(1)	NM	NM
Residual Component	—	8	(25)	26	1	NM	NM
<b>Total Provision for Lending-Related Commitments</b>	<b>(52)</b>	<b>73</b>	<b>—</b>	<b>292</b>	<b>—</b>	<b>NM</b>	<b>NM</b>
<b>Securitized Credit Losses</b>	<b>480</b>	<b>457</b>	<b>430</b>	<b>354</b>	<b>334</b>	<b>5</b>	<b>44</b>
<b>Total Managed Credit Costs</b>	<b>\$ 915</b>	<b>\$1,200</b>	<b>\$1,351</b>	<b>\$ 2,190</b>	<b>\$1,155</b>	<b>(24)</b>	<b>(21)</b>



### Commercial Criticized Exposure Trend

(\$ in billions)



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

	Jun 30 2003		Mar 31 2003		Dec 31 2002		Sep 30 2002	
	\$	%	\$	%	\$	%	\$	%
<b>TELECOM AND RELATED INDUSTRIES</b>								
<b>(a)</b>								
Credit Exposure (b)	\$16,059	100%	\$16,739	100%	\$16,770	100%	\$18,208	100%
Risk Profile of Credit Exposure:								
Investment-Grade	10,715	67%	11,061	66%	9,376	56%	10,107	56%
Noninvestment-Grade:								
Noncriticized	3,201	20%	3,381	20%	5,076	30%	4,928	27%
Criticized Performing	1,738	11%	1,756	11%	1,487	9%	2,421	13%
Criticized Nonperforming (c)	405	2%	541	3%	831	5%	752	4%
<b>CABLE INDUSTRY</b>								
Credit Exposure (b)	\$ 5,143	100%	\$ 5,312	100%	\$ 5,982	100%	\$ 5,427	100%
Risk Profile of Credit Exposure:								
Investment-Grade	1,909	37%	2,112	40%	2,681	45%	1,913	35%
Noninvestment-Grade:								
Noncriticized	908	18%	977	18%	1,096	18%	1,385	26%
Criticized Performing	1,833	36%	1,717	32%	1,673	28%	1,735	32%
Criticized Nonperforming (c)	493	9%	506	10%	532	9%	394	7%
<b>MERCHANT ENERGY AND RELATED INDUSTRIES (d)</b>								
Credit Exposure (b)	\$ 5,915	100%	\$ 6,170	100%	\$ 6,230	100%	\$ 6,241	100%
Risk Profile of Credit Exposure:								
Investment-Grade	3,996	68%	3,744	61%	3,580	57%	3,470	56%
Noninvestment-Grade:								
Noncriticized	1,214	20%	1,066	17%	423	7%	1,196	19%
Criticized Performing	463	8%	1,156	19%	1,849	30%	1,405	22%
Criticized Nonperforming (c)	242	4%	204	3%	378	6%	170	3%

[Additional columns below]

[Continued from above table, first column(s) repeated]

	Jun 30, 2003 Over (Under)			
	Jun 30 2002		Mar 31 2003	Jun 30 2002
	\$	%		
<b>TELECOM AND RELATED INDUSTRIES (a)</b>				
Credit Exposure (b)	\$19,973	100%	(4)%	(20)%
Risk Profile of Credit Exposure:				
Investment-Grade	11,677	58%	(3)	(8)
Noninvestment-Grade:				
Noncriticized	5,865	29%	(5)	(45)
Criticized Performing	2,116	11%	(1)	(18)
Criticized Nonperforming (c)	315	2%	(25)	29
<b>CABLE INDUSTRY</b>				
Credit Exposure (b)	\$ 4,556	100%	(3)	13
Risk Profile of Credit Exposure:				
Investment-Grade	1,371	30%	(10)	39
Noninvestment-Grade:				
Noncriticized	1,878	41%	(7)	(52)
Criticized Performing	1,209	27%	7	52
Criticized Nonperforming (c)	98	2%	(3)	403
<b>MERCHANT ENERGY AND RELATED INDUSTRIES (d)</b>				
Credit Exposure (b)	\$ 6,201	100%	(4)	(5)

Risk Profile of Credit Exposure:				
Investment-Grade	3,682	59%	7	9
Noninvestment-Grade:				
Noncriticized	2,141	35%	14	(43)
Criticized Performing	358	6%	(60)	29
Criticized Nonperforming (c)	20	0%	19	NM

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

Investment Grade: AAA / Aaa to BBB- / Baa3

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

Criticized: CCC+ / Caa1 & below

- (a) Telecom and Related Industries includes other companies with an interdependence upon the telecommunications sector.
- (b) Credit exposure excludes risk participations and does not reflect the benefit of credit derivative hedges or liquid collateral held against derivatives contracts.
- (c) Nonperforming assets exclude nonaccrual HFS loans, which are carried at the lower of cost or market and declines in value are recorded in Other Revenue.
- (d) These amounts exclude Enron-related exposure.

	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>AVAILABLE VERSUS REQUIRED</b>							
<b>ECONOMIC CAPITAL</b>							
<b>(in billions)</b>							
Common Stockholders' Equity	\$ 42.8(a)	\$ 41.9	\$ 42.0	\$ 42.2	\$ 40.9	2%	5%
<b>Required Economic Capital</b>							
Credit Risk	14.4(a)	15.1	14.7	13.5	13.5	(5)	7
Market Risk	4.3(a)	4.2	4.1	4.8	4.9	2	(12)
Operational Risk	3.5(a)	3.5	3.5	3.5	3.5	—	—
Business Risk	1.7(a)	1.7	1.8	1.8	1.8	—	(6)
Private Equity Risk	5.4(a)	5.4	5.5	5.7	5.9	—	(8)
Economic Risk Capital	29.3(a)	29.9	29.6	29.3	29.6	(2)	(1)
Goodwill/Intangibles	8.9(a)	8.9	8.9	8.9	8.9	—	—
Asset Capital Tax	3.9(a)	4.0	3.9	3.8	3.9	(3)	—
Capital Against Nonrisk Factors	12.8(a)	12.9	12.8	12.7	12.8	(1)	—
Diversification Effect	(5.0)(a)	(5.0)	(4.9)	(5.3)	(5.4)	—	7
<b>Total Required Economic Capital</b>	<b>37.1(a)</b>	<b>37.8</b>	<b>37.5</b>	<b>36.7</b>	<b>37.0</b>	<b>(2)</b>	<b>—</b>
<b>Capital In Excess of Required Economic Capital</b>							
<b>Capital</b>	<b>\$ 5.7(a)</b>	<b>\$ 4.1</b>	<b>\$ 4.5</b>	<b>\$ 5.5</b>	<b>\$ 3.9</b>	<b>39</b>	<b>46</b>
<b>COMMON SHARES OUTSTANDING</b>							
<b>(in millions)</b>							
Basic Weighted-Average Shares Outstanding	2,005.6	1,999.8	1,990.0	1,986.0	1,982.6	—	1
Diluted Weighted-Average Shares Outstanding	2,050.6	2,021.9	2,008.5	2,005.8	2,016.0	1	2
Common Shares Outstanding — at Period End	2,035.1	2,030.0	1,998.7	1,995.9	1,993.4	—	2
<b>CASH DIVIDENDS DECLARED PER SHARE</b>							
<b>SHARE</b>	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34	—	—
<b>BOOK VALUE PER SHARE</b>	21.53	20.73	20.66	21.26	20.93	4	3
<b>SHARE PRICE</b>							
High	\$ 36.52	\$ 28.29	\$ 26.14	\$ 33.68	\$ 38.75	29	(6)
Low	23.75	20.13	15.26	17.86	30.15	18	(21)
Close	34.18	23.71	24.00	18.99	33.92	44	1
<b>CAPITAL RATIOS</b>							
<b>(in millions, except ratios)</b>							
Tier 1 Capital	\$ 41,000(a)	\$ 38,442	\$ 37,570	\$ 38,459	\$ 38,949	7	5
Total Capital	59,000(a)	55,702	54,495	55,024	55,893	6	6
Risk-Weighted Assets	483,000(a)	455,549	455,948	442,586	441,623	6	9
Adjusted Average Assets	751,000(a)	764,677	741,862	711,703	723,566	(2)	4
Tier 1 Capital Ratio	8.5%(a)	8.4%	8.2%	8.7%	8.8%	10bp	(30)bp
Total Capital Ratio	12.2(a)	12.2	12.0	12.4	12.7	—	(50)
Tier 1 Leverage Ratio	5.5(a)	5.0	5.1	5.4	5.4	50	10

[Additional columns below]

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	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>AVAILABLE VERSUS REQUIRED ECONOMIC CAPITAL</b>			
<b>(in billions)</b>			
Common Stockholders' Equity	\$ 42.3(a)	\$ 40.7	4%
<b>Required Economic Capital</b>			
Credit Risk	14.7(a)	13.9	6
Market Risk	4.3(a)	5.1	(16)

Operational Risk	3.5(a)	3.5	—
Business Risk	1.7(a)	1.8	(6)
Private Equity Risk	5.4(a)	5.9	(8)
Economic Risk Capital	29.6(a)	30.2	(2)
Goodwill/Intangibles	8.9(a)	8.8	1
Asset Capital Tax	4.0(a)	3.8	5
Capital Against Nonrisk Factors	12.9(a)	12.6	2
Diversification Effect	(5.1)(a)	(5.5)	7
<b>Total Required Economic Capital</b>	<b>37.4(a)</b>	<b>37.3</b>	<b>—</b>
<b>Capital In Excess of Required Economic Capital</b>	<b>\$ 4.9(a)</b>	<b>\$ 3.4</b>	<b>44</b>

#### COMMON SHARES OUTSTANDING

(in millions)

Basic Weighted-Average Shares Outstanding	2,002.8	1,980.4	1
Diluted Weighted-Average Shares Outstanding	2,036.3	2,011.0	1
Common Shares Outstanding — at Period End	2,035.1	1,993.4	2
<b>CASH DIVIDENDS DECLARED PER SHARE</b>	<b>\$ 0.68</b>	<b>\$ 0.68</b>	<b>—</b>

#### BOOK VALUE PER SHARE

##### SHARE PRICE

High	\$ 36.52	\$ 39.68	(8)
Low	20.13	26.70	(25)

(a) Estimated

(in millions)	2QTR 2003	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	2QTR 2003 Over (Under)	
						1Q 2003	2Q 2002
<b>Trading Portfolio:</b>							
Interest Rate	\$ 62.4	\$ 54.2	\$ 66.5	\$ 69.2	\$ 71.6	15%	(13)%
Foreign Exchange	15.1	17.3	14.0	11.6	11.3	(13)	34
Equities	9.1	11.0	8.5	18.3	18.4	(17)	(51)
Commodities	3.0	2.2	2.1	2.8	4.2	36	(29)
Hedge Fund Investment	4.5	3.5	3.4	3.4	2.9	29	55
Less: Portfolio Diversification	(35.3)	(34.5)	(27.5)	(32.7)	(30.6)	(2)	(15)
<b>Total Trading VAR</b>	<b>\$ 58.8</b>	<b>\$ 53.7</b>	<b>\$ 67.0</b>	<b>\$ 72.6</b>	<b>\$ 77.8</b>	9	(24)

[Additional columns below]

[Continued from above table, first column(s) repeated]

(in millions)	YEAR TO DATE		YTD 2003 Over (Under)
	2003	2002	2002
<b>Trading Portfolio:</b>			
Interest Rate	\$ 58.4	\$ 67.6	(14)%
Foreign Exchange	16.1	10.3	56
Equities	10.1	15.4	(34)
Commodities	2.6	4.7	(45)
Hedge Fund Investment	4.0	3.0	33
Less: Portfolio Diversification	(34.8)	(27.5)	(27)
<b>Total Trading VAR</b>	<b>\$ 56.4</b>	<b>\$ 73.5</b>	<b>(23)</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 44% ownership interest.

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

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

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

**Managed Credit Card Receivables or Managed Basis:** Refers to credit card receivables on 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 and credit card securitizations.

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

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

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

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

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

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

**Tangible Return on Economic Capital:** Excludes the impact of goodwill on operating earnings and average common equity.

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

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

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

**Value-at-Risk ("VAR"):** A measure of the dollar amount of potential loss from adverse market moves in an ordinary market environment. VAR is calculated using a one-day time horizon and a 99% confidence level.