

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 11, 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

Exhibit No.	Description of Exhibit
99.1	Restatement of Business Segment Financial Results and Capital
99.2	Reconciliation of Certain Non-GAAP Measures

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

As discussed in its Annual Report on Form 10-K for the year ended December 31, 2002, and its Form 10-Q for the quarter ended March 31, 2003, J.P. Morgan Chase & Co. (“JPMorgan Chase” or the “Firm”) has undertaken, during the past several months, a review of its capital measurement methodologies for commercial credit risk, operating risk and private equity risk, as well as the assumed correlations among the various risks. That review has been completed, resulting in the reallocation of capital among risk categories and certain business segments. The Firm has also revised its internal management reporting policies to: (1) allocate certain revenues, expenses and tax-related items that had been recorded within the Corporate segment to the other business segments and (2) assign to Treasury & Securities Services (“T&SS”) a corporate credit allocation associated with certain credit exposures managed within the Investment Bank’s (“IB”) credit portfolio related to certain shared clients. A more complete description of these changes in policies follows.

As a result of these revisions, the operating results of the lines of business have been affected, although the Firm’s reported consolidated results have not been affected in any way. Attached to this Form 8-K, as Exhibit 99.1, are restated line of business results for (1) each of full-year 2000, 2001 and 2002 and (2) each quarter of 2002 and the first quarter of 2003. The schedule on page 3 of Exhibit 99.1 reflects the dollar change, after these restatements, to the line of business operating results disclosed in the 2002 JPMorgan Chase Annual Report. Commencing with the second quarter of 2003, line of business operating results will be reported on a basis consistent with the presentation set forth in this restatement.

Capital Allocation

JPMorgan Chase assigns economic risk capital based primarily on four risk factors: credit risk, market risk, operating risk and private equity risk. Effective with the second quarter of 2003, the capital measurement methodologies for commercial credit risk, operating risk and private equity risk have been revised. These new methodologies have changed the level of capital allocated to individual business segments, but have not resulted in a significant change in the total capital allocated to the business segments as a whole.

The Firm has revised its methodology for the assessment of credit risk capital allocated to the commercial credit portfolio, more closely aligning capital with current market conditions. Specifically, the new approach employs estimates of default likelihood that are derived from current market parameters and is intended to capture the impact of both defaults and declines in market value due to credit deterioration. This approach is intended to more accurately reflect current risk conditions as well as to enhance the management of commercial credit risk by encouraging the utilization of the growing market in credit derivatives and secondary market loan sales. For the first quarter of 2003, the capital attributed to credit risk increased 17% from \$12.9 billion to \$15.1 billion, driven by the revised methodology for commercial credit risk.

Operating risk has been separated into its two components: operational risk and business risk. Operational risk is the risk of loss resulting from inadequate or failed processes or systems, human

factors or external events. Under the prior methodology, operating risk capital was allocated to each business based on its complexity, expense base and control quality. The new operational risk model is loss-based, with adjustments to reflect changes in the quality of the control environment, and with a potential offset for the use of risk-transfer products. Business risk is defined as the risk associated with the volatility in the Firm's earnings due to factors not captured by other parts of the Firm's economic capital framework. For business risk, capital is allocated to each business based on historical revenue volatility and measures of fixed and variable expenses. Earnings volatility arising from other risk factors such as credit, market or operational risks is excluded from the measurement of business risk capital, as these factors are captured under those risk capital models. The revised methodology resulted in an overall lower amount of capital allocated to the businesses in respect of operational and business risks. The combined capital attributed to operational and business risks declined 47% from \$9.9 billion under the prior methodology to \$5.2 billion under the revised methodology for the first quarter of 2003.

In refining the capital methodology for private equity risk, JPMorgan Chase has assigned a moderately higher amount of capital for this risk, given changes made to stress test parameters for the private equity portfolio, as well as liquidity-adjusted VAR (i.e., Value-at-Risk) measurements for the public equity portfolio. Most of the private equity capital is assigned to JPMorgan Partners. The capital attributed to private equity risk increased 10% from \$4.9 billion under the prior methodology to \$5.4 billion under the revised methodology for the first quarter of 2003.

The changes to average economic capital for each line of business are shown for full year 2000, 2001 and 2002 on page 3 of Exhibit 99.1. For 2002, the economic capital in the Investment Bank increased 9% from \$18.3 billion under the prior methodologies to \$19.9 billion under the revised methodologies. This increase was driven primarily by an increase in the capital attributed to credit risk and to a lesser extent by an increase in the capital attributed to operational and business risk. In Treasury & Securities Services, economic capital decreased 10% from \$3.0 billion to \$2.7 billion. The drop was due to a decline in the capital attributed to operational and business risk, partially offset by an increase in the capital attributed to the corporate credit allocation discussed below. Investment Management & Private Banking's economic capital declined 8% from \$6.1 billion to \$5.6 billion driven by declines in the capital attributed to operational and business risk and to credit risk. Economic capital in JPMorgan Partners increased 15% from \$5.5 billion to \$6.3 billion driven by increases in capital attributed to private equity risk as well as to operational and business risk. In Chase Financial Services, economic capital decreased 17% from \$10.3 billion to \$8.6 billion due primarily to a decline in the capital attributed to operational and business risk.

Corporate Segment

The Corporate segment has historically reported a net loss, primarily driven by negative revenue. Negative revenue in the Corporate segment results from the overallocation to business segments of economic capital (thus generating negative net interest income) as well as revenues that arise from the application of funds transfer pricing and other management accounting policies. Expense items in the Corporate segment may result from timing differences in allocations to business segments, residuals from interoffice allocation among the business segments and other items considered appropriate to retain in the Corporate segment. Although the Corporate segment generally has no credit exposures, the residual component of the allowance for credit losses is maintained in this segment and is not allocated to any specific business segment.

In the first quarter of 2003, the Firm initiated a review of its management accounting policies. As a result of such review, for the first quarter of 2003 approximately \$50 million of the previously reported operating loss of \$223 million recorded within the Corporate segment has been allocated to the other business segments. This includes certain income tax expenses that had originally been recorded within

the Corporate segment and have been allocated to other business segments, principally to Investment Management & Private Banking. Prior periods have been restated to reflect current methodologies. Management is continuing to assess the appropriate allocation of items remaining in the Corporate segment and anticipates additional allocations from the Corporate segment to the other business segments in the future.

Credit Portfolio Transfer to Treasury & Securities Services

Management has decided to assign to T&SS a corporate credit allocation, together with the 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. The allocation is presented on a separate line in the operating income statement. This change increased T&SS operating earnings by \$8 million and average economic capital by \$852 million for the first quarter of 2003. Shareholder value added in T&SS was reduced by \$17 million in the first quarter of 2003. The IB's operating earnings, economic capital and shareholder value added for the same period exactly offset the impact to T&SS.

Exhibit 99.2

Also attached as Exhibit 99.2 to this Form 8-K is a reconciliation to GAAP measures of certain non-GAAP measures used by the Firm.

SIGNATURE

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

J.P. MORGAN CHASE & CO.

(Registrant)

By: /s/ Joseph L. Sclafani

Joseph L. Sclafani

Executive Vice President and Controller
[Principal Accounting Officer]

Dated: July 11, 2003

EXHIBIT INDEX

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99.1	Restatement of Business Segment Financial Results and Capital
99.2	Reconciliation of Certain Non-GAAP Measures



RESTATEMENT OF BUSINESS SEGMENT FINANCIAL RESULTS AND CAPITAL

FULL YEAR 2000 – 2002

FIVE QUARTER TREND: FIRST QUARTER 2002 – FIRST QUARTER 2003

	Page
Lines of Business Restatement Summary	3
Lines of Business Financial Highlights Summary	4
Segment Detail	
Investment Bank	5
Business-Related Metrics	6
Treasury & Securities Services	7
Investment Management & Private Banking	8
JPMorgan Partners	9
Chase Financial Services	10
Supports Units and Corporate	11
Capital	
Available Versus Required Economic Capital	12
Glossary of Terms	13

J.P. MORGAN CHASE & CO.
LINE OF BUSINESS RESTATEMENT SUMMARY
(in millions, except ratios)



Year Ended December 31,	BEFORE RESTATEMENT (a)			AFTER RESTATEMENT (b)		
	2002	2001	2000	2002	2001	2000
OPERATING REVENUE						
Investment Bank	\$12,399	\$14,671	\$15,692	\$12,645	\$14,873	\$15,837
Treasury & Securities Services	4,046	3,978	3,930	3,903	3,821	3,781
Investment Management & Private Banking	2,868	3,226	3,543	2,841	3,197	3,520
JPMorgan Partners	(954)	(1,470)	786	(943)	(1,435)	849
Chase Financial Services	13,541	10,951	10,059	13,457	10,870	9,973
Support Units and Corporate	(847)	(964)	(965)	(850)	(934)	(915)
OPERATING REVENUE (c)	31,053	30,392	33,045	31,053	30,392	33,045
Impact of Credit Card Securitizations	(1,439)	(1,048)	(990)	(1,439)	(1,048)	(990)
Impact of Special Items	—	—	1,131	—	—	1,131
REPORTED REVENUE (c)	\$29,614	\$29,344	\$33,186	\$29,614	\$29,344	\$33,186
OPERATING EARNINGS (d)						
Investment Bank	\$ 1,365	\$ 2,918	\$ 3,522	\$ 1,383	\$ 2,929	\$ 3,506
Treasury & Securities Services	677	632	671	631	607	668
Investment Management & Private Banking	384	479	613	262	363	544
JPMorgan Partners	(789)	(1,116)	262	(787)	(1,098)	299
Chase Financial Services	2,490	1,538	1,638	2,362	1,451	1,540
Support Units and Corporate	(743)	(649)	(530)	(467)	(450)	(381)
OPERATING EARNINGS (c)	3,384	3,802	6,176	3,384	3,802	6,176
Impact of Merger and Restructuring Costs and Special Items	(1,721)	(1,715)	(200)	(1,721)	(1,715)	(200)
Impact of Pre-SFAS 142 Goodwill Amortization	NA	(393)	(249)	NA	(393)	(249)
NET INCOME (c)	\$ 1,663	\$ 1,694	\$ 5,727	\$ 1,663	\$ 1,694	\$ 5,727
AVERAGE ECONOMIC CAPITAL						
Investment Bank	\$18,323	\$18,964	\$18,335	\$19,907	\$20,196	\$18,450
Treasury & Securities Services	2,998	2,958	2,883	2,694	2,910	2,911
Investment Management & Private Banking	6,115	6,275	4,447	5,643	5,781	4,105
JPMorgan Partners	5,454	6,475	7,590	6,293	7,557	8,932
Chase Financial Services	10,293	9,118	8,668	8,618	7,740	7,701
Support Units and Corporate	(1,815)	(2,266)	(5,747)	(1,787)	(2,660)	(5,923)
TOTAL ECONOMIC CAPITAL (c) (e)	\$41,368	\$41,524	\$36,176	\$41,368	\$41,524	\$36,176
SHAREHOLDER VALUE ADDED						
Investment Bank	\$ (853)	\$ 615	\$ 1,280	\$ (1,028)	\$ 475	\$ 1,247
Treasury & Securities Services	313	272	319	306	255	314
Investment Management & Private Banking	(357)	(284)	70	(421)	(339)	42
JPMorgan Partners	(1,614)	(2,097)	(894)	(1,738)	(2,243)	(1,061)
Chase Financial Services	1,242	430	578	1,318	510	598
Support Units and Corporate	(362)	(183)	386	(68)	95	599
TOTAL SHAREHOLDER VALUE ADDED (c) (f)	\$ (1,631)	\$ (1,247)	\$ 1,739	\$ (1,631)	\$ (1,247)	\$ 1,739
OPERATING RETURN ON ECONOMIC CAPITAL						
Investment Bank	7%	15%	19%	7%	14%	19%
Treasury & Securities Services	23	21	23	23	21	23
Investment Management & Private Banking	6	8	14	5	6	13
Chase Financial Services	24	17	19	27	19	20
OPERATING RETURN ON ECONOMIC CAPITAL (c)	8	9	17	8	9	17

[Additional columns below]

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

Year Ended December 31,	2002	2001	2000
OPERATING REVENUE			
Investment Bank	\$ 246	\$ 202	\$ 145
Treasury & Securities Services	(143)	(157)	(149)
Investment Management & Private Banking	(27)	(29)	(23)
JPMorgan Partners	11	35	63
Chase Financial Services	(84)	(81)	(86)
Support Units and Corporate	(3)	30	50
OPERATING REVENUE (c)	—	—	—
Impact of Credit Card Securitizations	—	—	—
Impact of Special Items	—	—	—
REPORTED REVENUE (c)	—	—	—
OPERATING EARNINGS (d)			
Investment Bank	18	11	(16)
Treasury & Securities Services	(46)	(25)	(3)
Investment Management & Private Banking	(122)	(116)	(69)
JPMorgan Partners	2	18	37
Chase Financial Services	(128)	(87)	(98)
Support Units and Corporate	276	199	149
OPERATING EARNINGS (c)	—	—	—
Impact of Merger and Restructuring Costs and Special Items	—	—	—
Impact of Pre-SFAS 142 Goodwill Amortization	—	—	—
NET INCOME (c)	—	—	—
AVERAGE ECONOMIC CAPITAL			
Investment Bank	1,584	1,232	115
Treasury & Securities Services	(304)	(48)	28
Investment Management & Private Banking	(472)	(494)	(342)
JPMorgan Partners	839	1,082	1,342
Chase Financial Services	(1,675)	(1,378)	(967)
Support Units and Corporate	28	(394)	(176)
TOTAL ECONOMIC CAPITAL (c) (e)	—	—	—
SHAREHOLDER VALUE ADDED			
Investment Bank	(175)	(140)	(33)
Treasury & Securities Services	(7)	(17)	(5)
Investment Management & Private Banking	(64)	(55)	(28)
JPMorgan Partners	(124)	(146)	(167)
Chase Financial Services	76	80	20
Support Units and Corporate	294	278	213
TOTAL SHAREHOLDER VALUE ADDED (c) (f)	—	—	—
OPERATING RETURN ON ECONOMIC CAPITAL			
Investment Bank	— bp	(100) bp	— bp
Treasury & Securities Services	—	—	—
Investment Management & Private Banking	(100)	(200)	(100)
Chase Financial Services	300	200	100
OPERATING RETURN ON ECONOMIC CAPITAL (c)	—	—	—

- (a) Reflects the original reported results as disclosed in the 2002 JPMorgan Chase Annual Report.
- (b) Reflects results after the restatement as discussed in Item 9 (and Item 12) of this Form 8-K.
- (c) Represents consolidated JPMorgan Chase.
- (d) For a discussion of the Firm's approach regarding operating earnings, see footnote (b) on page 4.
- (e) Represents the Firm's average common stockholders' equity.
- (f) For a reconciliation of net income to shareholder value added, see Exhibit 99.2.

J.P. MORGAN CHASE & CO.
LINE OF BUSINESS FINANCIAL HIGHLIGHTS SUMMARY – RESTATED
(in millions, except ratios)



	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	1QTR 2003 Over (Under)	
						4Q 2002	1Q 2002
OPERATING REVENUE							
Investment Bank	\$4,068	\$ 3,355	\$2,481	\$3,154	\$3,655	21%	11%
Treasury & Securities Services	935	941	1,029	991	942	(1)	(1)
Investment Management & Private Banking	643	652	695	729	765	(1)	(16)
JPMorgan Partners	(278)	(83)	(359)	(193)	(308)	(235)	10
Chase Financial Services	3,696	3,334	3,668	3,400	3,055	11	21
Support Units and Corporate	(201)	(274)	(213)	(173)	(190)	27	(6)
OPERATING REVENUE (a)	8,863	7,925	7,301	7,908	7,919	12	12
Impact of Credit Card Securitizations	(457)	(430)	(354)	(334)	(321)	(6)	(42)
Impact of Special Items	—	—	—	—	—	NM	NM
REPORTED REVENUE (a)	\$8,406	\$ 7,495	\$6,947	\$7,574	\$7,598	12	11
OPERATING EARNINGS (b)							
Investment Bank	\$ 946	\$ 363	\$ (256)	\$ 507	\$ 769	161	23
Treasury & Securities Services	131	129	201	165	136	2	(4)
Investment Management & Private Banking	36	12	68	82	100	200	(64)
JPMorgan Partners	(217)	(96)	(278)	(168)	(245)	(126)	11
Chase Financial Services	677	467	760	649	486	45	39
Support Units and Corporate	(173)	(145)	(170)	(56)	(96)	(19)	(80)
OPERATING EARNINGS (a)	1,400	730	325	1,179	1,150	92	22
Impact of Merger and Restructuring Costs and Special Items	—	(1,117)	(285)	(151)	(168)	NM	NM
Impact of Pre-SFAS 142 Goodwill Amortization	NA	NA	NA	NA	NA	NA	NA
NET INCOME (a)	\$1,400	\$ (387)	\$ 40	\$1,028	\$ 982	NM	43
OPERATING RETURN ON ECONOMIC CAPITAL							
Investment Bank	18%	7%	NM	10%	15%	1,100 bp	300 bp
Treasury & Securities Services	19	19	31%	25	20	—	(100)
Investment Management & Private Banking	3	1	5	6	7	200	(400)
Chase Financial Services	32	22	35	30	23	1,000	900
OPERATING RETURN ON ECONOMIC CAPITAL (a)	13	7	3	11	11	600	200

[Additional columns below]

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

	FULL YEAR			2002 Over (Under)
	2002	2001	2000	2001
OPERATING REVENUE				
Investment Bank	\$12,645	\$14,873	\$15,837	(15)%
Treasury & Securities Services	3,903	3,821	3,781	2
Investment Management & Private Banking	2,841	3,197	3,520	(11)
JPMorgan Partners	(943)	(1,435)	849	34
Chase Financial Services	13,457	10,870	9,973	24
Support Units and Corporate	(850)	(934)	(915)	9
OPERATING REVENUE (a)	31,053	30,392	33,045	2
Impact of Credit Card Securitizations	(1,439)	(1,048)	(990)	(37)
Impact of Special Items	—	—	1,131	NM
REPORTED REVENUE (a)	\$29,614	\$29,344	\$33,186	1
OPERATING EARNINGS (b)				
Investment Bank	\$ 1,383	\$ 2,929	\$ 3,506	(53)

Treasury & Securities Services	631	607	668	4
Investment Management & Private Banking	262	363	544	(28)
JPMorgan Partners	(787)	(1,098)	299	28
Chase Financial Services	2,362	1,451	1,540	63
Support Units and Corporate	(467)	(450)	(381)	(4)
OPERATING EARNINGS (a)	3,384	3,802	6,176	(11)
Impact of Merger and Restructuring Costs and Special Items	(1,721)	(1,715)	(200)	—
Impact of Pre-SFAS 142 Goodwill Amortization	NA	(393)	(249)	NA
NET INCOME (a)	\$ 1,663	\$ 1,694	\$ 5,727	(2)
OPERATING RETURN ON ECONOMIC CAPITAL				
Investment Bank	7%	14%	19%	(700) bp
Treasury & Securities Services	23	21	23	200
Investment Management & Private Banking	5	6	13	(100)
Chase Financial Services	27	19	20	800
OPERATING RETURN ON ECONOMIC CAPITAL (a)	8	9	17	(100)

(a) Represents consolidated JPMorgan Chase.

(b) In addition to analyzing the Firm's results on a reported basis, management looks at operating earnings (or "operating basis") to assess each of its businesses and to measure overall Firm results against targeted goals. The definition of operating basis starts with the reported U.S. GAAP (accounting principles generally accepted in the United States of America) 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.

SEGMENT DETAIL

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



	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	1QTR 2003 Over (Under)	
						4Q 2002	1Q 2002
OPERATING INCOME STATEMENT							
REVENUE:							
Trading Revenue (Includes Trading NII):							
Fixed Income and Other	\$ 1,730	\$ 1,298	\$ 631	\$ 1,034	\$ 1,503	33%	15%
Equities	199	(33)	(254)	96	201	NM	(1)
	1,929	1,265	377	1,130	1,704	52	13
Investment Banking Fees	620	650	529	781	736	(5)	(16)
Net Interest Income	735	674	681	681	757	9	(3)
Fees and Commissions	380	370	432	429	388	3	(2)
Securities Gains	383	376	465	108	127	2	202
All Other Revenue	21	20	(3)	25	(57)	5	NM
TOTAL OPERATING REVENUE	4,068	3,355	2,481	3,154	3,655	21	11
EXPENSE:							
Compensation Expense	1,321	1,065	721	1,057	1,130	24	17
Noncompensation Expense	836	882	848	820	905	(5)	(8)
	2,157	1,947	1,569	1,877	2,035	11	6
Operating Expense (Excludes Severance and Related Costs)	2,157	1,947	1,569	1,877	2,035	11	6
Severance and Related Costs	104	337	79	124	47	(69)	121
TOTAL OPERATING EXPENSE	2,261	2,284	1,648	2,001	2,082	(1)	9
Operating Margin	1,807	1,071	833	1,153	1,573	69	15
Credit Costs	245	489	1,316	306	282	(50)	(13)
Corporate Credit Allocation	(14)	(19)	(25)	(21)	(22)	26	36
Operating Income (Loss) Before Income Tax Expense	1,548	563	(508)	826	1,269	175	22
Income Tax Expense (Benefit)	602	200	(252)	319	500	201	20
OPERATING EARNINGS (LOSS)	\$ 946	\$ 363	\$ (256)	\$ 507	\$ 769	161	23
Average Economic Capital	\$ 20,825	\$ 20,317	\$ 19,443	\$ 19,638	\$ 20,233	3	3
Average Assets	525,613	515,614	494,699	503,339	467,616	2	12
Shareholder Value Added	324	(258)	(849)	(86)	165	NM	96
Return on Economic Capital	18%	7%	NM	10%	15%	1,100 bp	300 bp
Overhead Ratio	56	68	66 %	63	57	(1,200)	(100)
Overhead Ratio Excl. Severance and Related Costs	53	58	63	60	56	(500)	(300)
Compensation Expense as a % of Operating Revenue							
Excl. Severance and Related Costs	32	32	29	34	31	—	100

[Additional columns below]

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

	FULL YEAR			2002 Over (Under)	
	2002	2001	2000	2001	
OPERATING INCOME STATEMENT					
REVENUE:					
Trading Revenue (Includes Trading NII):					
Fixed Income and Other		\$ 4,466	\$ 5,013	\$ 5,122	(11)%
Equities		10	1,190	1,636	(99)
		4,476	6,203	6,758	(28)
Investment Banking Fees		2,696	3,591	4,345	(25)

Net Interest Income	2,793	3,112	2,563	(10)
Fees and Commissions	1,619	1,501	1,537	8
Securities Gains	1,076	538	(8)	100
All Other Revenue	(15)	(72)	642	79
TOTAL OPERATING REVENUE	12,645	14,873	15,837	(15)
EXPENSE:				
Compensation Expense	3,973	5,278	6,240	(25)
Noncompensation Expense	3,455	3,509	3,593	(2)
Operating Expense (Excludes Severance and Related Costs)	7,428	8,787	9,833	(15)
Severance and Related Costs	587	—	—	NM
TOTAL OPERATING EXPENSE	8,015	8,787	9,833	(9)
Operating Margin	4,630	6,086	6,004	(24)
Credit Costs	2,393	1,159	246	106
Corporate Credit Allocation	(87)	(98)	(124)	11
Operating Income (Loss) Before Income Tax Expense	2,150	4,829	5,634	(55)
Income Tax Expense (Benefit)	767	1,900	2,128	(60)
OPERATING EARNINGS (LOSS)	\$ 1,383	\$ 2,929	\$ 3,506	(53)
Average Economic Capital	\$ 19,907	\$ 20,196	\$ 18,450	(1)
Average Assets	495,447	510,668	470,036	(3)
Shareholder Value Added	(1,028)	475	1,247	NM
Return on Economic Capital	7%	14%	19%	(700) bp
Overhead Ratio	63	59	62	400
Overhead Ratio Excl. Severance and Related Costs	59	59	62	—
Compensation Expense as a % of Operating Revenue Excl. Severance and Related Costs	31	35	39	(400)

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



	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	1QTR 2003 Over (Under)	
						4Q 2002	1Q 2002
BUSINESS REVENUE:							
INVESTMENT BANKING FEES							
Advisory	\$ 160	\$ 216	\$ 139	\$ 194	\$ 194	(26)%	(18)%
Underwriting and Other Fees	460	434	390	587	542	6	(15)
TOTAL	620	650	529	781	736	(5)	(16)
CAPITAL MARKETS & LENDING							
Fixed Income	1,992	1,580	909	1,289	1,763	26	13
Treasury	607	578	607	269	385	5	58
Credit Portfolio	413	356	440	442	329	16	26
Equities	436	191	(4)	373	442	128	(1)
TOTAL	3,448	2,705	1,952	2,373	2,919	27	18
TOTAL OPERATING REVENUE	\$4,068	\$3,355	\$2,481	\$3,154	\$3,655	21	11
MEMO:							
CAPITAL MARKETS & LENDING TOTAL RETURN							
REVENUE (a)							
Fixed Income	\$1,954	\$1,497	\$ 943	\$1,362	\$1,721	31	14
Treasury	536	464	364	215	470	16	14
Credit Portfolio	413	356	440	442	329	16	26
Equities	436	191	(4)	373	442	128	(1)
TOTAL	\$3,339	\$2,508	\$1,743	\$2,392	\$2,962	33	13

[Additional columns below]

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

	FULL YEAR			2002 Over (Under)
	2002	2001	2000	2001
BUSINESS REVENUE:				
INVESTMENT BANKING FEES				
Advisory	\$ 743	\$ 1,248	\$ 1,802	(40)%
Underwriting and Other Fees	1,953	2,343	2,543	(17)
TOTAL	2,696	3,591	4,345	(25)
CAPITAL MARKETS & LENDING				
Fixed Income	5,541	6,294	5,940	(12)
Treasury	1,839	1,520	619	21
Credit Portfolio	1,567	1,227	2,268	28
Equities	1,002	2,241	2,665	(55)
TOTAL	9,949	11,282	11,492	(12)
TOTAL OPERATING REVENUE	\$12,645	\$14,873	\$15,837	(15)
MEMO:				
CAPITAL MARKETS & LENDING TOTAL RETURN				
REVENUE (a)				
Fixed Income	\$ 5,523	\$ 6,380	\$ 6,083	(13)
Treasury	1,513	949	1,078	59

Credit Portfolio	1,567	1,227	2,268	28
Equities	1,002	2,241	2,665	(55)
TOTAL	\$ 9,605	\$10,797	\$12,094	(11)

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

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



	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	1QTR 2003 Over (Under)	
						4Q 2002	1Q 2002
OPERATING INCOME STATEMENT							
REVENUE:							
Fees and Commissions	\$ 598	\$ 581	\$ 605	\$ 621	\$ 606	3%	(1)%
Net Interest Income	299	314	312	310	301	(5)	(1)
All Other Revenue	38	46	112	60	35	(17)	9
TOTAL OPERATING REVENUE	935	941	1,029	991	942	(1)	(1)
EXPENSE:							
Compensation Expense	319	285	290	302	304	12	5
Noncompensation Expense	425	467	450	449	445	(9)	(4)
TOTAL OPERATING EXPENSE	744	752	740	751	749	(1)	(1)
Operating Margin	191	189	289	240	193	1	(1)
Credit Costs	1	2	(1)	(1)	1	(50)	—
Corporate Credit Allocation	14	19	25	21	22	(26)	(36)
Operating Income Before Income Tax Expense	204	206	315	262	214	(1)	(5)
Income Tax Expense	73	77	114	97	78	(5)	(6)
OPERATING EARNINGS	\$ 131	\$ 129	\$ 201	\$ 165	\$ 136	2	(4)
Average Economic Capital	\$ 2,759	\$ 2,720	\$ 2,603	\$ 2,662	\$ 2,792	1	(1)
Average Assets	17,504	19,279	15,943	18,919	16,978	(9)	3
Shareholder Value Added	49	46	122	85	53	7	(8)
Return on Economic Capital	19%	19%	31%	25%	20%	— bp	(100) bp
Overhead Ratio	80	80	72	76	80	—	—
OPERATING REVENUE BY BUSINESS:							
Treasury Services	\$ 479	\$ 470	\$ 467	\$ 440	\$ 447	2%	7%
Investor Services	340	334	384	416	381	2	(11)
Institutional Trust Services	205	225	221	222	203	(9)	1
Other	(89)	(88)	(43)	(87)	(89)	(1)	—
Total Treasury & Securities Services	\$ 935	\$ 941	\$ 1,029	\$ 991	\$ 942	(1)	(1)

[Additional columns below]

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

	FULL YEAR			2002 Over (Under)
	2002	2001	2000	2001
OPERATING INCOME STATEMENT				
REVENUE:				
Fees and Commissions	\$ 2,413	\$ 2,291	\$ 2,095	5%
Net Interest Income	1,237	1,316	1,390	(6)
All Other Revenue	253	214	296	18
TOTAL OPERATING REVENUE	3,903	3,821	3,781	2
EXPENSE:				
Compensation Expense	1,181	1,153	1,061	2
Noncompensation Expense	1,811	1,809	1,769	—
TOTAL OPERATING EXPENSE	2,992	2,962	2,830	1

Operating Margin	911	859	951	6
Credit Costs	1	7	4	(86)
Corporate Credit Allocation	87	98	124	(11)
	<u> </u>	<u> </u>	<u> </u>	
Operating Income Before Income Tax Expense	997	950	1,071	5
Income Tax Expense	366	343	403	7
	<u> </u>	<u> </u>	<u> </u>	
OPERATING EARNINGS	\$ 631	\$ 607	\$ 668	4
	<u> </u>	<u> </u>	<u> </u>	
Average Economic Capital	\$ 2,694	\$ 2,910	\$ 2,911	(7)
Average Assets	17,781	18,553	16,555	(4)
Shareholder Value Added	306	255	314	20
Return on Economic Capital	23%	21%	23%	200 bp
Overhead Ratio	77	78	75	(100)
OPERATING REVENUE BY BUSINESS:				
Treasury Services	\$ 1,824	\$ 1,724	\$ 1,708	6%
Investor Services	1,515	1,650	1,720	(8)
Institutional Trust Services	871	760	656	15
Other	(307)	(313)	(303)	2
	<u> </u>	<u> </u>	<u> </u>	
Total Treasury & Securities Services	\$ 3,903	\$ 3,821	\$ 3,781	2
	<u> </u>	<u> </u>	<u> </u>	

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



	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	1QTR 2003 Over (Under)	
						4Q 2002	1Q 2002
OPERATING INCOME STATEMENT							
REVENUE:							
Fees and Commissions	\$ 511	\$ 507	\$ 519	\$ 560	\$ 590	1%	(13)%
Net Interest Income	116	107	117	113	112	8	4
All Other Revenue	16	38	59	56	63	(58)	(75)
TOTAL OPERATING REVENUE	643	652	695	729	765	(1)	(16)
EXPENSE:							
Compensation Expense	285	311	267	261	286	(8)	—
Noncompensation Expense	289	315	296	315	295	(8)	(2)
TOTAL OPERATING EXPENSE	574	626	563	576	581	(8)	(1)
Operating Margin	69	26	132	153	184	165	(63)
Credit Costs	6	12	26	23	23	(50)	(74)
Operating Income Before Income Tax Expense	63	14	106	130	161	350	(61)
Income Tax Expense	27	2	38	48	61	NM	(56)
OPERATING EARNINGS	\$ 36	\$ 12	\$ 68	\$ 82	\$ 100	200	(64)
Average Economic Capital	\$ 5,432	\$ 5,540	\$ 5,607	\$ 5,741	\$ 5,686	(2)	(4)
Average Assets	32,346	33,522	34,968	36,478	38,007	(4)	(15)
Shareholder Value Added	(126)	(155)	(104)	(92)	(70)	19	(80)
Tangible Shareholder Value Added	(1)	(28)	26	37	59	96	NM
Return on Economic Capital	3%	1%	5%	6%	7%	200 bp	(400) bp
Tangible Return on Economic Capital	12	5	19	21	27	700	(1,500)
Overhead Ratio	89	96	81	79	76	(700)	1,300
Pre-Tax Margin Ratio	10	2	15	18	21	800	(1,100)

[Additional columns below]

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	FULL YEAR			2002 Over (Under)
	2002	2001	2000	2001
OPERATING INCOME STATEMENT				
REVENUE:				
Fees and Commissions	\$ 2,176	\$ 2,399	\$ 2,315	(9)%
Net Interest Income	449	557	683	(19)
All Other Revenue	216	241	522	(10)
TOTAL OPERATING REVENUE	2,841	3,197	3,520	(11)
EXPENSE:				
Compensation Expense	1,125	1,302	1,416	(14)
Noncompensation Expense	1,221	1,264	1,172	(3)
TOTAL OPERATING EXPENSE	2,346	2,566	2,588	(9)
Operating Margin	495	631	932	(22)
Credit Costs	84	36	25	133
Operating Income Before Income Tax Expense	411	595	907	(31)
Income Tax Expense	149	232	363	(36)

OPERATING EARNINGS	\$ 262	\$ 363	\$ 544	(28)
Average Economic Capital	\$ 5,643	\$ 5,781	\$ 4,105	(2)
Average Assets	35,729	36,896	33,674	(3)
Shareholder Value Added	(421)	(339)	42	(24)
Tangible Shareholder Value Added	94	172	305	(45)
Return on Economic Capital	5%	6%	13%	(100) bp
Tangible Return on Economic Capital	18	23	29	(500)
Overhead Ratio	83	80	74	300
Pre-Tax Margin Ratio	14	19	26	(500)

J.P. MORGAN CHASE & CO.
JPMORGAN PARTNERS
FINANCIAL HIGHLIGHTS – RESTATED
(in millions)



	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	1QTR 2003 Over (Under)	
						4Q 2002	1Q 2002
OPERATING INCOME STATEMENT							
REVENUE:							
Direct Investments:							
Realized Cash Gains (Net)	\$ 46	\$ 144	\$ 91	\$ 91	\$ 126	(68)%	(63)%
Write-downs / Write-offs	(176)	(225)	(210)	(206)	(184)	22	4
Mark-to-Market	(6)	108	(120)	(20)	(178)	NM	97
Total Direct Investments	(136)	27	(239)	(135)	(236)	NM	42
Third Party Funds (Net)	(94)	(80)	(60)	9	(19)	(18)	(395)
Total Private Equity Gains (Losses)	(230)	(53)	(299)	(126)	(255)	(334)	10
Net Interest Income (Loss)	(62)	(58)	(63)	(74)	(73)	(7)	15
Fees and Other Revenue	14	28	3	7	20	(50)	(30)
TOTAL OPERATING REVENUE	(278)	(83)	(359)	(193)	(308)	(235)	10
EXPENSE:							
Compensation Expense	34	24	33	34	37	42	(8)
Noncompensation Expense	29	45	46	39	41	(36)	(29)
TOTAL OPERATING EXPENSE	63	69	79	73	78	(9)	(19)
Operating Income (Loss) Before Income Tax Expense	(341)	(152)	(438)	(266)	(386)	(124)	12
Income Tax Expense (Benefit)	(124)	(56)	(160)	(98)	(141)	(121)	12
OPERATING EARNINGS (LOSS)	\$ (217)	\$ (96)	\$ (278)	\$ (168)	\$ (245)	(126)	11
Average Economic Capital	\$5,985	\$6,102	\$6,183	\$6,330	\$ 6,565	(2)	(9)
Average Assets	9,428	9,629	9,404	9,611	10,074	(2)	(6)
Shareholder Value Added	(440)	(327)	(514)	(407)	(490)	(35)	10

[Additional columns below]

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	FULL YEAR			2002 Over (Under)
	2002	2001	2000	2001
OPERATING INCOME STATEMENT				
REVENUE:				
Direct Investments:				
Realized Cash Gains (Net)		\$ 452	\$ 957	\$ 2,009 (53)%
Write-downs / Write-offs		(825)	(1,415)	(296) 42
Mark-to-Market		(210)	(522)	(1,096) 60
Total Direct Investments		(583)	(980)	617 41
Third Party Funds (Net)		(150)	(203)	380 26
Total Private Equity Gains (Losses)		(733)	(1,183)	997 38
Net Interest Income (Loss)		(268)	(273)	(237) 2
Fees and Other Revenue		58	21	89 176
TOTAL OPERATING REVENUE		(943)	(1,435)	849 34
EXPENSE:				
Compensation Expense		128	144	162 (11)
Noncompensation Expense		171	149	234 15

TOTAL OPERATING EXPENSE	299	293	396	2
Operating Income (Loss) Before Income Tax Expense	(1,242)	(1,728)	453	28
Income Tax Expense (Benefit)	(455)	(630)	154	28
OPERATING EARNINGS (LOSS)	\$ (787)	\$ (1,098)	\$ 299	28
Average Economic Capital	\$ 6,293	\$ 7,557	\$ 8,932	(17)
Average Assets	9,677	11,698	13,345	(17)
Shareholder Value Added	(1,738)	(2,243)	(1,061)	23

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



	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	1QTR 2003 Over (Under)	
						4Q 2002	1Q 2002
OPERATING INCOME STATEMENT							
REVENUE:							
Net Interest Income	\$ 2,319	\$ 2,128	\$ 2,107	\$ 2,072	\$ 1,986	9%	17%
Fees and Commissions	935	603	1,233	1,134	894	55	5
Securities Gains (Losses)	102	375	112	19	(13)	(73)	NM
All Other Revenue	340	228	216	175	188	49	81
TOTAL OPERATING REVENUE	3,696	3,334	3,668	3,400	3,055	11	21
EXPENSE:							
Compensation Expense	733	634	677	668	645	16	14
Noncompensation Expense	1,021	1,078	981	958	899	(5)	14
TOTAL OPERATING EXPENSE	1,754	1,712	1,658	1,626	1,544	2	14
Operating Margin	1,942	1,622	2,010	1,774	1,511	20	29
Credit Costs	877	875	823	736	726	—	21
Operating Income Before Income Tax Expense	1,065	747	1,187	1,038	785	43	36
Income Tax Expense	388	280	427	389	299	39	30
OPERATING EARNINGS	\$ 677	\$ 467	\$ 760	\$ 649	\$ 486	45	39
Average Economic Capital	\$ 8,469	\$ 8,516	\$ 8,637	\$ 8,716	\$ 8,606	(1)	(2)
Average Managed Assets (a)	202,341	188,478	178,825	175,555	175,593	7	15
Shareholder Value Added	424	207	496	386	229	105	85
Return on Economic Capital	32%	22%	35%	30%	23%	1,000 bp	900 bp
Overhead Ratio	47	51	45	48	51	(400)	(400)
CHASE FINANCIAL SERVICES' BUSINESSES							
CHASE HOME FINANCE:							
Operating Revenue	\$ 1,137	\$ 637	\$ 971	\$ 770	\$ 527	78%	116%
Operating Expense	361	380	312	312	297	(5)	22
Operating Earnings	431	146	385	261	128	195	237
Overhead Ratio	32%	60%	32%	41%	56%	(2,800) bp	(2,400) bp
CHASE CARDMEMBER SERVICES:							
Operating Revenue	\$ 1,469	\$ 1,571	\$ 1,557	\$ 1,486	\$ 1,352	(6)%	9%
Operating Expense	535	610	547	523	481	(12)	11
Operating Earnings	153	140	232	166	138	9	11
Overhead Ratio	36%	39%	35%	35%	36%	(300) bp	— bp
CHASE AUTO FINANCE:							
Operating Revenue	\$ 199	\$ 187	\$ 165	\$ 165	\$ 171	6%	16%
Operating Expense	67	65	61	61	61	3	10
Operating Earnings	39	36	24	79	30	8	30
Overhead Ratio	34%	35%	37%	37%	36%	(100) bp	(200) bp
CHASE REGIONAL BANKING:							
Operating Revenue	\$ 632	\$ 694	\$ 699	\$ 713	\$ 727	(9)%	(13)%
Operating Expense	564	565	550	553	558	—	1
Operating Earnings	36	79	76	90	114	(54)	(68)
Overhead Ratio	89%	82%	79%	78%	77%	700 bp	1,200 bp
CHASE MIDDLE MARKET:							
Operating Revenue	\$ 364	\$ 358	\$ 377	\$ 362	\$ 371	2%	(2)%
Operating Expense	210	225	201	210	206	(7)	2
Operating Earnings	91	57	94	90	83	60	10
Overhead Ratio	58%	63%	53%	58%	56%	(500) bp	200 bp

[Additional columns below]

	FULL YEAR			2002
	2002	2001	2000	Over (Under) 2001
OPERATING INCOME STATEMENT				
REVENUE:				
Net Interest Income	\$ 8,293	\$ 6,832	\$ 6,098	21%
Fees and Commissions	3,864	2,894	3,216	34
Securities Gains (Losses)	493	378	252	30
All Other Revenue	807	766	407	5
TOTAL OPERATING REVENUE	13,457	10,870	9,973	24
EXPENSE:				
Compensation Expense	2,624	2,368	2,218	11
Noncompensation Expense	3,916	3,308	3,153	18
TOTAL OPERATING EXPENSE	6,540	5,676	5,371	15
Operating Margin	6,917	5,194	4,602	33
Credit Costs	3,160	2,874	2,094	10
Operating Income Before Income Tax Expense	3,757	2,320	2,508	62
Income Tax Expense	1,395	869	968	61
OPERATING EARNINGS	\$ 2,362	\$ 1,451	\$ 1,540	63
Average Economic Capital	\$ 8,618	\$ 7,740	\$ 7,701	11
Average Managed Assets (a)	179,646	163,001	146,966	10
Shareholder Value Added	1,318	510	598	158
Return on Economic Capital	27%	19%	20%	800 bp
Overhead Ratio	49	52	54	(300)
CHASE FINANCIAL SERVICES' BUSINESSES				
CHASE HOME FINANCE:				
Operating Revenue	\$ 2,905	\$ 1,678	\$ 1,326	73%
Operating Expense	1,301	993	796	31
Operating Earnings	920	394	309	134
Overhead Ratio	45%	59%	60%	(1,400) bp
CHASE CARDMEMBER SERVICES:				
Operating Revenue	\$ 5,966	\$ 4,453	\$ 3,805	34%
Operating Expense	2,161	1,598	1,429	35
Operating Earnings	676	478	410	41
Overhead Ratio	36%	36%	38%	— bp
CHASE AUTO FINANCE:				
Operating Revenue	\$ 688	\$ 544	\$ 333	26%
Operating Expense	248	202	178	23
Operating Earnings	169	123	38	37
Overhead Ratio	36%	37%	54%	(100) bp
CHASE REGIONAL BANKING:				
Operating Revenue	\$ 2,833	\$ 3,091	\$ 3,148	(8)%
Operating Expense	2,226	2,183	2,195	2
Operating Earnings	359	475	494	(24)
Overhead Ratio	79%	71%	70%	800 bp
CHASE MIDDLE MARKET:				
Operating Revenue	\$ 1,468	\$ 1,413	\$ 1,420	4%
Operating Expense	842	813	805	4
Operating Earnings	324	275	316	18
Overhead Ratio	57%	58%	57%	(100) bp

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

J.P. MORGAN CHASE & CO.
SUPPORT UNITS AND CORPORATE
FINANCIAL HIGHLIGHTS – RESTATED
(in millions)



	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	1QTR 2003 Over (Under)	
						4Q 2002	1Q 2002
OPERATING INCOME STATEMENT							
OPERATING REVENUE	\$ (201)	\$ (274)	\$ (213)	\$ (173)	\$ (190)	27%	(6)%
OPERATING EXPENSE	145	25	(68)	(62)	69	480	110
Credit Costs	71	(27)	26	91	42	NM	69
Pre-Tax Loss	(417)	(272)	(171)	(202)	(301)	(53)	(39)
Income Tax Benefit	(244)	(127)	(1)	(146)	(205)	(92)	(19)
OPERATING EARNINGS (LOSS)	\$ (173)	\$ (145)	\$ (170)	\$ (56)	\$ (96)	(19)	(80)
Average Economic Capital	\$ (1,612)	\$ (1,225)	\$ (305)	\$ (2,198)	\$ (3,465)	(32)	53
Average Assets	22,840	19,200	18,875	16,333	32,143	19	(29)
Shareholder Value Added	(83)	(64)	(115)	57	54	(30)	NM

[Additional columns below]

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	FULL YEAR			2002 Over (Under)
	2002	2001	2000	2001
OPERATING INCOME STATEMENT				
OPERATING REVENUE	\$ (850)	\$ (934)	\$ (915)	9%
OPERATING EXPENSE	(36)	204	240	NM
Credit Costs	132	154	1	(14)
Pre-Tax Loss	(946)	(1,292)	(1,156)	27
Income Tax Benefit	(479)	(842)	(775)	43
OPERATING EARNINGS (LOSS)	\$ (467)	\$ (450)	\$ (381)	(4)
Average Economic Capital	\$ (1,787)	\$ (2,660)	\$ (5,923)	33
Average Assets	21,596	13,132	15,004	64
Shareholder Value Added	(68)	95	599	NM

CAPITAL

J.P. MORGAN CHASE & CO.
AVAILABLE VERSUS REQUIRED ECONOMIC CAPITAL



(in billions)

Year Ended December 31,	BEFORE RESTATEMENT			AFTER RESTATEMENT		
	2002	2001	2000	2002	2001	2000
Common Stockholders' Equity	\$41.4	\$41.5	\$36.2	\$41.4	\$41.5	\$36.2
Required Economic Capital						
Credit Risk	13.1	12.8	12.4	14.0	13.7	13.6
Market Risk	4.8	4.6	4.5	4.7	4.5	4.5
Operating Risk	8.7	8.8	9.2	—	—	—
Operational Risk	—	—	—	3.5	3.5	3.5
Business Risk	—	—	—	1.8	1.8	1.8
Private Equity Risk	5.1	6.4	7.2	5.8	7.2	8.2
Economic Risk Capital	31.7	32.6	33.3	29.8	30.7	31.6
Goodwill / Intangibles	8.8	8.5	6.1	8.8	8.5	6.1
Asset Capital Tax	3.8	3.9	3.8	3.9	3.9	3.8
Capital Against Nonrisk Factors	12.6	12.4	9.9	12.7	12.4	9.9
Diversification Effect	(7.0)	(7.2)	(7.3)	(5.3)	(5.5)	(5.6)
Total Required Economic Capital	37.3	37.8	35.9	37.2	37.6	35.9
Capital in Excess of Required Economic Capital	\$ 4.1	\$ 3.7	\$ 0.3	\$ 4.2	\$ 3.9	\$ 0.3

AFTER RESTATEMENT	QUARTERLY AVERAGES					1QTR 2003	
	1QTR	4QTR	3QTR	2QTR	1QTR	Over (Under)	
	2003	2002	2002	2002	2002	4Q 2002	1Q 2002
Common Stockholders' Equity	\$41.9	\$42.0	\$42.2	\$40.9	\$40.4	—%	4%
Required Economic Capital							
Credit Risk	15.1	14.7	13.5	13.5	14.3	3	6
Market Risk	4.2	4.1	4.8	4.9	5.3	2	(21)
Operational Risk	3.5	3.5	3.5	3.5	3.5	—	—
Business Risk	1.7	1.8	1.8	1.8	1.8	(6)	(6)
Private Equity Risk	5.4	5.5	5.7	5.9	5.9	(2)	(8)
Economic Risk Capital	29.9	29.6	29.3	29.6	30.8	1	(3)
Goodwill / Intangibles	8.9	8.9	8.9	8.9	8.6	—	3
Asset Capital Tax	4.0	3.9	3.8	3.9	3.8	3	5
Capital Against Nonrisk Factors	12.9	12.8	12.7	12.8	12.4	1	4
Diversification Effect	(5.0)	(4.9)	(5.3)	(5.4)	(5.7)	(2)	12
Total Required Economic Capital	37.8	37.5	36.7	37.0	37.5	1	1
Capital in Excess of Required Economic Capital	\$ 4.1	\$ 4.5	\$ 5.5	\$ 3.9	\$ 2.9	(9)	41

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.

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

NA: Not applicable

NM: Not meaningful

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.

J.P. MORGAN CHASE & CO.
RECONCILIATION OF CERTAIN NON-GAAP MEASURES
(in millions)

EXHIBIT 99.2



	1QTR 2003	4QTR 2002	3QTR 2002	2QTR 2002	1QTR 2002	1QTR 2003 Over (Under)	
						4Q 2002	1Q 2002
Shareholder Value Added							
Net Income	\$ 1,400	\$ (387)	\$ 40	\$ 1,028	\$ 982	NM	43%
Impact of Merger and Restructuring Costs and Special Items	—	1,117	285	151	168	NM	NM
Impact of Pre-SFAS 142 Goodwill Amortization	NA	NA	NA	NA	NA	NA	NA
Operating Earnings	1,400	730	325	1,179	1,150	92%	22
Less: Preferred Dividends	13	12	13	13	13	8	—
Adjusted Operating Earnings	1,387	718	312	1,166	1,137	93	22
Less: Cost of Capital (a)	1,239	1,269	1,276	1,223	1,196	(2)	4
Total Shareholder Value Added	\$ 148	\$ (551)	\$ (964)	\$ (57)	\$ (59)	NM	NM
Average Managed Assets							
Average Assets	\$778,238	\$755,166	\$724,366	\$734,946	\$718,646	3%	8%
Average Credit Card Securitizations	31,834	30,556	28,348	25,289	21,765	4	46
Average Managed Assets	\$810,072	\$785,722	\$752,714	\$760,235	\$740,411	3	9

[Additional columns below]

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

	FULL YEAR			2002 Over (Under)
	2002	2001	2000	2001
Shareholder Value Added				
Net Income	\$ 1,663	\$ 1,694	\$ 5,727	(2)%
Impact of Merger and Restructuring Costs and Special Items	1,721	1,715	200	—
Impact of Pre-SFAS 142 Goodwill Amortization	NA	393	249	NA
Operating Earnings	3,384	3,802	6,176	(11)
Less: Preferred Dividends	51	66	96	(23)
Adjusted Operating Earnings	3,333	3,736	6,080	(11)
Less: Cost of Capital (a)	4,964	4,983	4,341	—
Total Shareholder Value Added	\$ (1,631)	\$ (1,247)	\$ 1,739	(31)
Average Managed Assets				
Average Assets	\$733,357	\$735,973	\$676,805	—%
Average Credit Card Securitizations	26,519	17,975	18,775	48
Average Managed Assets	\$759,876	\$753,948	\$695,580	1

(a) 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.