

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

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

Date of Report:

July 21, 2004

Commission file number

1-5805

J.P. MORGAN CHASE & CO.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

13-2624428

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

270 Park Avenue, New York, NY

(Address of principal executive offices)

10017

(Zip Code)

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

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Item 5. Other Events and Regulation FD Disclosure

On July 20, 2004, J.P. Morgan Chase & Co. (“JPMorgan Chase” or the “Firm”) changed its name to JPMorgan Chase & Co. The change eliminated the periods and space in JPMorgan so that the style of the formal name of the company is now consistent with the style used in referring to the JPMorgan Chase brand. Exhibit 3.1 is a certified copy of the Certificate of Ownership and Merger filed with the State of Delaware reflecting the above name change.

Item 7. Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.1	Certificate of Ownership and Merger
12.1	J.P. Morgan Chase & Co. Computation of Ratio of Earnings to Fixed Charges
12.2	J.P. Morgan Chase & Co. Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements
99.1	J.P. Morgan Chase & Co. Earnings Release — 2004 Second Quarter Results
99.2	J.P. Morgan Chase & Co. Earnings Release Financial Supplement — Second Quarter 2004
99.3	Bank One Corporation Earnings Release Financial Supplement — Second Quarter 2004

Item 12. Results of Operations and Financial Condition

On July 21, 2004, JPMorgan Chase reported a 2004 second quarter net loss of \$548 million, or (\$0.27) per share, compared to net income of \$1.83 billion, or \$0.89 per share, for the second quarter of 2003. A copy of the 2004 second quarter earnings release is attached hereto as Exhibit 99.1, and a copy of the earnings release financial supplement is attached hereto as Exhibit 99.2.

The earnings release contains forward-looking statements 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. Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the risk that, following the merger, the businesses will not be integrated successfully; the risk that the cost savings and any revenue synergies from the merger may not be fully realized or may take longer to realize than expected; the risk that excess capital is not generated from the merger as anticipated or not utilized in an accretive manner; and the risk that disruption from the merger may make it more difficult to maintain relationships with clients, employees or suppliers.

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Additional factors that could cause JPMorgan Chase's results to differ materially from those described in the forward-looking statements can be found in the Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, and in the 2003 Annual Report on Form 10-K of JPMorgan Chase filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's Internet site (<http://www.sec.gov>).

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 21, 2004

EXHIBIT INDEX

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Delaware

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The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:

“JPMORGAN CHASE ONE, INC.”, A DELAWARE CORPORATION,

WITH AND INTO “ J.P. MORGAN CHASE & CO.” UNDER THE NAME OF “JPMORGAN CHASE & CO.”, A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE TWENTIETH DAY OF JULY, A.D. 2004, AT 2:14 O’CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 3243661

DATE: 07-20-04

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State of Delaware
Secretary of State
Division of Corporations
Delivered 02:14 PM 07/20/2004
FILED 02:14 PM 07/20/2004
SRV 040528687 0691011 FILE

**CERTIFICATE OF OWNERSHIP AND MERGER
MERCING
JPMORGAN CHASE ONE, INC.
WITH AND INTO
J.P. MORGAN CHASE & CO.**

Pursuant to Section 253 of the
General Corporation Law of the State of Delaware

J.P. Morgan Chase & Co., a Delaware corporation (the "Corporation"), does hereby certify to the following facts relating to the merger (the "Merger") of JPMorgan Chase One, Inc., a Delaware corporation (the "Subsidiary"), with and into the Corporation, with the Corporation remaining as the surviving corporation:

FIRST: The Corporation is incorporated pursuant to the General Corporation Law of the State of Delaware (the "DGCL"). The Subsidiary is incorporated pursuant to the DGCL.

SECOND: The Corporation owns all of the outstanding shares of each class of capital stock of the Subsidiary.

THIRD: The Board of Directors of the Corporation, by the following resolutions duly adopted on July 20, 2004, determined to merge the Subsidiary with and into the Corporation pursuant to Section 253 of the DGCL:

WHEREAS, J.P. Morgan Chase & Co., a Delaware corporation (the "Corporation"), owns all of the outstanding shares of the capital stock of JPMorgan Chase One, Inc., a Delaware corporation (the "Subsidiary"); and

WHEREAS, the Board of Directors of the Corporation has deemed it advisable that the Subsidiary be merged with and into the Corporation pursuant to Section 253 of the General Corporation Law of the State of Delaware;

NOW, THEREFORE, BE IT AND IT HEREBY IS

RESOLVED that, effective upon the filing of (or at such subsequent time as may be specified in) the Certificate of Ownership and Merger filed in respect thereof (the "Effective Time"), the Subsidiary shall be merged with and into the Corporation with the Corporation being the surviving corporation (the "Merger");

RESOLVED, that it is intended that the Merger qualify as a tax-free reorganization under Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended, and that these resolutions constitute a plan of reorganization within the meaning of Section 368;

RESOLVED that, at any time prior to the Effective Time, the Merger may be amended, modified, terminated or abandoned by action of the Board of Directors of the Corporation;

RESOLVED, that by virtue of the Merger and without any action on the part of the holder thereof, each then outstanding or treasury share of capital stock of the

Corporation shall remain unchanged and continue to remain outstanding or held in treasury, respectively, as one share of capital stock of the Corporation, held by the person who was the holder of such share of capital stock of the Corporation immediately prior to the Merger;

RESOLVED, that by virtue of the Merger and without any action on the part of the holder thereof, each then outstanding share of common stock of the Subsidiary shall be cancelled and no consideration shall be issued in respect thereof;

RESOLVED, that, at the Effective Time, Article FIRST of the Restated Certificate of Incorporation of the Corporation shall be amended to read in its entirety as follows:

FIRST. The name of the Corporation is JPMorgan Chase & Co.

RESOLVED, that the appropriate officers of the Corporation be, and hereby are, authorized to make and execute a Certificate of Ownership and Merger setting forth a copy of these resolutions, and the date of adoption thereof, in the discretion of any such officer to specify therein an Effective Time subsequent to the filing thereof and to file the same in the office of the Secretary of State of the State of Delaware;

RESOLVED, that in connection with changing the Corporation's name, the appropriate officers of the Corporation be, and hereby are, authorized, in the name and on behalf of the Corporation, to enter into any agreements with the office of the Secretary of State of the State of Delaware, and to make and execute such additional certificates and to file the same in the office of the Secretary of State of the State of Delaware, in each case as may, in his or her judgment, be required or advisable;

RESOLVED, that in order for the Corporation to comply with all applicable regulations and requirements of federal, state, local and foreign governmental agencies and exchanges, the appropriate officers of the Corporation be, and hereby are, authorized, in the name and on behalf of the Corporation, to prepare, execute and file or cause to be filed all reports, statements, documents, undertakings, commitments and information with any exchange or governmental agencies as may, in his or her judgment, be required or advisable in connection with the Merger or the Corporation's name change;

RESOLVED, that, after the Effective Time, the appropriate officers of the Corporation be, and hereby are, authorized, in the name and on behalf of the Corporation, to apply to, and to take such steps and to execute such documents as may be necessary or desirable to, change the name in which the Corporation is qualified to do business, in such jurisdictions as it is qualified, to reflect the change in the Corporation's name;

RESOLVED, that, after the Effective Time, the appropriate officers of the Corporation be, and hereby are, authorized, in the name and on behalf of the Corporation, to apply to, and to take such steps and to execute such documents as may be necessary or desirable to, use any alternate name, fictitious name, assumed name or other name in such jurisdictions as the Corporation is qualified, if any such officer determines it is necessary or desirable for the Corporation to use an alternate name, fictitious name, assumed name or other name;

RESOLVED that, effective immediately following the Effective Time, the By-laws of the Corporation shall be amended by deleting the name "J.P. Morgan Chase & Co." from the Heading and Section 1.01 thereof and substituting therefor the name "JPMorgan Chase & Co.";

RESOLVED, that, after the Effective Time, the appropriate officers of the Corporation be, and hereby are, authorized, in the name and on behalf of the Corporation, to prepare, execute and file a listing application or supplemental listing application, and such other documents, and to take such steps, as may be necessary or desirable, with the New York Stock Exchange and if any such officer determines it required or advisable, any other exchanges on which the Corporation has listed securities, to reflect the change in the Corporation's name;

RESOLVED, that all actions to be taken or heretofore taken by any officer or agent of the Corporation in connection with any matter referred to or contemplated by any of the foregoing resolutions be, and they hereby are, approved, ratified and confirmed in all respects; and

RESOLVED, that the appropriate officers of the Corporation be, and hereby are, authorized to do all acts and things and to sign, seal, execute, acknowledge, file, deliver and record all papers, instruments, agreements, documents and certificates, and to pay all charges, fees, taxes and other expenses, from time to time necessary, desirable or appropriate to be done, signed, sealed, executed, acknowledged, filed, delivered, recorded or paid, under any applicable law, or otherwise, and to certify as having been adopted by this Board of Directors any form of resolution required by any law, regulation or agency, in order to effectuate the purpose of the foregoing resolutions or any of them or to carry out the transactions contemplated hereby.

FOURTH: The Corporation shall be the surviving corporation of the Merger. The name of the surviving corporation shall be amended in the Merger to be "JPMorgan Chase & Co."

FIFTH: The Restated Certificate of Incorporation of the Corporation as in effect immediately prior to the effective time of the Merger shall be the certificate of incorporation of the surviving corporation, except that Article FIRST thereof shall be amended to read in its entirety as follows:

FIRST. The name of the Corporation is JPMorgan Chase & Co.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Ownership and Merger to be executed by its duly authorized officer the 20th day of July, 2004.

J.P. MORGAN CHASE & CO.

BY:



Name: Anthony J. Horan

Title: Corporate Secretary

EXHIBIT 12.1

J.P. MORGAN CHASE & CO.

Computation of Ratio of Earnings to Fixed Charges

Six Months Ended June 30, (in millions, except ratios)	2004
<u>Excluding Interest on Deposits</u>	
Income before income taxes	\$ 1,828
Fixed charges:	
Interest expense	3,654
One-third of rents, net of income from subleases (a)	151
Total fixed charges	3,805
Less: Equity in undistributed income of affiliates	(78)
Earnings before taxes and fixed charges, excluding capitalized interest	\$ 5,555
Fixed charges, as above	\$ 3,805
Ratio of earnings to fixed charges	1.46
<u>Including Interest on Deposits</u>	
Fixed charges, as above	\$ 3,805
Add: Interest on deposits	1,622
Total fixed charges and interest on deposits	\$ 5,427
Earnings before taxes and fixed charges, excluding capitalized interest, as above	\$ 5,555
Add: Interest on deposits	1,622
Total earnings before taxes, fixed charges and interest on deposits	\$ 7,177
Ratio of earnings to fixed charges	1.32

(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**

Six Months Ended June 30, (in millions, except ratios)	2004
<u>Excluding Interest on Deposits</u>	
Income before income taxes	\$ 1,828
Fixed charges:	
Interest expense	3,654
One-third of rents, net of income from subleases (a)	151
Total fixed charges	<u>3,805</u>
Less: Equity in undistributed income of affiliates	<u>(78)</u>
Earnings before taxes and fixed charges, excluding capitalized interest	<u>\$ 5,555</u>
Fixed charges, as above	\$ 3,805
Preferred stock dividends (pre-tax)	<u>34</u>
Fixed charges including preferred stock dividends	<u>\$ 3,839</u>
Ratio of earnings to fixed charges and preferred stock dividend requirements	<u>1.45</u>
<u>Including Interest on Deposits</u>	
Fixed charges including preferred stock dividends, as above	\$ 3,839
Add: Interest on deposits	<u>1,622</u>
Total fixed charges including preferred stock dividends and interest on deposits	<u>\$ 5,461</u>
Earnings before taxes and fixed charges, excluding capitalized interest, as above	\$ 5,555
Add: Interest on deposits	<u>1,622</u>
Total earnings before taxes, fixed charges and interest on deposits	<u>\$ 7,177</u>
Ratio of earnings to fixed charges and preferred stock dividend requirements	<u>1.31</u>

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

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



News release: IMMEDIATE RELEASE

JPMORGAN CHASE AND BANK ONE REPORT 2004 SECOND QUARTER RESULTS

- **JPMC TAKES LITIGATION RESERVE CHARGE OF \$2.3 BILLION (AFTER-TAX)**
 - **JPMORGAN CHASE REPORTS NET LOSS OF \$548 MILLION**
 - **BANK ONE REPORTS EARNINGS OF \$1.1 BILLION**
 - **MERGER SAVINGS ESTIMATE RAISED TO \$3 BILLION**
 - **BOARD APPROVES \$6 BILLION STOCK REPURCHASE PROGRAM**

New York, July 21, 2004 – JPMorgan Chase & Co. (NYSE: JPM) today reported a 2004 second quarter net loss of \$548 million, or (\$0.27) per share, compared to net income of \$1.83 billion, or \$0.89 per share, for the second quarter of 2003. Bank One Corporation announced 2004 second quarter net income of \$1.1 billion, or \$0.99 per share, compared to \$856 million, or \$0.75 per share, for the second quarter of 2003. The merger of JPMorgan Chase and Bank One occurred on July 1, 2004. Accordingly, second quarter earnings for JPMorgan Chase and Bank One are each provided on a stand-alone basis. Refer to the “Merger and other financial information” section of this press release for additional information concerning the merger and estimated merger costs and savings.

Second quarter earnings for JPMorgan Chase were reduced by a \$2.3 billion (after-tax) charge to increase litigation reserves and \$60 million (after-tax) of merger costs. Excluding these charges, earnings would have been \$1.81 billion, or \$0.85 per share. “We have decided, after an extensive review, that our litigation reserves should be increased,” said William B. Harrison, Jr., Chairman and Chief Executive Officer. Mr. Harrison noted additionally that “JPMorgan Chase will continue to defend itself vigorously in these legal matters, and will seek to resolve them in the manner management believes is in the best interests of the Firm and its shareholders.”

Mr. Harrison commented further on second quarter earnings, “Our earnings this quarter, excluding the charges, were comparable to the prior year. Strength in investment banking fees, continued improvement in our commercial credit portfolio, and strong results from private equity were offset by the expected decrease in Chase Home Finance and weakness in trading as the capital markets environment became more challenging.” Mr. Harrison further commented, “The merger with Bank One was completed on July 1st, and the new management team is working well together. We have made all of the decisions on technology platforms, we announced our decision on franchise branding and we are raising our annual merger savings target to \$3 billion. We remain focused on clients, disciplined execution and performance.”

James Dimon, President and Chief Operating Officer, commenting on Bank One’s earnings said, “We reported another strong quarter, demonstrating the continuing momentum in each of our operating businesses. Retail continued its string of quarterly increases in accounts, deposits, loan production and profits. Card’s strong earnings were driven by improved margin and increased charge volume, while middle market loan balances grew modestly.”

Investor Contact: Ann Borowiec
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The Board of Directors authorized an initial stock repurchase program of up to \$6 billion of JPMorgan Chase common stock.¹ “The stock repurchase program reflects the Board’s belief that significant capital will be generated that can be used to repurchase stock over time and invest in our businesses,” said Mr. Dimon.

In the discussion of the lines of business below, information is presented on an operating basis². For JPMorgan Chase “operating” basis excludes the after-tax impact of the litigation charge and merger costs of \$2.3 billion and \$60 million, respectively. In the case of Chase Cardmember Services and Bank One Card Services, operating or managed basis excludes the impact of credit card securitizations. For more information about operating or managed basis, as well as other non-GAAP financial measures used by management, see the Notes below.

The following discussion of results for the second quarter of 2004 compares results to the second quarter of 2003 unless otherwise indicated.

JPMorgan Chase highlights for the second quarter of 2004:

- The Investment Bank achieved a return on equity of 19%. Investment banking fees reached their highest quarterly level since 2001 and credit quality continued to improve, causing a reduction in the allowance for credit losses.
- Chase Financial Services’ return on equity was 27%, up from 18% in the first quarter, primarily due to higher reported earnings in Chase Home Finance.
- JPMorgan Partners produced \$392 million in gains during the quarter.
- JPMorgan Chase maintained strong capital with a Tier 1 capital ratio of 8.2% (estimated).

Investment Bank (“IB”)

Earnings were \$703 million for the second quarter, down 32% from the year-ago period. Revenues of \$3.1 billion were 26% lower while expenses were down 15%. The decline in earnings reflected lower trading revenues and the anticipated reduction in treasury revenues partially offset by higher investment banking fees and favorable credit costs. Return on allocated capital was 19% for the quarter, compared to 21% for the second quarter of 2003.

- *Investment banking fees* were \$883 million, up 15%, driven by higher advisory and equity underwriting fees. According to Thomson Financial, for the first six months of 2004 compared to full year 2003, the Firm maintained its #1 ranking in Global Syndicated Loans and #2 ranking in Global Investment-Grade Bonds. The Investment Bank increased its market share in Global Announced M&A from 15% to 23%, maintaining its top-five ranking, while its Global Equity and Equity-Related ranking declined from #4 to #7. The Investment Bank sustained its momentum in U.S. IPOs, increasing its ranking to #4 from #14.
- *Markets and lending revenues excluding Global Treasury* were \$2.1 billion, down 27%, driven by lower revenue in fixed income and equity markets. The decline in fixed income reflected lower portfolio management revenues; client revenues, though down slightly from the first quarter, increased from the second quarter of 2003. The decline in equities reflected reduced portfolio management results, as well as lower client activity.
- *Global Treasury revenues* were \$175 million, down from \$620 million, reflecting lower levels of realized investment securities gains and net interest income.
- *Expenses* of \$2.1 billion decreased 15% from the year-ago quarter primarily reflecting reduced levels of performance-related incentive compensation. Last year’s expenses included over \$200 million for disposition of real estate and regulatory settlement of Enron-related matters.
- *Credit costs* were a benefit of \$128 million, attributable to a reduction in the allowance for loan losses. Credit costs improved by \$123 million from the second quarter of 2003, but were \$60 million less favorable than the first quarter of 2004.

Chase Financial Services (“CFS”)

Earnings were \$620 million for the quarter, a decrease of 27% from a record quarter in 2003, but an increase of 45% from last quarter, both driven primarily by Chase Home Finance. Return on allocated capital for the quarter was 27% compared to 39% for the second quarter of 2003 and 18% in the first quarter of 2004. Operating revenues were \$3.7 billion, down 7% compared to the prior year, and expenses of \$1.9 billion were up 2%. Credit costs were up compared to both the sequential and prior year's quarter, driven by higher balances, while consumer charge-off rates declined.

Business Segments

- **Chase Home Finance:** Earnings were \$321 million for the quarter, a decrease of 43% from record performance in the second quarter of 2003. Total revenue of \$965 million declined 28% from last year as higher rates lowered mortgage originations and margins. Mortgage servicing rights hedging contributed to the revenue decline with a net gain of \$40 million compared to a \$233 million gain in the second quarter of 2003. Expenses of \$424 million were up 6% from last year primarily due to growth in the home equity business and in the mortgage sales and distribution channels. Compared to the first quarter of 2004, earnings increased 45% as revenue increased 19% due to higher origination and mortgage servicing rights hedging revenues and expenses declined 11%.
- **Chase Cardmember Services:** Earnings were \$176 million, up 7% from last year. Operating revenues on a managed basis were \$1.6 billion, up 5%, driven by double-digit growth in purchase volume. Expenses of \$570 million were up 5% year-over-year, primarily reflecting higher marketing costs. Credit quality improved, with the managed net charge-off rate declining to 5.84% in the second quarter from 6.02% in the prior year.
- **Chase Auto Finance:** Earnings were \$72 million, an increase of 7% from last year, driven primarily by lower net charge-offs. Revenues of \$218 million were essentially flat as 9% growth in balances serviced was offset by narrower margins reflecting a highly competitive environment. Expenses were up from last year.
- **Chase Regional Banking:** Earnings were \$10 million, down \$24 million from last year. Revenues were \$654 million, essentially flat to last year as strong deposit growth was offset by continued spread compression. Average deposits increased 10% to \$82 billion from the prior year and 10% on an annualized basis from the prior quarter. Expenses were up 6%, as a result of higher compensation, marketing costs and investments in the distribution network. For example, during the quarter over 300 ATMs were upgraded to eATMs; approximately 75% of all ATMs have now been converted.
- **Chase Middle Market:** Earnings were \$73 million, down 6% from last year. Revenues were \$357 million, up 1%. Average deposits increased 21% to \$33 billion from the prior year and 18% on an annualized basis from the prior quarter. Spread compression offset the benefit from strong deposit growth. Expenses declined 4% from last year due to lower compensation expense and lower operating losses.

Treasury & Securities Services (“TSS”)

Earnings were \$121 million, up 9%. Return on allocated capital for the quarter was 15%, compared to 16% in the second quarter of 2003 and 15% in the prior quarter.

- **Revenues** were \$1.2 billion, up 21% from last year; excluding acquisitions and other one-time items, revenues were up 11%. Investor Services revenues increased 26%, as higher equity market valuations and a strong seasonal pick-up in customer volumes led to higher custody fees, securities lending fees and foreign exchange revenue. Treasury Services revenues rose 16% on the strength of the acquisition of the Electronic Financial Services business together with higher product revenue. Institutional Trust Services revenues increased 15% reflecting acquisitions including Bank One's corporate trust business, growth in the American Depositary Receipts business and an increase in the other global equities business.

- *Expenses* of \$1.0 billion for the quarter increased 23%, reflecting acquisitions and investment write-offs of approximately \$70 million. Excluding the write-offs and acquisitions, expenses were up 7% from last year and up 2% from prior quarter.

Investment Management & Private Banking (“IMPB”) Earnings were \$93 million for the quarter, up from \$58 million in the second quarter of 2003. Return on allocated capital was 7%, compared to 4% in the second quarter of 2003; return on tangible allocated capital³ (net of goodwill) was 31%, compared to 17% in the second quarter of 2003.

- *Revenues* of \$805 million were up 19% reflecting global equity market appreciation, net assets under supervision inflows, the acquisition of Retirement Plan Services (“RPS”) and increased brokerage activity.
- *Expenses* of \$669 million increased 13% as a result of higher compensation, the acquisition of RPS, and technology initiatives.
- *Total assets under supervision* were \$788 billion, up 14% from last year as a result of equity market appreciation and net asset inflows. Total assets under management were \$570 billion, up 11%. Not reflected in assets under management is the Firm’s 43% interest in American Century Companies, Inc., which had assets under management of \$91 billion as of June 30, 2004, up from \$78 billion as of June 30, 2003.

JPMorgan Partners (“JPMP”)

- JPMorgan Partners had earnings of \$187 million, compared to a loss of \$96 million in the second quarter of 2003. Net private equity gains on the portfolio were \$392 million, compared to a net loss of \$22 million in the second quarter. The total portfolio was \$6.4 billion at the end of the quarter, compared to \$7.9 billion a year ago.

Consolidated Expenses

- **Expenses** for the Firm in the second quarter of 2004 were \$5.7 billion, excluding the litigation reserve charge and merger costs of \$3.7 billion and \$90 million, respectively, down 3% from the prior year and 6% from the prior quarter. Compensation expense decreased by 7% driven by reductions in incentive compensation. Non-compensation expenses increased 3% reflecting higher technology costs and increased marketing. These increases were partially offset by reduced occupancy costs.
- **Litigation charge:** The \$3.7 billion (\$2.3 billion after-tax) addition to the litigation reserve brings the Firm’s reserve for all litigation, including the Enron and securities cases covered by previous publicly announced reserving actions, to approximately \$4.7 billion. The addition is the result of a comprehensive and detailed review of the Firm’s major litigation exposures conducted by management after extensive consultation with legal counsel. While the outcome of litigation is inherently uncertain, this addition reflects management’s current assessment of the appropriate reserve level in light of all currently known information. Management reviews litigation reserves periodically, and the reserve may be increased or decreased in the future to reflect further developments. Among the factors weighed by management in adjusting the litigation reserve level were developments in the legal cases themselves, developments in settlement efforts, recent settlements by other parties and a significantly more negative assessment of the litigation environment in the United States. The Firm has meritorious defenses to claims asserted against it and intends to continue to defend itself vigorously, litigating or settling cases according to management’s judgment as to what is in the best interest of stockholders.

Consolidated Credit

- Credit quality trends continued to be favorable for both commercial and consumer portfolios. For commercial, this was the fourth consecutive quarter with credit cost benefits. Total commercial credit costs, including the residual component, were a benefit of \$120 million for the quarter, compared to costs of \$106 million in the prior year. This was the third consecutive quarter with a commercial loan charge-off rate at or below 0.50%. The commercial loan charge-off rate was 0.35% for the quarter, compared to 1.20% in second quarter of 2003. On the consumer side, total credit costs of \$809 million were unchanged from the second quarter of 2003, and the credit card charge-off rate declined. The Firm had total nonperforming assets of \$2.5 billion at June 30, 2004, down 40% from June 30, 2003.

Total assets and capital

- **Total assets** as of June 30, 2004 were \$818 billion, compared to \$803 billion as of June 30, 2003. Commercial loans were \$79.2 billion, compared to \$91.1 billion as of June 30, 2003. Managed consumer loans of \$180.8 billion increased 6% from June 30, 2003. The Tier 1 capital ratio was 8.2% at June 30, 2004 (estimated) and 8.4% at June 30, 2003.

Merger and other financial information

- **Merger between JPMorgan Chase & Co. and Bank One Corporation:** On July 1, 2004, JPMorgan Chase and Bank One completed the merger of their holding companies. The merger was accounted for as a purchase. Accordingly, the earnings for JPMorgan Chase and Bank One for the second quarter are provided on a stand-alone basis.
- **Merger saves and costs:** Management has updated its estimates for merger savings and costs related to the merger with Bank One. Management raised its estimate of merger saves from \$2.2 billion to \$3.0 billion to be phased in over the next three years. Approximately two-thirds of the savings will be realized by 2005. Merger costs are now estimated to be \$4.0 billion. Approximately \$1.0 billion of the \$4.0 billion will be accounted for as purchase accounting adjustments and will be recorded as an increase to goodwill. The remaining \$3.0 billion of merger costs are expected to be charged against income, over the next three years, beginning in the third quarter of 2004.
- **Conformance of accounting policies:** As part of the merger, certain accounting policies and practices will be conformed, which will result in charges estimated at \$1.3 billion to \$1.5 billion (pre-tax) to earnings during the second half of the year. The largest impact comes from refining the approach to credit loss reserves, primarily related to the decertification of the seller's retained interest in credit card securitizations. Other conforming adjustments and business decisions may lead to additional pre-tax charges currently estimated at \$200 million to \$400 million.

The following discussion of Bank One's results for the second quarter of 2004 compares results to the second quarter of 2003 unless otherwise indicated.

Bank One Corporation highlights for the second quarter of 2004:

Bank One Corporation, which merged with JPMorgan Chase on July 1st, announced 2004 second quarter net income of \$1.1 billion, or \$0.99 per diluted share, compared to \$856 million, or \$0.75 per diluted share.

- **Significant items** resulted in a \$0.06 per share net impact to Bank One's earnings.

(\$millions)			
	Pre-tax		After-tax
Commercial Banking net allowance release	\$ 175		\$ 111
Net securities losses	(89)		(57)
Earnings impact from non-core portfolio actions	74		47
Merger-related costs	(54)		(34)
<i>Net impact to earnings</i>	<i>\$ 106</i>		<i>\$ 67</i>

Retail's performance continued to be driven by strong growth in net checking accounts, deposits, loan production and investment sales. Net income was \$485 million, up \$112 million, or 30%.

- Net checking account growth remained strong with 164,000 accounts added in the current quarter. During the past 12 months, net checking accounts increased 550,000, or 11%.
- Average core deposit balances were \$75.3 billion, up 9% from the prior year and 14% annualized from the prior quarter.
- Home equity average loan balances grew \$5.6 billion, or 24% from the prior year and 21% annualized from the prior quarter. Home equity production was \$5.5 billion, up 9% from the prior year.
- Credit quality continued to improve with the net charge-off ratio decreasing to 0.58% from 0.66% last quarter and 0.85% in the prior year.
- Investment sales volume was up \$237 million, or 15% from the prior year.
- Retail branch expansion continued with the opening of 27 new banking centers and the addition of 59 new ATMs during the quarter. Over the past 12 months, 535 ATMs were added to the network and 45% were replaced with upgraded functionality. Further, over 1,000 sales people were added, while overall headcount decreased by 755.

Commercial Banking's net income was \$420 million compared to \$252 million, an increase of 67%. Excluding the impact of the net allowance releases of \$175 million in the current quarter and \$95 million in the prior year, net income was \$309 million, an increase of \$118 million, or 62%.

- Commercial Banking extended its credit quality improvement trend during the quarter. Corporate banking reported net recoveries of \$13 million — its second consecutive quarter of net recoveries. Middle market reported net charge-offs of only \$1 million. Nonperforming loans declined \$541 million, or 77%, in corporate banking and \$527 million, or 53% in middle market. Compared to the prior quarter, nonperforming loans declined \$72 million, or 31%, in corporate banking and \$123 million, or 21%, in middle market.
- Middle market lending continued to experience the modest growth that began in the first quarter. Outstanding balances grew by \$0.7 billion, while commitments to lend and average utilization increased slightly during the quarter.
- As expected capital markets activities declined; lower fees in fixed income and derivatives were partially offset by strength in structured finance.

Card Services' net income was \$389 million, up \$110 million, or 39% from the prior year and up \$70 million, or 22% from the prior quarter as spread improvements, higher total receivables, higher charge volume and lower provision for loan losses were partially offset by higher marketing expenses.

- Managed margin as a percentage of average managed loans increased 147 basis points over the prior year and 17 basis points over the prior quarter, continuing the positive trends. Rising rates may pressure margin in the future.
- Average total receivables increased \$4.3 billion or 12%, while average managed loans increased \$2.6 billion, or 4%, and charge volume increased \$6.6 billion, or 16% compared to the prior year.
- Paymentech, Inc.'s bank card volume increased \$9.4 billion, or 24% and total transactions increased 358 million or 21% over the prior year.
- Credit quality remains strong. The managed net charge-off ratio increased slightly to 5.44% from 5.21% in the prior year and 5.35% in the prior quarter. The 30-day managed delinquency ratio decreased to 3.37% from 3.95% in the prior year and 3.75% in the prior quarter. The reported net charge-off ratio decreased to 4.48% from 5.17% in the prior year but increased slightly from the prior quarter rate of 4.24%.
- The Company continued to partner with the world's leading brands when it launched a new rewards card with the American Kennel Club, signed Amerada Hess Corporation as a new partner and offered Sony Cardmembers exclusive entertainment and technology benefits.
- The Company finalized the purchase of Circuit City's private-label credit card operation, providing a platform to issue private-label credit cards for existing and future partners.

Investment Management's net income totaled \$110 million, an increase of \$34 million, or 45%, driven by the 2003 acquisition of Zurich Life ("Zurich"), and continued growth in assets under management and deposits.

- Assets under management were \$182.8 billion, an increase of 7% over the prior year. Excluding the impact of the acquisitions of Zurich and Security Capital, net inflows of long-term assets were \$10.7 billion over the last four quarters.
- Integration of Zurich remains on target reflecting continued reductions in operating expenses and headcount. Additionally, Security Capital continues to show strong post-acquisition results.
- Standard & Poor's affirmed its A+ rating of Zurich Life and revised the outlook from negative to stable, reflecting an improved economic environment, the financial strength of the organization and the successful integration efforts to date.
- Continued customer focus in private client services drove increases in loans and deposits of \$1 billion, or 16%, and \$3 billion, or 29%, respectively.

Other Corporate Items

- Treasury net interest expense was \$242 million, up \$165 million from a year ago driven by activities to position the balance sheet for rising interest rates and lower levels of treasury investments and up \$60 million from the prior quarter driven by the reduction in the treasury portfolio.
- Net securities losses were \$89 million, primarily the result of losses taken in the treasury investment portfolio. This compared to net securities gains of \$154 million in the prior year and \$122 million in the prior quarter.
- The Tier 1 capital ratio was 10.0% at June 30, 2004 and 9.7% at June 30, 2003.

Notes:

1. The \$6.0 billion stock repurchase program includes shares purchased to offset issuance under the Firm's employee stock-based compensation plans.
2. In addition to analyzing the Firm's results on a reported basis, management reviews the line of business results on an operating basis, which is a non-GAAP financial measure. The definition of operating basis starts with the reported U.S. GAAP results. In the case of the Investment Bank, operating basis includes in trading revenue net interest income related to trading activities. Trading activities generate revenues that are recorded for GAAP purposes in two line items on the income statement: trading revenue, which includes the mark to market gains or losses on trading positions; and net interest income, which includes the interest income or expense related to those positions. Combining both the trading revenue and related net interest income enables management to evaluate the Investment Bank's trading activities, by considering all revenue related to these activities, and facilitates operating comparisons to other competitors. In the case of Chase Cardmember Services, operating or managed basis excludes the impact of credit card securitizations on revenue, the provision for credit losses, net charge-offs and receivables. JPMorgan Chase uses the concept of "managed receivables" to evaluate the credit performance of the underlying credit card loans, both sold and not sold; as the same borrower is continuing to use the credit card for ongoing charges, a borrower's credit performance will impact both the receivables sold under SFAS 140 and those not sold. Thus, in its disclosures regarding managed receivables, JPMorgan Chase treats the sold receivables as if they were still on the balance sheet in order to disclose the credit performance (such as charge-off rates) of the entire managed credit card portfolio. Operating basis excludes the litigation reserve charge and merger costs, as management believes these items are not part of the Firm's normal daily business operations and, therefore, not indicative of trends, and also do not provide meaningful comparisons with other periods. See page 9 of JPMorgan Chase's Earnings Release Financial Supplement (Second Quarter 2004) for a reconciliation of JPMorgan Chase's income statement from reported to operating basis.
3. The Firm uses return on tangible allocated capital, a non-GAAP financial measure, to evaluate the economics of the IMPB business segment. Return on tangible allocated capital measures return on an economic capital basis (that is, on a basis that takes into account the operational, business, credit, private equity and market risks to which the business is exposed, including the level of assets) but excludes the capital allocated for goodwill. The Firm utilizes this measure to facilitate operating comparisons of IMPB to other competitors. See page 14 of JPMorgan Chase's Earnings Release Financial Supplement (Second Quarter 2004).

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of \$1.1 trillion and operations in more than 50 countries. The Firm is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, asset and wealth management, and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. has its corporate headquarters in New York and its U.S. retail financial services and commercial banking headquarters in Chicago. Under the JPMorgan, Chase and Bank One brands, the Firm serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients. Information about the Firm is available at www.jpmorganchase.com.

JPMorgan Chase will host a meeting and a conference call for the investment community on Wednesday, July 21, 2004 at 9:00 a.m. (Eastern Daylight Time) to review second quarter financial results and the merger with Bank One Corporation. The meeting will be held at 270 Park Avenue on the 11th floor in room A. Investors unable to attend the meeting can dial (973) 935-8504 or listen via live audio webcast. The webcast and presentation slides will be available on www.jpmorganchase.com. A replay of the meeting will be available beginning at 1:00 p.m. (Eastern Daylight Time) on July 21, 2004 and continuing through 6:00 p.m. (Eastern Daylight Time) on July 28, 2004 at (973) 341-3080 pin #4919180. The replay also will be available on www.jpmorganchase.com. Additional detailed financial, statistical and business-related information is included in a financial supplement. The earnings release and the financial supplement are available on the JPMorgan Chase web site (www.jpmorganchase.com).

This earnings release contains forward-looking statements 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. Actual results may differ from those set forth in the forward-looking statements.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the risk that, following consummation of the merger, the businesses will not be integrated successfully; the risk that the cost savings and any revenue synergies from the merger may not be fully realized or may take longer to realize than expected; the risk that excess capital is not generated from the merger as anticipated or not utilized in an accretive manner; and the risk that disruption from the merger may make it more difficult to maintain relationships with clients, employees or suppliers. Additional factors that could cause JPMorgan Chase's results to differ materially from those described in the forward-looking statements can be found in the 2003 Annual Report on Form 10-K and the Quarterly Report on Form 10-Q dated March 31, 2004 of JPMorgan Chase filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's internet site (<http://www.sec.gov>).

JPMorgan Chase & Co.
News Release



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

	2QTR 2004	1QTR 2004	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change 2003
				1Q 2004	2Q 2003	2004	2003	
SELECTED INCOME STATEMENT								
DATA:								
Revenue	\$ 8,599	\$ 8,977	\$ 9,034	(4)%	(5)%	\$ 17,576	\$ 17,440	1%
Provision for Credit Losses	203	15	435	NM	(53)	218	1,178	(81)
Noninterest Expense	9,471	6,059	5,832	56	62	15,530	11,373	37
Net Income (Loss)	(548)	1,930	1,827	NM	NM	1,382	3,227	(57)
Per Common Share:								
Net Income (Loss) per Share:								
Basic	\$ (0.27)	\$ 0.94	\$ 0.90	NM	NM	\$ 0.67	\$ 1.60	(58)
Diluted	(0.27)	0.92	0.89	NM	NM	0.65	1.57	(59)
Cash Dividends Declared per Share	0.34	0.34	0.34	—	—	0.68	0.68	—
Book Value per Share (Period-End)	21.52	22.62	21.53	(5)	—			
Closing Share Price	38.77	41.95	34.18	(8)	13			
Common Shares Outstanding:								
Average:								
Basic	2,042.8	2,032.3	2,005.6	1	2	2,037.6	2,002.8	2
Diluted	2,099.6	2,092.7	2,050.6	—	2	2,096.3	2,036.3	3
Common Shares at Period-End	2,087.5	2,081.7	2,035.1	—	3			
SELECTED RATIOS:								
Return on Average Common Equity(a)	NM	17%	17%	NM	NM	6%	15%	(900)bp
Tier 1 Capital Ratio	8.2%(b)	8.4	8.4	(20)bp	(20)bp			
SELECTED BALANCE SHEET DATA								
(PERIOD-END):								
Total Assets	\$ 817,763	\$ 801,078	\$ 802,603	2%	2%			
Deposits	346,539	336,886	318,248	3	9			
Common Stockholders' Equity	44,932	47,092	43,812	(5)	3			
FULL-TIME EQUIVALENT								
EMPLOYEES	91,008	93,285	92,256	(2)	(1)			
SEGMENT EARNINGS								
Investment Bank	\$ 703	1,110	\$ 1,037	(37)	(32)	\$ 1,813	\$ 1,933	(6)%
Treasury & Securities Services	121	119	111	2	9	240	223	8
Investment Management & Private Banking	93	116	58	(20)	60	209	84	149
JPMorgan Partners	187	116	(96)	61	NM	303	(318)	NM
Chase Financial Services	620	427	853	45	(27)	1,047	1,501	(30)
Support Units and Corporate	82	42	(136)	95	NM	124	(196)	NM
OPERATING EARNINGS	\$ 1,806	\$ 1,930	\$ 1,827	(6)	(1)	\$ 3,736	\$ 3,227	16

(a) Based on annualized amounts.

(b) Estimated

BANK ONE CORPORATION
CONSOLIDATED FINANCIAL HIGHLIGHTS
(in millions, except per share, ratio and employee data)



	<u>2QTR 2004</u>	<u>1QTR 2004</u>	<u>2QTR 2003</u>	<u>2QTR 2004 Change</u>		<u>Year-to-date</u>		<u>YTD 2004 Change</u>
				<u>1Q 2004</u>	<u>2Q 2003</u>	<u>2004</u>	<u>2003</u>	<u>2003</u>
SELECTED INCOME STATEMENT DATA:								
Total Revenue, net of interest expense	\$ 4,392	\$ 4,565	\$ 4,072	(4)%	8%	\$ 8,957	\$ 8,015	12%
Provision for Credit Losses	49	141	461	(65)	(89)	190	957	(80)
Noninterest Expense	2,744	2,663	2,403	3	14	5,407	4,700	15
Net Income	1,115	1,233	856	(10)	30	2,348	1,674	40
Per Common Share:								
Net Income per Share:								
Basic	\$ 1.00	\$ 1.11	\$ 0.76	(10)	32	\$ 2.11	\$ 1.46	45
Diluted	0.99	1.09	0.75	(9)	32	2.08	1.45	43
Cash Dividends Declared per Share	0.45	0.45	0.21	—	NM			
Book Value per Share (Period-End)	21.67	21.86	19.70	(1)	10			
Closing Share Price	51.00	54.52	37.18	(6)	37			
Common Shares Outstanding:								
Average:								
Basic	1,111	1,115	1,132	—	(2)	1,113	1,142	(3)
Diluted	1,128	1,135	1,140	(1)	(1)	1,131	1,150	(2)
Common Shares at Period-End	1,115	1,125	1,130	(1)	(1)			
SELECTED RATIOS:								
Return on Average Common Equity	18.7%	20.5%	15.3%					
Tier 1 Capital Ratio	10.0	10.2	9.7					
SELECTED BALANCE SHEET DATA (PERIOD-END):								
Total Assets	\$ 299,303	\$ 319,590	\$ 299,999	(6)%	—%			
Deposits	164,475	165,940	172,015	(1)	(4)			
Total Stockholders' Equity	24,156	24,598	22,257	(2)	9			
FULL-TIME EQUIVALENT EMPLOYEES								
	70,993	71,039	72,323	—	(2)			
NET INCOME by LOB								
Retail	\$ 485	\$ 482	\$ 373	1	30			
Commercial Banking	420	425	252	(1)	67			
Card Services	389	319	279	22	39			
Investment Management Group	110	133	76	(17)	45			
Corporate	(285)	(127)	(133)	NM	NM			
Net income from continuing operations	\$ 1,119	\$ 1,232	\$ 847	(9)	32			
Income (Loss) from discontinued operations	(4)	1	9	NM	NM			
Net income	\$ 1,115	\$ 1,233	\$ 856	(10)	30			



EARNINGS RELEASE FINANCIAL SUPPLEMENT
SECOND QUARTER 2004

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

REPORTED BASIS

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



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
SELECTED INCOME STATEMENT										
DATA:										
Revenue	\$ 8,599	\$ 8,977	\$ 8,068	\$ 7,748	\$ 9,034	(4)%	(5)%	\$ 17,576	\$ 17,440	1%
Provision for Credit Losses	203	15	139	223	435	NM	(53)	218	1,178	(81)
Noninterest Expense	9,471	6,059	5,220	5,095	5,832	56	62	15,530	11,373	37
Net Income (Loss)	(548)	1,930	1,864	1,628	1,827	NM	NM	1,382	3,227	(57)
Per Common Share:										
Net Income (Loss) per Share:										
Basic	\$ (0.27)	\$ 0.94	\$ 0.92	\$ 0.80	\$ 0.90	NM	NM	\$ 0.67	\$ 1.60	(58)
Diluted	(0.27)	0.92	0.89	0.78	0.89	NM	NM	0.65	1.57	(59)
Cash Dividends Declared per Share	0.34	0.34	0.34	0.34	0.34	—	—	0.68	0.68	—
Book Value per Share (Period-End)	21.52	22.62	22.10	21.55	21.53	(5)	—			
Closing Share Price	38.77	41.95	36.73	34.33	34.18	(8)	13			
Common Shares Outstanding:										
Average:										
Basic	2,042.8	2,032.3	2,016.2	2,012.2	2,005.6	1	2	2,037.6	2,002.8	2
Diluted	2,099.6	2,092.7	2,079.3	2,068.2	2,050.6	—	2	2,096.3	2,036.3	3
Common Shares at Period-End	2,087.5	2,081.7	2,042.6	2,039.2	2,035.1	—	3			
SELECTED RATIOS:										
Return on Average Common Equity										
(a)	NM	17%	17%	15%	17%	NM	NM	6%	15%	(900)bp
Tier 1 Capital Ratio	8.2%(b)	8.4	8.5	8.7	8.4	(20)bp	(20)bp			
SELECTED BALANCE SHEET										
DATA (PERIOD-END):										
Total Assets	\$ 817,763	\$ 801,078	\$ 770,912	\$ 792,700	\$ 802,603	2%	2%			
Deposits	346,539	336,886	326,492	313,626	318,248	3	9			
Common Stockholders' Equity	44,932	47,092	45,145	43,948	43,812	(5)	3			
FULL-TIME EQUIVALENT										
EMPLOYEES	91,008	93,285	93,453	92,940	92,256	(2)	(1)			
SEGMENT EARNINGS										
Investment Bank	\$ 703	\$ 1,110	\$ 864	\$ 877	\$ 1,037	(37)	(32)	\$ 1,813	\$ 1,933	(6)%
Treasury & Securities Services	121	119	143	140	111	2	9	240	223	8
Investment Management & Private										
Banking	93	116	100	79	58	(20)	60	209	84	149
JPMorgan Partners	187	116	23	6	(96)	61	NM	303	(318)	NM
Chase Financial Services	620	427	560	432	853	45	(27)	1,047	1,501	(30)
Support Units and Corporate	82	42	174	94	(136)	95	NM	124	(196)	NM
Operating Earnings (c)	<u>\$ 1,806</u>	<u>\$ 1,930</u>	<u>\$ 1,864</u>	<u>\$ 1,628</u>	<u>\$ 1,827</u>	(6)	(1)	<u>\$ 3,736</u>	<u>\$ 3,227</u>	16

(a) Based on annualized amounts.

(b) Estimated

(c) Refer to page 8 for a reconciliation between reported Net Income and Operating Earnings.

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



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
REVENUE										
Investment Banking Fees	\$ 893	\$ 692	\$ 846	\$ 649	\$ 779	29%	15%	\$ 1,585	\$ 1,395	14%
Trading Revenue	873	1,720	754	829	1,546	(49)	(44)	2,593	2,844	(9)
Fees and Commissions	2,968	2,933	2,871	2,742	2,551	1	16	5,901	5,039	17
Private Equity Gains (Losses)	421	306	163	120	(29)	38	NM	727	(250)	NM
Securities Gains	39	126	29	164	768	(69)	(95)	165	1,253	(87)
Mortgage Fees and Related Income	327	244	140	8	311	34	5	571	744	(23)
Other Revenue	253	126	254	188	45	101	462	379	137	177
Total Noninterest Revenue	5,774	6,147	5,057	4,700	5,971	(6)	(3)	11,921	11,162	7
Interest Income	5,453	5,478	5,614	5,696	5,871	—	(7)	10,931	12,134	(10)
Interest Expense	2,628	2,648	2,603	2,648	2,808	(1)	(6)	5,276	5,856	(10)
Net Interest Income	2,825	2,830	3,011	3,048	3,063	—	(8)	5,655	6,278	(10)
Revenue before Provision for Credit Losses	8,599	8,977	8,068	7,748	9,034	(4)	(5)	17,576	17,440	1
Provision for Credit Losses	203	15	139	223	435	NM	(53)	218	1,178	(81)
TOTAL NET REVENUE	8,396	8,962	7,929	7,525	8,599	(6)	(2)	17,358	16,262	7
NONINTEREST EXPENSE										
Compensation Expense	3,011	3,370	2,577	2,713	3,231	(11)	(7)	6,381	6,405	—
Occupancy Expense	440	431	482	391	543	2	(19)	871	1,039	(16)
Technology and Communications Expense	786	819	756	719	732	(4)	7	1,605	1,369	17
Other Expense	1,444	1,439	1,405	1,272	1,226	—	18	2,883	2,460	17
Litigation Reserve (a)	3,700	—	—	—	100	NM	NM	3,700	100	NM
Merger Costs	90	—	—	—	—	NM	NM	90	—	NM
TOTAL NONINTEREST EXPENSE	9,471	6,059	5,220	5,095	5,832	56	62	15,530	11,373	37
Income (Loss) before Income Tax Expense	(1,075)	2,903	2,709	2,430	2,767	NM	NM	1,828	4,889	(63)
Income Tax Expense (Benefit)	(527)	973	845	802	940	NM	NM	446	1,662	(73)
NET INCOME (LOSS)	\$ (548)	\$ 1,930	\$ 1,864	\$ 1,628	\$ 1,827	NM	NM	\$ 1,382	\$ 3,227	(57)
NET INCOME (LOSS) APPLICABLE TO COMMON STOCK										
	\$ (561)	\$ 1,917	\$ 1,851	\$ 1,615	\$ 1,815	NM	NM	\$ 1,356	\$ 3,202	(58)
NET INCOME (LOSS) PER COMMON SHARE										
Basic	\$ (0.27)	\$ 0.94	\$ 0.92	\$ 0.80	\$ 0.90	NM	NM	\$ 0.67	\$ 1.60	(58)
Diluted	(0.27)	0.92	0.89	0.78	0.89	NM	NM	0.65	1.57	(59)
FINANCIAL RATIOS										
Return on Average Assets (b)	NM	1.01%	0.95%	0.83%	0.96%	NM	NM	0.35%	0.84%	(49)bp
Return on Average Common Equity (b)	NM	17	17	15	17	NM	NM	6	15	(90)
Common Dividend Payout Ratio	NM	38	38	44	40	NM	NM	106	44	6,200
Effective Income Tax Rate	49%	34	31	33	34	1,500bp	1,500bp	24	34	(1,000)
Overhead Ratio	110	67	65	66	65	4,300	4,500	88	65	2,300
FULL-TIME EQUIVALENT EMPLOYEES	91,008	93,285	93,453	92,940	92,256	(2)%	(1)%			

(a) Reflects a \$3.7 billion and \$100 million addition to the Litigation Reserve.

(b) Based on annualized amounts.

J.P. MORGAN CHASE & CO.
SELECTED NONINTEREST REVENUE AND NONINTEREST EXPENSE DETAIL
(in millions)



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
NONINTEREST REVENUE										
Fees and Commissions:										
Investment Management and Service Fees	\$ 668	\$ 668	\$ 618	\$ 573	\$ 508	—%	31%	\$ 1,336	\$ 1,053	27%
Custody and Institutional Trust Service Fees	478	442	431	404	408	8	17	920	766	20
Credit Card Fees	767	734	825	756	698	4	10	1,501	1,390	8
Brokerage Commissions	350	401	316	310	296	(13)	18	751	555	35
Lending-Related Service Fees	148	139	172	157	127	6	17	287	251	14
Deposit Service Fees	264	274	279	298	284	(4)	(7)	538	569	(5)
Other Fees	293	275	230	244	230	7	27	568	455	25
Total	\$ 2,968	\$ 2,933	\$ 2,871	\$ 2,742	\$ 2,551	1	16	\$ 5,901	\$ 5,039	17
NONINTEREST EXPENSE										
Other Expense:										
Professional Services	\$ 329	\$ 372	\$ 394	\$ 325	\$ 324	(12)	2	\$ 701	\$ 649	8
Outside Services	355	376	311	294	310	(6)	15	731	582	26
Marketing	202	199	200	179	167	2	21	401	331	21
Travel and Entertainment	123	118	128	103	102	4	21	241	191	26
Amortization of Intangibles	79	79	74	73	73	—	8	158	147	7
All Other	356	295	298	298	250	21	42	651	560	16
Total	\$ 1,444	\$ 1,439	\$ 1,405	\$ 1,272	\$ 1,226	—	18	\$ 2,883	\$ 2,460	17

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



	Jun 30 2004	Mar 31 2004	Dec 31 2003	Sep 30 2003	Jun 30 2003	Jun 30, 2004 Change	
						Mar 31 2004	Jun 30 2003
ASSETS							
Cash and Due from Banks	\$ 23,525	\$ 19,419	\$ 20,268	\$ 18,585	\$ 23,398	21%	1%
Deposits with Banks	39,135	35,600	10,175	10,601	10,393	10	277
Federal Funds Sold and Securities Purchased under Resale Agreements	100,851	79,414	76,868	88,752	69,748	27	45
Securities Borrowed	44,947	49,881	41,834	37,096	41,067	(10)	9
Trading Assets:							
Debt and Equity Instruments	187,640	189,549	169,120	146,731	139,275	(1)	35
Derivative Receivables (a)	49,980	58,434	83,751	83,787	93,602	(14)	(47)
Securities	64,915	70,747	60,244	65,152	82,549	(8)	(21)
Loans (Net of Allowance for Loan Losses)	221,971	213,510	214,995	231,448	222,307	4	—
Private Equity Investments	6,663	7,097	7,250	7,797	7,901	(6)	(16)
Goodwill	8,731	8,730	8,511	8,134	8,132	—	7
Other Intangibles:							
Mortgage Servicing Rights	5,707	4,189	4,781	4,007	2,967	36	92
Purchased Credit Card Relationships	893	953	1,014	1,078	1,141	(6)	(22)
All Other Intangibles	799	813	685	311	320	(2)	150
Other Assets	62,006	62,742	71,416	89,221	99,803	(1)	(38)
TOTAL ASSETS	\$ 817,763	\$ 801,078	\$ 770,912	\$ 792,700	\$ 802,603	2	2
LIABILITIES							
Deposits:							
Noninterest-Bearing	\$ 95,292	\$ 87,428	\$ 79,465	\$ 81,865	\$ 88,096	9	8
Interest-Bearing	251,247	249,458	247,027	231,761	230,152	1	9
Total Deposits	346,539	336,886	326,492	313,626	318,248	3	9
Federal Funds Purchased and Securities Sold under Repurchase Agreements	152,619	148,526	113,466	131,959	155,330	3	(2)
Commercial Paper	15,300	14,972	14,284	14,790	12,382	2	24
Other Borrowed Funds	9,435	10,414	8,925	8,174	12,176	(9)	(23)
Trading Liabilities:							
Debt and Equity Instruments	82,338	80,303	78,222	87,516	72,825	3	13
Derivative Payables (a)	42,838	53,883	71,226	68,285	72,831	(20)	(41)
Accounts Payable, Accrued Expenses and Other Liabilities (including the Allowance for Lending-Related Commitments)	56,576	43,656	45,066	54,333	64,072	30	(12)
Beneficial Interests Issued by Consolidated Variable Interest Entities (b)	6,562	7,543	12,295	18,399	—	(13)	NM
Long-Term Debt	52,981	50,062	48,014	43,945	43,371	6	22
Junior Subordinated Deferrable Interest Debentures Held by Trusts that Issued Guaranteed Capital Debt Securities	6,634	6,732	6,768	6,716	1,108	(1)	499
Guaranteed Preferred Beneficial Interests in Capital Debt Securities Issued by Consolidated Trusts	—	—	—	—	5,439	NM	NM
TOTAL LIABILITIES	771,822	752,977	724,758	747,743	757,782	3	2
STOCKHOLDERS' EQUITY							
Preferred Stock	1,009	1,009	1,009	1,009	1,009	—	—
Common Stock	2,095	2,088	2,044	2,041	2,036	—	3
Capital Surplus	14,426	14,193	13,512	13,238	12,898	2	12
Retained Earnings	29,596	30,878	29,681	28,540	27,633	(4)	7
Accumulated Other Comprehensive Income (Loss)	(910)	177	(30)	187	1,293	NM	NM
Treasury Stock, at Cost	(275)	(244)	(62)	(58)	(48)	(13)	(473)
TOTAL STOCKHOLDERS' EQUITY	45,941	48,101	46,154	44,957	44,821	(4)	2
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 817,763	\$ 801,078	\$ 770,912	\$ 792,700	\$ 802,603	2	2

- (a) Effective January 1, 2004, the Firm elected to net cash paid and received under credit support annexes to legally enforceable master netting agreements.
(b) Not applicable for periods prior to the Firm's adoption of FIN 46 on July 1, 2003.

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



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
AVERAGE BALANCES										
ASSETS										
Deposits with Banks	\$ 26,905	\$ 21,535	\$ 11,724	\$ 10,163	\$ 7,061	25%	281%	\$ 24,220	\$ 8,521	184%
Federal Funds Sold and Securities Purchased under Resale Agreements	87,080	82,555	94,773	89,865	76,690	5	14	84,818	82,143	3
Securities Borrowed	54,233	48,609	40,371	40,019	42,160	12	29	51,421	40,417	27
Trading Assets — Debt and Equity Instruments	153,547	166,389	156,958	138,829	138,503	(8)	11	159,968	150,064	7
Securities	64,149	63,992	63,903	75,032	86,830	—	(26)	64,070	85,549	(25)
Loans	225,344	217,478	230,795	237,508	219,950	4	2	221,411	217,927	2
Total Interest-Earning Assets	611,258	600,558	598,524	591,416	571,194	2	7	605,908	584,621	4
Noninterest-Earning Assets	191,612	170,760	179,995	191,010	193,461	12	(1)	181,186	186,788	(3)
TOTAL ASSETS	\$ 802,870	\$ 771,318	\$ 778,519	\$ 782,426	\$ 764,655	4	5	\$ 787,094	\$ 771,409	2
LIABILITIES										
Interest-Bearing Deposits	\$ 254,034	\$ 238,206	\$ 237,636	\$ 221,539	\$ 225,950	7	12	\$ 246,120	\$ 225,671	9
Federal Funds Purchased and Securities Sold under Repurchase Agreements	155,335	145,370	141,089	148,132	164,386	7	(6)	150,354	177,701	(15)
Commercial Paper	14,283	13,153	13,293	13,088	12,929	9	10	13,718	13,588	1
Other Borrowings (a)	80,364	80,388	74,551	72,191	63,524	—	27	80,375	65,974	22
Beneficial Interests Issued by Consolidated Variable Interest Entities (b)	7,433	9,764	17,585	19,791	—	(24)	NM	8,598	—	NM
Long-Term Debt	57,019	53,574	52,408	48,685	49,219	6	16	55,297	47,619	16
Total Interest-Bearing Liabilities	568,468	540,455	536,562	523,426	516,008	5	10	554,462	530,553	5
Noninterest-Bearing Liabilities	186,529	184,036	196,771	214,860	204,879	1	(9)	185,282	197,536	(6)
TOTAL LIABILITIES	754,997	724,491	733,333	738,286	720,887	4	5	739,744	728,089	2
Preferred Stock	1,009	1,009	1,009	1,009	1,009	—	—	1,009	1,009	—
Common Stockholders' Equity	46,864	45,818	44,177	43,131	42,759	2	10	46,341	42,311	10
TOTAL STOCKHOLDERS' EQUITY	47,873	46,827	45,186	44,140	43,768	2	9	47,350	43,320	9
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 802,870	\$ 771,318	\$ 778,519	\$ 782,426	\$ 764,655	4	5	\$ 787,094	\$ 771,409	2
AVERAGE RATES										
INTEREST-EARNING ASSETS										
Deposits with Banks	1.68%	1.62%	2.88%	0.93%	2.39%	6bp	(71)bp	1.66%	2.50%	(84)bp
Federal Funds Sold and Securities Purchased under Resale Agreements	1.45	1.49	1.36	1.52	1.85	(4)	(40)	1.47	2.03	(56)
Securities Borrowed	0.66	0.77	0.74	0.71	0.75	(11)	(9)	0.72	0.88	(16)
Trading Assets	4.37	4.35	4.19	4.27	4.65	2	(28)	4.36	4.65	(29)
Securities	4.58	4.21	4.49	4.69	4.62	37	(4)	4.40	4.62	(22)
Loans	4.56	4.69	4.74	4.83	5.12	(13)	(56)	4.62	5.22	(60)
Total Interest-Earning Assets	3.60	3.68	3.73	3.83	4.13	(8)	(53)	3.64	4.20	(56)
INTEREST-BEARING LIABILITIES										
Interest-Bearing Deposits	1.28	1.37	1.33	1.41	1.69	(9)	(41)	1.33	1.80	(47)
Federal Funds Purchased and Securities Sold under Repurchase Agreements	1.16	1.24	1.16	1.29	1.41	(8)	(25)	1.20	1.48	(28)
Commercial Paper	0.98	0.96	0.98	1.00	1.22	2	(24)	0.97	1.26	(29)
Other Borrowings	4.47	4.57	4.91	5.12	5.39	(10)	(92)	4.52	5.18	(66)
Beneficial Interests Issued by Consolidated Variable Interest Entities (b)	2.04	1.60	1.36	0.92	—	44	NM	1.79	—	NM
Long-Term Debt	2.85	3.02	2.86	3.01	3.14	(17)	(29)	2.94	3.18	(24)
Total Interest-Bearing Liabilities	1.86	1.97	1.92	2.01	2.18	(11)	(32)	1.91	2.23	(32)
INTEREST RATE SPREAD	1.74%	1.71%	1.81%	1.82%	1.95%	3	(21)	1.73%	1.97%	(24)
NET INTEREST MARGIN	1.87%	1.90%	2.00%	2.05%	2.16%	(3)	(29)	1.89%	2.18%	(29)
NET INTEREST MARGIN ADJUSTED FOR SECURITIZATIONS	2.19%	2.22%	2.32%	2.36%	2.47%	(3)	(28)	2.21%	2.48%	(27)

(a) Includes securities sold but not yet purchased.

(b) Not applicable for periods prior to the Firm's adoption of FIN 46 on July 1, 2003.

OPERATING BASIS

In addition to analyzing the Firm's results on a reported basis, management reviews the line-of-business results on an "operating basis," which is a non-GAAP financial measure. The definition of operating basis starts with the reported U.S. GAAP results. In the case of IB, operating basis includes in Trading Revenue net interest income related to trading activities. Trading activities generate revenues which are recorded for GAAP purposes in two line items on the income statement: Trading Revenue, which includes the mark-to-market gains or losses on trading positions; and Net Interest Income, which includes the interest income or expense related to those positions. Combining both the trading revenue and related net interest income enables management to evaluate IB's trading activities, by considering all revenue related to these activities, and facilitates operating comparisons to other competitors. In the case of Chase Cardmember Services, operating or managed basis excludes the impact of credit card securitizations on revenue, the provision for credit losses, net charge-offs and receivables. JPMorgan Chase uses the concept of "managed receivables" to evaluate the credit performance of the underlying credit card loans, both sold and not sold: as the same borrower is continuing to use the credit card for ongoing charges, a borrower's credit performance will impact both the receivables sold under SFAS 140 and those not sold. Thus, in its disclosures regarding managed receivables, JPMorgan Chase treats the sold receivables as if they were still on the balance sheet in order to disclose the credit performance (such as net charge-off rates) of the entire managed credit card portfolio. Operating basis excludes the Litigation Reserve and Merger Costs, as management believes these items are not part of the Firm's normal daily business operations and, therefore, not indicative of trends, and also do not provide meaningful comparisons with other periods.

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



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
OPERATING REVENUE										
Investment Banking Fees	\$ 893	\$ 692	\$ 846	\$ 649	\$ 779	29%	15%	\$ 1,585	\$ 1,395	14%
Trading-Related Revenue (Includes Trading NII)	1,312	2,296	1,272	1,278	2,025	(43)	(35)	3,608	4,006	(10)
Fees and Commissions	2,832	2,784	2,687	2,569	2,429	2	17	5,616	4,748	18
Private Equity Gains (Losses)	421	306	163	120	(29)	38	NM	727	(250)	NM
Securities Gains	39	126	29	164	768	(69)	(95)	165	1,253	(87)
Mortgage Fees and Related Income	327	244	140	8	311	34	5	571	744	(23)
Other Revenue	208	87	225	174	21	139	NM	295	109	171
Net Interest Income (Excludes Trading NII)	3,053	2,915	3,168	3,257	3,210	5	(5)	5,968	6,372	(6)
TOTAL OPERATING REVENUE	9,085	9,450	8,530	8,219	9,514	(4)	(5)	18,535	18,377	1
OPERATING EXPENSE										
Compensation Expense (a)	3,011	3,370	2,577	2,713	3,231	(11)	(7)	6,381	6,405	—
Noncompensation Expense (a) (b)	2,670	2,689	2,643	2,382	2,601	(1)	3	5,359	4,968	8
TOTAL OPERATING EXPENSE	5,681	6,059	5,220	5,095	5,832	(6)	(3)	11,740	11,373	3
Operating Margin	3,404	3,391	3,310	3,124	3,682	—	(8)	6,795	7,004	(3)
Credit Costs	689	488	601	694	915	41	(25)	1,177	2,115	(44)
Operating Income before Income Tax Expense	2,715	2,903	2,709	2,430	2,767	(6)	(2)	5,618	4,889	15
Income Tax Expense	909	973	845	802	940	(7)	(3)	1,882	1,662	13
OPERATING EARNINGS	\$ 1,806	\$ 1,930	\$ 1,864	\$ 1,628	\$ 1,827	(6)	(1)	\$ 3,736	\$ 3,227	16
SELECTED METRICS										
Diluted Earnings per Share	\$ 0.85	\$ 0.92	\$ 0.89	\$ 0.78	\$ 0.89	(8)	(4)	\$ 1.77	\$ 1.57	13
Return on Average Managed Assets (c) (e)	0.87%	0.96%	0.91%	0.79%	0.92%	(9)bp	(5)bp	0.92%	0.81%	(11)bp
Return on Average Allocated Capital (d) (e)	15	17	17	15	17	(200)	(200)	16	15	100
Compensation Expense as a % of Operating Revenue	33	36	30	33	34	(300)	(100)	34	35	(100)
Noncompensation Expense as a % of Operating Revenue	29	28	31	29	27	100	200	29	27	200
Overhead Ratio	63	64	61	62	61	(100)	200	63	62	100
RECONCILIATION OF NET INCOME (LOSS) TO OPERATING EARNINGS										
Net Income (Loss)	\$ (548)	\$ 1,930	\$ 1,864	\$ 1,628	\$ 1,827	NM	NM	\$ 1,382	\$ 3,227	(57)%
Reconciling Items (Net of Taxes):										
Litigation Reserve	2,294	—	—	—	—	NM	NM	2,294	—	NM
Merger Costs	60	—	—	—	—	NM	NM	60	—	NM
Operating Earnings	\$ 1,806	\$ 1,930	\$ 1,864	\$ 1,628	\$ 1,827	(6)%	(1)%	\$ 3,736	\$ 3,227	16
EARNINGS PER SHARE — DILUTED										
Net Income (Loss)	\$ (0.27)	\$ 0.92	\$ 0.89	\$ 0.78	\$ 0.89	NM	NM	\$ 0.65	\$ 1.57	(59)
Reconciling Items (Net of Taxes):										
Litigation Reserve	1.09	—	—	—	—	NM	NM	1.09	—	NM
Merger Costs	0.03	—	—	—	—	NM	NM	0.03	—	NM
Operating Earnings	\$ 0.85	\$ 0.92	\$ 0.89	\$ 0.78	\$ 0.89	(8)	(4)	\$ 1.77	\$ 1.57	13
RECONCILIATION OF OPERATING EARNINGS TO SHAREHOLDER VALUE ADDED										
Operating Earnings	\$ 1,806	\$ 1,930	\$ 1,864	\$ 1,628	\$ 1,827	(6)	(1)	\$ 3,736	\$ 3,227	16
Less: Preferred Dividends	13	13	13	13	12	—	8	26	25	4
Earnings Applicable to Common Stock	1,793	1,917	1,851	1,615	1,815	(6)	(1)	3,710	3,202	16
Less: Cost of Capital (f)	1,398	1,367	1,337	1,304	1,279	2	9	2,765	2,518	10
Shareholder Value Added (g)	\$ 395	\$ 550	\$ 514	\$ 311	\$ 536	(28)	(26)	\$ 945	\$ 684	38
RECONCILIATION OF AVERAGE ASSETS TO AVERAGE MANAGED ASSETS										
Average Assets	\$ 802,870	\$ 771,318	\$ 778,519	\$ 782,426	\$ 764,655	4	5	\$ 787,094	\$ 771,409	2
Average Credit Card Securitizations	33,026	33,357	33,445	32,497	31,665	(1)	4	33,191	31,749	5
Average Managed Assets	\$ 835,896	\$ 804,675	\$ 811,964	\$ 814,923	\$ 796,320	4	5	\$ 820,285	\$ 803,158	2

- (a) Includes severance and other related costs associated with expense containment programs.
- (b) Includes Occupancy Expense, Technology and Communications Expense, Other Expense and, in the second quarter of 2003, Litigation Reserve.
- (c) Represents operating earnings as a percentage of average managed assets.
- (d) Represents operating earnings less preferred dividends as a percentage of average common equity.
- (e) Based on annualized amounts.
- (f) A 12% (after-tax) cost of capital, based on average allocated capital, is used by the Firm. To derive shareholder value added for the business segments, a 12% (after-tax) cost of capital is deducted from each business segment's net income, except for JPMorgan Partners, which is charged a 15% (after-tax) cost of capital.
- (g) Management uses the SVA framework as its primary measure of profitability for the Firm and each of its business segments. To derive SVA, the Firm applies a cost of capital to each business segment. The capital elements and resultant capital charges provide the businesses and investors with a financial framework by which to evaluate the trade-off between the use of capital by each business unit versus its return to shareholders. JPMorgan Chase varies the amount of capital attributed to lines of business based on its estimate of the economic risk capital required by the line of business as a result of the credit, market, operational and business risk for each particular line of business and private equity risk for JPMorgan Partners. JPMorgan Chase believes this risk-adjusted approach to economic capital compensates for differing levels of risk across businesses, and therefore a constant 12% cost of capital can be applied across businesses with differing levels of risk. The cost of capital for JPMorgan Partners is 15%, because JPMorgan Chase believes that the business risk for JPMP is so sufficiently differentiated that, even after risk-adjustment, a higher cost of capital is warranted. Capital charges are an integral part of the SVA measurement for each business. Under the Firm's model, average common equity is either underallocated or overallocated to the business segments, as compared with the Firm's total common stockholders' equity. The revenue and SVA impact of this over/under allocation is reported under Support Units and Corporate.

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



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
REPORTED										
Revenue										
Investment Banking Fees	\$ 893	\$ 692	\$ 846	\$ 649	\$ 779	29%	15%	\$ 1,585	\$ 1,395	14%
Trading Revenue	873	1,720	754	829	1,546	(49)	(44)	2,593	2,844	(9)
Fees and Commissions	2,968	2,933	2,871	2,742	2,551	1	16	5,901	5,039	17
Private Equity Gains (Losses)	421	306	163	120	(29)	38	NM	727	(250)	NM
Securities Gains	39	126	29	164	768	(69)	(95)	165	1,253	(87)
Mortgage Fees and Related Income	327	244	140	8	311	34	5	571	744	(23)
Other Revenue	253	126	254	188	45	101	462	379	137	177
Net Interest Income	<u>2,825</u>	<u>2,830</u>	<u>3,011</u>	<u>3,048</u>	<u>3,063</u>	—	(8)	<u>5,655</u>	<u>6,278</u>	(10)
Total Revenue	8,599	8,977	8,068	7,748	9,034	(4)	(5)	17,576	17,440	1
Noninterest Expense										
Litigation Reserve	3,700	—	—	—	100	NM	NM	3,700	100	NM
Merger Costs	90	—	—	—	—	NM	NM	90	—	NM
All Other Noninterest Expense	<u>5,681</u>	<u>6,059</u>	<u>5,220</u>	<u>5,095</u>	<u>5,732</u>	(6)	(1)	<u>11,740</u>	<u>11,273</u>	4
Total Noninterest Expense	9,471	6,059	5,220	5,095	5,832	56	62	15,530	11,373	37
Operating Margin	(872)	2,918	2,848	2,653	3,202	NM	NM	2,046	6,067	(66)
Provision for Credit Losses	<u>203</u>	<u>15</u>	<u>139</u>	<u>223</u>	<u>435</u>	NM	(53)	<u>218</u>	<u>1,178</u>	(81)
Income (Loss) before Income Tax Expense	(1,075)	2,903	2,709	2,430	2,767	NM	NM	1,828	4,889	(63)
Income Tax Expense (Benefit)	(527)	973	845	802	940	NM	NM	446	1,662	(73)
Net Income (Loss)	<u>\$ (548)</u>	<u>\$ 1,930</u>	<u>\$ 1,864</u>	<u>\$ 1,628</u>	<u>\$ 1,827</u>	NM	NM	<u>\$ 1,382</u>	<u>\$ 3,227</u>	(57)
RECONCILING ITEMS (a)										
Revenue										
Trading-Related Revenue (b)	\$ 439	\$ 576	\$ 518	\$ 449	\$ 479	(24)	(8)	\$ 1,015	\$ 1,162	(13)
Fees and Commissions (c)	(136)	(149)	(184)	(173)	(122)	(9)	11	(285)	(291)	(2)
Other Revenue (c)	(45)	(39)	(29)	(14)	(24)	15	88	(84)	(28)	200
Net Interest Income:										
Trading-Related (b)	(439)	(576)	(518)	(449)	(479)	(24)	(8)	(1,015)	(1,162)	(13)
Credit Card Securitizations (c)	667	661	675	658	626	1	7	1,328	1,256	6
Total Net Interest Income	228	85	157	209	147	168	55	313	94	233
Total Revenue	486	473	462	471	480	3	1	959	937	2
Noninterest Expense										
Litigation Reserve (d)	(3,700)	—	—	—	—	NM	NM	(3,700)	—	NM
Merger Costs (d)	(90)	—	—	—	—	NM	NM	(90)	—	NM
All Other Noninterest Expense	—	—	—	—	—	NM	NM	—	—	NM
Total Noninterest Expense	(3,790)	—	—	—	—	NM	NM	(3,790)	—	NM
Operating Margin	4,276	473	462	471	480	NM	NM	4,749	937	407
Securitized Credit Losses (c)	486	473	462	471	480	3	1	959	937	2
Income before Income Tax Expense	3,790	—	—	—	—	NM	NM	3,790	—	NM
Income Tax Expense	1,436	—	—	—	—	NM	NM	1,436	—	NM
Net Income	<u>\$ 2,354</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	NM	NM	<u>\$ 2,354</u>	<u>\$ —</u>	NM
OPERATING										
Revenue										
Investment Banking Fees	\$ 893	\$ 692	\$ 846	\$ 649	\$ 779	29	15	\$ 1,585	\$ 1,395	14
Trading-Related Revenue (Includes Trading NII)	1,312	2,296	1,272	1,278	2,025	(43)	(35)	3,608	4,006	(10)
Fees and Commissions	2,832	2,784	2,687	2,569	2,429	2	17	5,616	4,748	18
Private Equity Gains (Losses)	421	306	163	120	(29)	38	NM	727	(250)	NM
Securities Gains	39	126	29	164	768	(69)	(95)	165	1,253	(87)
Mortgage Fees and Related Income	327	244	140	8	311	34	5	571	744	(23)
Other Revenue	208	87	225	174	21	139	NM	295	109	171
Net Interest Income (Excludes Trading NII)	<u>3,053</u>	<u>2,915</u>	<u>3,168</u>	<u>3,257</u>	<u>3,210</u>	5	(5)	<u>5,968</u>	<u>6,372</u>	(6)
Total Operating Revenue	9,085	9,450	8,530	8,219	9,514	(4)	(5)	18,535	18,377	1
Noninterest Expense										
Litigation Reserve	—	—	—	—	100	NM	NM	—	100	NM
Merger Costs	—	—	—	—	—	NM	NM	—	—	NM
All Other Noninterest Expense	<u>5,681</u>	<u>6,059</u>	<u>5,220</u>	<u>5,095</u>	<u>5,732</u>	(6)	(1)	<u>11,740</u>	<u>11,273</u>	4
Total Noninterest Expense	5,681	6,059	5,220	5,095	5,832	(6)	(3)	11,740	11,373	3
Operating Margin	3,404	3,391	3,310	3,124	3,682	—	(8)	6,795	7,004	(3)
Credit Costs	689	488	601	694	915	41	(25)	1,177	2,115	(44)
Income before Income Tax Expense	2,715	2,903	2,709	2,430	2,767	(6)	(2)	5,618	4,889	15
Income Tax Expense	909	973	845	802	940	(7)	(3)	1,882	1,662	13
Operating Earnings	<u>\$ 1,806</u>	<u>\$ 1,930</u>	<u>\$ 1,864</u>	<u>\$ 1,628</u>	<u>\$ 1,827</u>	(6)	(1)	<u>\$ 3,736</u>	<u>\$ 3,227</u>	16

- (a) Represents only those line items on the Consolidated Statement of Income impacted by the reclassification of trading-related net interest income and the impact of credit card securitizations, as well as for the second quarter of 2004, the Litigation reserve and Merger costs line items on the Consolidated Statement of Income.
- (b) The reclassification of trading-related net interest income from Net Interest Income to Trading Revenue primarily impacts the Investment Bank segment results. See page 11 for further information.
- (c) The impact of credit card securitizations impacts Chase Cardmember Services. See page 19 for further information.
- (d) The impact of the Litigation Reserve and Merger Costs are excluded from Operating Earnings, as management believes these items are not part of the Firm's normal daily business operations and, therefore, not indicative of trends, and also do not provide meaningful comparisons with other periods.

J.P. MORGAN CHASE & CO.
LINE OF BUSINESS FINANCIAL HIGHLIGHTS SUMMARY — OPERATING BASIS
(in millions, except ratio data)



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
OPERATING REVENUE										
Investment Bank	\$ 3,116	\$ 3,980	\$ 3,046	\$ 3,160	\$ 4,203	(22)%	(26)%	\$ 7,096	\$ 8,212	(14)%
Treasury & Securities Services	1,187	1,106	1,071	1,007	979	7	21	2,293	1,905	20
Investment Management & Private Banking	805	824	822	737	677	(2)	19	1,629	1,319	24
JPMorgan Partners	350	249	106	71	(80)	41	NM	599	(367)	NM
Chase Financial Services	3,684	3,414	3,609	3,355	3,975	8	(7)	7,098	7,668	(7)
Support Units and Corporate	(57)	(123)	(124)	(111)	(240)	54	76	(180)	(360)	50
OPERATING REVENUE	\$ 9,085	\$ 9,450	\$ 8,530	\$ 8,219	\$ 9,514	(4)	(5)	\$ 18,535	\$18,377	1
OPERATING EARNINGS										
Investment Bank	\$ 703	\$ 1,110	\$ 864	\$ 877	\$ 1,037	(37)	(32)	\$ 1,813	\$ 1,933	(6)
Treasury & Securities Services	121	119	143	140	111	2	9	240	223	8
Investment Management & Private Banking	93	116	100	79	58	(20)	60	209	84	149
JPMorgan Partners	187	116	23	6	(96)	61	NM	303	(318)	NM
Chase Financial Services	620	427	560	432	853	45	(27)	1,047	1,501	(30)
Support Units and Corporate	82	42	174	94	(136)	95	NM	124	(196)	NM
OPERATING EARNINGS	\$ 1,806(a)	\$ 1,930	\$ 1,864	\$ 1,628	\$ 1,827	(6)	(1)	\$ 3,736	\$ 3,227	16
AVERAGE ALLOCATED CAPITAL										
Investment Bank	\$ 14,999	\$ 15,973	\$ 16,966	\$ 18,937	\$ 20,130	(6)	(25)	\$ 15,486	\$20,499	(24)
Treasury & Securities Services	3,197	3,183	2,734	2,616	2,779	—	15	3,190	2,776	15
Investment Management & Private Banking	5,369	5,470	5,466	5,537	5,533	(2)	(3)	5,420	5,508	(2)
JPMorgan Partners	4,547	4,899	5,541	5,721	5,916	(7)	(23)	4,723	5,950	(21)
Chase Financial Services	9,143	9,413	8,972	8,948	8,687	(3)	5	9,278	8,589	8
TOTAL CAPITAL ALLOCATED TO BUSINESS SEGMENTS	37,255	38,938	39,679	41,759	43,045	(4)	(13)	38,097	43,322	(12)
Support Units and Corporate	9,609	6,880	4,498	1,372	(286)	40	NM	8,244	(1,011)	NM
TOTAL AVERAGE ALLOCATED CAPITAL	\$ 46,864	\$ 45,818	\$ 44,177	\$ 43,131	\$ 42,759	2	10	\$ 46,341	\$42,311	10
RETURN ON AVERAGE ALLOCATED CAPITAL										
Investment Bank	19%	28%	20%	18%	21%	(900)bp	(200)bp	23%	19%	400bp
Treasury & Securities Services	15	15	21	21	16	—	(100)	15	16	(100)
Investment Management & Private Banking	7	8	7	6	4	(100)	300	8	3	500
JPMorgan Partners	16	9	2	—	NM	700	NM	13	NM	NM
Chase Financial Services	27	18	25	19	39	900	(1,200)	23	35	(1,200)
RETURN ON AVERAGE COMMON EQUITY	15	17	17	15	17	(200)	(200)	16	15	100

(a) Excludes the after-tax impact of the \$3.7 billion Litigation Reserve and \$90 million of Merger Costs. See the Operating Basis section for a discussion of the non-GAAP adjustments to reported Net Income.

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



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004
						1Q 2004	2Q 2003	2004	2003	Change 2003
OPERATING INCOME STATEMENT										
REVENUE:										
Trading Revenue (Includes Trading Net): (a)										
Equities	\$ (88)	\$ 333	\$ 94	\$ 95	\$ 160	NM	NM	\$ 245	\$ 359	(32)%
Fixed Income and Other	1,345	1,936	1,113	1,160	1,868	(31)%	(28)%	3,281	3,600	(9)
	1,257	2,269	1,207	1,255	2,028	(45)	(38)	3,526	3,959	(11)
Investment Banking Fees	883	682	834	636	765	29	15	1,565	1,385	13
Net Interest Income	399	374	463	538	585	7	(32)	773	1,276	(39)
Fees and Commissions	455	485	437	425	402	(6)	13	940	780	21
Securities Gains	43	129	13	225	445	(67)	(90)	172	828	(79)
All Other Revenue	79	41	92	81	(22)	93	NM	120	(16)	NM
TOTAL OPERATING REVENUE	3,116	3,980	3,046	3,160	4,203	(22)	(26)	7,096	8,212	(14)
EXPENSE:										
Compensation Expense	1,160	1,401	825	970	1,384	(17)	(16)	2,561	2,697	(5)
Noncompensation Expense	933	942	943	860	955	(1)	(2)	1,875	1,825	3
Operating Expense (Excl. Nonmerger-related Severance & Related Costs)	2,093	2,343	1,768	1,830	2,339	(11)	(11)	4,436	4,522	(2)
Nonmerger-related Severance & Related Costs	17	19	67	26	150	(11)	(89)	36	254	(86)
TOTAL OPERATING EXPENSE	2,110	2,362	1,835	1,856	2,489	(11)	(15)	4,472	4,776	(6)
Operating Margin	1,006	1,618	1,211	1,304	1,714	(38)	(41)	2,624	3,436	(24)
Credit Costs	(128)	(188)	(241)	(181)	(5)	32	NM	(316)	241	NM
Corporate Credit Allocation	2	2	(5)	(10)	(9)	—	NM	4	(21)	NM
Operating Income Before Income Tax Expense	1,136	1,808	1,447	1,475	1,710	(37)	(34)	2,944	3,174	(7)
Income Tax Expense	433	698	583	598	673	(38)	(36)	1,131	1,241	(9)
OPERATING EARNINGS	\$ 703	\$ 1,110	\$ 864	\$ 877	\$ 1,037	(37)	(32)	\$ 1,813	\$ 1,933	(6)
Average Allocated Capital	\$ 14,999	\$ 15,973	\$ 16,966	\$ 18,937	\$ 20,130	(6)	(25)	\$ 15,486	\$ 20,499	(24)
Average Assets	536,265	513,553	511,333	512,017	495,213	4	8	524,909	510,405	3
Return on Average Allocated Capital	19%	28%	20%	18%	21%	(900)bp	(200)bp	23%	19%	400bp
Overhead Ratio	68	59	60	59	59	900	900	63	58	500
Overhead Ratio Excl. Severance and Related Costs	67	59	58	58	56	800	1,100	63	55	800
Compensation Expense as a % of Operating Revenue	38	36	28	31	34	200	400	37	34	300
Excl. Severance and Related Costs	37	35	27	31	33	200	400	36	33	300
FULL-TIME EQUIVALENT EMPLOYEES										
	15,197	14,814	14,574	14,296	14,270	3%	6%			
Shareholder Value Added:										
Operating Earnings	\$ 703	\$ 1,110	\$ 864	\$ 877	\$ 1,037	(37)	(32)	\$ 1,813	\$ 1,933	(6)%
Less: Preferred Dividends	4	5	5	5	5	(20)	(20)	9	10	(10)
Earnings Applicable to Common Stock	699	1,105	859	872	1,032	(37)	(32)	1,804	1,923	(6)
Less: Cost of Capital	448	476	513	573	603	(6)	(26)	924	1,220	(24)
Total Shareholder Value Added	\$ 251	\$ 629	\$ 346	\$ 299	\$ 429	(60)	(41)	\$ 880	\$ 703	25

(a) Trading revenue, on a reported basis, excludes the impact of net interest income related to IB's trading activities; this income is recorded within Net interest income. However, in assessing the profitability of IB's trading business, the Firm combines these revenues for segment reporting. The amount reclassified from Net interest income to Trading revenue was \$439 million, \$576 million, \$513 million, \$451 million, and \$484 million during the quarters ended June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively.

	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004
						1Q 2004	2Q 2003	2004	2003	Change 2003
BUSINESS REVENUE:										
INVESTMENT BANKING FEES										
Underwriting:										
Equity Underwriting	\$ 221	\$ 177	\$ 254	\$ 173	\$ 163	25%	36%	\$ 398	\$ 271	47%
Debt Underwriting	394	358	423	302	440	10	(10)	752	792	(5)
Total Underwriting	615	535	677	475	603	15	2	1,150	1,063	8
Advisory	268	147	157	161	162	82	65	415	322	29
TOTAL INVESTMENT BANKING FEES	883	682	834	636	765	29	15	1,565	1,385	13
MARKETS & LENDING										
Fixed Income	1,550	2,068	1,366	1,432	2,156	(25)	(28)	3,618	4,120	(12)
Equities	193	673	342	339	388	(71)	(50)	866	819	6
Credit Portfolio	315	345	361	389	274	(9)	15	660	669	(1)
TOTAL MARKETS & LENDING	2,058	3,086	2,069	2,160	2,818	(33)	(27)	5,144	5,608	(8)
TOTAL REVENUE (EXCLUDING GLOBAL TREASURY)										
	2,941	3,768	2,903	2,796	3,583	(22)	(18)	6,709	6,993	(4)
Global Treasury	175	212	143	364	620	(17)	(72)	387	1,219	(68)
TOTAL REVENUE	\$ 3,116	\$ 3,980	\$ 3,046	\$ 3,160	\$ 4,203	(22)	(26)	\$ 7,096	\$ 8,212	(14)
MEMO:										
GLOBAL TREASURY										
Total Revenue	\$ 175	\$ 212	\$ 143	\$ 364	\$ 620	(17)	(72)	\$ 387	\$ 1,219	(68)
Total-Return Adjustments	135	(229)	79	127	(183)	NM	NM	(94)	(247)	62
Total-Return Revenue (a)	\$ 310	\$ (17)	\$ 222	\$ 491	\$ 437	NM	(29)	\$ 293	\$ 972	(70)

	YTD 2004	Full Year 2003
MARKET SHARE / RANKINGS: (b)		
Global Syndicated Loans	22% / #1	20% / #1
Global Investment-Grade Bonds	8% / #2	9% / #2
Global Equity and Equity-Related	6% / #7	8% / #4
U.S. Equity and Equity-Related	8% / #4	11% / #4
Global Announced M&A	23% / #5	15% / #4

- (a) Total-return revenue ("TRR"), a non-GAAP financial measure, represents revenue plus the change in unrealized gains or losses on investment securities and hedges (included in Other comprehensive income) and internally transfer-priced assets and liabilities. TRR is a supplemental performance measure used by management to analyze performance of Global Treasury on an economic basis. Management believes the TRR measure is meaningful, because it measures all positions on a mark-to-market basis, thereby reflecting the true economic value of positions in the portfolio. This performance measure is consistent with the manner in which the portfolio is managed, as it removes the timing differences that result from applying the various GAAP accounting policies.
- (b) Derived from Thomson Financial Securities Data, which reflect 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. Because of joint assignments, market share of all participants will add up to more than 100%. As disclosed by Thomson Financial, the market shares and rankings are presented on a combined basis reflecting the merger of JPMorgan Chase and Bank One.

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



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004
						1Q 2004	2Q 2003	2004	2003	Change 2003
OPERATING INCOME STATEMENT										
REVENUE:										
Fees and Commissions	\$ 791	\$ 745	\$ 676	\$ 654	\$ 632	6%	25%	\$ 1,536	\$ 1,230	25%
Net Interest Income	323	313	304	311	307	3	5	636	597	7
All Other Revenue	73	48	91	42	40	52	83	121	78	55
TOTAL OPERATING REVENUE	1,187	1,106	1,071	1,007	979	7	21	2,293	1,905	20
EXPENSE:										
Compensation Expense	348	343	322	309	309	1	13	691	622	11
Noncompensation Expense	642	571	504	480	482	12	33	1,213	930	30
Operating Expense (Excl. Nonmerger-related Severance & Related Costs)	990	914	826	789	791	8	25	1,904	1,552	23
Nonmerger-related Severance & Related Costs	10	7	23	10	24	43	(58)	17	28	(39)
TOTAL OPERATING EXPENSE	1,000	921	849	799	815	9	23	1,921	1,580	22
Operating Margin	187	185	222	208	164	1	14	372	325	14
Credit Costs	3	1	—	—	1	200	200	4	2	100
Corporate Credit Allocation	(2)	(2)	5	10	9	—	NM	(4)	21	NM
Operating Income Before Income Tax Expense	182	182	227	218	172	—	6	364	344	6
Income Tax Expense	61	63	84	78	61	(3)	—	124	121	2
OPERATING EARNINGS	\$ 121	\$ 119	\$ 143	\$ 140	\$ 111	2	9	\$ 240	\$ 223	8
Average Allocated Capital	\$ 3,197	\$ 3,183	\$ 2,734	\$ 2,616	\$ 2,779	—	15	\$ 3,190	\$ 2,776	15
Average Assets	21,623	19,785	20,525	18,037	19,334	9	12	20,704	18,426	12
Average Deposits	111,619	99,489	89,647	87,121	79,974	12	40	105,554	77,264	37
Return on Average Allocated Capital	15%	15%	21%	21%	16%	—bp	(100)bp	15%	16%	(100)bp
Overhead Ratio	84	83	79	79	83	100	100	84	83	100
Assets under Custody (in billions)	\$ 7,980	\$ 8,001	\$ 7,597	\$ 6,926	\$ 6,777	—%	18%			
FULL-TIME EQUIVALENT EMPLOYEES										
	14,404	14,749	14,530	14,185	14,273	(2)	1			
Shareholder Value Added:										
Operating Earnings	\$ 121	\$ 119	\$ 143	\$ 140	\$ 111	2	9	\$ 240	\$ 223	8%
Less: Preferred Dividends	1	1	1	—	—	—	NM	2	1	100
Earnings Applicable to Common Stock	120	118	142	140	111	2	8	238	222	7
Less: Cost of Capital	95	96	82	80	83	(1)	14	191	165	16
Total Shareholder Value Added	\$ 25	\$ 22	\$ 60	\$ 60	\$ 28	14	(11)	\$ 47	\$ 57	(18)
OPERATING REVENUE BY BUSINESS:										
Treasury Services	\$ 544	\$ 537	\$ 485	\$ 497	\$ 468	1	16	\$ 1,081	\$ 942	15
Investor Services	455	399	381	370	360	14	26	854	701	22
Institutional Trust Services	274	257	252	233	238	7	15	531	437	22
Other	(86)	(87)	(47)	(93)	(87)	1	1	(173)	(175)	1
Total Treasury & Securities Services	\$ 1,187	\$ 1,106	\$ 1,071	\$ 1,007	\$ 979	7	21	\$ 2,293	\$ 1,905	20

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



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
OPERATING INCOME STATEMENT										
REVENUE:										
Fees and Commissions	\$ 644	\$ 657	\$ 617	\$ 572	\$ 508	(2)%	27%	\$ 1,301	\$ 1,018	28%
Net Interest Income	113	117	118	116	117	(3)	(3)	230	232	(1)
All Other Revenue	48	50	87	49	52	(4)	(8)	98	69	42
TOTAL OPERATING REVENUE	805	824	822	737	677	(2)	19	1,629	1,319	24
EXPENSE:										
Compensation Expense	337	322	299	307	294	5	15	659	579	14
Noncompensation Expense	327	312	315	305	289	5	13	639	584	9
Operating Expense (Excl. Nonmerger-related Severance & Related Costs)	664	634	614	612	583	5	14	1,298	1,163	12
Nonmerger-related Severance & Related Costs	5	1	19	11	7	400	(29)	6	14	(57)
TOTAL OPERATING EXPENSE	669	635	633	623	590	5	13	1,304	1,177	11
Operating Margin	136	189	189	114	87	(28)	56	325	142	129
Credit Costs	(4)	10	36	(7)	—	NM	NM	6	6	—
Operating Income Before Income Tax Expense	140	179	153	121	87	(22)	61	319	136	135
Income Tax Expense	47	63	53	42	29	(25)	62	110	52	112
OPERATING EARNINGS	\$ 93	\$ 116	\$ 100	\$ 79	\$ 58	(20)	60	\$ 209	\$ 84	149
Average Tangible Allocated Capital	\$ 1,212	\$ 1,316	\$ 1,318	\$ 1,389	\$ 1,385	(8)	(12)	\$ 1,264	\$ 1,361	(7)
Average Goodwill Capital	4,157	4,154	4,148	4,148	4,148	—	—	4,156	4,147	—
Average Allocated Capital	5,369	5,470	5,466	5,537	5,533	(2)	(3)	5,420	5,508	(2)
Average Assets	35,054	35,263	34,108	33,255	33,987	(1)	3	35,158	33,811	4
Return on Tangible Allocated Capital (a)	31%	36%	31%	23%	17%	(500)bp	1,400bp	34%	12%	2,200bp
Return on Average Allocated Capital	7	8	7	6	4	(100)	300	8	3	500
Overhead Ratio	83	77	77	85	87	600	(400)	80	89	(900)
FULL-TIME EQUIVALENT EMPLOYEES	7,954	7,940	7,872	7,849	8,027	—%	(1)%			
Shareholder Value Added:										
Operating Earnings	\$ 93	\$ 116	\$ 100	\$ 79	\$ 58	(20)	60	\$ 209	\$ 84	149%
Less: Preferred Dividends	2	2	2	2	2	—	—	4	3	33
Earnings Applicable to Common Stock	91	114	98	77	56	(20)	63	205	81	153
Less: Cost of Tangible Allocated Capital	33	36	36	39	39	(8)	(15)	69	78	(12)
Tangible Shareholder Value Added (a)	58	78	62	38	17	(26)	241	136	3	NM
Less: Cost of Goodwill Capital	127	127	129	128	126	—	1	254	250	2
Shareholder Value Added	\$ (69)	\$ (49)	\$ (67)	\$ (90)	\$ (109)	(41)	37	\$ (118)	\$ (247)	52

(a) The Firm uses return on tangible allocated capital and tangible shareholder value added, non-GAAP financial measures, as two of several measures to evaluate the economics of the IMPB business segment. Return on tangible allocated capital and tangible shareholder value added measure return on an economic capital basis (that is, on a basis that takes into account the operational, business, credit and other risks to which this business is exposed, including the level of assets) but excludes the capital allocated for goodwill. The Firm utilizes these measures to facilitate operating comparisons of IMPB to other competitors.

J.P. MORGAN CHASE & CO.
INVESTMENT MANAGEMENT & PRIVATE BANKING
ASSETS UNDER SUPERVISION (a)
(in billions)



	2QTR 2004(b)	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change	
						1Q 2004	2Q 2003
Asset Class:							
Liquidity	\$ 151	\$ 164	\$ 160	\$ 149	\$ 140	(8)%	8%
Fixed Income	145	144	144	146	150	1	(3)
Equities and Other	274	276	255	232	222	(1)	23
Assets under Management	570	584	559	527	512	(2)	11
Custody / Brokerage / Administration / Deposits	218	213	199	193	182	2	20
Total Assets under Supervision	\$ 788	\$ 797	\$ 758	\$ 720	\$ 694	(1)	14
Client Segment:							
Retail							
Assets under Management	\$ 107	\$ 112	\$ 101	\$ 88	\$ 84	(4)	27
Custody / Brokerage / Administration / Deposits	80	78	71	66	61	3	31
Assets under Supervision	187	190	172	154	145	(2)	29
Private Bank							
Assets under Management	139	141	138	132	130	(1)	7
Custody / Brokerage / Administration / Deposits	138	135	128	127	121	2	14
Assets under Supervision	277	276	266	259	251	—	10
Institutional							
Assets under Management	324	331	320	307	298	(2)	9
Total Assets under Supervision	\$ 788	\$ 797	\$ 758	\$ 720	\$ 694	(1)	14
Geographic Region:							
Americas							
Assets under Management	\$ 362	\$ 370	\$ 360	\$ 348	\$ 348	(2)	4
Custody / Brokerage / Administration / Deposits	186	183	170	165	155	2	20
Assets under Supervision	548	553	530	513	503	(1)	9
Europe, Middle East & Africa and Asia/Pacific							
Assets under Management	208	214	199	179	164	(3)	27
Custody / Brokerage / Administration / Deposits	32	30	29	28	27	7	19
Assets under Supervision	240	244	228	207	191	(2)	26
Total Assets under Supervision	\$ 788	\$ 797	\$ 758	\$ 720	\$ 694	(1)	14
Assets Under Supervision Rollforward:							
Beginning Balance	\$ 797	\$ 758	\$ 720	\$ 694	\$ 622	5	28
Net Asset Flows	(2)	14	(2)	4	(9)	NM	78
Market / Other Impact (c)	(7)	25	40	22	81	NM	NM
Ending Balance	\$ 788	\$ 797	\$ 758	\$ 720	\$ 694	(1)	14

(a) Excludes assets under management of American Century.

(b) Estimated

(c) Other includes the acquisition of American Century Retirement Plan Services Inc. in the second quarter of 2003.

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



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
OPERATING INCOME STATEMENT										
REVENUE:										
Direct Investments:										
Realized Gains	\$ 402	\$ 302	\$ 202	\$ 134	\$ 153	33%	163%	\$ 704	\$ 199	254%
Write-ups / (Write-downs / Write-offs)	(27)	(23)	(52)	1	(177)	(17)	85	(50)	(353)	86
Mark-to-Market Gains (Losses) (a)	(1)	25	48	26	147	NM	NM	24	141	(83)
Total Direct Investments	374	304	198	161	123	23	204	678	(13)	NM
Private Third-Party Fund Investments	18	(8)	(39)	(41)	(145)	NM	NM	10	(239)	NM
Total Private Equity Gains (Losses) (b)	392	296	159	120	(22)	32	NM	688	(252)	NM
Net Interest Income (Loss)	(53)	(59)	(64)	(61)	(67)	10	21	(112)	(138)	19
Fees and Other Revenue	11	12	11	12	9	(8)	22	23	23	—
TOTAL OPERATING REVENUE	350	249	106	71	(80)	41	NM	599	(367)	NM
EXPENSE:										
Compensation Expense	36	38	33	31	34	(5)	6	74	67	10
Noncompensation Expense	32	31	38	32	38	3	(16)	63	67	(6)
TOTAL OPERATING EXPENSE	68	69	71	63	72	(1)	(6)	137	134	2
Operating Income (Loss) Before Income Tax Expense	282	180	35	8	(152)	57	NM	462	(501)	NM
Income Tax Expense (Benefit)	95	64	12	2	(56)	48	NM	159	(183)	NM
OPERATING EARNINGS (LOSS)	\$ 187	\$ 116	\$ 23	\$ 6	\$ (96)	61	NM	\$ 303	\$ (318)	NM
Average Allocated Capital	\$ 4,547	\$ 4,899	\$ 5,541	\$ 5,721	\$ 5,916	(7)	(23)	\$ 4,723	\$ 5,950	(21)
Average Assets	7,270	7,769	8,199	8,653	9,008	(6)	(19)	7,520	9,217	(18)
Return on Average Allocated Capital	16%	9%	2%	—%	NM	700bp	NM	13%	NM	NM
FULL-TIME EQUIVALENT EMPLOYEES	288	296	309	318	322	(3)%	(11)%			
Shareholder Value Added:										
Operating Earnings (Loss)	\$ 187	\$ 116	\$ 23	\$ 6	\$ (96)	61	NM	\$ 303	\$ (318)	NM
Less: Preferred Dividends	2	1	2	2	2	100	—	3	4	(25)
Earnings (Loss) Applicable to Common Stock	185	115	21	4	(98)	61	NM	300	(322)	NM
Less: Cost of Capital	169	184	209	216	221	(8)	(24)	353	442	(20)
Total Shareholder Value Added	\$ 16	\$ (69)	\$ (188)	\$ (212)	\$ (319)	NM	NM	\$ (53)	\$ (764)	93

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

	<u>Jun 30 2004</u>	<u>Mar 31 2004</u>	<u>Dec 31 2003</u>	<u>Sep 30 2003</u>	<u>Jun 30 2003</u>	<u>Jun 30, 2004 Change</u>	
						<u>Mar 31 2004</u>	<u>Jun 30 2003</u>
PORTFOLIO INFORMATION							
Public Securities (47 companies)(a)							
Carrying Value	\$ 811	\$ 697	\$ 643	\$ 705	\$ 591	16%	37%
Cost	566	520	451	560	531	9	7
Quoted Public Value	1,306	1,107	994	1,083	868	18	50
Private Direct Securities (783 companies)(a)							
Carrying Value	4,821	5,177	5,508	5,686	5,766	(7)	(16)
Cost	6,307	6,562	6,960	7,188	7,351	(4)	(14)
Private Third-Party Fund Investments (201 funds)(a)(b)							
Carrying Value	751	961	1,099	1,406	1,544	(22)	(51)
Cost	1,208	1,512	1,736	2,020	2,121	(20)	(43)
Total Investment Portfolio — Carrying Value	<u>\$ 6,383</u>	<u>\$ 6,835</u>	<u>\$ 7,250</u>	<u>\$ 7,797</u>	<u>\$ 7,901</u>	(7)	(19)
Total Investment Portfolio — Cost	<u>\$ 8,081</u>	<u>\$ 8,594</u>	<u>\$ 9,147</u>	<u>\$ 9,768</u>	<u>\$ 10,003</u>	(6)	(19)

(a) Represents the number of companies and funds at June 30, 2004.

(b) Unfunded commitments to private equity funds were \$850 million at June 30, 2004.

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



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
OPERATING INCOME STATEMENT										
REVENUE:										
Net Interest Income	\$ 2,307	\$ 2,244	\$ 2,447	\$ 2,470	\$ 2,402	3%	(4)%	\$ 4,551	\$ 4,702	(3)%
Fees and Commissions	937	876	948	897	893	7	5	1,813	1,718	6
Securities Gains (Losses)	—	—	18	(62)	323	NM	NM	—	426	NM
Mortgage Fees and Related Income	355	241	137	8	310	47	15	596	742	(20)
All Other Revenue	85	53	59	42	47	60	81	138	80	73
TOTAL OPERATING REVENUE	3,684	3,414	3,609	3,355	3,975	8	(7)	7,098	7,668	(7)
EXPENSE:										
Compensation Expense	736	765	698	691	756	(4)	(3)	1,501	1,475	2
Noncompensation Expense	1,105	1,170	1,113	1,075	1,054	(6)	5	2,275	2,118	7
Operating Expense (Excl. Nonmerger-related Severance & Related Costs)	1,841	1,935	1,811	1,766	1,810	(5)	2	3,776	3,593	5
Nonmerger-related Severance & Related Costs	16	64	53	26	2	(75)	NM	80	17	371
TOTAL OPERATING EXPENSE	1,857	1,999	1,864	1,792	1,812	(7)	2	3,856	3,610	7
Operating Margin	1,827	1,415	1,745	1,563	2,163	29	(16)	3,242	4,058	(20)
Credit Costs	845	748	855	884	817	13	3	1,593	1,693	(6)
Operating Income Before Income Tax Expense	982	667	890	679	1,346	47	(27)	1,649	2,365	(30)
Income Tax Expense	362	240	330	247	493	51	(27)	602	864	(30)
OPERATING EARNINGS	\$ 620	\$ 427	\$ 560	\$ 432	\$ 853	45	(27)	\$ 1,047	\$ 1,501	(30)
Average Allocated Capital	\$ 9,143	\$ 9,413	\$ 8,972	\$ 8,948	\$ 8,687	(3)	5	\$ 9,278	\$ 8,589	8
Average Deposits	117,439	111,228	108,703	115,151	109,945	6	7	114,334	107,970	6
Return on Average Allocated Capital	27%	18%	25%	19%	39%	900bp	(1,200)bp	23%	35%	(1,200)bp
Overhead Ratio	50	59	52	53	46	(900)	400	54	47	700
FULL-TIME EQUIVALENT EMPLOYEES	43,235	45,292	46,095	46,168	45,204	(5)%	(4)%			
Shareholder Value Added:										
Operating Earnings	\$ 620	\$ 427	\$ 560	\$ 432	\$ 853	45	(27)	\$ 1,047	\$ 1,501	(30)%
Less: Preferred Dividends	3	3	3	3	2	—	50	6	5	20
Earnings Applicable to Common Stock	617	424	557	429	851	46	(27)	1,041	1,496	(30)
Less: Cost of Capital	273	281	271	270	260	(3)	5	554	511	8
Total Shareholder Value Added	\$ 344	\$ 143	\$ 286	\$ 159	\$ 591	141	(42)	\$ 487	\$ 985	(51)
RECONCILIATION OF AVERAGE REPORTED LOANS TO AVERAGE MANAGED LOANS										
Average Reported Loans	\$ 161,296	\$ 153,416	\$ 158,923	\$ 160,324	\$ 151,861	5	6	\$ 157,356	\$ 147,062	7
Average Credit Card Securitizations	33,026	33,357	33,445	32,497	31,665	(1)	4	33,191	31,749	5
Average Managed Loans	<u>\$ 194,322</u>	<u>\$ 186,773</u>	<u>\$ 192,368</u>	<u>\$ 192,821</u>	<u>\$ 183,526</u>	4	6	<u>\$ 190,547</u>	<u>\$ 178,811</u>	7
RECONCILIATION OF AVERAGE REPORTED ASSETS TO AVERAGE MANAGED ASSETS										
Average Reported Assets	\$ 182,181	\$ 174,218	\$ 184,215	\$ 190,927	\$ 185,673	5	(2)	\$ 178,188	\$ 178,163	—
Average Credit Card Securitizations	33,026	33,357	33,445	32,497	31,665	(1)	4	33,191	31,749	5
Average Managed Assets	<u>\$ 215,207</u>	<u>\$ 207,575</u>	<u>\$ 217,660</u>	<u>\$ 223,424</u>	<u>\$ 217,338</u>	4	(1)	<u>\$ 211,379</u>	<u>\$ 209,912</u>	1

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



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004
						1Q 2004	2Q 2003	2004	2003	Change 2003
CHASE FINANCIAL SERVICES' BUSINESSES										
CHASE HOME FINANCE:										
Operating Revenue:										
Operating Revenue (Excl. MSR Risk Management Revenue) (a)	\$ 925	\$ 819	\$ 950	\$ 687	\$ 1,099	13%	(16)%	\$ 1,744	\$ 2,160	(19)%
MSR Risk Management Revenue (a)	40	(7)	(83)	(6)	233	NM	(83)	33	319	(90)
Total	\$ 965	\$ 812	\$ 867	\$ 681	\$ 1,332	19	(28)	\$ 1,777	\$ 2,479	(28)
Operating Expense	424	478	484	444	400	(11)	6	902	781	15
Operating Earnings	321	221	238	118	561	45	(43)	542	985	(45)
CHASE CARDMEMBER SERVICES — REPORTED:										
Revenue	\$ 1,106	\$ 1,090	\$ 1,158	\$ 1,099	\$ 1,032	1	7	\$ 2,196	\$ 2,036	8
Expense	570	605	561	557	543	(6)	5	1,175	1,082	9
Provision for Credit Losses	263	232	330	234	232	13	13	495	470	5
Net Income	176	162	172	198	165	9	7	338	311	9
CHASE CARDMEMBER SERVICES — OPERATING: (b)										
Revenue	\$ 1,592	\$ 1,563	\$ 1,620	\$ 1,570	\$ 1,512	2	5	\$ 3,155	\$ 2,973	6
Expense	570	605	561	557	543	(6)	5	1,175	1,082	9
Credit Costs	749	705	792	705	712	6	5	1,454	1,407	3
Earnings	176	162	172	198	165	9	7	338	311	9
CHASE AUTO FINANCE:										
Operating Revenue	\$ 218	\$ 166	\$ 207	\$ 216	\$ 221	31	(1)	\$ 384	\$ 419	(8)
Operating Expense	80	80	77	74	73	—	10	160	141	13
Operating Earnings	72	30	53	49	67	140	7	102	104	(2)
CHASE REGIONAL BANKING:										
Operating Revenue	\$ 654	\$ 635	\$ 653	\$ 636	\$ 656	3	—	\$ 1,289	\$ 1,287	—
Operating Expense	619	635	646	581	585	(3)	6	1,254	1,162	8
Operating Earnings (Loss)	10	(15)	(6)	11	34	NM	(71)	(5)	61	NM
CHASE MIDDLE MARKET:										
Operating Revenue	\$ 357	\$ 344	\$ 359	\$ 362	\$ 353	4	1	\$ 701	\$ 715	(2)
Operating Expense	213	218	210	229	222	(2)	(4)	431	438	(2)
Operating Earnings	73	81	92	66	78	(10)	(6)	154	165	(7)

(a) MSR represents Mortgage Servicing Rights.

(b) See page 9 for a reconciliation of JPMorgan Chase's results on a reported basis to the operating basis.

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



	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
Chase Home Finance										
Origination Volume by Channel: Retail,										
Wholesale and Correspondent	\$ 44.4	\$ 30.1	\$ 37.0	\$ 67.9	\$ 55.1	48%	(19)%	\$ 74.5	\$ 96.0	(22)%
Correspondent Negotiated Transactions	12.4	7.7	14.0	25.8	22.5	61	(45)	20.1	43.6	(54)
Total	56.8	37.8	51.0	93.7	77.6	50	(27)	94.6	139.6	(32)
Origination Volume by Product: First										
Mortgage	47.0	31.1	43.7	86.3	71.8	51	(35)	78.1	129.6	(40)
Home Equity	9.8	6.7	7.3	7.4	5.8	46	69	16.5	10.0	65
Total	56.8	37.8	51.0	93.7	77.6	50	(27)	94.6	139.6	(32)
Loans Serviced	493	475	470	455	437	4	13	493	437	13
End-of-Period Outstandings	83.2	75.0	73.7	85.8	74.5	11	12	83.2	74.5	12
Total Average Loans Owned	79.2	72.1	79.4	80.6	71.2	10	11	75.6	67.1	13
Number of Customers (in millions)	4.2	4.1	4.1	4.0	3.9	2	8	4.2	3.9	8
MSR Carrying Value	5.7	4.2	4.8	4.0	3.0	36	90	5.7	3.0	90
30+ Day Delinquency Rate	1.18%	1.32%	1.81%	2.05%	2.23%	(14)bp	(105)bp	1.18%	2.23%	(105)bp
Net Charge-Off Ratio	0.14	0.16	0.19	0.15	0.18	(2)	(4)	0.15	0.19	(4)
Overhead Ratio	44	59	56	65	30	(1,500)	1,400	51	32	1,900
Chase Cardmember Services — Reported										
Basis										
Average Outstandings	\$ 17.3	\$ 17.2	\$ 16.6	\$ 17.3	\$ 18.1	1%	(4)%	\$ 17.2	\$ 18.5	(7)%
30+ Day Delinquency Rate	3.07%	3.18%	3.34%	3.33%	3.20%	(11)bp	(13)bp	3.07%	3.20%	(13)bp
Net Charge-Off Ratio	6.05	6.33	6.68	6.28	6.25	(28)	(20)	6.19	6.21	(2)
Overhead Ratio	52	56	48	51	53	(400)	(100)	54	53	100
Chase Cardmember Services — Managed										
Basis										
End-of-Period Outstandings	\$ 51.3	\$ 51.0	\$ 52.3	\$ 50.9	\$ 51.0	1%	1%	\$ 51.3	\$ 51.0	1%
Average Outstandings	51.3	51.6	51.1	50.9	50.7	(1)	1	51.5	50.8	1
Total Volume (a)	24.1	22.0	23.9	22.9	22.2	10	9	46.1	42.9	7
New Accounts (in millions)	1.0	1.0	1.0	1.1	1.0	—	—	2.0	2.1	(5)
Active Accounts (in millions)	16.4	16.5	16.5	16.3	16.4	(1)	—	16.4	16.4	—
Total Accounts (in millions)	31.0	30.8	30.8	30.6	30.3	1	2	31.0	30.3	2
Credit Cards Issued	35.7	35.4	35.3	34.8	34.3	1	4	35.7	34.3	4
30+ Day Delinquency Rate	4.27%	4.43%	4.68%	4.62%	4.40%	(16)bp	(13)bp	4.27%	4.40%	(13)bp
Net Charge-Off Ratio	5.84	5.80	5.76	5.83	6.02	4	(18)	5.82	5.99	(17)
Overhead Ratio	36	39	35	35	36	(300)	—	37	36	100
Chase Auto Finance										
Loan and Lease Receivables	\$ 43.5	\$ 44.0	\$ 43.2	\$ 42.8	\$ 41.7	(1)%	4%	\$ 43.5	\$ 41.7	4%
Average Loan and Lease Receivables	44.1	44.3	43.5	42.1	41.7	—	6	44.2	40.7	9
Automobile Origination Volume (b)	5.4	6.8	5.5	7.0	7.9	(21)	(32)	12.2	15.3	(20)
Automobile Market Share (Year-to-Date)	5.6%	6.1%	6.1%	6.6%	6.8%	(50)bp	(120)bp	5.6%(d)	6.8%	(120)bp
30+ Day Delinquency Rate	1.06	1.10	1.46	1.16	1.14	(4)	(8)	1.06	1.14	(8)
Net Charge-Off Ratio	0.28	0.36	0.39	0.41	0.37	(8)	(9)	0.32	0.42	(10)
Overhead Ratio	37	48	37	34	33	(1,100)	400	42	34	800
Chase Regional Banking										
Total Average Deposits	\$ 81.9	\$ 79.9	\$ 77.1	\$ 76.0	\$ 74.5	3%	10%	\$ 80.9	\$ 73.6	10%
Total Client Assets (c)	117.9	118.4	111.1	109.5	108.1	—	9	118.2	107.0	10
Number of Branches / Banking Centers	536	532	529	528	527	1	2	536	527	2
Number of ATMs	1,711	1,718	1,730	1,740	1,735	—	(1)	1,711	1,735	(1)
Overhead Ratio	95%	100%	99%	91%	89%	(500)bp	600bp	97%	90%	700bp
Chase Middle Market										
Total Average Loans	\$ 14.7	\$ 13.8	\$ 13.5	\$ 14.3	\$ 14.3	7%	3%	\$ 14.3	\$ 14.3	—%
Total Average Deposits	33.0	31.6	28.9	29.1	27.2	4	21	32.3	27.9	16
Nonperforming Average Loans as a % of										
Total Average Loans	1.03%	0.91%	1.00%	1.12%	1.24%	12bp	(21)bp	0.97%	1.32%	(35)bp
Net Charge-Off Ratio	0.81	(0.03)	0.16	0.61	0.40	NM	41	0.41	0.58	(17)
Overhead Ratio	60	63	58	63	63	(300)	(300)	61	61	—

- (a) Sum of total customer purchases, cash advances and balance transfers.
(b) Excludes amounts related to Chase Education Finance.
(c) Deposits, money market funds and/or investment assets (including annuities).

CREDIT-RELATED INFORMATION

	Jun 30 2004	Mar 31 2004	Dec 31 2003	Sep 30 2003	Jun 30 2003	Jun 30, 2004 Change	
						Mar 31 2004	Jun 30 2003
CREDIT EXPOSURE							
Commercial Loans:							
Loans — U.S.	\$ 47,747	\$ 47,273	\$ 52,024	\$ 58,082	\$ 55,693	1%	(14)%
Loans — Non-U.S.	31,492	31,942	31,073	30,326	35,363	(1)	(11)
Total Commercial Loans — Reported	79,239	79,215	83,097	88,408	91,056	—	(13)
Consumer Loans:							
1-4 Family Residential Mortgages — First Liens	59,188	54,284	54,460	68,873	57,593	9	3
Home Equity	25,146	21,617	19,252	16,981	17,327	16	45
1-4 Family Residential Mortgages	84,334	75,901	73,712	85,854	74,920	11	13
Credit Card — Reported	16,462	15,975	16,793	16,015	16,578	3	(1)
Automobile Financings	39,456	39,118	38,695	38,867	38,151	1	3
Other Consumer	6,447	7,421	7,221	7,057	6,689	(13)	(4)
Total Consumer Loans — Reported	146,699	138,415	136,421	147,793	136,338	6	8
Total Loans — Reported	225,938	217,630	219,518	236,201	227,394	4	(1)
Credit Card Securitizations	34,138	34,478	34,856	34,315	33,789	(1)	1
Total Loans — Managed	260,076	252,108	254,374	270,516	261,183	3	—
Derivative Receivables (a)	49,980	58,434	83,751	83,787	93,602	(14)	(47)
Other Receivables	108	108	108	108	108	—	—
Commercial Lending-Related Commitments (b)	215,636	218,287	215,758	209,042	229,119	(1)	(6)
TOTAL (c)	\$525,800	\$528,937	\$553,991	\$563,453	\$584,012	(1)	(10)
Memo: Total by Category							
Total Commercial Exposure (d)	\$344,963	\$356,044	\$382,714	\$381,345	\$413,885	(3)	(17)
Total Consumer Managed Loans (c) (e)	180,837	172,893	171,277	182,108	170,127	5	6
Total	\$525,800	\$528,937	\$553,991	\$563,453	\$584,012	(1)	(10)

(a) Effective January 1, 2004, derivative receivables Credit exposure takes into account net cash received under credit support annexes to legally enforceable master netting agreements.

(b) Includes unused advised lines of credit of \$21 billion at June 30, 2004.

(c) Excludes consumer lending-related commitments.

(d) Represents Total Commercial Loans, Derivative Receivables, Other Receivables and Commercial Lending-Related Commitments.

(e) Represents Total Consumer Loans plus Credit Card Securitizations.

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



	Jun 30 2004		Mar 31 2004		Dec 31 2003		Sep 30 2003		Jun 30 2003		Jun 30, 2004 Change	
											Mar 31 2004	Jun 30 2003
COMMERCIAL CREDIT EXPOSURE												
Total Commercial Loans	\$ 79,239		\$ 79,215		\$ 83,097		\$ 88,408		\$ 91,056		—%	(13)%
Derivative Receivables	49,980		58,434		83,751		83,787		93,602		(14)	(47)
Other Receivables	108		108		108		108		108		—	—
Commercial Lending-Related Commitments	<u>215,636</u>		<u>218,287</u>		<u>215,758</u>		<u>209,042</u>		<u>229,119</u>		(1)	(6)
Credit Exposure (a)	<u>\$ 344,963</u>	<u>100%</u>	<u>\$ 356,044</u>	<u>100%</u>	<u>\$ 382,714</u>	<u>100%</u>	<u>\$ 381,345</u>	<u>100%</u>	<u>\$ 413,885</u>	<u>100%</u>	(3)	(17)
Risk Profile of Credit Exposure:												
Investment-Grade	\$ 285,302	83%	\$ 293,458	82%	\$ 316,053	83%	\$ 316,523	83%	\$ 345,330	83%	(3)	(17)
Noninvestment-Grade:												
Noncriticized	53,304	15%	54,868	15%	57,782	15%	53,457	14%	55,711	14%	(3)	(4)
Criticized Performing	4,163	1%	5,224	2%	6,457	1%	8,240	2%	9,479	2%	(20)	(56)
Criticized Nonperforming	1,820	1%	2,163	1%	2,400	1%	3,104	1%	3,364	1%	(16)	(46)
Purchased Held for Sale Commercial Loans (b)	374	0%	331	0%	22	0%	21	0%	1	0%	13	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 Noncriticized: BB+ / Ba1 to B- / B3

Criticized: CCC+ / Caa1 & below

- (a) Credit exposure is net of risk participations, and effective January 1, 2004, the Firm elected to net cash paid and received under credit support annexes to legally enforceable master netting agreements. Credit exposure does not reflect the benefit of credit derivative hedges or, prior to January 1, 2004, liquid collateral held against derivatives contracts.
- (b) Represents distressed commercial loans purchased as part of the IB's proprietary investing activities.

	Jun 30 2004	Mar 31 2004	Dec 31 2003	Sep 30 2003	Jun 30 2003	Jun 30, 2004 Change	
						Mar 31 2004	Jun 30 2003
NONPERFORMING ASSETS AND RATIOS							
Commercial Loans:							
Loans — U.S.	\$ 774	\$ 976	\$ 1,092	\$ 1,465	\$ 1,827	(21)%	(58)%
Loans — Non-U.S.	715	839	947	1,271	1,153	(15)	(38)
TOTAL COMMERCIAL LOANS (EXCLUDING PURCHASED HFS LOANS)	1,489	1,815	2,039	2,736	2,980	(18)	(50)
Consumer Loans:							
1-4 Family Residential Mortgages — First Liens	253	285	291	293	275	(11)	(8)
Home Equity	52	59	58	57	55	(12)	(5)
Total Residential Loans	305	344	349	350	330	(11)	(8)
Credit Card — Reported	9	10	11	13	13	(10)	(31)
Automobile Financings	111	107	119	113	111	4	—
Other Consumer	55	58	66	70	66	(5)	(17)
TOTAL CONSUMER LOANS	480	519	545	546	520	(8)	(8)
TOTAL LOANS (EXCLUDING PURCHASED HFS COMMERCIAL LOANS)	1,969	2,334	2,584	3,282	3,500	(16)	(44)
Derivative Receivables	223	240	253	260	276	(7)	(19)
Other Receivables	108	108	108	108	108	—	—
Assets Acquired in Loan Satisfaction	182	200	216	203	227	(9)	(20)
TOTAL NONPERFORMING ASSETS (EXCLUDING PURCHASED HFS COMMERCIAL LOANS)	\$ 2,482	\$ 2,882	\$ 3,161	\$ 3,853	\$ 4,111	(14)	(40)
PURCHASED HELD FOR SALE COMMERCIAL LOANS(a)	\$ 374	\$ 331	\$ 22	\$ 21	\$ 1	13	NM
TOTAL NONPERFORMING ASSETS (EXCLUDING PURCHASED HFS COMMERCIAL LOANS) TO TOTAL ASSETS	0.30%	0.36%	0.41%	0.49%	0.51%	(6)bp	(21)bp
PAST DUE 90 DAYS AND OVER AND ACCRUING							
Commercial Loans:							
Loans — U.S.	\$ 7	\$ 56	\$ 41	\$ 35	\$ 35	(88)%	(80)%
Loans — Non-U.S.	5	26	5	2	—	(81)	NM
TOTAL COMMERCIAL LOANS — REPORTED	12	82	46	37	35	(85)	(66)
Consumer Loans:							
1-4 Family Residential Mortgages — First Liens	—	—	—	—	—	NM	NM
Home Equity	—	—	—	—	—	NM	NM
Total Residential Loans	—	—	—	—	—	NM	NM
Credit Card — Reported	214	230	248	229	229	(7)	(7)
Automobile Financings	—	—	—	—	—	NM	NM
Other Consumer	19	19	21	21	21	—	(10)
TOTAL CONSUMER LOANS — REPORTED	233	249	269	250	250	(6)	(7)
TOTAL LOANS — REPORTED	245	331	315	287	285	(26)	(14)
Credit Card Securitizations	766	854	879	814	792	(10)	(3)
TOTAL LOANS — MANAGED	1,011	1,185	1,194	1,101	1,077	(15)	(6)
Derivative Receivables	—	—	—	—	—	NM	NM
TOTAL CREDIT PORTFOLIO	\$ 1,011	\$ 1,185	\$ 1,194	\$ 1,101	\$ 1,077	(15)	(6)

(a) Represents distressed commercial loans purchased as part of the IB's proprietary investing activities.

(in millions, except rates)

	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004
						1Q 2004	2Q 2003	2004	2003	Change 2003
NET CHARGE-OFFS										
Commercial Loans:										
Loans — U.S.	\$ 106	\$ 11	\$ 1	\$ 194	\$ 185	NM	(43)%	\$ 117	\$ 303	(61)%
Loans — Non-U.S.	(34)	91	7	65	72	NM	NM	57	246	(77)
Total Commercial Loans — Reported	72	102	8	259	257	(29)%	(72)	174	549	(68)
Consumer Loans:										
1-4 Family Residential Mortgages — First Liens	4	2	9	4	5	100	(20)	6	10	(40)
Home Equity	2	3	1	1	6	(33)	(67)	5	8	(38)
Total Residential Loans	6	5	10	5	11	20	(45)	11	18	(39)
Credit Card — Reported	247	257	266	263	268	(4)	(8)	504	543	(7)
Automobile Financings	31	40	43	43	39	(23)	(21)	71	85	(16)
Other Consumer	36	40	47	44	39	(10)	(8)	76	89	(15)
Total Consumer Loans — Reported	320	342	366	355	357	(6)	(10)	662	735	(10)
Total Loans — Reported	392	444	374	614	614	(12)	(36)	836	1,284	(35)
Credit Card Securitizations	486	473	462	471	480	3	1	959	937	2
Total Loans — Managed	878	917	836	1,085	1,094	(4)	(20)	1,795	2,221	(19)
Commercial Lending-Related Commitments	—	—	—	—	—	NM	NM	—	—	NM
TOTAL CREDIT PORTFOLIO	\$ 878	\$ 917	\$ 836	\$ 1,085	\$ 1,094	(4)	(20)	\$ 1,795	\$ 2,221	(19)
NET CHARGE-OFF RATES — ANNUALIZED										
Commercial Loans:										
Loans — U.S.	0.84%	0.09%	0.01%	1.21%	1.40%	75bp	(56)bp	0.47%	1.13	(66)bp
Loans — Non-U.S.	(0.44)	1.18	0.09	0.84	0.88	NM	NM	0.37	1.48	(111)
Total Commercial Loans — Reported	0.35	0.50	0.04	1.09	1.20	(15)	(85)	0.43	1.26	(83)
Consumer Loans:										
1-4 Family Residential Mortgages — First Liens	0.03	0.02	0.06	0.02	0.04	1	(1)	0.02	0.04	(2)
Home Equity	0.03	0.06	0.02	0.02	0.15	(3)	(12)	0.05	0.10	(5)
Total Residential Loans	0.03	0.03	0.05	0.02	0.06	—	(3)	0.03	0.05	(2)
Credit Card — Reported	6.03	6.30	6.66	6.26	6.22	(27)	(19)	6.17	6.19	(2)
Automobile Financings	0.31	0.41	0.43	0.45	0.41	(10)	(10)	0.36	0.47	(11)
Other Consumer	2.05	2.06	2.56	2.53	2.15	(1)	(10)	2.05	2.35	(30)
Total Consumer Loans — Reported	0.90	1.01	1.02	0.98	1.07	(11)	(17)	0.95	1.14	(19)
Total Loans — Reported	0.70	0.82	0.64	1.03	1.12	(12)	(42)	0.76	1.19	(43)
Credit Card Securitizations	5.74	5.53	5.31	5.57	5.90	21	(16)	5.63	5.85	(22)
Total Loans — Managed	1.36	1.46	1.25	1.59	1.74	(10)	(38)	1.41	1.79	(38)
Lending-Related Commitments	—	—	—	—	—	—	—	—	—	—
TOTAL CREDIT PORTFOLIO	0.74	0.79	0.69	0.88	0.91	(5)	(17)	0.76	0.93	(17)
Memo: Credit Card — Managed	5.83	5.78	5.74	5.80	6.01	5	(18)	5.81	5.97	(16)

(in millions, except rates)

	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004
						1Q 2004	2Q 2003	2004	2003	Change 2003
SUMMARY OF CHANGES IN THE ALLOWANCE										
LOANS:										
Beginning Balance	\$ 4,120	\$ 4,523	\$ 4,753	\$ 5,087	\$ 5,215	(9)%	(21)%	\$ 4,523	\$ 5,350	(15)%
Net Charge-Offs	(392)	(444)	(374)	(614)	(614)	12	36	(836)	(1,284)	35
Provision for Loan Losses	240	42	144	278	487	471	(51)	282	1,157	(76)
Other	(1)	(1)	—	2	(1)	—	—	(2)	(136)	99
Ending Balance	\$ 3,967	\$ 4,120	\$ 4,523	\$ 4,753	\$ 5,087	(4)	(22)	\$ 3,967	\$ 5,087	(22)
LENDING-RELATED COMMITMENTS:										
Beginning Balance	\$ 297	\$ 324	\$ 329	\$ 384	\$ 436	(8)	(32)	\$ 324	\$ 363	(11)
Net Charge-Offs	—	—	—	—	—	NM	NM	—	—	NM
Provision for Lending-Related Commitments	(37)	(27)	(5)	(55)	(52)	(37)	29	(64)	21	NM
Other	—	—	—	—	—	NM	NM	—	—	NM
Ending Balance	\$ 260	\$ 297	\$ 324	\$ 329	\$ 384	(12)	(32)	\$ 260	\$ 384	(32)
ALLOWANCE COMPONENTS AND RATIOS										
LOANS:										
Commercial — Specific	\$ 549	\$ 716	\$ 917	\$ 1,096	\$ 1,371	(23)	(60)			
Commercial — Expected	452	411	454	481	548	10	(18)			
Total Commercial	1,001	1,127	1,371	1,577	1,919	(11)	(48)			
Consumer Expected	2,180	2,177	2,257	2,234	2,226	—	(2)			
Total Specific and Expected	3,181	3,304	3,628	3,811	4,145	(4)	(23)			
Residual Component	786	816	895	942	942	(4)	(17)			
Total Allowance for Loan Losses	\$ 3,967	\$ 4,120	\$ 4,523	\$ 4,753	\$ 5,087	(4)	(22)			
LENDING-RELATED COMMITMENTS:										
Commercial — Specific	\$ 114	\$ 146	\$ 172	\$ 187	\$ 252	(22)	(55)			
Commercial — Expected	99	104	105	95	85	(5)	16			
Total Specific and Expected	213	250	277	282	337	(15)	(37)			
Residual Component	47	47	47	47	47	—	—			
Total Allowance for Lending-Related Commitments	\$ 260	\$ 297	\$ 324	\$ 329	\$ 384	(12)	(32)			
Total Allowance for Credit Losses	\$ 4,227	\$ 4,417	\$ 4,847	\$ 5,082	\$ 5,471	(4)	(23)			
Allowance for Loan Losses to Total Loans (a)	1.76%	1.90%	2.06%	2.01%	2.24%	(14)bp	(48)bp			
Allowance for Loan Losses to Total Nonperforming Loans(a)	201	177	175	145	145	2,400	5,600			
Allowance for Loan Losses to Total Nonperforming Assets (a)	160	143	143	123	124	1,700	3,600			
CREDIT COSTS										
Loans:										
Commercial	\$ (53)	\$ (141)	\$ (197)	\$ (85)	\$ 58	62%	NM	\$ (194)	\$ 252	NM
Consumer	323	262	388	363	329	23	(2)%	585	740	(21)%
Total Specific and Expected	270	121	191	278	387	123	(30)	391	992	(61)
Residual Component	(30)	(79)	(47)	—	100	62	NM	(109)	165	NM
Total Provision for Loan Losses	240	42	144	278	487	471	(51)	282	1,157	(76)
Lending-Related Commitments:										
Commercial	(37)	(27)	(5)	(55)	(52)	(37)	29	(64)	13	NM
Residual Component	—	—	—	—	—	NM	NM	—	8	NM
Total Provision for Lending-Related Commitments	(37)	(27)	(5)	(55)	(52)	(37)	29	(64)	21	NM
Provision for Credit Losses	203	15	139	223	435	NM	(53)	218	1,178	(81)
Securitized Credit Losses	486	473	462	471	480	3	1	959	937	2
Total Managed Credit Costs	\$ 689	\$ 488	\$ 601	\$ 694	\$ 915	41	(25)	\$ 1,177	\$ 2,115	(44)

(a) Excludes purchased held for sale commercial loans.

SUPPLEMENTAL DETAIL

	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
AVAILABLE VERSUS REQUIRED AVERAGE CAPITAL										
(in billions)										
Common Stockholders' Equity	\$ 46.9	\$ 45.8	\$ 44.2	\$ 43.1	\$ 42.8	2%	10%	\$ 46.3	\$ 42.3	9%
Economic Risk Capital										
Credit Risk	8.2(a)	9.5	10.6	12.6	14.4	(14)	(43)	8.9(a)	14.7	(39)
Market Risk	5.8(a)	5.6	4.7	5.0	4.3	4	35	5.7(a)	4.3	33
Operational Risk	3.2(a)	3.4	3.5	3.4	3.5	(6)	(9)	3.3(a)	3.5	(6)
Business Risk	1.7(a)	1.7	1.7	1.7	1.7	—	—	1.7(a)	1.7	—
Private Equity Risk	4.2(a)	4.6	5.2	5.4	5.4	(9)	(22)	4.3(a)	5.4	(20)
Economic Risk Capital	23.1(a)	24.8	25.7	28.1	29.3	(7)	(21)	23.9(a)	29.6	(19)
Goodwill / Intangibles	9.6(a)	9.5	9.1	8.8	8.9	1	8	9.5(a)	8.9	7
Asset Capital Tax	4.1(a)	3.9	4.0	4.1	3.9	5	5	4.0(a)	4.0	—
Capital Against Nonrisk Factors	13.7(a)	13.4	13.1	12.9	12.8	2	7	13.5(a)	12.9	5
Total Capital Allocated to Business Activities	36.8(a)	38.2	38.8	41.0	42.1	(4)	(13)	37.4	42.5	(12)
Diversification Effect	(5.1)(a)	(5.3)	(5.1)	(5.3)	(5.0)	(4)	2	(5.2)(a)	(5.1)	(2)
Total Required Internal Capital	31.7(a)	32.9	33.7	35.7	37.1	(4)	(15)	32.2(a)	37.4	(14)
Firm Capital in Excess of Required Capital	\$ 15.2(a)	\$ 12.9	\$ 10.5	\$ 7.4	\$ 5.7	18	167	\$ 14.1(a)	\$ 4.9	188
COMMON SHARES OUTSTANDING										
(in millions)										
Basic Weighted-Average Shares										
Outstanding	2,042.8	2,032.3	2,016.2	2,012.2	2,005.6	1	2	2,037.6	2,002.8	2
Diluted Weighted-Average Shares										
Outstanding	2,099.6	2,092.7	2,079.3	2,068.2	2,050.6	—	2	2,096.3	2,036.3	3
Common Shares Outstanding — at Period-End	2,087.5	2,081.7	2,042.6	2,039.2	2,035.1	—	3			
CASH DIVIDENDS DECLARED PER SHARE										
	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34	\$ 0.34	—	—	\$ 0.68	\$ 0.68	—
BOOK VALUE PER SHARE										
	21.52	22.62	22.10	21.55	21.53	(5)	—			
SHARE PRICE										
High	\$ 42.57	\$ 43.84	\$ 36.99	\$ 38.26	\$ 36.52	(3)	17	\$ 43.84	\$ 36.52	20
Low	34.62	36.30	34.45	32.40	23.75	(5)	46	34.62	20.13	72
Close	38.77	41.95	36.73	34.33	34.18	(8)	13			
CAPITAL RATIOS										
(in millions, except ratios)										
Tier 1 Capital	43,537(a)	\$ 44,686	\$ 43,167	\$ 42,533	\$ 41,115	(3)	6			
Total Capital	59,357(a)	60,898	59,816	59,455	58,848(b)	(3)	1			
Risk-Weighted Assets	530,180(a)	534,971	507,456	490,590	491,500	(1)	8			
Adjusted Average Assets	790,390(a)	758,260	765,910	770,707	751,376	4	5			
Tier 1 Capital Ratio	8.2%(a)	8.4%	8.5%	8.7%	8.4%(b)	(20)bp	(20)bp			
Total Capital Ratio	11.2(a)	11.4	11.8	12.1	12.0(b)	(20)	(80)			
Tier 1 Leverage Ratio	5.5(a)	5.9	5.6	5.5	5.5	(40)	—			

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

(in millions)	2QTR 2004	1QTR 2004	4QTR 2003	3QTR 2003	2QTR 2003	2QTR 2004 Change		Year-to-date		YTD 2004 Change
						1Q 2004	2Q 2003	2004	2003	2003
						IB Trading Portfolio:				
Interest Rate	\$ 89.7	\$ 84.0	\$ 75.8	\$ 65.8	\$ 60.5	7%	48%	\$ 86.9	\$ 57.1	52%
Foreign Exchange	16.3	22.2	20.3	14.8	15.2	(27)	7	19.2	16.2	19
Equities	28.6	40.6	40.9	12.0	9.2	(30)	211	34.5	10.1	242
Commodities	2.8	2.5	2.7	3.5	3.1	12	(10)	2.6	2.7	(4)
Hedge Fund Investment	5.2	5.7	5.4	5.9	4.5	(9)	16	5.5	4.0	38
Less: Portfolio Diversification	(41.3)	(49.5)	(50.6)	(33.5)	(34.3)	(17)	20	(45.4)	(34.2)	(33)
Total Investment Bank Trading VAR	<u>\$ 101.3</u>	<u>\$ 105.5</u>	<u>\$ 94.5</u>	<u>\$ 68.5</u>	<u>\$ 58.2</u>	(4)	74	<u>\$ 103.3</u>	<u>\$ 55.9</u>	85

Assets Under Management: Represent assets managed by Investment Management & Private Banking on behalf of institutional, retail and private banking clients. Excludes assets managed at American Century Companies, Inc., in which the Firm has a 43% ownership interest.

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

Average Allocated Capital: Represents the portion of average common stockholders' equity allocated to the business segments, based on their respective risks. The total average allocated capital of all business segments equals the total average common stockholders' equity of the Firm.

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

Average Managed Assets: Includes credit card receivables that have been securitized.

Average Tangible Allocated Capital: Average allocated capital less the average capital allocated for goodwill.

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

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

FIN 46: Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities, an interpretation of Accounting Research Bulletin No. 51."

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

NM: Not meaningful

Operating (Managed) Basis or Operating Earnings: In addition to analyzing the Firm's results on a reported basis, management looks at results on an "operating basis", which is a non-GAAP measure. The definition of operating basis starts with the reported U.S. GAAP results. In the case of the Investment Bank, the operating basis includes the reclassification of net interest income related to trading activities to Trading Revenue. In the case of Chase Financial Services and Chase Cardmember Services, "operating" or "managed" basis excludes the impact of credit card securitizations. Operating basis excludes the Litigation Reserve and Merger Costs, as management believes these items are not part of the Firm's normal daily business operations and, therefore, not indicative of trends, and also do not provide meaningful comparisons with other periods.

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: Noninterest expense as a percentage of revenue before provision for credit losses.

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.

Return on Tangible Allocated Capital: Operating earnings less preferred dividends as a percentage of average allocated capital, excluding the capital allocated for goodwill.

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

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

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

Unaudited: The financial statements and information included throughout this document are unaudited, and have not been subjected to auditing procedures sufficient to permit an independent certified public accountant to express an opinion.

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



FINANCIAL INFORMATION SECOND QUARTER 2004

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NOTES:

Refer to the 2003 Annual Report for definitions and methodologies. Line of business information is provided for analytical purposes and is based on management information systems, assumptions and methodologies that are under continual review.

Summary Earnings Information


	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
NET INCOME by LOB (\$ millions)									
Retail	\$ 485	\$ 482	\$ 398	\$ 392	\$ 373	\$ 3	1%	\$ 112	30%
Commercial Banking	420	425	376	363	252	(5)	(1)	168	67
Card Services	389	319	347	285	279	70	22	110	39
Investment Management Group	110	133	105	91	76	(23)	(17)	34	45
Corporate	(285)	(127)	(633)	(257)	(133)	(158)	N/M	(152)	N/M
Income from continuing operations	1,119	1,232	593	874	847	(113)	(9)	272	32
Discontinued Operations									
Income from discontinued operations	(5)	1	604	14	14	(6)	N/M	(19)	N/M
Applicable income taxes	(1)	—	219	5	5	(1)	N/M	(6)	N/M
Income from discontinued operations	(4)	1	385	9	9	(5)	N/M	(13)	N/M
Net Income	\$ 1,115	\$ 1,233	\$ 978	\$ 883	\$ 856	\$ (118)	(10)	\$ 259	30
Retail	43.3%	39.1%	67.1%	44.9%	44.0%	4.2%		(0.7)%	
Commercial Banking	37.5	34.5	63.4	41.5	29.8	3.0		7.7	
Card Services	34.8	25.9	58.5	32.6	32.9	8.9		1.9	
Investment Management Group	9.8	10.8	17.7	10.4	9.0	(1.0)		0.8	
Corporate	(25.4)	(10.3)	(106.7)	(29.4)	(15.7)	(15.1)		(9.7)	
Income from continuing operations	100.0	100.0	100.0	100.0	100.0				
CAPITAL RATIOS									
Tier 1 capital	10.0%	10.2%	10.0%	9.8%	9.7%	(0.2)%		0.3%	
Total capital	13.5	13.8	13.7	13.5	13.6	(0.3)		(0.1)	
Leverage	8.5	8.1	8.8	8.4	8.7	0.4		(0.2)	
COMMON STOCK DATA									
Average shares outstanding (millions)									
Basic shares	1,111	1,115	1,109	1,115	1,132	(4)	0%	(21)	(2)%
Diluted shares	1,128	1,135	1,122	1,124	1,140	(7)	(1)	(12)	(1)
Basic earnings per share									
Income from continuing operations	\$ 1.00	\$ 1.11	\$ 0.53	\$ 0.78	\$ 0.75	\$ (0.11)	(10)	\$ 0.25	33
Income from discontinued operations	—	—	0.35	0.01	0.01	—	N/M	(0.01)	N/M
Net Income	\$ 1.00	\$ 1.11	\$ 0.88	\$ 0.79	\$ 0.76	\$ (0.11)	(10)	\$ 0.24	32
Diluted earnings per share									
Income from continuing operations	\$ 0.99	\$ 1.09	\$ 0.53	\$ 0.78	\$ 0.74	\$ (0.10)	(9)	\$ 0.25	34
Income from discontinued operations	—	—	0.34	0.01	0.01	—	N/M	(0.01)	N/M
Net Income	\$ 0.99	\$ 1.09	\$ 0.87	\$ 0.79	\$ 0.75	\$ (0.10)	(9)	\$ 0.24	32
Cash dividends declared	0.45	0.45	0.25	0.25	0.21	0.00	—	0.24	N/M
Book value per share	21.67	21.86	20.92	20.05	19.70	(0.19)	(1)	1.97	10
Stock price, quarter-end	51.00	54.52	45.59	38.65	37.18	(3.52)	(6)	13.82	37
Headcount	70,993	71,039	71,196	71,240	72,323	(46)	—	(1,330)	(2)

Select Financial Information — Reported Basis



	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
INCOME STATEMENT DATA (\$ millions)									
Total revenue, net of interest expense	\$ 4,392	\$ 4,565	\$ 4,113	\$ 4,084	\$ 4,072	\$ (173)	(4)%	\$ 320	8%
Net interest income — fully taxable-equivalent ("FTE") basis (1)	2,186	2,249	2,154	2,127	2,009	(63)	(3)	177	9
Noninterest income	2,251	2,361	2,004	1,998	2,102	(110)	(5)	149	7
Total revenue, net of interest expense ("FTE")	4,437	4,610	4,158	4,125	4,111	(173)	(4)	326	8
Provision for credit losses	49	141	672	416	461	(92)	(65)	(412)	(89)
Noninterest expense	2,744	2,663	2,656	2,421	2,403	81	3	341	14
Income from continuing operations	1,119	1,232	593	874	847	(113)	(9)	272	32
Discontinued Operations									
Income from discontinued operations	(5)	1	604	14	14	(6)	N/M	(19)	N/M
Applicable income taxes	(1)	—	219	5	5	(1)	N/M	(6)	N/M
Income from discontinued operations	(4)	1	385	9	9	(5)	N/M	(13)	N/M
Net Income	\$ 1,115	\$ 1,233	\$ 978	\$ 883	\$ 856	\$ (118)	\$ (10)	\$ 259	\$ 30
BALANCE SHEET DATA — ENDING BALANCES (\$ millions)									
Loans	\$ 135,034	\$ 137,529	\$ 138,147	\$ 141,710	\$ 144,583	(2,495)	(2)%	(9,549)	(7)
Total assets	299,303	319,590	326,563	290,473	299,999	(20,287)	(6)	(696)	—
Deposits	164,475	165,940	164,621	163,411	172,015	(1,465)	(1)	(7,540)	(4)
Long-term debt (2)	42,483	45,312	46,764	44,225	46,070	(2,829)	(6)	(3,587)	(8)
Common stockholders' equity	24,156	24,598	23,419	22,411	22,257	(442)	(2)	1,899	9
Total stockholders' equity	24,156	24,598	23,419	22,411	22,257	(442)	(2)	1,899	9
CREDIT QUALITY									
Net charge-offs to average loans	0.65%	0.78%	3.11%	1.50%	1.35%	(0.13)%		(0.70)%	
Total net charge-offs (\$ millions)	\$ 224	\$ 272	\$ 1,084	\$ 540	\$ 489	\$ (48)	(18)%	\$ (265)	(54)%
Allowance for loan losses to period-end loans	2.46	2.63	2.75	2.98	2.95	(0.17)		(0.49)	
Allowance for credit losses to period end-loans (3)	2.86	3.03	3.14	3.34	3.35	(0.17)		(0.49)	
Nonperforming assets to related assets (4)	1.15	1.42	1.73	2.06	2.28	(0.27)		(1.13)	
FINANCIAL PERFORMANCE									
Return on average assets	1.47%	1.56%	1.38%	1.23%	1.24%	(0.09)%		0.23%	
Return on average common equity	18.7	20.5	16.8	15.8	15.3	(1.8)		3.4	
Net interest margin	3.30	3.25	3.50	3.45	3.37	0.05		(0.07)	
Efficiency ratio	61.8	57.8	63.9	58.7	58.5	4.0		3.3	

NOTES:

- Net interest income-FTE includes taxable equivalent adjustments of \$45 million, \$45 million, \$45 million, \$41 million, and \$39 million for the quarters ended June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively. Net interest income is presented rather than gross interest income and gross interest expense because the Corporation relies primarily on net interest income to assess performance.
- Includes trust preferred capital securities.
- The allowance for credit losses includes the allowance for loan losses of \$3,123 million, \$3,323 million, \$3,472 million, \$3,907 million, and \$3,962 million and reserve for unfunded lending commitments and standby letters of credit which is included in other liabilities of \$508 million, \$508 million, \$490 million, \$467 million, and \$536 million, each for the periods ending June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively.
- Related assets consist of loans outstanding, including loans held for sale and other real estate owned.

Select Financial Information — Managed Basis



	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
MANAGED FINANCIAL DATA (\$ millions)									
Total managed revenue, net of interest expense	\$ 5,280	\$ 5,433	\$ 4,973	\$ 4,857	\$ 4,842	\$ (153)	(3)%	\$ 438	9%
Managed net interest income — fully taxable-equivalent ("FTE") basis (1)(2)	3,462	3,523	3,429	3,318	3,165	(61)	(2)	297	9
Managed noninterest income (2)	1,863	1,955	1,589	1,580	1,716	(92)	(5)	147	9
Total managed revenue, net of interest expense ("FTE")	5,325	5,478	5,018	4,898	4,881	(153)	(3)	444	9
Managed provision for credit losses	937	1,009	1,532	1,189	1,230	(72)	(7)	(293)	(24)
Managed noninterest expense	2,744	2,663	2,656	2,421	2,403	81	3	341	14
Managed income from continuing operations	1,119	1,232	593	874	847	(113)	(9)	272	32
Discontinued Operations									
Income from discontinued operations	(5)	1	604	14	14	(6)	N/M	(19)	N/M
Applicable income taxes	(1)	—	219	5	5	(1)	N/M	(6)	N/M
Income from discontinued operations	(4)	1	385	9	9	(5)	N/M	(13)	N/M
Managed income, net of expense before taxes	\$ 1,115	\$ 1,233	\$ 978	\$ 883	\$ 856	\$ (118)	(10)	\$ 259	30
Memo: Managed credit card revenue	617	494	613	556	525	123	25	92	18
MANAGED BALANCE SHEET DATA — ENDING BALANCES (\$ millions)									
Managed loans	\$ 200,825	\$ 199,283	\$ 202,440	\$ 201,758	\$ 204,829	\$ 1,542	1%	\$ (4,004)	(2)%
Managed total assets	334,917	353,859	363,663	327,236	335,831	(18,942)	(5)	(914)	—
MANAGED CREDIT QUALITY RATIOS									
Managed net charge-offs to average loans	2.22%	2.27%	3.87%	2.60%	2.47%	(0.05)%		(0.25)%	
Total managed net charge-offs (\$ millions)	\$ 1,112	\$ 1,140	\$ 1,944	\$ 1,313	\$ 1,258	\$ (28)	(2)	\$ (146)	(12)
FINANCIAL PERFORMANCE ON A MANAGED BASIS									
Managed net interest margin	4.62%	4.50%	4.82%	4.68%	4.61%	0.12%		0.01%	
Managed efficiency ratio	51.5	48.6	52.9	49.4	49.2	2.9		2.3	
MANAGED CAPITAL RATIO									
Managed tangible common equity/managed tangible assets	6.4%	6.2%	5.7%	6.0%	5.9%	0.2%		0.5%	

NOTES:

The Corporation evaluates its Card Services line of business trends on a managed basis which assumes that securitized receivables are still on the balance sheet. The Corporation manages its Card Services operations on a managed basis because the receivables that are securitized are subject to underwriting standards comparable to the owned portfolio and are serviced by operating personnel without regard to ownership. The Corporation believes that investors should be informed, and often request information, about the credit performance of the entire managed portfolio in order to understand the quality of the Card Services originations and the related credit risks inherent in the owned portfolio and retained interests in securitizations. In addition, the Corporation funds its Card Services operations, reviews operating results and makes decisions about allocating resources, such as employees and capital on a managed basis. See "Loan Securitizations" on page 73 and Note 11, "Credit Card Securitizations," of the December 31, 2003 Form 10-K for additional information related to the Corporation's securitization activity.

- (1) Net interest income-FTE includes taxable equivalent adjustments of \$45 million, \$45 million, \$45 million, \$41 million, and \$39 million for the quarters ended June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively. Net interest income is presented rather than gross interest income and gross interest expense because the Corporation relies primarily on net interest income to assess performance.
- (2) On a reported basis, income earned on securitized loans is reported in credit card revenue and income earned on seller's interest is reported in net interest income.

Reconciliation of Consolidated Reported and Managed Data


	2004		2003		
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr
INCOME STATEMENT DATA (\$ millions)					
Total revenue, net of interest expense					
Reported data for the period	\$ 4,392	\$ 4,565	\$ 4,113	\$ 4,084	\$ 4,072
Securitization adjustments	888	868	860	773	770
Total managed revenue, net of interest expense	<u>5,280</u>	<u>5,433</u>	<u>4,973</u>	<u>4,857</u>	<u>4,842</u>
Net interest income — FTE					
Reported data for the period	2,186	2,249	2,154	2,127	2,009
Securitization adjustments	1,276	1,274	1,275	1,191	1,156
Managed net interest income — FTE	<u>3,462</u>	<u>3,523</u>	<u>3,429</u>	<u>3,318</u>	<u>3,165</u>
Noninterest income					
Reported data for the period	2,251	2,361	2,004	1,998	2,102
Securitization adjustments	(388)	(406)	(415)	(418)	(386)
Managed noninterest income	<u>1,863</u>	<u>1,955</u>	<u>1,589</u>	<u>1,580</u>	<u>1,716</u>
Total revenue, net of interest expense — FTE					
Reported data for the period	4,437	4,610	4,158	4,125	4,111
Securitization adjustments	888	868	860	773	770
Total managed revenue, net of interest expense — FTE	<u>5,325</u>	<u>5,478</u>	<u>5,018</u>	<u>4,898</u>	<u>4,881</u>
Provision for credit losses					
Reported data for the period	49	141	672	416	461
Securitization adjustments	888	868	860	773	769
Managed provision for credit losses	<u>937</u>	<u>1,009</u>	<u>1,532</u>	<u>1,189</u>	<u>1,230</u>
Credit card revenue					
Reported data for the period	1,005	900	1,028	974	911
Securitization adjustments	(388)	(406)	(415)	(418)	(386)
Managed credit card revenue	<u>617</u>	<u>494</u>	<u>613</u>	<u>556</u>	<u>525</u>
BALANCE SHEET — ENDING BALANCES (\$ millions)					
Loans					
Reported	\$ 135,034	\$ 137,529	\$ 138,147	\$ 141,710	\$ 144,583
Securitization adjustments	65,791	61,754	64,293	60,048	60,246
Managed loans	<u>200,825</u>	<u>199,283</u>	<u>202,440</u>	<u>201,758</u>	<u>204,829</u>
Total assets					
Reported	299,303	319,590	326,563	290,473	299,999
Securitization adjustments	35,614	34,269	37,100	36,763	35,832
Managed total assets	<u>334,917</u>	<u>353,859</u>	<u>363,663</u>	<u>327,236</u>	<u>335,831</u>

Reconciliation of Consolidated Reported and Managed Data


	2004		2003		
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr
BALANCE SHEET — AVERAGE BALANCES (\$ millions)					
Investment securities					
Reported	\$ 82,120	\$ 84,350	\$ 75,779	\$ 71,738	\$ 66,735
Securitization adjustments	(28,236)	(25,798)	(23,058)	(21,255)	(22,722)
Managed investment securities	53,884	58,552	52,721	50,483	44,013
Loans					
Reported	136,932	138,652	139,741	144,162	144,635
Securitization adjustments	63,137	62,281	61,074	57,858	58,945
Managed loans	200,069	200,933	200,815	202,020	203,580
Other assets					
Reported	42,138	42,697	41,089	43,090	41,452
Securitization adjustments	(945)	(854)	(705)	(574)	(559)
Managed other assets	41,193	41,843	40,384	42,516	40,893
Total assets					
Reported	305,144	317,593	281,746	283,676	276,809
Securitization adjustments	33,956	35,629	37,311	36,029	35,664
Managed total assets	339,100	353,222	319,057	319,705	312,473
Other short-term borrowings					
Reported	38,917	44,454	10,935	11,216	13,413
Securitization adjustments	33,956	35,629	37,311	36,029	35,664
Managed other short-term borrowings	72,873	80,083	48,246	47,245	49,077
Total liabilities and stockholders' equity					
Reported	305,144	317,593	281,746	283,676	276,809
Securitization adjustments	33,956	35,629	37,311	36,029	35,664
Managed total liabilities and equity	339,100	353,222	319,057	319,705	312,473
CREDIT QUALITY (\$ millions)					
Net charge-offs					
Reported data for the period	224	272	1,084	540	489
Securitization adjustments	888	868	860	773	769
Managed net charge-offs	1,112	1,140	1,944	1,313	1,258

NOTES:

The Corporation evaluates its Card Services line of business trends on a managed basis which assumes that securitized receivables have not been sold and are still on the balance sheet. The Corporation manages its Card Services operations on a managed basis because the receivables that are securitized are subject to underwriting standards comparable to the owned portfolio and are serviced by operating personnel without regard to ownership. The Corporation believes that investors should be informed, and often request information, about the credit performance of the entire managed portfolio in order to understand the quality of the Card Services originations and the related credit risks inherent in the owned portfolio and retained interests in securitizations. In addition, the Corporation funds its Card Services operations, reviews operating results and makes decisions about allocating resources, such as employees and capital, on a managed basis. See "Loan Securitizations" on page 73 and Note 11, "Credit Card Securitizations," of the December 31, 2003 Form 10-K for additional information related to the Corporation's securitization activity.

Consolidated Statements of Income


	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
INCOME STATEMENT DATA (\$ millions)									
Net Interest Income									
Interest income	\$ 3,173	\$ 3,297	\$ 3,172	\$ 3,172	\$ 3,130	\$ (124)	(4)%	\$ 43	1%
Interest expense	1,032	1,093	1,063	1,086	1,160	(61)	(6)	(128)	(11)
Total net interest income	2,141	2,204	2,109	2,086	1,970	(63)	(3)	171	9
Noninterest Income									
Banking fees and commissions	452	486	456	441	458	(34)	(7)	(6)	(1)
Credit card revenue	1,005	900	1,028	974	911	105	12	94	10
Service charges on deposits	440	421	432	433	413	19	5	27	7
Fiduciary and investment management fees	182	192	171	164	161	(10)	(5)	21	13
Investment securities gains (losses)	(64)	129	(167)	68	152	(193)	N/M	(216)	N/M
Trading gains (losses)	96	56	23	23	(76)	40	71	172	N/M
Other income (loss)	140	177	61	(105)	83	(37)	(21)	57	69
Total noninterest income	2,251	2,361	2,004	1,998	2,102	(110)	(5)	149	7
Total revenue, net of interest expense	4,392	4,565	4,113	4,084	4,072	(173)	(4)	320	8
Provision for credit losses	49	141	672	416	461	(92)	(65)	(412)	(89)
Noninterest Expense									
Salaries and employee benefits	1,303	1,280	1,186	1,193	1,213	23	2	90	7
Occupancy	169	178	174	175	166	(9)	(5)	3	2
Equipment	122	117	126	119	117	5	4	5	4
Outside service fees and processing	299	322	315	290	282	(23)	(7)	17	6
Marketing and development	319	290	263	253	215	29	10	104	48
Telecommunication	54	55	53	58	54	(1)	(2)	—	—
Other intangible amortization	34	33	39	34	32	1	3	2	6
Other expense	444	388	500	299	324	56	14	120	37
Total noninterest expense	2,744	2,663	2,656	2,421	2,403	81	3	341	14
Income from continuing operations	1,599	1,761	785	1,247	1,208	(162)	(9)	391	32
Applicable income taxes	480	529	192	373	361	(49)	(9)	119	33
Income from continuing operations, net of taxes	\$ 1,119	\$ 1,232	\$ 593	\$ 874	\$ 847	\$ (113)	(9)%	\$ 272	(32)%
Discontinued Operations									
Income from discontinued operations	\$ (5)	\$ 1	\$ 604	\$ 14	\$ 14	\$ (6)	N/M	\$ (19)	N/M
Applicable income taxes	(1)	—	219	5	5	(1)	N/M	(6)	N/M
Income from discontinued operations, net of taxes	\$ (4)	\$ 1	\$ 385	\$ 9	\$ 9	\$ (5)	N/M	\$ (13)	N/M
Net Income	\$ 1,115	\$ 1,233	\$ 978	\$ 883	\$ 856	\$ (118)	(10)%	\$ 259	30%
Basic earnings per share									
Income from continuing operations, net of taxes	\$ 1.00	\$ 1.11	\$ 0.53	\$ 0.78	\$ 0.75	\$ (0.11)	(10)%	\$ 0.25	33%
Income from discontinued operations, net of taxes	—	—	0.35	0.01	0.01	—	N/M	(0.01)	N/M
Net Income	\$ 1.00	\$ 1.11	\$ 0.88	\$ 0.79	\$ 0.76	\$ (0.11)	(10)%	\$ 0.24	32%
Diluted earnings per share									
Income from continuing operations, net of taxes	\$ 0.99	\$ 1.09	\$ 0.53	\$ 0.78	\$ 0.74	\$ (0.10)	(9)%	\$ 0.25	34%
Income from discontinued operations, net of taxes	—	—	0.34	0.01	0.01	—	N/M	(0.01)	N/M
Net Income	\$ 0.99	\$ 1.09	\$ 0.87	\$ 0.79	\$ 0.75	\$ (0.10)	(9)%	\$ 0.24	32%
Average shares outstanding (millions)									
Basic	1,111	1,115	1,109	1,115	1,132	(4)	0%	(21)	(2)%
Diluted	1,128	1,135	1,122	1,124	1,140	(7)	(1)	(12)	(1)

Consolidated Statement of Income — YTD — Reported Basis



	Six Months Ended			
	2004	2003	Change	
			Amt	%
INCOME STATEMENT DATA (\$ millions)				
Interest income	\$ 6,470	\$ 6,317	\$ 153	2%
Interest expense	2,125	2,363	(238)	(10)
Total net interest income	4,345	3,954	391	10
Banking fees and commissions	938	898	40	4
Credit card revenue	1,905	1,762	143	8
Service charges on deposits	861	796	65	8
Fiduciary and investment management fees	374	321	53	17
Investment securities gains (losses)	65	221	(156)	(71)
Trading gains (losses)	152	(72)	224	N/M
Other income (loss)	317	135	182	N/M
Total noninterest income	4,612	4,061	551	14
Total revenue, net of interest expense	8,957	8,015	942	12
Provision for credit losses	190	957	(767)	(80)
Salaries and employee benefits	2,583	2,386	197	8
Occupancy	347	330	17	5
Equipment	239	228	11	5
Outside service fees and processing	621	548	73	13
Marketing and development	609	441	168	38
Telecommunication	109	102	7	7
Other intangible amortization	67	64	3	5
Other expense	832	601	231	38
Total noninterest expense	5,407	4,700	707	15
Income before income taxes	3,360	2,358	1,002	42
Applicable income taxes	1,009	700	309	44
Income from continuing operations	\$ 2,351	\$ 1,658	\$ 693	42%
Discontinued Operations				
Income from discontinued operations	\$ (4)	\$ 25	\$ (29)	N/M
Applicable income taxes	(1)	9	(10)	N/M
Income from discontinued operations	\$ (3)	\$ 16	\$ (19)	N/M
Net Income	\$ 2,348	\$ 1,674	\$ 674	40%
Basic earnings per share				
Income from continuing operations	\$ 2.11	\$ 1.45	\$ 0.66	46%
Income from discontinued operations, net	—	0.01	(0.01)	N/M
Net Income	\$ 2.11	\$ 1.46	\$ 0.65	45%
Diluted earnings per share				
Income from continuing operations	\$ 2.08	\$ 1.44	\$ 0.64	44%
Income from discontinued operations, net	—	0.01	(0.01)	N/M
Net Income	\$ 2.08	\$ 1.45	\$ 0.63	43%
Average shares outstanding (millions)				
Basic	1,113	1,142	(29)	(3)%
Diluted	1,131	1,150	(19)	(2)

Retail Line of Business Information



	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
INCOME STATEMENT DATA (\$ millions)									
Net interest income — FTE (1)	\$ 1,178	\$ 1,241	\$ 1,121	\$ 1,102	\$ 1,077	\$ (63)	(5)%	\$ 101	9%
Banking fees and commissions	168	189	158	170	175	(21)	(11)	(7)	(4)
Credit card revenue	65	56	52	53	59	9	16	6	10
Service charges on deposits	245	232	239	242	225	13	6	20	9
Other income	48	10	19	28	2	38	N/M	46	N/M
Total noninterest income	526	487	468	493	461	39	8	65	14
Total revenue, net of interest expense	1,704	1,728	1,589	1,595	1,538	(24)	(1)	166	11
Provision for credit losses	81	114	142	139	108	(33)	(29)	(27)	(25)
Salaries and employee benefits	413	404	374	390	407	9	2	6	1
Other expense	444	450	445	449	435	(6)	(1)	9	2
Total noninterest expense	857	854	819	839	842	3	—	15	2
Income before income taxes	766	760	628	617	588	6	1	178	30
Applicable income taxes	281	278	230	225	215	3	1	66	31
Net income	\$ 485	\$ 482	\$ 398	\$ 392	\$ 373	\$ 3	1%	\$ 112	30%
FINANCIAL PERFORMANCE									
Return on average common equity	41%	41%	33%	33%	31%	0%		10%	
Efficiency ratio	50	49	52	53	55	1		(5)	
Headcount	31,057	31,468	31,264	30,867	31,812	(411)	(1)	(755)	(2)
ENDING BALANCES (\$ millions)									
Small business commercial	\$ 10,551	\$ 10,387	\$ 10,216	\$ 10,122	\$ 10,050	\$ 164	2%	\$ 501	5%
Home equity	29,142	27,685	26,432	25,252	23,863	1,457	5	5,279	22
Vehicle	13,087	13,548	13,571	13,841	13,873	(461)	(3)	(786)	(6)
Other personal loans	4,760	6,006	6,016	6,199	5,919	(1,246)	(21)	(1,159)	(20)
Total loans (2)	57,540	57,626	56,235	55,414	53,705	(86)	—	3,835	7
Assets	60,130	60,109	58,772	58,080	56,900	21	—	3,230	6
Demand deposits	31,651	31,509	30,587	29,642	29,280	142	—	2,371	8
Savings	43,822	42,893	41,093	40,581	40,066	929	2	3,756	9
Core deposits	75,473	74,402	71,680	70,223	69,346	1,071	1	6,127	9
Time	16,570	17,140	17,881	18,616	19,486	(570)	(3)	(2,916)	(15)
Total deposits	92,043	91,542	89,561	88,839	88,832	501	1	3,211	4
Equity	4,774	4,774	4,774	4,774	4,774	—	—	—	—

Retail Line of Business Information



	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
AVERAGE BALANCES (\$ millions)									
Small business commercial	\$ 10,495	\$ 10,347	\$ 10,142	\$ 10,126	\$ 10,010	\$ 148	1%	\$ 485	5%
Home equity	28,366	26,957	25,790	24,499	22,807	1,409	5	5,559	24
Vehicle	13,371	13,606	13,672	13,962	13,989	(235)	(2)	(618)	(4)
Other personal loans	5,141	6,350	5,995	6,147	6,087	(1,209)	(19)	(946)	(16)
Total loans	57,373	57,260	55,599	54,734	52,893	113	—	4,480	8
Assets	59,939	59,725	58,087	57,467	56,261	214	—	3,678	7
Demand deposits	31,879	30,928	30,124	29,632	28,809	951	3	3,070	11
Savings	43,404	41,887	41,041	40,354	40,107	1,517	4	3,297	8
Core deposits	75,283	72,815	71,165	69,986	68,916	2,468	3	6,367	9
Time	16,799	17,506	18,260	18,985	20,095	(707)	(4)	(3,296)	(16)
Total deposits	92,082	90,321	89,425	88,971	89,011	1,761	2	3,071	3
Equity	4,774	4,774	4,774	4,774	4,774	—	—	—	—
CREDIT QUALITY (\$ millions)									
Net charge-offs									
Small business commercial	\$ 13	\$ 9	\$ 17	\$ 14	\$ 16	\$ 4	44%	\$ (3)	(19)%
Home equity	19	20	24	47	27	(1)	(5)	(8)	(30)
Vehicle	35	53	67	56	46	(18)	(34)	(11)	(24)
Other personal loans	16	13	40	27	24	3	23	(8)	(33)
Total net charge-offs	83	95	148	144	113	(12)	(13)	(30)	(27)
Net charge-off ratios									
Small business commercial	0.50%	0.35%	0.67%	0.55%	0.64%	0.15%		(0.14)%	
Home equity	0.27	0.30	0.37	0.77	0.47	(0.03)		(0.20)	
Vehicle	1.05	1.56	1.96	1.60	1.32	(0.51)		(0.27)	
Other personal loans	1.24	0.82	2.67	1.76	1.58	0.42		(0.34)	
Total net charge-off ratio	0.58	0.66	1.06	1.05	0.85	(0.08)		(0.27)	
Nonperforming assets									
Commercial	\$ 226	\$ 239	\$ 250	\$ 268	\$ 255	\$ (13)	(5)%	\$ (29)	(11)%
Consumer	250	265	290	305	315	(15)	(6)	(65)	(21)
Total nonperforming loans (3)	476	504	540	573	570	(28)	(6)	(94)	(16)
Other, including other real estate owned ("OREO")	46	57	77	117	218	(11)	(19)	(172)	(79)
Total nonperforming assets	522	561	617	690	788	(39)	(7)	(266)	(34)
Allowance for loan losses (\$ millions)	688	690	677	683	688	(2)	—	—	—
Allowance for loan losses to period-end loans (2)	1.23%	1.26%	1.26%	1.29%	1.33%	(0.03)%		(0.10)%	
Allowance for loan losses to nonperforming loans (3)	146	137	126	120	121	9		25	
Nonperforming assets to related assets	0.91	0.97	1.10	1.24	1.46	(0.06)		(0.55)	

	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
DISTRIBUTION									
Number of									
Banking centers	1,866	1,845	1,841	1,810	1,803	21	1%	63	3%
ATMs	4,628	4,569	4,394	4,350	4,093	59	1	535	13
Relationship bankers	3,673	3,614	3,600	3,139	2,823	59	2	850	30
On-line customers (thousands)	2,918	2,693	2,436	2,184	1,922	225	8	996	52
Personal demand accounts (thousands)	5,063	4,908	4,773	4,684	4,541	155	3	522	11
Business demand accounts (thousands)	529	520	513	508	501	9	2	28	6
Debit cards issued (thousands)	5,627	5,447	5,216	5,104	4,946	180	3	681	14
RETAIL BROKERAGE (\$ millions)									
Mutual fund sales	\$ 833	\$ 896	\$ 622	\$ 671	\$ 774	\$ (63)	(7)%	\$ 59	8%
Annuity sales	937	821	864	895	759	116	14	178	23
Total investment sales volume	1,770	1,717	1,486	1,566	1,533	53	3	237	15
Market value customer assets — end of period (\$ billions)	35.2	34.6	33.7	31.9	30.5	0.6	2	4.7	15
Number of customers — end of period (thousands)	738	734	721	707	694	4	1	44	6
Number of dedicated investment sales representatives	1,014	1,063	973	902	874	(49)	(5)	140	16

NOTES:

- (1) Net interest income-FTE includes taxable equivalent adjustments of \$6 million, \$6 million, \$5 million, \$6 million, and \$6 million for the quarters ended June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively.
- (2) Loans includes loans held for sale of \$1,562 million, \$2,686 million, \$2,496 million, \$2,480 million, and \$2,067 million, at June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively. These amounts are not included in allowance coverage statistics.
- (3) Nonperforming loans includes loans held for sale of \$5 million, \$2 million, \$2 million, \$2 million, and \$2 million, at June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively. These amounts are not included in allowance coverage statistics.

Commercial Banking Line of Business Information


	2004		2003 (8)			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
INCOME STATEMENT DATA (\$ millions)									
Net interest income — FTE (1)	\$ 557	\$ 570	\$ 586	\$ 574	\$ 571	\$ (13)	(2)%	\$ (14)	(2)%
Banking fees and commissions	173	182	185	198	234	(9)	(5)	(61)	(26)
Credit card revenue	33	31	28	27	27	2	6	6	22
Service charges on deposits	191	185	188	186	185	6	3	6	3
Fiduciary and investment management fees	—	1	1	—	(1)	(1)	N/M	1	N/M
Investment securities gains (losses)	25	7	6	31	(2)	18	N/M	27	N/M
Trading gains (losses)	71	53	32	30	(75)	18	34	146	N/M
Other income (loss)	(20)	(28)	—	(24)	(3)	8	29	(17)	N/M
Total noninterest income	473	431	440	448	365	42	10	108	30
Total revenue, net of interest expense	1,030	1,001	1,026	1,022	936	29	3	94	10
Provision for credit losses	(187)	(188)	(109)	(51)	10	1	1	(197)	N/M
Salaries and employee benefits (2)	326	314	325	297	295	12	4	31	10
Other expense (2)	319	291	302	286	306	28	10	13	4
Total noninterest expense	645	605	627	583	601	40	7	44	7
Income before income taxes	572	584	508	490	325	(12)	(2)	247	76
Applicable income taxes	152	159	132	127	73	(7)	(4)	79	N/M
Net Income	\$ 420	\$ 425	\$ 376	\$ 363	\$ 252	\$ (5)	(1)%	\$ 168	67%
Memo — Revenue by activity									
Lending-related revenue	\$ 461	\$ 415	\$ 471	\$ 454	\$ 434	\$ 46	11%	\$ 27	6%
Credit derivative hedge portfolio	(6)	8	(35)	(51)	(143)	(14)	N/M	137	96
Global treasury services	407	394	405	405	395	13	3	12	3
Capital markets (3)	178	202	202	234	253	(24)	(12)	(75)	(30)
Other	(10)	(18)	(17)	(20)	(3)	8	44	(7)	N/M
FINANCIAL PERFORMANCE									
Return on average common equity	23%	23%	20%	19%	14%	0%		9%	
Efficiency ratio	63	60	61	57	64	3		(1)	
Efficiency ratio excluding credit derivative hedge portfolio	62	61	59	54	56	1		6	
Headcount:									
Corporate banking (including capital markets)	2,452	2,630	2,686	2,650	2,640	(178)	(7)%	(188)	(7)%
Middle market	2,423	2,426	2,507	2,551	2,491	(3)	—	(68)	(3)
Global treasury services (2)	2,689	2,795	3,313	3,234	3,239	(106)	(4)	(550)	(17)
Operations, technology and other administration	1,916	2,002	1,946	1,930	2,048	(86)	(4)	(132)	(6)
Total headcount	9,480	9,853	10,452	10,365	10,418	(373)	(4)	(938)	(9)

	2004		2003 (8)			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
ENDING BALANCES (\$ millions)									
Loans (4)	\$ 52,027	\$ 52,661	\$ 53,752	\$ 54,493	\$ 57,775	\$ (634)	(1)%	\$ (5,748)	(10)%
Interests in purchased receivables (5)	30,184	28,912	32,938	—	—	1,272	4	30,184	N/M
Investment securities (5)	9,804	10,884	10,035	3,806	2,815	(1,080)	(10)	6,989	N/M
Assets	113,972	126,501	137,289	103,265	109,147	(12,529)	(10)	4,825	4
Demand deposits	24,342	26,150	26,348	27,287	30,324	(1,808)	(7)	(5,982)	(20)
Savings	14,911	13,622	12,263	11,269	9,332	1,289	9	5,579	60
Time	835	843	922	1,024	9,110	(8)	(1)	(8,275)	(91)
Foreign offices	10,173	11,222	12,223	11,619	10,838	(1,049)	(9)	(665)	(6)
Total deposits	50,261	51,837	51,756	51,199	59,604	(1,576)	(3)	(9,343)	(16)
Short-term borrowings (5)	35,832	36,772	40,717	3,783	4,507	(940)	(3)	31,325	N/M
Equity	7,451	7,451	7,451	7,451	7,451	—	—	—	—
AVERAGE BALANCES (\$ millions)									
Loans	\$ 52,763	\$ 53,321	\$ 53,634	\$ 55,090	\$ 58,046	\$ (558)	(1)%	\$ (5,283)	(9)%
Interests in purchased receivables (5)	28,982	31,145	358	—	—	(2,163)	(7)	28,982	N/M
Investment securities (5)	10,054	9,873	3,629	2,928	1,920	181	2	8,134	N/M
Assets	120,128	130,946	97,758	101,403	99,249	(10,818)	(8)	20,879	21
Demand deposits	24,551	24,973	24,846	25,929	24,402	(422)	(2)	149	1
Savings	14,645	12,982	11,669	10,983	10,005	1,663	13	4,640	46
Time	856	915	987	2,968	3,529	(59)	(6)	(2,673)	(76)
Foreign offices	10,819	11,445	10,737	10,413	10,443	(626)	(5)	376	4
Total deposits	50,871	50,315	48,239	50,293	48,379	556	1	2,492	5
Short-term borrowings (5)	35,673	39,036	4,433	3,490	3,888	(3,363)	(9)	31,785	N/M
Equity	7,451	7,451	7,451	7,451	7,451	—	—	—	—
CREDIT QUALITY (\$ millions)									
Net charge-offs (recoveries)	\$ (12)	\$ (8)	\$ 66	\$ 99	\$ 105	\$ (4)	(50)%	\$ (117)	N/M
Net charge-off (recovery) ratio	(0.09)%	(0.06)%	0.49%	0.72%	0.72%	(0.03)%		(0.81)%	
Nonperforming assets									
Nonperforming loans (6)	\$ 625	\$ 820	\$ 1,036	\$ 1,387	\$ 1,693	\$ (195)	(24)%	\$ (1,068)	(63)%
Other, including other real estate owned ("OREO")	18	16	22	40	22	2	13	(4)	(18)
Total nonperforming assets	643	836	1,058	1,427	1,715	(193)	(23)	(1,072)	(63)
Allowance for loan losses									
Allowance for loan losses	1,771	1,971	2,161	2,359	2,440	(200)	(10)	(669)	(27)
Allowance for loan losses to period-end loans (4)	3.41%	3.78%	4.06%	4.37%	4.25%	(0.37)%		(0.84)%	
Allowance for loan losses to nonperforming loans (6)	288	240	209	170	145	48		143	
Allowance for credit losses (7)									
Allowance for credit losses	2,271	2,471	2,651	2,826	2,976	(200)	(8)	(705)	(24)
Allowance for credit losses to period-end loans (4)	4.37%	4.74%	4.98%	5.23%	5.18%	(0.37)%		(0.81)%	
Allowance for credit losses to nonperforming loans (6)	369	301	257	204	176	68		193	
Nonperforming assets to related assets	1.24	1.59	1.97	2.62	2.97	(0.35)		(1.73)	

	2004		2003 (8)			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
CORPORATE BANKING (\$ millions)									
Ending balances									
Loans	\$ 24,536	\$ 25,835	\$ 27,123	\$ 27,375	\$ 29,319	\$ (1,299)	(5)%	\$ (4,783)	(16)%
Interests in purchased receivables (5)	30,184	28,912	32,938	—	—	1,272	4	30,184	N/M
Investment securities (5)	9,759	10,839	10,007	3,769	2,774	(1,080)	(10)	6,985	N/M
Deposits	21,238	22,855	23,685	24,414	32,730	(1,617)	(7)	(11,492)	(35)
Short-term borrowings (5)	35,832	36,772	40,717	3,783	4,507	(940)	(3)	31,325	N/M
Average balances									
Loans	25,662	26,756	27,043	27,544	29,222	(1,094)	(4)	(3,560)	(12)
Interests in purchased receivables (5)	28,982	31,145	358	—	—	(2,163)	(7)	28,982	N/M
Investment securities (5)	9,997	9,813	3,583	2,890	1,879	184	2	8,118	N/M
Deposits	22,471	22,913	22,849	25,221	24,251	(442)	(2)	(1,780)	(7)
Short-term borrowings (5)	35,673	39,036	4,433	3,490	3,888	(3,363)	(9)	31,785	N/M
Credit Quality									
Net charge-offs (recoveries) (\$ millions)	\$ (13)	\$ (19)	\$ 28	\$ 56	\$ 63	\$ 6	32%	\$ (76)	N/M
Net charge-off (recovery) ratio	(0.20)%	(0.28)%	0.41%	0.81%	0.86%	0.08%		(1.06)%	
Nonperforming loans (\$ millions)	\$ 164	\$ 236	\$ 321	\$ 526	\$ 705	\$ (72)	(31)%	\$ (541)	(77)%
Nonperforming loans to total loans	0.67%	0.91%	1.18%	1.92%	2.40%	(0.24)%		(1.73)%	
Syndications									
Lead arranger deals									
Volume (\$ billions)	\$ 15.8	\$ 16.8	\$ 14.4	\$ 15.3	\$ 15.9	\$ (1.0)	(6)%	\$ (0.1)	(1)%
Number of transactions	87	72	100	76	95	15	21	(8)	(8)
League table standing — rank	5	4	4	4	4	1		1	
League table standing — market share	3%	9%	6%	7%	6%	(6)%		(3)%	
MIDDLE MARKET BANKING (\$ millions)									
Loans									
Ending balance	\$ 27,491	\$ 26,826	\$ 26,629	\$ 27,118	\$ 28,456	\$ 665	2%	\$ (965)	(3)%
Average balance	27,101	26,565	26,591	27,546	28,824	536	2	(1,723)	(6)
Deposits									
Ending balance	29,023	28,982	28,071	26,785	26,874	41	—	2,149	8
Average balance	28,400	27,402	25,390	25,072	24,128	998	4	4,272	18
Credit Quality									
Net charge-offs (\$ millions)	\$ 1	\$ 11	\$ 38	\$ 43	\$ 42	\$ (10)	(91)%	\$ (41)	(98)%
Net charge-off ratio	0.01%	0.17%	0.57%	0.62%	0.58%	(0.16)%		(0.57)%	
Nonperforming loans (\$ millions)	\$ 461	\$ 584	\$ 715	\$ 861	\$ 988	\$ (123)	(21)%	\$ (527)	(53)%
Nonperforming loans to total loans	1.68%	2.18%	2.69%	3.18%	3.47%	(0.50)%		(1.79)%	

NOTES:

- Net interest income-FTE includes taxable equivalent adjustments of \$31 million, \$32 million, \$30 million, \$28 million, and \$25 million for the quarters ended June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively.
- Reflects the transfer of lock box operations to the Corporate line of business during the first quarter of 2004.
- Capital markets includes trading income and underwriting, syndicated lending and advisory fees.
- Loans includes loans held for sale of \$60 million, \$497 million, \$544 million, \$471 million, and \$327 million, at June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively. These amounts are not included in allowance coverage statistics.
- Impacted by the adoption of FIN No. 46.
- Nonperforming loans includes loans held for sale of \$9 million, \$0, \$3 million, \$3 million, and \$6 million, at June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively. These amounts are not included in allowance coverage statistics.
- The allowance for credit losses includes the allowance for loan losses of \$1,771 million, \$1,971 million, \$2,161 million, \$2,359 million, and \$2,440 million and reserve for unfunded lending commitments and standby letters of credit which is included in other liabilities of \$500 million, \$500 million, \$490 million, \$467 million, and \$536 million, each for the periods ending June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively.
- Prior period data has been adjusted for the transfer of community development activities from the Corporate line of business.

Card Services Line of Business Information — Reported Basis (1)


	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
INCOME STATEMENT DATA (\$ millions)									
Net interest income — FTE	\$ 538	\$ 483	\$ 414	\$ 414	\$ 332	\$ 55	11%	\$ 206	62%
Banking fees and commissions	6	5	9	5	9	1	20	(3)	(33)
Credit card revenue	907	813	947	895	825	94	12	82	10
Other income (loss)	(12)	24	(24)	(12)	34	(36)	N/M	(46)	N/M
Total noninterest income	901	842	932	888	868	59	7	33	4
Total revenue, net of interest expense	1,439	1,325	1,346	1,302	1,200	114	9	239	20
Provision for credit losses	140	171	168	246	182	(31)	(18)	(42)	(23)
Salaries and employee benefits	166	167	158	157	156	(1)	(1)	10	6
Other expense	505	474	457	436	408	31	7	97	24
Total noninterest expense	671	641	615	593	564	30	5	107	19
Income before income taxes	628	513	563	463	454	115	22	174	38
Applicable income taxes	239	194	216	178	175	45	23	64	37
Net income	\$ 389	\$ 319	\$ 347	\$ 285	\$ 279	\$ 70	22%	\$ 110	39%
Memo: Net securitization gains (amortization)	\$ (1)	\$ 1	\$ (27)	\$ (13)	\$ 17	\$ (2)	N/M	\$ (18)	N/M
FINANCIAL PERFORMANCE (2)									
Return on average common equity	25%	20%	22%	18%	18%	5%		7%	
Efficiency ratio	47	48	46	46	47	(1)		—	
Headcount	11,455	10,591	10,374	10,366	10,751	864	8	704	7
ENDING BALANCES (\$ millions)									
Owned loans									
Held in portfolio	\$ 7,310	\$ 7,069	\$ 6,447	\$ 6,449	\$ 6,308	\$ 241	3%	\$ 1,002	16%
Held for sale (3)	4,406	5,395	5,588	7,729	7,782	(989)	(18)	(3,376)	(43)
Total owned loans	11,716	12,464	12,035	14,178	14,090	(748)	(6)	(2,374)	(17)
Seller's interest and accrued interest receivable	30,177	27,485	27,193	23,285	24,414	2,692	10	5,763	24
Total receivables	41,893	39,949	39,228	37,463	38,504	1,944	5	3,389	9
Memo: Securitized loans	35,614	34,269	37,100	36,763	35,832	1,345	4	(218)	(1)
Assets	47,710	45,421	44,792	42,768	43,597	2,289	5	4,113	9
Equity	6,361	6,361	6,361	6,361	6,361	—	—	—	—

Card Services Line of Business Information — Reported Basis (1)


	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
AVERAGE BALANCES (\$ millions)									
Owned loans									
Held in portfolio	\$ 7,265	\$ 6,757	\$ 6,452	\$ 6,440	\$ 7,085	\$ 508	8%	\$ 180	3%
Held for sale (3)	5,245	5,596	7,064	10,001	7,005	(351)	(6)	(1,760)	(25)
Total owned loans	12,510	12,353	13,516	16,441	14,090	157	1	(1,580)	(11)
Seller's interest and accrued interest receivable	29,181	26,652	23,763	21,829	23,281	2,529	9	5,900	25
Total receivables	41,691	39,005	37,279	38,270	37,371	2,686	7	4,320	12
Memo: Securitized loans	33,956	35,629	37,311	36,029	35,664	(1,673)	(5)	(1,708)	(5)
Assets	46,754	44,500	42,360	43,105	42,886	2,254	5	3,868	9
Equity	6,361	6,361	6,361	6,361	6,361	—	—	—	—
CREDIT QUALITY (\$ millions)									
Net charge-offs	\$ 140	\$ 131	\$ 153	\$ 211	\$ 182	\$ 9	7%	\$ (42)	(23)%
Net charge-off ratio (4)	4.48%	4.24%	4.62%	5.13%	5.17%	0.24%		(0.69)%	
Delinquency ratios									
30+ days	2.71	3.05	3.31	3.82	3.22	(0.34)		(0.51)	
90+ days	1.27	1.46	1.55	1.78	1.49	(0.19)		(0.22)	
Allowance for loan losses	\$ 486	\$ 486	\$ 446	\$ 431	\$ 396	\$ —	0%	\$ 90	23%
Allowance for loan losses to period-end loans held in portfolio	6.65%	6.88%	6.92%	6.68%	6.28%	(0.23)%		0.37%	
OTHER DATA									
Charge volume (\$ billions)	\$ 47.1	\$ 42.0	\$ 45.5	\$ 42.8	\$ 40.5	\$ 5.1	12%	\$ 6.6	16%
Net accounts opened (thousands) (5)	9,257	985	885	895	1,823	8,272	N/M	7,434	N/M
Credit cards issued (thousands)	60,813	51,775	50,839	51,500	52,073	9,038	17	8,740	17
Number of cardmemberservices.com customers (millions)	6.3	5.8	5.3	4.7	4.2	0.5	9	2.1	50
Paymentech, Inc.									
Bank card volume (\$ billions)	\$ 48.4	\$ 45.0	\$ 46.1	\$ 41.1	\$ 39.0	\$ 3.4	8%	\$ 9.4	24%
Total transactions (millions)	2,055	1,957	1,967	1,770	1,697	98	5	358	21

NOTES:

- (1) On a reported basis, income earned on securitized loans is reported in credit card revenue and income earned on Seller's Interest is reported in net interest income. On a managed basis, net interest income, noninterest income and provision for credit losses are reported in their respective income statement lines.
- (2) See Card Services line of business results on a managed basis in the financial supplement for financial performance ratios on a managed basis.
- (3) Held for sale amounts are not included in allowance coverage statistics.
- (4) Includes net charge-offs related to loans held for sale of \$3 million for the quarter ended December 31, 2003, which is recorded in noninterest income.
- (5) Net accounts opened includes originations, purchases and sales.

Card Services Line of Business Information — Managed Basis (1)


	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
MANAGED FINANCIAL DATA (\$ millions)									
Managed net interest income — FTE	\$ 1,814	\$ 1,757	\$ 1,689	\$ 1,605	\$ 1,488	\$ 57	3%	\$ 326	22%
Managed banking fees and commissions	6	5	9	5	9	1	20	(3)	(33)
Managed credit card revenue	519	407	532	477	438	112	28	81	18
Managed other income (loss)	(12)	24	(24)	(12)	34	(36)	N/M	(46)	N/M
Total managed noninterest income	513	436	517	470	481	77	18	32	7
Total managed revenue, net of interest expense	2,327	2,193	2,206	2,075	1,969	134	6	358	18
Managed provision for credit losses	1,028	1,039	1,028	1,019	951	(11)	(1)	77	8
Managed salaries and employee benefits	166	167	158	157	156	(1)	(1)	10	6
Managed other expense	505	474	457	436	408	31	7	97	24
Total managed noninterest expense	671	641	615	593	564	30	5	107	19
Managed income, net of expense, before taxes	\$ 628	\$ 513	\$ 563	\$ 463	\$ 454	\$ 115	22%	\$ 174	38%
Memo: Net managed securitization gains (amortization)	\$ (1)	\$ 1	\$ (27)	\$ (13)	\$ 17	\$ (2)	N/M	\$ (18)	N/M
FINANCIAL PERFORMANCE ON A MANAGED BASIS:									
Percentage of average managed outstandings									
Managed net interest income — FTE	9.64%	9.47%	8.98%	8.57%	8.17%	0.17%		1.47%	
Managed provision for credit losses	5.47	5.60	5.47	5.44	5.22	(0.13)		0.25	
Managed noninterest income	2.74	2.35	2.75	2.51	2.64	0.39		0.10	
Managed risk adjusted margin	6.91	6.22	6.26	5.64	5.59	0.69		1.32	
Managed noninterest expense	3.57	3.46	3.27	3.17	3.10	0.11		0.47	
Managed income, net of expense before taxes — FTE	3.34	2.76	2.99	2.47	2.49	0.58		0.85	
Managed return on average common equity	25%	20%	22%	18%	18%	5%		7%	
Managed efficiency ratio	29	29	28	29	29	—		—	
Managed headcount	11,455	10,591	10,374	10,366	10,751	864	8	704	7
ENDING MANAGED BALANCES (\$ millions)									
Held in portfolio	\$ 7,310	\$ 7,069	\$ 6,447	\$ 6,449	\$ 6,308	\$ 241	3%	\$ 1,002	16%
Held for sale (2)	4,406	5,395	5,588	7,729	7,782	(989)	(18)	(3,376)	(43)
Securitized	35,614	34,269	37,100	36,763	35,832	1,345	4	(218)	(1)
Seller's interest and accrued interest receivable	30,177	27,485	27,193	23,285	24,414	2,692	10	5,763	24
Total managed loans	77,507	74,218	76,328	74,226	74,336	3,289	4	3,171	4
Managed assets	83,324	79,690	81,892	79,531	79,429	3,634	5	3,895	5
Managed equity	6,361	6,361	6,361	6,361	6,361	—	—	—	—

Card Services Line of Business Information — Managed Basis (1)


	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
AVERAGE MANAGED BALANCES (\$ millions)									
Held in portfolio	\$ 7,265	\$ 6,757	\$ 6,452	\$ 6,440	\$ 7,085	\$ 508	8%	\$ 180	3%
Held for sale (2)	5,245	5,596	7,064	10,001	7,005	(351)	(6)	(1,760)	(25)
Securitized	33,956	35,629	37,311	36,029	35,664	(1,673)	(5)	(1,708)	(5)
Seller's interest and accrued interest receivable	29,181	26,652	23,763	21,829	23,281	2,529	9	5,900	25
Total managed loans	75,647	74,634	74,590	74,299	73,035	1,013	1	2,612	4
Managed assets	80,710	80,129	79,671	79,134	78,550	581	1	2,160	3
Managed equity	6,361	6,361	6,361	6,361	6,361	—	—	—	—
MANAGED CREDIT QUALITY (\$ millions)									
Managed net charge-offs	\$ 1,028	\$ 999	\$ 1,013	\$ 984	\$ 951	\$ 29	3%	\$ 77	8%
Annualized managed net charge-off ratio	5.44%	5.35%	5.43%	5.30%	5.21%	0.09%		0.23%	
Managed 12 month lagged	5.63	5.45	5.71	5.77	5.77	0.18		(0.14)	
Managed Delinquency ratios									
30+ days	3.37	3.75	3.90	3.98	3.95	(0.38)		(0.58)	
90+ days	1.60	1.82	1.85	1.85	1.85	(0.22)		(0.25)	
Managed allowance for loan losses	\$ 486	\$ 486	\$ 446	\$ 431	\$ 396	\$ —	0%	\$ 90	23%
Managed allowance for loan losses to period-end loans held in portfolio	6.65%	6.88%	6.92%	6.68%	6.28%	(0.23)%		0.37%	
REPORTED OTHER DATA									
Charge volume (\$ billions)	\$ 47.1	\$ 42.0	\$ 45.5	\$ 42.8	\$ 40.5	\$ 5.1	12%	\$ 6.6	16%
Net accounts opened (thousands) (3)	9,257	985	885	895	1,823	8,272	N/M	7,434	N/M
Credit cards issued (thousands)	60,813	51,775	50,839	51,500	52,073	9,038	17	8,740	17
Number of cardmemberservices.com customers (millions)	6.3	5.8	5.3	4.7	4.2	0.5	9	2.1	50
Paymentech, Inc.									
Bank card volume (\$ billions)	\$ 48.4	\$ 45.0	\$ 46.1	\$ 41.1	\$ 39.0	\$ 3.4	8%	\$ 9.4	24%
Total transactions (millions)	2,055	1,957	1,967	1,770	1,697	98	5	358	21

NOTES:

- (1) On a reported basis, income earned on securitized loans is reported in credit card revenue and income earned on Seller's Interest is reported in net interest income. On a managed basis, net interest income, non-interest income and provision are reported in their respective income statement lines.
- (2) Held for sale amounts are not included in allowance coverage statistics.
- (3) Net accounts opened includes originations, purchases and sales.

Card Services — Reconciliation of Reported and Managed Data


	2004		2003		
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr
INCOME STATEMENT DATA (\$ millions)					
Net interest income — FTE					
Reported data for the period	\$ 538	\$ 483	\$ 414	\$ 414	\$ 332
Securitization adjustments	1,276	1,274	1,275	1,191	1,156
Managed net interest income	1,814	1,757	1,689	1,605	1,488
Credit card revenue					
Reported data for the period	\$ 907	\$ 813	\$ 947	\$ 895	\$ 825
Securitization adjustments	(388)	(406)	(415)	(418)	(387)
Managed credit card revenue	519	407	532	477	438
Noninterest income					
Reported data for the period	\$ 901	\$ 842	\$ 932	\$ 888	\$ 868
Securitization adjustments	(388)	(406)	(415)	(418)	(387)
Managed noninterest income	513	436	517	470	481
Total revenue, net of interest expense					
Reported data for the period	\$ 1,439	\$ 1,325	\$ 1,346	\$ 1,302	\$ 1,200
Securitization adjustments	888	868	860	773	769
Total Managed revenue, net of interest expense	2,327	2,193	2,206	2,075	1,969
Provision for credit losses					
Reported data for the period	\$ 140	\$ 171	\$ 168	\$ 246	\$ 182
Securitization adjustments	888	868	860	773	769
Managed provision for credit losses	1,028	1,039	1,028	1,019	951
BALANCE SHEET — ENDING BALANCES (\$ millions)					
Owned loans					
Held in portfolio	\$ 7,310	\$ 7,069	\$ 6,447	\$ 6,449	\$ 6,308
Held for sale	4,406	5,395	5,588	7,729	7,782
Total owned loans	11,716	12,464	12,035	14,178	14,090
Seller's interest and accrued interest receivable	30,177	27,485	27,193	23,285	24,414
Total on balance sheet loans	41,893	39,949	39,228	37,463	38,504
Securitized loans	35,614	34,269	37,100	36,763	35,832
Total managed loans	77,507	74,218	76,328	74,226	74,336
Total assets					
Reported	\$ 47,710	\$ 45,421	\$ 44,792	\$ 42,768	\$ 43,597
Securitization adjustments	35,614	34,269	37,100	36,763	35,832
Managed assets	83,324	79,690	81,892	79,531	79,429

	2004		2003		
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr
BALANCE SHEET — AVERAGE BALANCES (\$ millions)					
Owned loans					
Held in portfolio	\$ 7,265	\$ 6,757	\$ 6,452	\$ 6,440	\$ 7,085
Held for sale	5,245	5,596	7,064	10,001	7,005
Total owned loans	12,510	12,353	13,516	16,441	14,090
Seller's interest and accrued interest receivable	29,181	26,652	23,763	21,829	23,281
Total on balance sheet loans	41,691	39,005	37,279	38,270	37,371
Securitized loans	33,956	35,629	37,311	36,029	35,664
Total managed loans	75,647	74,634	74,590	74,299	73,035
Total assets					
Reported	\$ 46,754	\$ 44,500	\$ 42,360	\$ 43,105	\$ 42,886
Securitization adjustments	33,956	35,629	37,311	36,029	35,664
Managed assets	80,710	80,129	79,671	79,134	78,550
CREDIT QUALITY (\$ millions)					
Net charge-offs					
Reported data for the period	\$ 140	\$ 131	\$ 153	\$ 211	\$ 182
Securitization adjustments	888	868	860	773	769
Managed net charge-offs	1,028	999	1,013	984	951

NOTES:

The Corporation evaluates its Card Services line of business trends on a managed basis which assumes that securitized receivables are still on the balance sheet. The Corporation manages its Card Services operations on a managed basis because the receivables that are securitized are subject to underwriting standards comparable to the owned portfolio and are serviced by operating personnel without regard to ownership. The Corporation believes that investors should be informed, and often request information, about the credit performance of the entire managed portfolio in order to understand the quality of the Card Services originations and the related credit risks inherent in the owned portfolio and retained interests in securitizations. In addition, the Corporation funds its Card Services operations, reviews operating results and makes decisions about allocating resources, such as employees and capital, on a managed basis. See "Loan Securitizations" on page 73 and Note 11, "Credit Card Securitizations," of the December 31, 2003 Form 10-K for additional information related to the Corporation's securitization activity.

Investment Management Group Line of Business Information


	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
INCOME STATEMENT DATA (\$ millions)									
Net interest income — FTE	\$ 168	\$ 169	\$ 162	\$ 115	\$ 90	\$ (1)	(1)%	\$ 78	87%
Banking fees and commissions	119	124	119	88	70	(5)	(4)	49	70
Service charges on deposits	4	5	4	5	4	(1)	(20)	—	—
Fiduciary and investment management fees	176	185	162	156	154	(9)	(5)	22	14
Other income	25	29	29	8	2	(4)	(14)	23	N/M
Total noninterest income	324	343	314	257	230	(19)	(6)	94	41
Total revenue, net of interest expense	492	512	476	372	320	(20)	(4)	172	54
Provision for credit losses	—	(2)	—	4	6	2	N/M	(6)	N/M
Salaries and employee benefits	113	110	119	114	109	3	3	4	4
Other expense	205	193	191	110	84	12	6	121	N/M
Total noninterest expense	318	303	310	224	193	15	5	125	65
Income before income taxes	174	211	166	144	121	(37)	(18)	53	44
Applicable income taxes	64	78	61	53	45	(14)	(18)	19	42
Net Income	\$ 110	\$ 133	\$ 105	\$ 91	\$ 76	\$ (23)	(17)%	\$ 34	45%
FINANCIAL PERFORMANCE									
Return on average common equity	28%	34%	27%	31%	32%	(6)%		(4)%	
Efficiency ratio	65	59	65	60	60	6		5	
Headcount	4,050	4,046	4,845	4,949	4,086	4	—	(36)	(1)
ENDING BALANCES (\$ millions)									
Commercial	\$ 3,424	\$ 3,348	\$ 3,236	\$ 3,153	\$ 3,014	76	2	410	14
Consumer	4,476	4,258	4,144	4,002	3,565	\$ 218	5	\$ 911	26
Total Loans	7,900	7,606	7,380	7,155	6,579	294	4	1,321	20
Assets	16,077	16,256	15,839	15,656	8,163	(179)	(1)	7,914	97
Demand deposits	1,793	1,608	1,702	971	2,036	185	12	(243)	(12)
Savings	10,661	10,033	9,414	8,327	7,812	628	6	2,849	36
Time	557	592	597	621	655	(35)	(6)	(98)	(15)
Foreign offices	287	226	290	219	255	61	27	32	13
Total deposits	13,298	12,459	12,003	10,138	10,758	839	7	2,540	24
Insurance Policy and Claims Reserves	6,476	6,783	6,712	6,496	219	(307)	(5)	6,257	N/M
Equity	1,554	1,554	1,554	1,553	953	—	—	601	63

Investment Management Group Line of Business Information


	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
AVERAGE BALANCES (\$ millions)									
Commercial	\$ 3,373	\$ 3,283	\$ 3,159	\$ 2,996	\$ 3,034	\$ 90	3%	\$ 339	11%
Consumer	4,326	4,118	4,070	3,669	3,556	208	5	770	22
Total Loans	7,699	7,401	7,229	6,665	6,590	298	4	1,109	17
Assets	15,878	15,567	15,669	10,700	8,263	311	2	7,615	92
Demand deposits	1,673	1,716	1,734	2,019	1,765	(43)	(3)	(92)	(5)
Savings	10,414	9,569	8,893	8,032	7,678	845	9	2,736	36
Time	574	586	611	633	692	(12)	(2)	(118)	(17)
Foreign offices	216	157	165	165	184	59	38	32	17
Total deposits	12,877	12,028	11,403	10,849	10,319	849	7	2,558	25
Insurance Policy and Claims Reserves	6,682	6,747	6,607	2,265	221	(65)	(1)	6,461	N/M
Equity	1,554	1,554	1,554	1,149	954	—	—	600	63
CREDIT QUALITY (\$ millions)									
Net charge-offs (recoveries)									
Commercial	\$ (1)	\$ (2)	\$ (1)	\$ 5	\$ 4	\$ 1	50%	\$ (5)	N/M
Consumer	1	—	1	(1)	2	1	N/M	(1)	(50)
Total net charge-offs (recoveries)	—	(2)	—	4	6	2	N/M	(6)	N/M
Net charge-off (recovery) ratios									
Commercial	(0.12)%	(0.24)%	(0.13)%	0.67%	0.53%	0.12%		(0.65)%	
Consumer	0.09	—	0.10	(0.11)	0.22	0.09		(0.13)	
Total net charge-off (recovery) ratio	—	(0.11)	—	0.24	0.36	0.11		(0.36)	
Nonperforming assets									
Commercial	\$ 23	\$ 28	\$ 32	\$ 60	\$ 67	\$ (5)	(18)%	\$ (44)	(66)%
Consumer	19	16	10	14	13	3	19	6	46
Total nonperforming loans	42	44	42	74	80	(2)	(5)	(38)	(48)
Other, including other real estate owned ("OREO")	15	17	18	1	2	(2)	(12)	13	N/M
Total nonperforming assets	57	61	60	75	82	(4)	(7)	(25)	(30)
Allowance for loan losses	38	38	40	40	40	—	—	(2)	(5)
Allowance for loan losses to period-end loans	0.48%	0.50%	0.54%	0.56%	0.61%	(0.02)%		(0.13)%	
Allowance for loan losses to nonperforming loans	90	86	95	54	50	4		40	
Nonperforming assets to related assets	0.72	0.80	0.81	1.05	1.25	(0.08)		(0.53)	
ASSETS UNDER MANAGEMENT									
ENDING BALANCES (\$ millions)									
Mutual Funds	\$ 102,073	\$ 102,891	\$ 105,489	\$ 100,646	\$ 102,494	\$ (818)	(1)%	\$ (421)	0%
Other	80,691	85,379	81,499	74,902	68,395	(4,688)	(5)	12,296	18
Total	182,764	188,270	186,988	175,548	170,889	(5,506)	(3)	11,875	7
By type									
Money market	65,570	69,970	72,433	70,820	78,457	(4,400)	(6)	(12,887)	(16)
Equity	52,602	52,255	50,574	42,150	40,584	347	1	12,018	30
Fixed income	64,592	66,045	63,981	62,578	51,848	(1,453)	(2)	12,744	25
Total	182,764	188,270	186,988	175,548	170,889	(5,506)	(3)	11,875	7

Investment Management Group Line of Business Information


	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
By channel									
Private client services	44,285	45,190	44,992	42,970	43,236	(905)	(2)	1,049	2
Retail brokerage	8,952	8,924	8,623	8,139	7,924	28	—	1,028	13
Institutional	94,646	100,077	97,568	95,856	89,891	(5,431)	(5)	4,755	5
Commercial cash sweep	6,303	6,581	8,134	8,581	7,949	(278)	(4)	(1,646)	(21)
Capital markets	3,827	3,917	3,631	2,935	3,049	(90)	(2)	778	26
External (1)	10,970	9,896	10,315	8,525	11,073	1,074	11	(103)	(1)
All other direct (2)	13,781	13,685	13,725	8,542	7,767	96	1	6,014	77
Total	182,764	188,270	186,988	175,548	170,889	(5,506)	(3)	11,875	7
MORNINGSTAR RANKINGS									
% of customer assets in funds ranked 4 or better	53%	51%	48%	54%	53%	2%		0%	
% of customer assets in funds ranked 3 or better	86	84	87	88	91	2		(5)	
PRIVATE CLIENT SERVICES (\$ millions)									
Number of private client advisors	632	640	646	664	662	(8)	(1)	(30)	(5)
Number of private client offices	89	90	89	89	89	(1)	(1)	—	—
Total client assets — end of period (3)	\$ 67,557	\$ 68,271	\$ 67,675	\$ 64,307	\$ 64,270	\$ (714)	(1)%	\$ 3,287	5%
Ending balances									
Loans	7,488	7,198	6,919	6,604	6,483	290	4	1,005	16
Deposits	13,031	12,322	11,747	10,548	10,071	709	6	2,960	29
Average balances									
Loans	7,313	7,020	6,762	6,492	6,543	293	4	770	12
Deposits	12,659	11,744	10,976	10,125	9,752	915	8	2,907	30
INSURANCE GROUP (\$ millions)									
Consolidated gross insurance-related revenue (4)	\$ 259	\$ 257	\$ 253	\$ 160	\$ 118	\$ 2	1%	\$ 141	N/M
Ending Balances									
Invested assets	5,614	6,247	6,079	6,042	407	(633)	(10)	5,207	N/M
Policy loans	399	402	411	415	—	(3)	(1)	399	N/M
Policies in-force — direct / assumed (thousands) (5)	2,081	1,993	2,006	2,031	935	88	4	1,146	N/M
Insurance in-force — direct / assumed	239,160	235,815	231,533	228,076	12,514	3,345	1	226,646	N/M
Insurance in-force — retained	42,223	41,885	42,596	42,966	12,513	338	1	29,710	N/M
Insurance policy and claims reserves	6,476	6,783	6,712	6,496	219	(307)	(5)	6,257	N/M
A.M. Best rating (6)	A	A	A	A	—	—	—	—	—

NOTES:

- (1) Includes broker/dealers, trust companies and registered investment advisors that sell, or offer, One Group Funds.
- (2) One Group funds invested in other One Group funds and other mutual funds sub-advised.
- (3) Fiduciary, brokerage, and other related assets (managed and non-managed).
- (4) Includes insurance revenues recorded in other lines of business.
- (5) Prior period data has been adjusted to conform to current period presentation.
- (6) A.M. Best maintained A ratings with a stable outlook.

	2004		2003 (5)			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
INCOME STATEMENT DATA (\$ millions)									
Net interest income (expense) — FTE (1)	\$ (255)	\$ (214)	\$ (129)	\$ (78)	\$ (61)	\$ (41)	(19)%	\$ (194)	N/M
Banking fees and commissions	(14)	(14)	(15)	(20)	(30)	—	—	16	53
Credit card revenue	—	—	1	(1)	—	—	N/M	—	N/M
Service charges on deposits	—	(1)	1	—	(1)	1	N/M	1	N/M
Fiduciary and investment management fees	6	6	8	8	8	—	—	(2)	(25)
Investment securities gains (losses)	(89)	122	(173)	37	154	(211)	N/M	(243)	N/M
Trading gains (losses)	25	3	(9)	(7)	(1)	22	N/M	26	N/M
Other income (loss)	99	142	37	(105)	48	(43)	(30)	51	N/M
Total noninterest (loss) income	27	258	(150)	(88)	178	(231)	(90)	(151)	(85)
Total revenue, net of interest expense	(228)	44	(279)	(166)	117	(272)	N/M	(345)	N/M
Provision for credit losses	15	46	471	78	155	(31)	(67)	(140)	(90)
Salaries and employee benefits (2)	285	285	210	235	246	—	—	39	16
Other expense (income) (2)	(32)	(25)	75	(53)	(43)	(7)	(28)	11	25
Total noninterest expense	253	260	285	182	203	(7)	(3)	50	25
Loss before income tax benefit	(496)	(262)	(1,035)	(426)	(241)	(234)	(89)	(255)	N/M
Applicable income tax benefit	(211)	(135)	(402)	(169)	(108)	(76)	(56)	(103)	(95)
Income (Loss) from continuing operations, net of tax benefit	\$ (285)	(127)	(633)	(257)	(133)	\$ (158)	N/M	\$ (152)	N/M
Discontinued Operations									
Income from discontinued operations	(5)	1	604	14	14	(6)	N/M	(19)	N/M
Applicable income taxes	(1)	—	219	5	5	(1)	N/M	(6)	N/M
Income from discontinued operations, net of taxes	\$ (4)	1	385	9	9	\$ (5)	N/M	\$ (13)	N/M
Net loss	\$ (289)	\$ (126)	\$ (248)	\$ (248)	\$ (124)	\$ (163)	N/M	\$ (165)	N/M
Headcount (2)	14,951	15,081	14,261	14,693	15,256	(130)	(1)%	(305)	(2)%
ENDING BALANCES (\$ millions)									
Loans (3)	\$ 5,851	\$ 7,172	\$ 8,745	\$ 10,470	\$ 12,434	\$ (1,321)	(18)%	\$ (6,583)	(53)%
Assets	61,414	71,303	69,871	70,704	82,192	(9,889)	(14)	(20,778)	(25)
Memo									
Treasury investments	25,587	40,362	39,281	40,545	45,258	(14,775)	(37)	(19,671)	(43)
Principal investments	2,960	2,914	3,213	2,912	2,600	46	2	360	14
Deposits	8,873	10,102	11,301	13,235	12,821	(1,229)	(12)	(3,948)	(31)
Equity	4,016	4,458	3,279	2,272	2,718	(442)	(10)	1,298	48

	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
AVERAGE BALANCES (\$ millions)									
Loans	\$ 6,587	\$ 8,317	\$ 9,763	\$ 11,232	\$ 13,016	\$ (1,730)	(21)%	\$ (6,429)	(49)%
Assets	62,445	66,855	67,872	71,001	70,150	(4,410)	(7)	(7,705)	(11)
Deposits	9,080	10,333	11,053	12,321	12,598	(1,253)	(12)	(3,518)	(28)
Equity	3,871	4,027	2,977	2,477	2,922	(156)	(4)	949	32
CREDIT QUALITY (\$ millions)									
Net charge-offs	13	56	717	82	83	(43)	(77)	(70)	(84)
Nonperforming assets									
Nonperforming loans (4)	287	433	582	673	719	(146)	(34)	(432)	(60)
Other, including other real estate owned ("OREO")	49	66	78	56	3	(17)	(26)	46	N/M
Total nonperforming assets	336	499	660	729	722	(163)	(33)	(386)	(53)
Allowance for loan losses (\$ millions)	140	138	148	394	398	2	1	(258)	(65)
Allowance for loan losses to period-end loans	3.64%	2.94%	2.76%	3.77%	3.21%	0.70%		0.43%	
Allowance for loan losses to nonperforming loans (4)	73	55	43	59	56	18		17	
Nonperforming assets to related assets	5.69	6.89	7.48	6.93	5.81	(1.20)		(0.12)	

NOTES:

- Net interest income-FTE includes taxable equivalent adjustments of \$8 million, \$7 million, \$10 million, \$7 million, and \$9 million for the quarters ended June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively.
- Reflects the transfer of certain technology and operations functions from Commercial Banking and Investment Management Group during the first quarter of 2004.
- Loans include loans held for sale of \$2,003 million, \$2,479 million, \$3,389 million, \$17 million, and \$18 million, at June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively. These amounts are not included in allowance coverage statistics.
- Nonperforming loans include loans held for sale of \$95 million, \$181 million, \$239 million, \$5 million and \$3 million at June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively. These amounts are not included in allowance coverage statistics.
- Prior period data has been adjusted for the transfer of community development activities to the Commercial Banking line of business.

Consolidated Balance Sheets — Reported Basis



	2004		2003			Change from			
	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31, 2004		June 30, 2003	
						Amt	%	Amt	%
ASSETS (\$ millions)									
Cash and due from banks	\$ 14,669	\$ 15,675	\$ 17,089	\$ 16,814	\$ 19,529	\$ (1,006)	(6)%	\$ (4,860)	(25)%
Interest-bearing due from banks	7,310	4,780	3,093	3,486	5,909	2,530	53	1,401	24
Federal funds sold and securities purchased									
under resale agreements	12,163	10,129	15,551	13,786	21,639	2,034	20	(9,476)	(44)
Trading assets	3,132	8,721	11,584	13,626	11,478	(5,589)	(64)	(8,346)	(73)
Derivative product assets	5,105	5,464	5,208	5,603	5,343	(359)	(7)	(238)	(4)
Investment securities	73,097	86,884	84,951	76,145	75,177	(13,787)	(16)	(2,080)	(3)
Interests in purchased receivables	30,184	28,912	32,938	—	—	1,272	4	30,184	N/M
Loans (1)	135,034	137,529	138,147	141,710	144,583	(2,495)	(2)	(9,549)	(7)
Allowance for loan losses	(3,123)	(3,323)	(3,472)	(3,907)	(3,962)	200	6	839	21
Loans, net	131,911	134,206	134,675	137,803	140,621	(2,295)	(2)	(8,710)	(6)
Premises and equipment	3,174	3,061	2,960	2,731	2,605	113	4	569	22
Goodwill	2,057	2,061	2,061	2,005	1,893	(4)	—	164	9
Other intangible assets	697	717	758	804	777	(20)	(3)	(80)	(10)
Other assets	15,804	18,980	15,695	17,670	15,028	(3,176)	(17)	776	5
Total assets	\$ 299,303	\$ 319,590	\$ 326,563	\$ 290,473	\$ 299,999	\$ (20,287)	(6)%	\$ (696)	0%
LIABILITIES (\$ millions)									
Deposits:									
Demand	\$ 21,495	\$ 23,710	\$ 24,485	\$ 25,191	\$ 34,361	\$ (2,215)	(9)%	\$ (12,866)	(37)%
Savings	107,056	103,671	99,175	96,170	95,221	3,385	3	11,835	12
Time	21,226	22,054	22,942	24,263	25,977	(828)	(4)	(4,751)	(18)
Foreign offices	14,698	16,505	18,019	17,787	16,456	(1,807)	(11)	(1,758)	(11)
Total deposits	164,475	165,940	164,621	163,411	172,015	(1,465)	(1)	(7,540)	(4)
Federal funds purchased and securities sold									
under repurchase agreements	7,256	14,803	20,573	24,464	25,382	(7,547)	(51)	(18,126)	(71)
Other short-term borrowings	38,317	41,042	47,740	11,098	13,526	(2,725)	(7)	24,791	N/M
Long-term debt	42,483	45,312	46,764	44,225	46,070	(2,829)	(6)	(3,587)	(8)
Insurance policy and claims reserves	6,476	6,783	6,713	6,496	219	(307)	(5)	6,257	N/M
Derivative product liabilities	3,782	4,244	4,050	4,688	4,188	(462)	(11)	(406)	(10)
Other liabilities	12,358	16,868	12,683	13,680	16,342	(4,510)	(27)	(3,984)	(24)
Total liabilities	275,147	294,992	303,144	268,062	277,742	(19,845)	(7)	(2,595)	(1)
STOCKHOLDERS' EQUITY (\$ millions)									
Common stock	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ —	0%	\$ —	0%
Surplus	10,533	10,518	10,290	10,254	10,240	15	—	293	3
Retained earnings	16,850	16,242	15,514	14,816	14,213	608	4	2,637	19
Accumulated other adjustments to									
stockholders' equity	(192)	340	127	(75)	(76)	(532)	N/M	(116)	N/M
Deferred compensation	(277)	(332)	(189)	(220)	(245)	55	17	(32)	(13)
Treasury stock	(2,770)	(2,182)	(2,335)	(2,376)	(1,887)	(588)	(27)	(883)	(47)
Total stockholders' equity	24,156	24,598	23,419	22,411	22,257	(442)	(2)	1,899	9
Total liabilities and stockholders' equity	\$ 299,303	\$ 319,590	\$ 326,563	\$ 290,473	\$ 299,999	\$ (20,287)	(6)%	\$ (696)	0%
Common Shares — period-end (millions)									
Issued	1,181	1,181	1,181	1,181	1,181	—	—	—	—
Treasury shares	66	56	61	63	51	10	18	15	29
Outstanding	1,115	1,125	1,120	1,118	1,130	(10)	(1)	(15)	(1)

NOTES:

(1) Loans include loans held for sale of \$8.0 billion, \$11.1 billion, \$12.0 billion, \$10.7 billion, and \$10.2 billion, at June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively. These amounts are not included in allowance coverage ratios.

Credit Quality Statistics — Reported Basis



	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
(\$ millions)									
Provision for credit losses	\$ 49	\$ 141	\$ 672	\$ 416	\$ 461	\$ (92)	(65)%	\$ (412)	(89)%
Gross charge-offs	328	385	1,206	642	618	(57)	(15)	(290)	(47)
Recoveries	104	113	122	102	129	(9)	(8)	(25)	(19)
Total net charge-offs	224	272	1,084	540	489	(48)	(18)	(265)	(54)
Net charge-offs (recoveries)									
Retail	83	95	148	144	113	(12)	(13)	(30)	(27)
Commercial Banking									
Corporate Banking	(13)	(19)	28	56	63	6	32	(76)	N/M
Middle Market Banking	1	11	38	43	42	(10)	(91)	(41)	(98)
Total Commercial Banking	(12)	(8)	66	99	105	(4)	(50)	(117)	N/M
Card Services	140	131	153	211	182	9	7	(42)	(23)
Investment Management Group	—	(2)	—	4	6	2	N/M	(6)	N/M
Corporate	13	56	717	82	83	(43)	(77)	(70)	(84)
Total net charge-offs	224	272	1,084	540	489	(48)	(18)	(265)	(54)
Memo: Card Services — Managed Basis	1,028	999	1,013	984	951	29	3	77	8
Net charge-off (recovery) ratios									
Retail	0.58%	0.66%	1.06%	1.05%	0.85%	(0.08)%		(0.27)%	
Commercial Banking:									
Corporate Banking	(0.20)	(0.28)	0.41	0.81	0.86	0.08		(1.06)	
Middle Market Banking	0.01	0.17	0.57	0.62	0.58	(0.16)		(0.57)	
Total Commercial Banking	(0.09)	(0.06)	0.49	0.72	0.72	(0.03)		(0.81)	
Card Services	4.48	4.24	4.62	5.13	5.17	0.24		(0.69)	
Investment Management Group	—	(0.11)	—	0.24	0.36	0.11		(0.36)	
Corporate	0.79	2.69	29.38	2.92	2.55	(1.90)		(1.76)	
Total net charge-off (recovery) ratio	0.65	0.78	3.11	1.50	1.35	(0.13)		(0.70)	
Memo: Card Services — Managed Basis	5.44	5.35	5.43	5.30	5.21	0.09		0.23	
Allowance for loan losses — period-end	\$ 3,123	\$ 3,323	\$ 3,472	\$ 3,907	\$ 3,962	\$ (200)	(6)%	\$ (839)	(21)%
Allowance for credit losses — period-end (2)	3,631	3,831	3,962	4,374	4,498	(200)	(5)	(867)	(19)

Credit Quality Statistics — Reported Basis


	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
<i>(\$ millions)</i>									
Nonperforming assets — period-end									
Nonperforming loans									
Retail	\$ 476	\$ 504	\$ 540	\$ 573	\$ 570	(28)	(6)	(94)	(16)
Commercial Banking									
Corporate Banking	164	236	321	526	705	(72)	(31)	(541)	(77)
Middle Market Banking	461	584	715	861	988	(123)	(21)	(527)	(53)
Total Commercial Banking	625	820	1,036	1,387	1,693	(195)	(24)	(1,068)	(63)
Investment Management Group	42	44	42	74	80	(2)	(5)	(38)	(48)
Corporate	287	433	582	673	719	(146)	(34)	(432)	(60)
Total nonperforming loans (1)	1,430	1,801	2,200	2,707	3,062	(371)	(21)	(1,632)	(53)
Other, including other real estate owned	128	156	195	214	245	(28)	(18)	(117)	(48)
Total nonperforming assets	\$ 1,558	\$ 1,957	\$ 2,395	\$ 2,921	\$ 3,307	\$ (399)	(20)%	\$ (1,749)	(53)%
Nonperforming assets to related assets	1.15%	1.42%	1.73%	2.06%	2.28%	(0.27)%		(1.13)%	
Allowance for loan losses to period-end loans	2.46	2.63	2.75	2.98	2.95	(0.17)		(0.49)	
Allowance for loan losses to nonperforming loans (1)	236	205	178	145	130	31		106	
Allowance for credit losses to period-end loans (2)	2.86	3.03	3.14	3.34	3.35	(0.17)		(0.49)	
Allowance for credit losses to nonperforming loans (1) (2)	275	237	203	162	147	38		128	
Credit card delinquency rate									
Reported Basis									
30+ days	2.71	3.05	3.31	3.82	3.22	(0.34)		(0.51)	
90+ days	1.27	1.46	1.55	1.78	1.49	(0.19)		(0.22)	
Managed Basis									
30+ days	3.37	3.75	3.90	3.98	3.95	(0.38)		(0.58)	
90+ days	1.60	1.82	1.85	1.85	1.85	(0.22)		(0.25)	
COMMERCIAL LOAN SALES (\$ millions)									
Loans sold and loans transferred to loans held for sale									
Nonperforming loans	\$ —	\$ 55	\$ 36	\$ 132	\$ 28	\$ (55)	N/M	\$ (28)	N/M
Other loans with credit related losses	18	59	241	121	217	(41)	(69)	(199)	(92)
Other loans	460	128	105	4	41	332	N/M	419	N/M
Total	\$ 478	\$ 242	\$ 382	\$ 257	\$ 286	\$ 236	98%	\$ 192	67%
Impact of sales, transfers to loans held for sale and valuation adjustments on held for sale									
Charge-offs on loans sold and transferred to held for sale: (3) (4)									
Nonperforming loans	\$ —	\$ 7	\$ 3	\$ 22	\$ 1	\$ (7)	N/M	\$ (1)	N/M
Other loans with credit related losses	—	1	6	11	21	(1)	N/M	(21)	N/M
Total charge-offs to allowance	—	8	9	33	22	(8)	N/M	(22)	N/M
(Gains) on loans sold and held for sale	(12)	(14)	(34)	(25)	(14)	2	14	2	14
Total	\$ (12)	\$ (6)	\$ (25)	\$ 8	\$ 8	\$ (6)	N/M	\$ (20)	N/M

NOTES:

- (1) Nonperforming loans include loans held for sale of \$109 million, \$183 million, \$244 million, \$10 million, and \$11 million at June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively. These amounts are not included in allowance coverage statistics.
- (2) The allowance for credit losses includes the allowance for loan losses of \$3,123 million, \$3,323 million, \$3,472 million, \$3,907 million, and \$3,962 million and reserve for unfunded lending commitments and standby letters of credit which is included in other liabilities of \$508 million, \$508 million, \$490 million, \$467 million, and \$536 million, at June 30, 2004, March 31, 2004, December 31, 2003, September 30, 2003, and June 30, 2003, respectively.
- (3) These charge-offs are included in Commercial Banking net charge-offs.
- (4) When loans are reclassified to loans held for sale appropriate charge-offs are recorded. Subsequent write-downs in market value on loans held for sale are reflected in other income / loss.

Capital and Intangible Assets


	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
SELECTED CAPITAL RATIOS									
Regulatory risk-based capital									
Tier 1 capital	\$ 25,593	\$ 25,462	\$ 24,499	\$ 23,708	\$ 23,721	\$ 131	(1)%	\$ 1,872	8%
Tier 2 capital	8,910	8,954	9,135	9,180	9,316	(44)	—	(406)	(4)
Total capital	\$ 34,503	\$ 34,416	\$ 33,634	\$ 32,888	\$ 33,037	\$ 87	0%	\$ 1,466	4%
Total risk-weighted assets	\$ 255,385	\$ 249,247	\$ 245,441	\$ 243,130	\$ 243,779	\$ 6,138	2%	\$ 11,606	5%
Risk-based capital ratios									
Tier 1	10.0%	10.2%	10.0%	9.8%	9.7%	(0.2)%		0.3%	
Total	13.5	13.8	13.7	13.5	13.6	(0.3)		(0.1)	
Leverage ratio	8.5	8.1	8.8	8.4	8.7	0.4		(0.2)	
INTANGIBLE ASSETS (\$ millions)									
Goodwill	\$ 2,057	\$ 2,061	\$ 2,061	\$ 2,005	\$ 1,893	\$ (4)	0%	\$ 164	9%
Other nonqualifying intangibles	262	281	290	302	303	(19)	(7)	(41)	(14)
Subtotal	2,319	2,342	2,351	2,307	2,196	(23)	(1)	123	6
Qualifying intangibles	435	436	468	502	474	(1)	—	(39)	(8)
Total intangibles	\$ 2,754	\$ 2,778	\$ 2,819	\$ 2,809	\$ 2,670	\$ (24)	(1)%	\$ 84	3%

Average Balance Sheets, Yields & Rates — Reported Basis



	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
AVERAGE BALANCE SHEET									
(\$ millions)									
Assets									
Short-term investments	\$ 11,994	\$ 14,008	\$ 16,316	\$ 17,029	\$ 17,775	\$ (2,014)	(14)%	\$ (5,781)	(33)%
Trading assets	6,236	10,187	12,139	11,669	10,211	(3,951)	(39)	(3,975)	(39)
Investment securities									
U.S. government and federal agency	32,991	37,483	35,817	36,937	33,356	(4,492)	(12)	(365)	(1)
States and political subdivisions	972	1,311	1,300	1,278	1,237	(339)	(26)	(265)	(21)
Other	48,157	45,556	38,662	33,523	32,142	2,601	6	16,015	50
Total investment securities	82,120	84,350	75,779	71,738	66,735	(2,230)	(3)	15,385	23
Interests in purchased receivables (1)	28,982	31,145	358	—	—	(2,163)	(7)	28,982	N/M
Loans (2)	136,932	138,652	139,741	144,162	144,635	(1,720)	(1)	(7,703)	(5)
Total earning assets	266,264	278,342	244,333	244,598	239,356	(12,078)	(4)	26,908	11
Allowance for loan losses	(3,258)	(3,446)	(3,676)	(4,012)	(3,999)	188	5	741	19
Other assets — nonearning	42,138	42,697	41,089	43,090	41,452	(559)	(1)	686	2
Total assets	\$ 305,144	\$ 317,593	\$ 281,746	\$ 283,676	\$ 276,809	\$ (12,449)	(4)%	\$ 28,335	10%
Liabilities and Stockholders' Equity									
Deposits — interest-bearing (3)									
Savings	\$ 11,211	\$ 10,732	\$ 10,483	\$ 10,453	\$ 10,260	\$ 479	4%	\$ 951	9%
Money market	72,689	69,419	66,925	64,728	62,881	3,270	5	9,808	16
Time	21,602	22,467	23,471	25,014	27,104	(865)	(4)	(5,502)	(20)
Foreign offices (4)	14,947	16,328	16,085	16,244	15,985	(1,381)	(8)	(1,038)	(6)
Total deposits — interest-bearing	120,449	118,946	116,964	116,439	116,230	1,503	1	4,219	4
Federal funds purchased and securities sold under repurchase agreements	11,209	16,914	21,491	23,003	20,383	(5,705)	(34)	(9,174)	(45)
Other short-term borrowings (1)	38,917	44,454	10,935	11,216	13,413	(5,537)	(12)	25,504	N/M
Long-term debt (5)	43,975	46,285	44,313	45,248	45,014	(2,310)	(5)	(1,039)	(2)
Total interest-bearing liabilities	214,550	226,599	193,703	195,906	195,040	(12,049)	(5)	19,510	10
Noninterest-bearing deposits	44,461	44,051	43,156	45,995	44,077	410	1	384	1
Other liabilities	22,122	22,776	21,770	19,563	15,230	(654)	(3)	6,892	45
Common stockholders' equity	24,011	24,167	23,117	22,212	22,462	(156)	(1)	1,549	7
Total liabilities and equity	\$ 305,144	\$ 317,593	\$ 281,746	\$ 283,676	\$ 276,809	\$ (12,449)	(4)%	\$ 28,335	10%

Average Balance Sheets, Yields & Rates — Reported Basis



	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
INCOME / EXPENSE (\$ millions)									
Assets									
Short-term investments	\$ 39	\$ 40	\$ 43	\$ 41	\$ 50	\$ (1)	(3)%	\$ (11)	(22)%
Trading assets (6)	62	95	107	100	87	(33)	(35)	(25)	(29)
Investment securities (6)									
U.S. government and federal agency	473	455	393	366	336	18	4	137	41
States and political subdivisions	17	21	22	21	21	(4)	(19)	(4)	(19)
Other	565	557	538	466	444	8	1	121	27
Total investment securities	1,055	1,033	953	853	801	22	2	254	32
Interests in purchased receivables (1)	90	93	—	—	—	(3)	(3)	90	N/M
Loans (2) (6)	1,972	2,081	2,114	2,219	2,231	(109)	(5)	(259)	(12)
Total earning assets	\$ 3,218	\$ 3,342	\$ 3,217	\$ 3,213	\$ 3,169	\$ (124)	(4)%	\$ 49	2%
Liabilities									
Deposits — interest-bearing (3)									
Savings	\$ 13	\$ 13	\$ 13	\$ 19	\$ 14	\$ —	0%	\$ (1)	(7)%
Money market	187	171	166	154	171	16	9	16	9
Time	210	227	231	251	274	(17)	(7)	(64)	(23)
Foreign offices (4)	54	61	59	59	65	(7)	(11)	(11)	(17)
Total deposits — interest-bearing	464	472	469	483	524	(8)	(2)	(60)	(11)
Federal funds purchased and securities sold under repurchase agreements	38	53	66	70	73	(15)	(28)	(35)	(48)
Other short-term borrowings (1)	147	171	83	81	90	(24)	(14)	57	63
Long-term debt (5)	383	397	445	452	473	(14)	(4)	(90)	(19)
Total interest-bearing liabilities	\$ 1,032	\$ 1,093	\$ 1,063	\$ 1,086	\$ 1,160	\$ (61)	(6)%	\$ (128)	(11)%
Interest income	\$ 3,218	\$ 3,342	\$ 3,217	\$ 3,213	\$ 3,169	\$ (124)	(4)%	\$ 49	2%
Interest expense	1,032	1,093	1,063	1,086	1,160	(61)	(6)	(128)	(11)
Net interest income	\$ 2,186	\$ 2,249	\$ 2,154	\$ 2,127	\$ 2,009	\$ (63)	(3)%	\$ 177	9%

Average Balance Sheets, Yields & Rates — Reported Basis



	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
YIELDS AND RATES									
Assets									
Short-term investments	1.31%	1.15%	1.05%	0.96%	1.13%	0.16%		0.18%	
Trading assets (6)	4.00	3.75	3.50	3.40	3.42	0.25		0.58	
Investment securities (6)									
U.S. government and federal agency	5.77	4.88	4.35	3.93	4.04	0.89		1.73	
States and political subdivisions	7.03	6.44	6.71	6.52	6.81	0.59		0.22	
Other	4.72	4.92	5.52	5.52	5.54	(0.20)		(0.82)	
Total investment securities	5.17	4.93	4.99	4.72	4.81	0.24		0.36	
Interests in purchased receivables (1)	1.25	1.20	—	—	—	0.05		1.25	
Loans (2)	5.79	6.04	6.00	6.11	6.19	(0.25)		(0.40)	
Total earning assets	4.86	4.83	5.22	5.21	5.31	0.03		(0.45)	
Liabilities									
Deposits — interest-bearing (3)									
Savings	0.47	0.49	0.49	0.72	0.55	(0.02)		(0.08)	
Money market	1.03	0.99	0.98	0.94	1.09	0.04		(0.06)	
Time	3.91	4.06	3.90	3.98	4.05	(0.15)		(0.14)	
Foreign offices (4)	1.45	1.50	1.46	1.44	1.63	(0.05)		(0.18)	
Total deposits — interest-bearing	1.55	1.60	1.59	1.65	1.81	(0.05)		(0.26)	
Federal funds purchased and securities sold									
under repurchase agreements	1.36	1.26	1.22	1.21	1.44	0.10		(0.08)	
Other short-term borrowings (1)	1.52	1.55	3.01	2.87	2.69	(0.03)		(1.17)	
Long-term debt (5)	3.50	3.45	3.98	3.96	4.21	0.05		(0.71)	
Total interest-bearing liabilities	1.93	1.94	2.18	2.20	2.39	(0.01)		(0.46)	
Interest income/earning assets	4.86	4.83	5.22	5.21	5.31	0.03		(0.45)	
Interest expense/earning assets	1.56	1.58	1.72	1.76	1.94	(0.02)		(0.38)	
Net interest margin	3.30%	3.25%	3.50%	3.45%	3.37%	0.05%		(0.07)%	

NOTES:

- (1) Impacted by the adoption of FIN 46.
- (2) Nonperforming loans are included in average balances used to determine average rate.
- (3) On a consolidated basis, demand deposits are routinely swept into money market deposits. On a line of business basis, balances are presented without the impact of the sweeps. Certain prior data has been adjusted to conform with current period presentation.
- (4) Includes international banking facility deposit balances in domestic offices and balances of Edge Act and overseas offices.
- (5) Includes trust preferred capital securities.
- (6) Includes tax-equivalent adjustments based on federal income tax rate of 35%.

AVERAGE BALANCE SHEET (\$ millions)	Six Months Ended June 30					
	2004			2003		
	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate
Assets						
Short-term investments	\$ 13,001	\$ 79	1.22%	\$ 17,723	\$ 104	1.18%
Trading assets (1)	8,212	157	3.84	9,318	161	3.48
Investment securities (1)						
U.S. government and federal agency	35,237	928	5.30	31,206	616	3.98
States and political subdivisions	1,142	38	6.69	1,203	41	6.87
Other	46,856	1,122	4.82	33,489	925	5.57
Total investment securities	83,235	2,088	5.04	65,898	1,582	4.84
Interests in purchased receivables	30,063	183	1.22	—	—	—
Loans (2)	137,792	4,053	5.92	145,522	4,546	6.30
Total earning assets	272,303	\$ 6,560	4.84	238,461	\$ 6,393	5.41
Allowance for loan losses	(3,352)			(3,979)		
Other assets — nonearning	42,417			40,179		
Total assets	\$ 311,368			\$ 274,661		
Liabilities and Stockholders' Equity						
Deposits — interest-bearing (3)						
Savings	\$ 10,972	\$ 26	0.48%	\$ 9,963	\$ 28	0.57%
Money market	71,054	358	1.01	60,409	345	1.15
Time	22,034	437	3.99	28,246	580	4.14
Foreign offices (4)	15,636	115	1.48	15,149	126	1.68
Total deposits — interest-bearing	119,696	936	1.57	113,767	1,079	1.91
Federal funds purchased and securities sold under repurchase agreements	14,062	91	1.30	18,634	135	1.46
Other short-term borrowings	41,685	318	1.53	12,925	177	2.76
Long-term debt (5)	45,130	780	3.48	44,823	972	4.37
Total interest-bearing liabilities	220,573	\$ 2,125	1.94	190,149	\$ 2,363	2.51
Noninterest-bearing deposits	44,257			46,815		
Other liabilities	22,449			15,156		
Common stockholders' equity	24,089			22,541		
Total liabilities and equity	\$ 311,368			\$ 274,661		
Interest income/earning assets		\$ 6,560	4.84		\$ 6,393	5.41
Interest expense/earning assets		2,125	1.56		2,363	2.00
Net interest margin		\$ 4,435	3.28%		\$ 4,030	3.41%

NOTES:

- (1) Includes tax-equivalent adjustments based on federal income tax rate of 35%.
- (2) Nonperforming loans are included in average balances used to determine average rate.
- (3) On a consolidated basis, demand deposits are routinely swept overnight into money market deposits. On a line of business basis, balances are presented without the impact of the sweeps. Certain prior period data has been adjusted to conform with current period presentation.
- (4) Includes international banking facility deposit balances in domestic offices and balances of Edge Act and overseas offices.
- (5) Includes trust preferred capital securities.

Average Balance Sheets, Yields & Rates — Managed Basis



	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
AVERAGE BALANCE SHEET (\$ millions)									
Assets									
Short-term investments	\$ 11,994	\$ 14,008	\$ 16,316	\$ 17,029	\$ 17,775	\$ (2,014)	(14)%	\$ (5,781)	(33)%
Trading assets	6,236	10,187	12,139	11,669	10,211	(3,951)	(39)	(3,975)	(39)
Investment securities									
U.S. government and federal agency	32,991	37,483	35,817	36,937	33,356	(4,492)	(12)	(365)	(1)
States and political subdivisions	972	1,311	1,300	1,278	1,237	(339)	(26)	(265)	(21)
Other	19,921	19,758	15,604	12,268	9,420	163	1	10,501	N/M
Total investment securities	53,884	58,552	52,721	50,483	44,013	(4,668)	(8)	9,871	22
Interests in purchased receivables (1)	28,982	31,145	358	—	—	(2,163)	(7)	28,982	N/M
Managed loans (2)	200,069	200,933	200,815	202,020	203,580	(864)	—	(3,511)	(2)
Total managed earning assets	301,165	314,825	282,349	281,201	275,579	(13,660)	(4)	25,586	9
Allowance for loan losses	(3,258)	(3,446)	(3,676)	(4,012)	(3,999)	188	5	741	19
Other assets — nonearning	41,193	41,843	40,384	42,516	40,893	(650)	(2)	300	1
Managed total assets	\$ 339,100	\$ 353,222	\$ 319,057	\$ 319,705	\$ 312,473	\$ (14,122)	(4)%	\$ 26,627	9%
Liabilities and Stockholders' Equity									
Deposits — interest-bearing (3)									
Savings	\$ 11,211	\$ 10,732	\$ 10,483	\$ 10,453	\$ 10,260	\$ 479	4%	\$ 951	9%
Money market	72,689	69,419	66,925	64,728	62,881	3,270	5	9,808	16
Time	21,602	22,467	23,471	25,014	27,104	(865)	(4)	(5,502)	(20)
Foreign offices (4)	14,947	16,328	16,085	16,244	15,985	(1,381)	(8)	(1,038)	(6)
Total deposits — interest-bearing	120,449	118,946	116,964	116,439	116,230	1,503	1	4,219	4
Federal funds purchased and securities sold under repurchase agreements	11,209	16,914	21,491	23,003	20,383	(5,705)	(34)	(9,174)	(45)
Managed other short-term borrowings (1)	72,873	80,083	48,246	47,245	49,077	(7,210)	(9)	23,796	48
Long-term debt (5)	43,975	46,285	44,313	45,248	45,014	(2,310)	(5)	(1,039)	(2)
Total managed interest-bearing liabilities	248,506	262,228	231,014	231,935	230,704	(13,722)	(5)	17,802	8
Noninterest-bearing deposits	44,461	44,051	43,156	45,995	44,077	410	1	384	1
Other liabilities	22,122	22,776	21,770	19,563	15,230	(654)	(3)	6,892	45
Common stockholders' equity	24,011	24,167	23,117	22,212	22,462	(156)	(1)	1,549	7
Total managed liabilities and equity	\$ 339,100	\$ 353,222	\$ 319,057	\$ 319,705	\$ 312,473	\$ (14,122)	(4)%	\$ 26,627	9%

Average Balance Sheets, Yields & Rates — Managed Basis



	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
INCOME / EXPENSE (\$ millions)									
Assets									
Short-term investments	\$ 39	\$ 40	\$ 43	\$ 41	\$ 50	\$ (1)	(3)%	\$ (11)	(22)%
Trading assets (6)	62	95	107	100	87	(33)	(35)	(25)	(29)
Investment securities (6)									
U.S. government and federal agency	473	455	393	366	336	18	4	137	41
States and political subdivisions	17	21	22	21	21	(4)	(19)	(4)	(19)
Other	100	134	161	115	80	(34)	(25)	20	25
Total investment securities	590	610	576	502	437	(20)	(3)	153	35
Interests in purchased receivables (1)	90	93	—	—	—	(3)	(3)	90	N/M
Managed loans (2) (6)	3,863	3,932	3,933	3,920	3,916	(69)	(2)	(53)	(1)
Total managed earning assets	\$ 4,644	\$ 4,770	\$ 4,659	\$ 4,563	\$ 4,490	\$ (126)	(3)%	\$ 154	3%
Liabilities									
Deposits — interest-bearing (3)									
Savings	\$ 13	\$ 13	\$ 13	\$ 19	\$ 14	\$ —	0%	\$ (1)	(7)%
Money market	187	171	166	154	171	16	9	16	9
Time	210	227	231	251	274	(17)	(7)	(64)	(23)
Foreign offices (4)	54	61	59	59	65	(7)	(11)	(11)	(17)
Total deposits — interest-bearing	464	472	469	483	524	(8)	(2)	(60)	(11)
Federal funds purchased and securities sold under repurchase agreements	38	53	66	70	73	(15)	(28)	(35)	(48)
Managed other short-term borrowings (1)	297	325	250	240	255	(28)	(9)	42	16
Long-term debt (5)	383	397	445	452	473	(14)	(4)	(90)	(19)
Total managed interest-bearing liabilities	\$ 1,182	\$ 1,247	\$ 1,230	\$ 1,245	\$ 1,325	\$ (65)	(5)%	\$ (143)	(11)%
Managed interest income	\$ 4,644	\$ 4,770	\$ 4,659	\$ 4,563	\$ 4,490	\$ (126)	(3)%	\$ 154	3%
Managed interest expense	1,182	1,247	1,230	1,245	1,325	(65)	(5)	(143)	(11)
Managed net interest income	\$ 3,462	\$ 3,523	\$ 3,429	\$ 3,318	\$ 3,165	\$ (61)	(2)%	\$ 297	9%

Average Balance Sheets, Yields & Rates — Managed Basis



	2004		2003			Change from			
	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1Q04		2Q03	
						Amt	%	Amt	%
YIELDS AND RATES									
Assets									
Short-term investments	1.31%	1.15%	1.05%	0.96%	1.13%	0.16%		0.18%	
Trading assets (6)	4.00	3.75	3.50	3.40	3.42	0.25		0.58	
Investment securities (6)									
U.S. government and federal agency	5.77	4.88	4.35	3.93	4.04	0.89		1.73	
States and political subdivisions	7.03	6.44	6.71	6.52	6.81	0.59		0.22	
Other	2.02	2.73	4.09	3.72	3.41	(0.71)		(1.39)	
Total investment securities	4.40	4.19	4.33	3.95	3.98	0.21		0.42	
Interests in purchased receivables (1)	1.25	1.20	—	—	—	0.05		1.25	
Managed loans (2)	7.77	7.87	7.77	7.70	7.72	(0.10)		0.05	
Total managed earning assets	6.20	6.09	6.55	6.44	6.54	0.11		(0.34)	
Liabilities									
Deposits — interest-bearing (3)									
Savings	0.47	0.49	0.49	0.72	0.55	(0.02)		(0.08)	
Money market	1.03	0.99	0.98	0.94	1.09	0.04		(0.06)	
Time	3.91	4.06	3.90	3.98	4.05	(0.15)		(0.14)	
Foreign offices (4)	1.45	1.50	1.46	1.44	1.63	(0.05)		(0.18)	
Total deposits — interest-bearing	1.55	1.60	1.59	1.65	1.81	(0.05)		(0.26)	
Federal funds purchased and securities sold under repurchase agreements	1.36	1.26	1.22	1.21	1.44	0.10		(0.08)	
Managed other short-term borrowings (1)	1.64	1.63	2.06	2.02	2.08	0.01		(0.44)	
Long-term debt (5)	3.50	3.45	3.98	3.96	4.21	0.05		(0.71)	
Total managed interest-bearing liabilities	1.91	1.91	2.11	2.13	2.30	—		(0.39)	
Managed interest income/managed earning assets	6.20	6.09	6.55	6.44	6.54	0.11		(0.34)	
Managed interest expense/managed earning assets	1.58	1.59	1.73	1.76	1.93	(0.01)		(0.35)	
Managed net interest margin	4.62%	4.50%	4.82%	4.68%	4.61%	0.12%		0.01%	

NOTES:

- (1) Impacted by the adoption of FIN 46.
- (2) Nonperforming loans are included in average balances used to determine average rate.
- (3) On a consolidated basis, demand deposits are routinely swept into money market deposits. On a line of business basis, balances are presented without the impact of the sweeps. Certain prior data has been adjusted to conform with current period presentation.
- (4) Includes international banking facility deposit balances in domestic offices and balances of Edge Act and overseas offices.
- (5) Includes trust preferred capital securities.
- (6) Includes tax-equivalent adjustments based on federal income tax rate of 35%.

	Six Months Ended June 30					
	2004			2003		
	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate
AVERAGE BALANCE SHEET (\$ millions)						
Assets						
Short-term investments	\$ 13,001	\$ 79	1.22%	\$ 17,723	\$ 104	1.18%
Trading assets (1)	8,212	157	3.84	9,318	161	3.48
Investment securities (1)						
U.S. government and federal agency	35,237	928	5.30	31,206	616	3.98
States and political subdivisions	1,142	38	6.69	1,203	41	6.87
Other	19,839	234	2.37	9,190	156	3.42
Total investment securities	56,218	1,200	4.29	41,599	813	3.94
Interests in purchased receivables	30,063	183	1.22	—	—	—
Loans (1) (2)	200,501	7,795	7.82	205,499	7,970	7.82
Total earning assets	307,995	\$ 9,414	6.15	274,139	\$ 9,048	6.66
Allowance for loan losses	(3,352)			(3,979)		
Other assets — nonearning	41,518			39,617		
Total assets	\$ 346,161			\$ 309,777		
Liabilities and Stockholders' Equity						
Deposits — interest-bearing (3)						
Savings	\$ 10,972	\$ 26	0.48%	\$ 9,963	\$ 28	0.57%
Money market	71,054	358	1.01	60,409	345	1.15
Time	22,034	437	3.99	28,246	580	4.14
Foreign offices (4)	15,636	115	1.48	15,149	126	1.68
Total deposits — interest-bearing	119,696	936	1.57	113,767	1,079	1.91
Federal funds purchased and securities sold under repurchase agreements	14,062	91	1.30	18,634	135	1.46
Other short-term borrowings	76,478	622	1.64	48,041	508	2.13
Long-term debt (5)	45,130	780	3.48	44,823	972	4.37
Total interest-bearing liabilities	255,366	\$ 2,429	1.91	225,265	\$ 2,694	2.41
Noninterest-bearing deposits	44,257			46,815		
Other liabilities	22,449			15,156		
Common stockholders' equity	24,089			22,541		
Total liabilities and equity	\$ 346,161			\$ 309,777		
Interest income/earning assets		\$ 9,414	6.15		\$ 9,048	6.66
Interest expense/earning assets		2,429	1.59		2,694	1.99
Net interest margin		\$ 6,985	4.56%		\$ 6,354	4.67%

NOTES:

- (1) Includes tax-equivalent adjustments based on federal income tax rate of 35%.
- (2) Nonperforming loans are included in average balances used to determine average rate.
- (3) On a consolidated basis, demand deposits are routinely swept overnight into money market deposits. On a line of business basis, balances are presented without the impact of the sweeps. Certain prior period data has been adjusted to conform with current period presentation.
- (4) Includes international banking facility deposit balances in domestic offices and balances of Edge Act and overseas offices.
- (5) Includes trust preferred capital securities.

GLOSSARY FOR SELECTED NONINTEREST INCOME CATEGORIES

Banking fees and commissions	Insurance fees, documentary fees, commitment fees, mutual fund commissions, leasing fees, safe deposit fees, official checks fees, ATM interchange and miscellaneous other fee revenue.
Credit card revenue	Related to Card Services, consumer and small business credit card fees; related to Retail, debit card fees; and related to Commercial, Commercial card fees.
Fiduciary and investment management fees	Asset management fees, personal trust fees and advisory fees.
Fully Taxable Equivalent ("FTE")	Net interest income and tax expense in the income statement is grossed up for tax-exempt securities in order to present results on a basis comparable to taxable securities.
Investment security gains (losses)	Venture capital and investment securities (losses).
Other income (loss)	Net securitization gains (losses), net gains (losses) on Corporation transactions and/or asset sales/dispositions.
Service charges on deposits	Deficient balance fees, non-sufficient funds/overdraft fees and other service related fees.
Trading	Realized and unrealized mark-to-market changes from trading assets, derivative financial instruments and foreign exchange products.