



SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

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

Date of Report:  
January 17, 2002

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)

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

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

10017  
(Zip Code)

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

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## Item 5. Other Events

On January 16, 2002, J.P. Morgan Chase & Co. (NYSE:JPM) announced 2001 fourth quarter and full year results. Fourth quarter 2001 operating earnings were \$0.12 per share, compared with \$0.37 in the fourth quarter of 2000. Operating income was \$247 million in the fourth quarter, compared with \$763 million one year ago.

Reported net income, which includes merger and restructuring costs, was a loss of \$332 million or \$0.18 per share in the fourth quarter of 2001. This compares with \$708 million, or \$0.34 per share, in the fourth quarter of 2000.

For full year 2001, operating earnings per share were \$1.65, compared with \$2.96 in 2000. Operating income was \$3.41 billion, compared with \$5.93 billion in 2000. Reported net income was \$1.69 billion, or \$0.80 per share, compared with \$5.73 billion, or \$2.86 per share, in 2000.

A copy of JP Morgan's press release is attached as an exhibit hereto. That press release may contain statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Such statement are based upon the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. Results may differ from those set forth in the forward-looking statements. Such risks and uncertainties are described in the Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 and the 2000 Annual Report on Form 10-K of J.P. Morgan Chase & Co., each filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's internet site (<http://www.sec.gov>), to which reference is hereby made.

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

Exhibit Number	Description
12 (a)	Computation of Ratio of Earnings to Fixed Charges
12 (b)	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements
99.1	Press Release - 2001 Fourth Quarter and Full Year Earnings
99.2	2001 Fourth Quarter and Full Year Financial Supplement
99.3	Supplemental J.P. Morgan Investment Bank Information

## Item 9. Regulation FD Disclosure

Supplemental information about J.P. Morgan Chase's Investment Bank is set forth in Exhibit 99.3

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

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Joseph L. Sclafani

Executive Vice President  
and Controller  
[Principal Accounting Officer]

Dated: January 17, 2002

## EXHIBIT INDEX

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## EXHIBIT 12(a)

## J.P. MORGAN CHASE &amp; CO.

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

	Twelve Months Ended December 31, 2001
<b>Excluding Interest on Deposits</b>	
Income before income taxes and effect of accounting change	\$ 2,566
Fixed charges:	
Interest expense	13,381
One-third of rents, net of income from subleases (a)	223
Total fixed charges	13,604
Less: Equity in undistributed income of affiliates	(89)
Earnings before taxes, effect of accounting change and fixed charges, excluding capitalized interest	\$16,081
Fixed charges, as above	\$13,604
Ratio of earnings to fixed charges	1.18
<b>Including Interest on Deposits</b>	
Fixed charges, as above	\$13,604
Add: Interest on deposits	7,998
Total fixed charges and interest on deposits	\$21,602
Earnings before taxes, effect of accounting change and fixed charges, excluding capitalized interest, as above	\$16,081
Add: Interest on deposits	7,998
Total earnings before taxes, effect of accounting change, fixed charges and interest on deposits	\$24,079
Ratio of earnings to fixed charges	1.11

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

## EXHIBIT 12(b)

## J.P. MORGAN CHASE &amp; CO.

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

	Twelve Months Ended December 31, 2001
<b>Excluding Interest on Deposits</b>	
Income before income taxes and effect of accounting change	\$ 2,566
Fixed charges:	
Interest expense	13,381
One-third of rents, net of income from subleases (a)	223
Total fixed charges	13,604
Less: Equity in undistributed income of affiliates	(89)
Earnings before taxes, effect of accounting change and fixed charges, excluding capitalized interest	\$16,081
Fixed charges, as above	\$13,604
Preferred stock dividends	66
Fixed charges including preferred stock dividends	\$13,670
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.18
<b>Including Interest on Deposits</b>	
Fixed charges including preferred stock dividends, as above	\$13,670
Add: Interest on deposits	7,998
Total fixed charges including preferred stock dividends and interest on deposits	\$21,668
Earnings before taxes, effect of accounting change and fixed charges, excluding capitalized interest, as above	\$16,081
Add: Interest on deposits	7,998
Total earnings before taxes, effect of accounting change, fixed charges and interest on deposits	\$24,079
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.11

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

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

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News release: IMMEDIATE RELEASE

## **JPMORGAN CHASE REPORTS 2001 FOURTH QUARTER AND FULL YEAR RESULTS**

**New York, January 16, 2002** – J.P. Morgan Chase & Co. (NYSE: JPM) today announced fourth quarter 2001 operating earnings per share of \$0.12, compared with \$0.37 in the fourth quarter of 2000. Operating income was \$247 million in the fourth quarter, compared with \$763 million one year ago.

Reported net income, which includes merger and restructuring costs, was a loss of \$332 million, or \$0.18 per share, in the fourth quarter of 2001. This compares with profits of \$708 million, or \$0.34 per share, in the fourth quarter of 2000.

For the full year 2001, operating earnings per share were \$1.65, compared with \$2.96 in 2000. Operating income was \$3.41 billion, compared with \$5.93 billion in 2000. Reported net income was \$1.69 billion, or \$0.80 per share, compared with \$5.73 billion, or \$2.86 per share, in 2000.

“2001 was a challenging year for JPMorgan Chase, and our financial results clearly reflect the difficult operating environment,” said William B. Harrison, Jr., Chairman and Chief Executive Officer. “Fourth quarter results were particularly affected by our exposure to private equity investments, and to Enron and Argentina. In this quarter we have moved aggressively to value those exposures to market and to build loan loss reserves further. While these actions hinder current operating results, they lay the groundwork for stronger earnings recovery when market conditions improve. We continue to be pleased with the progress of our successfully merged business platform, the receptivity of our clients to that platform, and the resulting increase in our market share for key products.”

### **Key events for the fourth quarter and full year 2001**

- Deteriorating credit conditions, exacerbated by Enron Corporation and Argentine events, as well as continued losses at JPMorgan Partners, had a negative impact on earnings.
- Significant expense reductions were achieved through merger-related savings and aggressive right sizing related to the market environment.
- For the full year 2001, the investment banking business generated a cash ROE of 15%, while the consumer and operating services businesses achieved cash ROEs of 20% and 24%, respectively.
- Business leadership positions were solidified through merger integration and client focus.
- The flagship banks successfully merged on November 10, 2001.

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J.P. MORGAN CHASE & CO.  
News Release

Developments at Enron and in Argentina during the quarter increased credit costs and reduced trading and other revenues by a total of \$807 million. Separate from, and in addition to these specific charges, the firm increased loan loss reserves in response to deteriorating market conditions by an additional \$510 million.

#### Business segment results

*(All comparisons to full year 2000 are on a pro forma basis which assumes that the purchase of Flemings occurred at the beginning of 2000).*

**The Investment Bank** had operating revenues of \$3.11 billion in the fourth quarter of 2001, a decline of 16% from the fourth quarter of 2000. For the full year, operating revenues of \$14.90 billion were down 11% from the prior year. The impact of Enron and Argentina was to reduce operating revenues by \$426 million for the quarter, mostly in trading revenues.

Trading revenues (including related net interest income) of \$969 million declined by 28% from the fourth quarter of 2000, and the full year total of \$6.18 billion was down 10% from 2000. Excluding the impact of Enron and Argentina, there were positive results in fixed income trading activities that were offset by lower equity trading results.

Investment banking fees totaled \$937 million in the fourth quarter, declining 10% from the fourth quarter of 2000 but increasing 16% from the third quarter of 2001, led by increased equity underwriting fees. Equity underwriting fees of \$215 million in the fourth quarter represented the highest level since the first quarter of 2000, reflecting a rebound in market activity and market share gains. Advisory revenues in the fourth quarter were down 42% from the fourth quarter 2000.

For the full year, investment banking fees declined 20%, as the weak equity markets and lower M&A activity more than offset the record year for high-grade bond underwriting fees. Advisory revenues were 34% lower, compared with a decline of 42% in the overall level of market activity. For the full year, leadership positions were maintained in leveraged and syndicated lending (#1) and U.S. high-grade bonds (#2). In addition, the Investment Bank increased its market share of global announced M&A transactions to 22% (ranking #5) in 2001, from 17% (ranking #6) in 2000. There was significant momentum in U.S. equity and equity related underwriting with increasing market share in each quarter through 2001. 1 *International Financing Review* named JPMorgan "Bank of the Year" in its annual review. See the press release financial supplement.

Fees and commissions of \$365 million in the fourth quarter declined by 19% from the fourth quarter of 2000, and for the full year totaled \$1.50 billion, down 21% from 2000. The declines were primarily due to lower margins from equity brokerage activities.

Cash operating expenses for the fourth quarter of \$1.88 billion declined by 33% from the fourth quarter of last year. For the full year, cash operating expenses of \$8.98 billion declined 16%. The decline was across all expense categories and reflects merger synergies, expense management initiatives and lower incentive payments. These initiatives resulted in stable operating margins

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1 Source for the statistics in preceding four sentences is Thomson Financial Securities Data

despite difficult market conditions, and the Investment Bank met its full year overhead ratio target of 60%. At year-end, the Investment Bank had eliminated approximately 6,700 positions since the merger announcement date.

Cash operating earnings were \$379 million in the fourth quarter, a 24% decline from the prior year. Charge-offs in the fourth quarter totaled \$369 million, including \$221 million related to Enron, while the provision for loan losses in excess of charge-offs was \$250 million. For the full year, cash operating earnings were \$2.95 billion, down 18% from 2000. Cash ROE was 8% for the quarter and 15% for the year.

**Investment Management & Private Banking** had operating revenues of \$729 million in the fourth quarter, a 20% decline from the fourth quarter of 2000. Revenues were slightly lower than in the third quarter of 2001 due to non-operating charges at American Century Companies Inc. (JPMorgan Chase owns a 45% stake in American Century). For the full year, operating revenues of \$3.09 billion were 20% lower than 2000. The decline from last year was primarily a result of lower assets under management and associated lower management fees. Total assets under management at year-end of \$605 billion (excluding our 45% stake in American Century) were 5% lower than a year ago and 4% higher than at the end of the third quarter. Net flows for the past two quarters were positive, led by significant increases in money market accounts.

Cash operating expenses of \$581 million for the quarter were 20% lower than in the same period in 2000. For the full year, cash operating expenses totaled \$2.49 billion, down 13% from last year. The decline in expenses was primarily driven by the elimination of approximately 1,500 positions since the merger announcement date. The expense reduction contributed to a 20% pre-tax margin in the fourth quarter and to a 19% pre-tax margin for the full year. Cash operating earnings were down 17% for the quarter and 30% for the full year from comparable periods in 2000.

**JPMorgan Partners** had private equity losses of \$385 million in the fourth quarter, compared with losses of \$93 million in the fourth quarter of 2000 and losses of \$103 million in the third quarter of 2001. JPMP continues to manage its portfolio through a difficult market environment, with limited exit opportunities. However, the decline in private equity activity through 2001 has begun to provide attractive new investment opportunities. Included in JPMP's results for the fourth quarter are unrealized losses of \$504 million, which included downward valuation adjustments of \$144 million on third party fund investments and mark-to-market losses of \$137 million on public securities hedges. Partially offsetting these losses were net realized gains in the quarter of \$119 million. Cash operating earnings were a loss of \$346 million for the quarter, compared to a loss of \$139 million in the fourth quarter of 2000.

For the full year, private equity losses totaled \$1.18 billion, compared to \$988 million in gains in 2000. Cash operating earnings reflected a loss of \$1.15 billion, compared with earnings of \$258 million in 2000.

**Retail & Middle Market Financial Services** operating revenues were \$2.87 billion, up 11% from the fourth quarter of 2000. For the full year, operating revenues totaled \$10.92 billion, up 7%. The growth reflected record mortgage and auto financing originations, growth in credit card outstandings, and higher deposit volumes in regional banking and middle market banking. These increases were partially offset by the impact of lower interest rates on deposit spreads and mortgage servicing prepayments.

Cash operating expenses of \$1.43 billion increased by 5% from the fourth quarter of 2000. For the full year, cash operating expenses of \$5.47 billion increased 4% over the prior year. The increases reflect higher production volumes and higher marketing expenditures. Partially offsetting these increases were \$145 million in savings achieved through productivity programs including an organization-wide Six Sigma effort. Cash operating earnings of \$343 million for the fourth quarter were down 25% from the prior year due largely to higher credit costs, including a \$250 million provision for loan losses in excess of charge-offs. For the full year, cash operating earnings of \$1.69 billion were down 5% due to higher net charge-offs and additions to loan loss reserves of \$310 million. Cash ROE for the fourth quarter was 15% and for the full year was 20%.

Mortgage originations totaled \$50.4 billion in the quarter and \$184.2 billion for the full year, and grew by a record 142% during 2001. Auto finance experienced a record level of originations in the quarter, increasing by 58% over the same period last year. Credit card-related outstandings grew 12% to \$41.6 billion and included a record 4 million new accounts originated during the year. The lower interest rate environment negatively affected the deposit businesses in regional banking and middle market, but both posted deposit growth compared to last year of 5% and 7%, respectively.

**Treasury & Securities Services** operating revenues were \$890 million in the fourth quarter of 2001, down 3% from the fourth quarter of 2000. For the full year, operating revenues were \$3.63 billion, up 2%. Institutional Trust operating revenues increased 15% when compared with both the fourth quarter of 2000 and the full year driven by good volumes in debt markets as well as the impact of acquisitions. Operating revenues for Treasury Services were virtually flat compared to a strong fourth quarter of 2000, but increased 3% for the full year reflecting higher product revenues in the U.S. and Europe that offset the negative effect of declining short-term interest rates on deposits. Investor Services operating revenues were down 12% when compared with the fourth quarter of 2000, and declined 4% for the full year, reflecting the impact of weaker global equity markets that resulted in lower asset levels, reduced money flows and lower business activity.

Cash operating expenses increased 3% for the full year, but were flat compared with the fourth quarter of 2000 reflecting expense control in response to the weaker revenue climate. Cash operating earnings declined 9% from the fourth quarter of 2000, while full year cash operating earnings were virtually unchanged. Cash ROE was 23% in the fourth quarter and 24% for the full year.

#### **Expenses**

Total cash operating noninterest expense was \$4.65 billion in the fourth quarter, a 16% decline from the fourth quarter of 2000. For the full year, cash operating noninterest expense was \$20.05 billion, down 8% from the prior year (pro forma for Flemings). Areas affected by the merger have

experienced declines greater than 8%; these declines were partially offset by expense growth in non-merging areas. The expense reductions reflect acceleration of merger execution and a response to the weaker market environment. As of December 31, approximately 8,200 positions have been eliminated since the merger announcement date in areas affected by the merger.

Amortization of intangibles was \$187 million in the fourth quarter of 2001 compared to \$186 million one year ago. Amortization of intangibles was \$0.09 per share in the fourth quarter of 2001, and \$0.09 per share one year ago. Upon the implementation of FAS 142 in 2002 we expect there will be no impairment of intangibles and we will report only operating and reported net income. Based on existing intangibles that will continue to be amortized, full year 2002 amortization is expected to be approximately \$35 million per quarter.

## Credit

**Commercial** net charge-offs in the fourth quarter of 2001 were \$433 million, compared to \$189 million in the previous quarter and \$159 million in the fourth quarter of 2000. For the full year, commercial net charge-offs totaled \$982 million compared to \$400 million in 2000. The charge-off ratio was 1.58% for the fourth quarter of 2001 and 0.87% for the full year.

**Consumer** net charge-offs on a managed basis (i.e. including securitized assets) were \$649 million, up from \$588 million in the fourth quarter of 2000. For the full year, consumer net charge-offs totaled \$2.40 billion compared with \$2.07 billion in the prior year. On a managed basis, the credit card net charge-off ratio was 5.48% in the fourth quarter of 2001, compared to 5.64% for the third quarter of 2001 and 4.86% for the fourth quarter of 2000.

**Provisions** in excess of net charge-offs of \$650 million were recorded in the fourth quarter, based on an analysis of expected loss and other factors. We will continue to adjust our allowance as needed in response to changes in the economic environment. For the full year, provisions in excess of net charge-offs totaled \$850 million.

**Total Nonperforming Assets** were \$3.92 billion at December 31, 2001, which includes \$1.13 billion related to the Enron surety receivables and letter of credit. Excluding this amount, which is the subject of litigation with creditworthy entities, nonperforming assets totaled \$2.79 billion. This compares to \$2.65 billion at September 30, 2001 and \$1.92 billion as of December 31, 2000.

## Total assets and capital

Total assets as of December 31, 2001 were \$694 billion, compared with \$799 billion at September 30, 2001 and \$715 billion as of December 31, 2000. The majority of the reduction from the prior quarter reflects the resolution of the industry-wide clearing and settlement problems experienced in September. In addition, commercial loans declined 10% from the prior quarter while consumer loans increased 7%. The Tier One capital ratio was 8.3% at December 31, 2001, compared to 8.2% at September 30, 2001 and 8.5% at December 31, 2000.

### Other financial information

**Special Items** in the fourth quarter of 2001 included \$841 million (pre-tax) in merger and restructuring costs. Special items in the fourth quarter of 2000 included merger-related charges of \$1.25 billion offset by gains on the sale of the Hong Kong retail business and the transfer of our Euroclear related businesses.

J.P. Morgan Chase & Co. is a leading global financial services firm with assets of \$694 billion and operations in more than 50 countries. With relationships with over 99% of the *Fortune* 1000 companies, the firm is a leader in investment banking, asset management, private banking, private equity, custody and transaction services and retail and middle market financial services. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumer customers and the world's most prominent corporate, institutional and government clients. Information about JPMorgan Chase is available on the internet at [www.jpmorganchase.com](http://www.jpmorganchase.com).

JPMorgan Chase will hold a presentation for the investment community on Wednesday, January 16, 2002 at 11:00 a.m. (Eastern Standard Time) to review fourth quarter 2001 financial results. A live audio webcast of the presentation will be available on [www.jpmorganchase.com](http://www.jpmorganchase.com). In addition, persons interested in listening to the presentation by telephone may dial in at (973) 321-1040. A telephone replay of the presentation will be available beginning at 1:30 p.m. (EST) on January 16, 2002 and continuing through 6:00 p.m. (EST) on January 22, 2002 at (973) 341-3080. The replay also will be available on [www.jpmorganchase.com](http://www.jpmorganchase.com). Additional detailed financial, statistical and business-related information is included in a financial supplement. The earnings release, the financial supplement and supplemental information about the Investment Bank are available on the JPMorgan Chase web site ([www.jpmorganchase.com](http://www.jpmorganchase.com)).

*This press release contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties could cause our results to differ materially from such forward looking statements. Such risks and uncertainties are described in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 and in the 2000 Annual Report on Form 10-K, each filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's internet site (<http://www.sec.gov>), to which reference is hereby made.*

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

	4QTR 2001	3QTR 2001	4QTR 2000	4QTR 2001 Over (Under)	
				3Q 2001	4Q 2000
<b>OPERATING INCOME STATEMENT (a)</b>					
<b>OPERATING REVENUE:</b>					
Investment Banking Fees	\$ 931	\$ 811	\$ 1,051	15%	(11)%
Trading-Related Revenue (Including Trading NII)	904	1,614	1,414	(44)	(36)
Fees and Commissions	2,271	2,231	2,323	2	(2)
Private Equity — Realized Gains	81	204	373	(60)	(78)
Private Equity — Unrealized Gains (Losses)	(505)	(311)	(471)	(62)	(7)
Securities Gains	202	142	118	42	71
Other Revenue	132	203	258	(35)	(49)
Net Interest Income (Excluding Trading NII)	2,825	2,725	2,509	4	13
<b>TOTAL OPERATING REVENUE</b>	<b>6,841</b>	<b>7,619</b>	<b>7,575</b>	<b>(10)</b>	<b>(10)</b>
<b>OPERATING EXPENSE:</b>					
Compensation Expense	2,652	2,883	3,310	(8)	(20)
Noncompensation Expense (b)	1,997	1,994	2,246	—	(11)
<b>TOTAL CASH EXPENSE</b>	<b>4,649</b>	<b>4,877</b>	<b>5,556</b>	<b>(5)</b>	<b>(16)</b>
Credit Costs	1,732	1,015	667	71	160
Cash Operating Income before Taxes	460	1,727	1,352	(73)	(66)
Income Taxes	26	509	403	(95)	(94)
<b>CASH OPERATING EARNINGS</b>	<b>434</b>	<b>1,218</b>	<b>949</b>	<b>(64)</b>	<b>(54)</b>
Less: Amortization of Intangibles	187	182	186	3	1
<b>OPERATING EARNINGS</b>	<b>247</b>	<b>1,036</b>	<b>763</b>	<b>(76)</b>	<b>(68)</b>
Restructuring/Merger Expenses & Special Items	(579)	(587)	(55)	1	NM
<b>NET INCOME (LOSS)</b>	<b>\$ (332)</b>	<b>\$ 449</b>	<b>\$ 708</b>	<b>NM</b>	<b>NM</b>
<b>EARNINGS PER SHARE</b>					
Diluted Earnings per Share — Operating	\$ 0.12	\$ 0.51	\$ 0.37	(76)	(68)
Diluted Earnings per Share — Operating (Excl. JPMP)	0.29	0.59	0.44	(51)	(34)
Diluted Earnings per Share — Net Income (Loss) (c)	(0.18)	0.22	0.34	NM	NM
<b>CASH OPERATING BASIS</b>					
Diluted Earnings per Share	\$ 0.21	\$ 0.60	\$ 0.46	(65)	(54)
Shareholder Value Added	(837)	(50)	(290)	NM	NM
Return on Managed Assets	0.23%	0.64%	0.52%	(41)bp	(29)bp
Return on Common Equity	4.0	11.5	9.1	(750)	(510)
Overhead Ratio	68	64	73	400	(500)
Compensation Expense as a % of Revenue	39	38	44	100	(500)
Noncompensation Expense as a % of Revenue	29	26	30	300	(100)
<b>COMMON SHARES OUTSTANDING</b>					
Basic Average Shares Outstanding	1,969.6	1,975.3	1,924.8	—%	2%
Diluted Average Shares Outstanding	2,007.4	2,020.9	2,007.1	(1)	—
Common Shares Outstanding — at Period End	1,973.4	1,972.9	1,928.5	—	2
<b>CASH DIVIDENDS DECLARED PER SHARE</b>	<b>\$ 0.34</b>	<b>\$ 0.34</b>	<b>\$ 0.32</b>	<b>—</b>	<b>6</b>
<b>BOOK VALUE PER SHARE</b>	<b>20.32</b>	<b>21.15</b>	<b>21.17</b>	<b>(4)</b>	<b>(4)</b>
<b>COMMON DIVIDEND PAYOUT RATIO (d)</b>	<b>292%</b>	<b>66%</b>	<b>85%</b>		
<b>CAPITAL RATIOS</b>					
Tier I Capital Ratio	8.3%(e)	8.2%	8.5%	10bp	(20)bp
Total Capital Ratio	11.9(e)	11.6	12.0	30	(10)
Tier I Leverage	5.2(e)	5.3	5.4	(10)	(20)

[Additional columns below]

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

			2001 Over (Under)
	2001	2000	2000
<b>OPERATING INCOME STATEMENT (a)</b>			
<b>OPERATING REVENUE:</b>			
Investment Banking Fees	\$ 3,612	\$ 4,362	(17)%
Trading-Related Revenue (Including Trading NII)	6,279	7,142	(12)
Fees and Commissions	8,868	8,879	—
Private Equity — Realized Gains	651	2,051	(68)
Private Equity — Unrealized Gains (Losses)	(1,884)	(1,036)	(82)
Securities Gains	866	229	278
Other Revenue	860	1,148	(25)
Net Interest Income (Excluding Trading NII)	10,846	10,018	8
<b>TOTAL OPERATING REVENUE</b>	<b>30,098</b>	<b>32,793</b>	<b>(8)</b>
<b>OPERATING EXPENSE:</b>			
Compensation Expense	11,944	12,748	(6)
Noncompensation Expense (b)	8,103	8,117	—
<b>TOTAL CASH EXPENSE</b>	<b>20,047</b>	<b>20,865</b>	<b>(4)</b>
Credit Costs	4,233	2,367	79
Cash Operating Income before Taxes	5,818	9,561	(39)
Income Taxes	1,680	3,106	(46)
<b>CASH OPERATING EARNINGS</b>	<b>4,138</b>	<b>6,455</b>	<b>(36)</b>
Less: Amortization of Intangibles	729	528	38
<b>OPERATING EARNINGS</b>	<b>3,409</b>	<b>5,927</b>	<b>(42)</b>
Restructuring/Merger Expenses & Special Items	(1,715)	(200)	NM
<b>NET INCOME (LOSS)</b>	<b>\$ 1,694</b>	<b>\$ 5,727</b>	<b>(70)</b>
<b>EARNINGS PER SHARE</b>			
Diluted Earnings per Share — Operating	\$ 1.65	\$ 2.96	(44)
Diluted Earnings per Share — Operating (Excl. JPMP)	2.23	2.85	(22)
Diluted Earnings per Share — Net Income (Loss) (c)	0.80	2.86	(72)
<b>CASH OPERATING BASIS</b>			
Diluted Earnings per Share	\$ 2.01	\$ 3.23	(38)
Shareholder Value Added	(911)	2,018	NM
Return on Managed Assets	0.55%	0.93%	(38)bp
Return on Common Equity	9.8	17.6	(780)
Overhead Ratio	67	64	300
Compensation Expense as a % of Revenue	40	39	100
Noncompensation Expense as a % of Revenue	27	25	200
<b>COMMON SHARES OUTSTANDING</b>			
Basic Average Shares Outstanding	1,972.4	1,884.1	5%
Diluted Average Shares Outstanding	2,023.6	1,969.0	3
Common Shares Outstanding — at Period End	1,973.4	1,928.5	2
<b>CASH DIVIDENDS DECLARED PER SHARE</b>	<b>\$ 1.36</b>	<b>\$ 1.28</b>	<b>6</b>
<b>BOOK VALUE PER SHARE</b>			
<b>COMMON DIVIDEND PAYOUT RATIO (d)</b>	<b>82%</b>	<b>40%</b>	
<b>CAPITAL RATIOS</b>			
Tier I Capital Ratio			
Total Capital Ratio			
Tier I Leverage			

(a) See page 11 for a reconciliation between reported results and operating results.

(b) Excludes the amortization of intangibles.

(c) Diluted earnings per share have been reduced by \$0.01 in the year ended December 31, 2001 due to the impact of the adoption of SFAS 133 relating to the accounting for derivative instruments and hedging activities.

(d) Operating basis

(e) Estimated

bp — Denotes basis points; 100 bp equals 1%

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

	4QTR 2001	3QTR 2001	4QTR 2000	4QTR 2001 Over (Under)	
				3Q 2001	4Q 2000
<b>OPERATING REVENUE</b>					
Investment Bank	\$3,106	\$3,587	\$3,707	(13)%	(16)%
Investment Management & Private Banking	729	736	910	(1)	(20)
Retail & Middle Market Financial Services	2,868	2,785	2,591	3	11
Treasury & Securities Services	890	926	914	(4)	(3)
Corporate (b)	(307)	(236)	(411)	(30)	25
<b>OPERATING REVENUE EXCLUDING JPMP</b>	<b>7,286</b>	<b>7,798</b>	<b>7,711</b>	<b>(7)</b>	<b>(6)</b>
JPMorgan Partners	(445)	(179)	(136)	(149)	(227)
<b>OPERATING REVENUE (b)</b>	<b>\$6,841</b>	<b>\$7,619</b>	<b>\$7,575</b>	<b>(10)</b>	<b>(10)</b>
<b>EARNINGS</b>					
Investment Bank	\$ 379	\$ 712	\$ 497	(47)	(24)
Investment Management & Private Banking	115	124	138	(7)	(17)
Retail & Middle Market Financial Services	343	441	456	(22)	(25)
Treasury & Securities Services	168	185	184	(9)	(9)
Corporate (b)	(225)	(87)	(187)	(159)	(20)
<b>CASH OPERATING EARNINGS EXCLUDING JPMP</b>	<b>780</b>	<b>1,375</b>	<b>1,088</b>	<b>(43)</b>	<b>(28)</b>
JPMorgan Partners	(346)	(157)	(139)	(120)	(149)
<b>CASH OPERATING EARNINGS (c)</b>	<b>434</b>	<b>1,218</b>	<b>949</b>	<b>(64)</b>	<b>(54)</b>
Less: Amortization of Intangibles	187	182	186	3	1
<b>OPERATING EARNINGS (c)</b>	<b>247</b>	<b>1,036</b>	<b>763</b>	<b>(76)</b>	<b>(68)</b>
Restructuring/Merger Expenses & Special Items	(579)	(587)	(55)	1	NM
<b>NET INCOME (LOSS) (c)</b>	<b>\$ (332)</b>	<b>\$ 449</b>	<b>\$ 708</b>	<b>NM</b>	<b>NM</b>
<b>EARNINGS PER SHARE — DILUTED</b>					
<b>CASH OPERATING EARNINGS EXCLUDING JPMP</b>	<b>\$ 0.38</b>	<b>\$ 0.67</b>	<b>\$ 0.53</b>	<b>(43)</b>	<b>(28)</b>
Impact of JPMP	(0.17)	(0.07)	(0.07)	(143)	(143)
<b>CASH OPERATING EARNINGS (c)</b>	<b>0.21</b>	<b>0.60</b>	<b>0.46</b>	<b>(65)</b>	<b>(54)</b>
Impact of Intangibles	(0.09)	(0.09)	(0.09)	—	—
<b>OPERATING EARNINGS (c)</b>	<b>0.12</b>	<b>0.51</b>	<b>0.37</b>	<b>(76)</b>	<b>(68)</b>
Restructuring/Merger Expenses & Special Items	(0.29)	(0.29)	(0.03)	—	NM
<b>NET INCOME (LOSS) (c)</b>	<b>\$ (0.18)(d)</b>	<b>\$ 0.22</b>	<b>\$ 0.34</b>	<b>NM</b>	<b>NM</b>
<b>CASH OPERATING RETURN ON COMMON EQUITY</b>					
Investment Bank	7.8%	15.1%	9.3%	(730)bp	(150)bp
Investment Management & Private Banking	7.5	8.1	8.3	(60)	(80)
Retail & Middle Market Financial Services	15.3	19.9	21.5	(460)	(620)
Treasury & Securities Services	23.2	25.2	25.2	(200)	(200)
<b>CASH OPERATING RETURN ON COMMON EQUITY (c)</b>	<b>4.0</b>	<b>11.5</b>	<b>9.1</b>	<b>(750)</b>	<b>(510)</b>
<b>OPERATING RETURN ON COMMON EQUITY (c)</b>	<b>2.2</b>	<b>9.8</b>	<b>7.3</b>	<b>(760)</b>	<b>(510)</b>

[Additional columns below]

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

FULL YEAR

2001  
Over (Under)

Proforma



	2001	2000	2000	2000 (a)
<b>OPERATING REVENUE</b>				
Investment Bank	\$14,899	\$15,963	(7)%	(11)%
Investment Management & Private Banking	3,085	3,362	(8)	(20)
Retail & Middle Market Financial Services	10,915	10,176	7	
Treasury & Securities Services	3,632	3,564	2	
Corporate (b)	(976)	(1,061)	8	
OPERATING REVENUE EXCLUDING JPMP	31,555	32,004	(1)	(5)
JPMorgan Partners	(1,457)	789	NM	
OPERATING REVENUE (b)	\$30,098	\$32,793	(8)	(12)
<b>EARNINGS</b>				
Investment Bank	\$ 2,945	\$ 3,486	(16)	(18)
Investment Management & Private Banking	467	567	(18)	(30)
Retail & Middle Market Financial Services	1,688	1,785	(5)	
Treasury & Securities Services	693	693	—	
Corporate (b)	(507)	(334)	(52)	
CASH OPERATING EARNINGS EXCLUDING JPMP	5,286	6,197	(15)	(18)
JPMorgan Partners	(1,148)	258	NM	
CASH OPERATING EARNINGS (c)	4,138	6,455	(36)	(38)
Less: Amortization of Intangibles	729	528	38	
OPERATING EARNINGS (c)	3,409	5,927	(42)	(43)
Restructuring/Merger Expenses & Special Items	(1,715)	(200)	NM	
NET INCOME (LOSS) (c)	\$ 1,694	\$ 5,727	(70)	(70)
<b>EARNINGS PER SHARE — DILUTED</b>				
CASH OPERATING EARNINGS EXCLUDING JPMP	\$ 2.58	\$ 3.11	(17)	
Impact of JPMP	(0.57)	0.12	NM	
CASH OPERATING EARNINGS (c)	2.01	3.23	(38)	
Impact of Intangibles	(0.36)	(0.27)	(33)	
OPERATING EARNINGS (c)	1.65	2.96	(44)	
Restructuring/Merger Expenses & Special Items	(0.85)	(0.10)	NM	
NET INCOME (LOSS) (c)	\$ 0.80	\$ 2.86	(72)	
<b>CASH OPERATING RETURN ON COMMON EQUITY</b>				
Investment Bank	15.1%	18.3%	(320)bp	(260)bp
Investment Management & Private Banking	7.5	13.0	(550)	(260)
Retail & Middle Market Financial Services	19.5	20.6	(110)	
Treasury & Securities Services	23.6	24.0	(40)	
CASH OPERATING RETURN ON COMMON EQUITY (c)	9.8	17.6	(780)	
OPERATING RETURN ON COMMON EQUITY (c)	8.1	16.1	(800)	

- (a) Pro forma results assume that the purchase of Flemings occurred at the beginning of 2000 and primarily affected the Investment Bank, Investment Management & Private Banking and total consolidated results.
- (b) Includes LabMorgan, Support Units and the effects remaining at the corporate level after the implementation of management accounting policies.
- (c) Represents consolidated JPMorgan Chase.
- (d) Diluted EPS is reported as \$(0.18) which is the same as basic EPS, instead of \$(0.17), since using diluted average shares outstanding would cause antidilution. As a result, the net loss earnings per share does not foot by \$(0.01).

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

	Dec 31st 2001	Sep 30th 2001	Dec 31st 2000	Dec 31, 2001 Over (Under)	
				Sep 30, 01	Dec 31, 00
<b>ASSETS</b>					
Cash and Due from Banks	\$ 22,600	\$ 22,299	\$ 23,972	1%	(6)%
Deposits with Banks	12,743	9,341	8,333	36	53
Federal Funds Sold and Securities Purchased under Resale					
Agreements	63,727	78,997	69,474	(19)	(8)
Securities Borrowed	36,580	37,499	32,371	(2)	13
Trading Assets	189,405	250,550	215,622	(24)	(12)
Securities	59,760	66,468	73,695	(10)	(19)
Loans (Net of Allowance for Loan Losses)	212,920	219,411	212,385	(3)	—
Goodwill and Other Intangibles	15,347	14,683	15,833	5	(3)
Private Equity Investments	9,197	9,628	11,428	(4)	(20)
Other Assets	71,296	90,424	52,235	(21)	36
<b>TOTAL ASSETS</b>	<b>\$693,575</b>	<b>\$799,300</b>	<b>\$715,348</b>	<b>(13)</b>	<b>(3)</b>
<b>LIABILITIES</b>					
Deposits	\$293,650	\$281,604	\$279,365	4	5
Federal Funds Purchased and Securities Sold under Repurchase					
Agreements	128,445	181,775	131,738	(29)	(2)
Commercial Paper	18,510	19,299	24,851	(4)	(26)
Other Borrowed Funds	10,835	21,941	19,840	(51)	(45)
Trading Liabilities	109,051	129,411	128,674	(16)	(15)
Accounts Payable and Other Liabilities (Including the Allowance for Credit Losses)	47,813	75,231	40,754	(36)	17
Long-Term Debt	39,183	42,315	43,299	(7)	(10)
Guaranteed Preferred Beneficial Interests in the Firm's Junior Subordinated Deferrable Interest Debentures	4,439	4,439	3,939	—	13
<b>TOTAL LIABILITIES</b>	<b>651,926</b>	<b>756,015</b>	<b>672,460</b>	<b>(14)</b>	<b>(3)</b>
PREFERRED STOCK OF SUBSIDIARY	550	550	550	—	—
<b>STOCKHOLDERS' EQUITY</b>					
Preferred Stock	1,009	1,009	1,520	—	(34)
Common Stock	1,997	1,993	1,940	—	3
Capital Surplus	12,495	12,244	11,598	2	8
Retained Earnings	26,993	28,021	28,096	(4)	(4)
Accumulated Other Comprehensive Income (Loss)	(442)	267	(241)	NM	(83)
Treasury Stock, at Cost	(953)	(799)	(575)	(19)	(66)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>41,099</b>	<b>42,735</b>	<b>42,338</b>	<b>(4)</b>	<b>(3)</b>
<b>TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY</b>	<b>\$693,575</b>	<b>\$799,300</b>	<b>\$715,348</b>	<b>(13)</b>	<b>(3)</b>

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

	Dec 31st 2001	Sep 30th 2001	Dec 31st 2000	Dec 31, 2001 Over (Under)	
				Sep 30, 01	Dec 31, 00
<b>CREDIT-RELATED ASSETS:</b>					
Commercial Loans	\$104,864	\$116,578	\$119,460	(10)%	(12)%
Derivative and FX Contracts	71,157	85,407	76,373	(17)	(7)
Total Commercial Credit-Related Assets	176,021	201,985	195,833	(13)	(10)
Managed Consumer Loans (a)	134,004	125,431	114,461	7	17
Total Managed Credit-Related Assets	\$310,025	\$327,416	\$310,294	(5)	—
<b>NET CHARGE-OFFS: (b)</b>					
Commercial Loans	\$ 433	\$ 189	\$ 159	129	172
Credit Card — Managed	538	534	417	1	29
All Other Consumer	111	92	78	21	42
Managed Consumer Loans	649	626	495	4	31
FFIEC Conformity	—	—	93	NM	NM
Total Managed Net Charge-offs	\$ 1,082	\$ 815	\$ 747	33	45
<b>NONPERFORMING ASSETS:</b>					
Commercial Loans	\$ 1,997	\$ 2,018	\$ 1,434	(1)	39
Derivative and FX Contracts	170	46	37	270	359
Consumer Loans (a)	499	459	384	9	30
Assets Acquired in Loan Satisfaction	124	123	68	1	82
Total	2,790	2,646	1,923	5	45
Other Receivables (c)	1,130	—	—	NM	NM
Total Nonperforming Assets	\$ 3,920(d)	\$ 2,646	\$ 1,923	48	104
<b>SELECTED COUNTRY TOTAL EXPOSURE (in billions)</b>					
Argentina	\$ 0.6(e)	\$ 0.9	\$ 1.4	(33)%	(57)%
Brazil	3.3(e)	3.5	2.4	(6)	38
Turkey	0.3(e)	0.2	0.7	50	(57)

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

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

(c) This amount relates to the Enron surety receivables and letter of credit, which is the subject of litigation with credit-worthy entities.

(d) Nonperforming assets have not been reduced for credit protection (single name credit default swaps and collateralized loan obligations) aggregating \$42 million related to nonperforming counterparties at December 31, 2001.

(e) Estimated

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

	FOURTH QUARTER 2001			
	REPORTED RESULTS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	OPERATING BASIS
<b>INCOME STATEMENT</b>				
Revenue	\$6,577	\$264	\$ —	\$6,841
Cash Expense	4,649	—	—	4,649
Amortization of Intangibles	187	—	—	187
Operating Margin	1,741	264	—	2,005
Credit Costs	1,468	264	—	1,732
Income before Merger and Restructuring Costs	273	—	—	273
Merger and Restructuring Costs	841	—	(841)	—
Income (Loss) before Income Tax Expense	(568)	—	841	273
Tax Expense (Benefit)	(236)	—	262	26
Net Income (Loss)	\$ (332)	\$ —	\$ 579	\$ 247
Add Back: Amortization of Intangibles				187
Cash Earnings				\$ 434
<b>NET INCOME (LOSS) PER SHARE</b>				
Basic	\$ (0.18)			\$ 0.12
Diluted	(0.18)			0.12
<b>CASH EARNINGS PER SHARE</b>				
Basic				\$ 0.21
Diluted				0.21

[Additional columns below]

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

	FOURTH QUARTER 2000			
	REPORTED RESULTS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	OPERATING BASIS
<b>INCOME STATEMENT</b>				
Revenue	\$8,543	\$258	\$(1,226)	\$7,575
Cash Expense	5,556	—	—	5,556
Amortization of Intangibles	186	—	—	186
Operating Margin	2,801	258	(1,226)	1,833
Credit Costs	409	258	—	667
Income before Merger and Restructuring Costs	2,392	—	(1,226)	1,166
Merger and Restructuring Costs	1,302	—	(1,302)	—
Income (Loss) before Income Tax Expense	1,090	—	76	1,166
Tax Expense (Benefit)	382	—	21	403
Net Income (Loss)	\$ 708	\$ —	\$ 55	\$ 763
Add Back: Amortization of Intangibles				186
Cash Earnings				\$ 949
<b>NET INCOME (LOSS) PER SHARE</b>				

Basic	\$ 0.36	\$ 0.39
Diluted	0.34	0.37
CASH EARNINGS PER SHARE		
Basic		\$ 0.48
Diluted		0.46

	FULL YEAR 2001			FULL YEAR 2000
	REPORTED RESULTS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	OPERATING BASIS
INCOME STATEMENT				
Revenue	\$29,050	\$1,048	\$ —	\$30,098
Cash Expense	20,047	—	—	20,047
Amortization of Intangibles	729	—	—	729
Operating Margin	8,274	1,048	—	9,322
Credit Costs	3,185	1,048	—	4,233
Income before Merger and Restructuring Costs	5,089	—	—	5,089
Merger and Restructuring Costs	2,523	—	(2,523)	—
Income before Income Tax Expense and Effect of Accounting Change	2,566	—	2,523	5,089
Tax Expense	847	—	833	1,680
Income before Effect of Accounting Change	1,719	—	1,690	3,409
Net Effect of Change in Accounting Principle	(25)	—	25	—
Net Income	\$ 1,694	\$ —	\$ 1,715	\$ 3,409
Add Back: Amortization of Intangibles				729
Cash Earnings				\$ 4,138
NET INCOME PER SHARE				
Basic	\$ 0.83(d)			\$ 1.69
Diluted	0.80(d)			1.65
CASH EARNINGS PER SHARE				
Basic				\$ 2.06
Diluted				2.01

[Additional columns below]

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

	FULL YEAR 2000			
	REPORTED RESULTS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	OPERATING BASIS
INCOME STATEMENT				
Revenue	\$32,934	\$990	\$(1,131)	\$32,793
Cash Expense	20,865	—	—	20,865
Amortization of Intangibles	528	—	—	528
Operating Margin	11,541	990	(1,131)	11,400
Credit Costs	1,377	990	—	2,367
Income before Merger and Restructuring Costs	10,164	—	(1,131)	9,033
Merger and Restructuring Costs	1,431	—	(1,431)	—
Income before Income Tax Expense and Effect of Accounting Change	8,733	—	300	9,033
Tax Expense	3,006	—	100	3,106
Income before Effect of Accounting Change	5,727	—	200	5,927
Net Effect of Change in Accounting Principle	—	—	—	—
Net Income	\$ 5,727	\$ —	\$ 200	\$ 5,927

Add Back: Amortization of Intangibles		528
Cash Earnings		\$ 6,455
NET INCOME PER SHARE		
Basic	\$ 2.99	\$ 3.09
Diluted	2.86	2.96
CASH EARNINGS PER SHARE		
Basic		\$ 3.38
Diluted		3.23

- 
- (a) Represents condensed results as reported in JPMorgan Chase's financial statements.
- (b) This column excludes the impact of credit card securitizations. For receivables that have been securitized, amounts that would have been reported as net interest income and as provision for loan losses are instead reported as components of noninterest revenue.
- (c) Includes merger and restructuring costs and special items. The 2001 fourth quarter and full year include \$841 million and \$2,523 million, respectively, in merger and restructuring expenses. The 2000 fourth quarter includes an \$827 million gain on the sale of the Hong Kong retail banking business, a \$399 million gain from the transfer of Euroclear related business, \$52 million of restructuring costs associated with previously announced relocation initiatives (\$181 million for the full year) and \$1,250 million in merger expenses. Also included in the 2000 full year was an \$81 million gain from the sale of a business in Panama and a \$176 million loss resulting from the economic hedge of the purchase price of Flemings prior to its acquisition.
- (d) Includes the effect of the accounting change. Excluding the accounting change, basic and diluted net income per share for the full year 2001 were \$0.84 and \$0.81, respectively.



PRESS RELEASE FINANCIAL SUPPLEMENT  
FOURTH QUARTER 2001

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On December 31, 2000, J.P. Morgan & Co. Incorporated (“J.P. Morgan”) merged with and into The Chase Manhattan Corporation (“Chase”). Upon consummation of the merger, Chase changed its name to J.P. Morgan Chase & Co. (“JPMorgan Chase” or “the Firm”). The merger was accounted for as a pooling of interests and, accordingly, the information included in this document reflects the combined results of Chase and J.P. Morgan as if the merger had been in effect for all periods presented. In addition, certain amounts have been reclassified to conform to the current presentation.



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

	4QTR 2001	3QTR 2001	2QTR 2001	1QTR 2001	4QTR 2000
<b>REVENUE</b>					
Investment Banking Fees	\$ 931	\$ 811	\$ 929	\$ 941	\$ 1,051
Trading Revenue	355	1,301	1,261	2,001	1,142
Fees and Commissions	2,424	2,331	2,388	2,065	2,387
Private Equity — Realized Gains (Losses)	81	204	(46)	412	373
Private Equity — Unrealized Gains (Losses)	(505)	(311)	(783)	(285)	(471)
Securities Gains	202	142	67	455	118
Other Revenue	145	212	274	246	1,482
<b>Total Noninterest Revenue</b>	<b>3,633</b>	<b>4,690</b>	<b>4,090</b>	<b>5,835</b>	<b>6,082</b>
Interest Income	6,823	7,709	8,469	9,180	9,922
Interest Expense	3,879	5,050	5,688	6,762	7,461
<b>Net Interest Income</b>	<b>2,944</b>	<b>2,659</b>	<b>2,781</b>	<b>2,418</b>	<b>2,461</b>
Revenue before Provision for Loan Losses	6,577	7,349	6,871	8,253	8,543
Provision for Loan Losses	1,468	745	525	447	409
<b>TOTAL NET REVENUE</b>	<b>5,109</b>	<b>6,604</b>	<b>6,346</b>	<b>7,806</b>	<b>8,134</b>
<b>EXPENSE</b>					
Compensation Expense	2,652	2,883	3,052	3,357	3,310
Occupancy Expense	334	339	327	348	351
Technology and Communications	640	663	674	654	668
Merger and Restructuring Costs	841	876	478	328	1,302
Amortization of Intangibles	187	182	183	177	186
Other Expense	1,023	992	1,047	1,062	1,227
<b>TOTAL NONINTEREST EXPENSE</b>	<b>5,677</b>	<b>5,935</b>	<b>5,761</b>	<b>5,926</b>	<b>7,044</b>
Income (Loss) before Income Tax Expense and Effect of Accounting Change	(568)	669	585	1,880	1,090
Income Tax Expense (Benefit)	(236)	220	207	656	382
<b>INCOME BEFORE EFFECT OF ACCOUNTING CHANGE</b>	<b>(332)</b>	<b>449</b>	<b>378</b>	<b>1,224</b>	<b>708</b>
Net Effect of Change in Accounting Principle	—	—	—	(25)	—
<b>NET INCOME (LOSS)</b>	<b>\$ (332)</b>	<b>\$ 449</b>	<b>\$ 378</b>	<b>\$ 1,199</b>	<b>\$ 708</b>
<b>NET INCOME (LOSS) PER SHARE (a)</b>					
Basic	\$ (0.18)	\$ 0.22	\$ 0.18	\$ 0.60	\$ 0.36
Diluted	(0.18)	0.22	0.18	0.58	0.34
<b>PERFORMANCE RATIOS</b>					
Return on Average Assets	NM	0.24%	0.21%	0.67%	0.40%
Return on Average Common Equity	NM	4.2	3.5	11.6	6.8
<b>FULL-TIME EQUIVALENT EMPLOYEES (b)</b>	<b>95,812</b>	<b>96,633</b>	<b>97,224</b>	<b>98,518</b>	<b>99,757</b>

[Additional columns below]

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

	4QTR 2001 Over (Under)		FULL YEAR		2001 Over (Under)
	3Q 2001	4Q 2000	2001	2000	2000
<b>REVENUE</b>					
Investment Banking Fees	15%	(11)%	\$ 3,612	\$ 4,362	(17)%
Trading Revenue	(73)	(69)	4,918	6,298	(22)
Fees and Commissions	4	2	9,208	9,229	—
Private Equity — Realized Gains (Losses)	(60)	(78)	651	2,051	(68)
Private Equity — Unrealized Gains (Losses)	(62)	(7)	(1,884)	(1,036)	(82)
Securities Gains	42	71	866	229	278
Other Revenue	(32)	(90)	877	2,289	(62)
<b>Total Noninterest Revenue</b>	(23)	(40)	<b>18,248</b>	<b>23,422</b>	(22)
Interest Income	(11)	(31)	32,181	36,643	(12)
Interest Expense	(23)	(48)	21,379	27,131	(21)
<b>Net Interest Income</b>	11	20	<b>10,802</b>	<b>9,512</b>	14
Revenue before Provision for Loan Losses	(11)	(23)	29,050	32,934	(12)
Provision for Loan Losses	97	259	3,185	1,377	131
<b>TOTAL NET REVENUE</b>	(23)	(37)	<b>25,865</b>	<b>31,557</b>	(18)
<b>EXPENSE</b>					
Compensation Expense	(8)	(20)	11,944	12,748	(6)
Occupancy Expense	(1)	(5)	1,348	1,294	4
Technology and Communications	(3)	(4)	2,631	2,454	7
Merger and Restructuring Costs	(4)	(35)	2,523	1,431	76
Amortization of Intangibles	3	1	729	528	38
Other Expense	3	(17)	4,124	4,369	(6)
<b>TOTAL NONINTEREST EXPENSE</b>	(4)	(19)	<b>23,299</b>	<b>22,824</b>	2
Income (Loss) before Income Tax Expense and Effect of Accounting Change	NM	NM	2,566	8,733	(71)
Income Tax Expense (Benefit)	NM	NM	847	3,006	(72)
<b>INCOME BEFORE EFFECT OF ACCOUNTING CHANGE</b>	NM	NM	<b>1,719</b>	<b>5,727</b>	(70)
Net Effect of Change in Accounting Principle	NM	NM	(25)	—	NM
<b>NET INCOME (LOSS)</b>	NM	NM	<b>\$ 1,694</b>	<b>\$ 5,727</b>	(70)
<b>NET INCOME (LOSS) PER SHARE (a)</b>					
Basic	NM	NM	\$ 0.83	\$ 2.99	(72)
Diluted	NM	NM	0.80	2.86	(72)
<b>PERFORMANCE RATIOS</b>					
Return on Average Assets	NM	NM	0.23%	0.85%	(62)bp
Return on Average Common Equity	NM	NM	3.9	15.6	(1,170)
<b>FULL-TIME EQUIVALENT EMPLOYEES (b)</b>	(1)%	(4)%			

(a) Basic and diluted earnings per share have been reduced by \$0.01 in the year ended December 31, 2001 due to the impact of the adoption of SFAS 133 relating to the accounting for derivative instruments and hedging activities.

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

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

	4QTR 2001	3QTR 2001	2QTR 2001	1QTR 2001	4QTR 2000
<b>OPERATING REVENUE</b>					
Investment Bank	\$3,106	\$3,587	\$3,773	\$4,433	\$3,707
Investment Management & Private Banking	729	736	801	819	910
Retail & Middle Market Financial Services	2,868	2,785	2,674	2,588	2,591
Treasury & Securities Services	890	926	912	904	914
Corporate (b)	(307)	(236)	(123)	(310)	(411)
<b>OPERATING REVENUE EXCLUDING JPMP</b>	<b>7,286</b>	<b>7,798</b>	<b>8,037</b>	<b>8,434</b>	<b>7,711</b>
JP Morgan Partners	(445)	(179)	(893)	60	(136)
<b>OPERATING REVENUE (c)</b>	<b>\$6,841</b>	<b>\$7,619</b>	<b>\$7,144</b>	<b>\$8,494</b>	<b>\$7,575</b>
<b>EARNINGS</b>					
Investment Bank	\$ 379	\$ 712	\$ 795	\$1,059	\$ 497
Investment Management & Private Banking	115	124	123	105	138
Retail & Middle Market Financial Services	343	441	451	453	456
Treasury & Securities Services	168	185	166	174	184
Corporate (b)	(225)	(87)	(38)	(157)	(187)
<b>CASH OPERATING EARNINGS EXCLUDING JPMP</b>	<b>780</b>	<b>1,375</b>	<b>1,497</b>	<b>1,634</b>	<b>1,088</b>
JP Morgan Partners	(346)	(157)	(624)	(21)	(139)
<b>CASH OPERATING EARNINGS (c)</b>	<b>434</b>	<b>1,218</b>	<b>873</b>	<b>1,613</b>	<b>949</b>
Amortization of Intangibles	187	182	183	177	186
<b>OPERATING EARNINGS (c)</b>	<b>247</b>	<b>1,036</b>	<b>690</b>	<b>1,436</b>	<b>763</b>
Restructuring/Merger Expenses & Special Items	(579)	(587)	(312)	(237)	(55)
<b>NET INCOME (LOSS) (c)</b>	<b>\$ (332)</b>	<b>\$ 449</b>	<b>\$ 378</b>	<b>\$1,199</b>	<b>\$ 708</b>
<b>EARNINGS PER SHARE — DILUTED</b>					
<b>CASH OPERATING EARNINGS EXCLUDING JPMP</b>	<b>\$ 0.38</b>	<b>\$ 0.67</b>	<b>\$ 0.73</b>	<b>\$ 0.80</b>	<b>\$ 0.53</b>
Impact of JPMP	(0.17)	(0.07)	(0.31)	(0.02)	(0.07)
<b>CASH OPERATING EARNINGS (c)</b>	<b>0.21</b>	<b>0.60</b>	<b>0.42</b>	<b>0.78</b>	<b>0.46</b>
Impact of Intangibles	(0.09)	(0.09)	(0.09)	(0.08)	(0.09)
<b>OPERATING EARNINGS (c)</b>	<b>0.12</b>	<b>0.51</b>	<b>0.33</b>	<b>0.70</b>	<b>0.37</b>
Restructuring/Merger Expenses & Special Items	(0.29)	(0.29)	(0.15)	(0.12)	(0.03)
<b>NET INCOME (LOSS) (c)</b>	<b>\$ (0.18) (d)</b>	<b>\$ 0.22</b>	<b>\$ 0.18</b>	<b>\$ 0.58</b>	<b>\$ 0.34</b>
<b>CASH OPERATING RETURN ON COMMON EQUITY</b>					
Investment Bank	7.8%	15.1%	16.6%	20.8%	9.3%
Investment Management & Private Banking	7.5	8.1	8.0	6.6	8.3
Retail & Middle Market Financial Services	15.3	19.9	21.1	22.1	21.5
Treasury & Securities Services	23.2	25.2	21.8	24.5	25.2
<b>CASH OPERATING RETURN ON COMMON EQUITY (c)</b>	<b>4.0</b>	<b>11.5</b>	<b>8.2</b>	<b>15.6</b>	<b>9.1</b>
<b>OPERATING RETURN ON COMMON EQUITY (c)</b>	<b>2.2</b>	<b>9.8</b>	<b>6.5</b>	<b>13.9</b>	<b>7.3</b>

[Additional columns below]

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

	4QTR 2001 Over (Under)		2001 Over (Under)			
			FULL YEAR			Proforma
	3Q 2001	4Q 2000	2001	2000	2000	2000 (a)
OPERATING REVENUE						
Investment Bank	(13)%	(16)%	\$14,899	\$15,963	(7)%	(11)%
Investment Management & Private Banking	(1)	(20)	3,085	3,362	(8)	(20)
Retail & Middle Market Financial Services	3	11	10,915	10,176	7	
Treasury & Securities Services	(4)	(3)	3,632	3,564	2	
Corporate (b)	(30)	25	(976)	(1,061)	8	
OPERATING REVENUE EXCLUDING JPMP	(7)	(6)	31,555	32,004	(1)	(5)
JPMorgan Partners	(149)	(227)	(1,457)	789	NM	
OPERATING REVENUE (c)	(10)	(10)	\$30,098	\$32,793	(8)	(12)
EARNINGS						
Investment Bank	(47)	(24)	\$ 2,945	\$ 3,486	(16)	(18)
Investment Management & Private Banking	(7)	(17)	467	567	(18)	(30)
Retail & Middle Market Financial Services	(22)	(25)	1,688	1,785	(5)	
Treasury & Securities Services	(9)	(9)	693	693	—	
Corporate (b)	(159)	(20)	(507)	(334)	(52)	
CASH OPERATING EARNINGS EXCLUDING JPMP	(43)	(28)	5,286	6,197	(15)	(18)
JPMorgan Partners	(120)	(149)	(1,148)	258	NM	
CASH OPERATING EARNINGS (c)	(64)	(54)	4,138	6,455	(36)	(38)
Amortization of Intangibles	3	1	729	528	38	
OPERATING EARNINGS (c)	(76)	(68)	3,409	5,927	(42)	(43)
Restructuring/Merger Expenses & Special Items	1	NM	(1,715)	(200)	NM	
NET INCOME (LOSS) (c)	NM	NM	\$ 1,694	\$ 5,727	(70)	(70)
EARNINGS PER SHARE — DILUTED						
CASH OPERATING EARNINGS EXCLUDING JPMP	(43)	(28)	\$ 2.58	\$ 3.11	(17)	
Impact of JPMP	(143)	(143)	(0.57)	0.12	NM	
CASH OPERATING EARNINGS (c)	(65)	(54)	2.01	3.23	(38)	
Impact of Intangibles	—	—	(0.36)	(0.27)	(33)	
OPERATING EARNINGS (c)	(76)	(68)	1.65	2.96	(44)	
Restructuring/Merger Expenses & Special Items	—	NM	(0.85)	(0.10)	NM	
NET INCOME (LOSS) (c)	NM	NM	\$ 0.80	\$ 2.86	(72)	
CASH OPERATING RETURN ON COMMON EQUITY						
Investment Bank	(730)bp	(150)bp	15.1%	18.3%	(320)bp	(260)bp
Investment Management & Private Banking	(60)	(80)	7.5	13.0	(550)	(260)
Retail & Middle Market Financial Services	(460)	(620)	19.5	20.6	(110)	
Treasury & Securities Services	(200)	(200)	23.6	24.0	(40)	
CASH OPERATING RETURN ON COMMON EQUITY (c)	(750)	(510)	9.8	17.6	(780)	
OPERATING RETURN ON COMMON EQUITY (c)	(760)	(510)	8.1	16.1	(800)	

(a) Pro forma results assume that the purchase of Flemings occurred at the beginning of 2000 and primarily affected the Investment Bank, Investment Management & Private Banking and total consolidated results.

(b) Includes LabMorgan, Support Units and the effects remaining at the corporate level after the implementation of management accounting policies.

- (c) Represents consolidated JPMorgan Chase.
- (d) Diluted EPS is reported as \$(0.18) which is the same as basic EPS, instead of \$(0.17), since using diluted average shares outstanding would cause antidilution. As a result, the net loss earnings per share does not foot by \$(0.01).

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

	4QTR 2001	3QTR 2001	2QTR 2001	1QTR 2001	4QTR 2000
<b>OPERATING REVENUE</b>					
Investment Banking Fees	\$ 932	\$ 812	\$ 929	\$ 942	\$1,051
Trading-Related Revenue (Including Trading NII)	904	1,614	1,594	2,167	1,414
Fees and Commissions	2,228	2,222	2,330	2,004	2,293
Private Equity — Realized Gains (Losses)	(38)	1	14	(1)	1
Private Equity — Unrealized Gains (Losses)	(1)	(5)	(17)	(4)	(6)
Securities Gains	202	142	67	455	118
Other Revenue	152	200	280	249	237
Net Interest Income (Excluding Trading NII)	2,907	2,812	2,840	2,622	2,603
<b>TOTAL OPERATING REVENUE</b>	<b>7,286</b>	<b>7,798</b>	<b>8,037</b>	<b>8,434</b>	<b>7,711</b>
<b>OPERATING EXPENSE</b>					
Compensation Expense	2,614	2,850	3,019	3,315	3,280
Noncompensation Expense (Excluding Intangibles)	1,942	1,958	2,007	2,010	2,192
<b>TOTAL CASH EXPENSE</b>	<b>4,556</b>	<b>4,808</b>	<b>5,026</b>	<b>5,325</b>	<b>5,472</b>
Credit Costs	1,732	1,015	798	688	667
Cash Operating Income before Taxes	998	1,975	2,213	2,421	1,572
Income Taxes	218	600	716	787	484
<b>CASH OPERATING EARNINGS</b>	<b>780</b>	<b>1,375</b>	<b>1,497</b>	<b>1,634</b>	<b>1,088</b>
Less: Amortization of Intangibles	182	177	178	171	181
<b>OPERATING EARNINGS</b>	<b>\$ 598</b>	<b>\$1,198</b>	<b>\$1,319</b>	<b>\$1,463</b>	<b>\$ 907</b>
<b>OPERATING BASIS</b>					
Diluted Earnings per Share	\$ 0.29	\$ 0.59	\$ 0.64	\$ 0.71	\$ 0.44
<b>CASH OPERATING BASIS</b>					
Diluted Earnings per Share	\$ 0.38	\$ 0.67	\$ 0.73	\$ 0.80	\$ 0.53
Return on Common Equity	8.6%	15.2%	16.9%	19.1%	12.9%
Overhead Ratio	63	62	63	63	71
Compensation Expense as a % of Operating Revenue	36	37	38	39	43
Noncompensation Expense as a % of Operating Revenue	27	25	25	24	28

[Additional columns below]

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

	4QTR 2001 Over (Under)		FULL YEAR		2001 Over (Under)
	3Q 2001	4Q 2000	2001	2000	2000
<b>OPERATING REVENUE</b>					
Investment Banking Fees	15%	(11)%	\$ 3,615	\$ 4,356	(17)%
Trading-Related Revenue (Including Trading NII)	(44)	(36)	6,279	7,155	(12)
Fees and Commissions	—	(3)	8,784	8,789	—
Private Equity — Realized Gains (Losses)	NM	NM	(24)	10	NM
Private Equity — Unrealized Gains (Losses)	80	83	(27)	17	NM
Securities Gains	42	71	866	229	278
Other Revenue	(24)	(36)	881	1,121	(21)
Net Interest Income (Excluding Trading NII)	3	12	11,181	10,327	8
<b>TOTAL OPERATING REVENUE</b>	(7)	(6)	<b>31,555</b>	<b>32,004</b>	(1)
<b>OPERATING EXPENSE</b>					
Compensation Expense	(8)	(20)	11,798	12,582	(6)
Noncompensation Expense (Excluding Intangibles)	(1)	(11)	7,917	7,871	1
<b>TOTAL CASH EXPENSE</b>	(5)	(17)	<b>19,715</b>	<b>20,453</b>	(4)
Credit Costs	71	160	4,233	2,367	79
Cash Operating Income before Taxes	(49)	(37)	7,607	9,184	(17)
Income Taxes	(64)	(55)	2,321	2,987	(22)
<b>CASH OPERATING EARNINGS</b>	(43)	(28)	<b>5,286</b>	<b>6,197</b>	(15)
Less: Amortization of Intangibles	3	1	708	514	38
<b>OPERATING EARNINGS</b>	(50)	(34)	<b>\$ 4,578</b>	<b>\$ 5,683</b>	(19)
<b>OPERATING BASIS</b>					
Diluted Earnings per Share	(51)	(34)	\$ 2.23	\$ 2.85	(22)
<b>CASH OPERATING BASIS</b>					
Diluted Earnings per Share	(43)	(28)	\$ 2.58	\$ 3.11	(17)
Return on Common Equity	(660)bp	(430)bp	14.9%	21.4%	(650)bp
Overhead Ratio	100	(800)	62	64	(200)
Compensation Expense as a % of Operating Revenue	(100)	(700)	37	39	(200)
Noncompensation Expense as a % of Operating Revenue	200	(100)	25	25	—

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

	4QTR 2001	3QTR 2001	2QTR 2001	1QTR 2001	4QTR 2000
<b>OPERATING REVENUE</b>					
Investment Banking Fees	\$ 931	\$ 811	\$ 929	\$ 941	\$1,051
Trading-Related Revenue (Including Trading NII)	904	1,614	1,594	2,167	1,414
Fees and Commissions	2,271	2,231	2,350	2,016	2,323
Private Equity — Realized Gains (Losses)	81	204	(46)	412	373
Private Equity — Unrealized Gains (Losses)	(505)	(311)	(783)	(285)	(471)
Securities Gains	202	142	67	455	118
Other Revenue	132	203	274	251	258
Net Interest Income (Excluding Trading NII)	2,825	2,725	2,759	2,537	2,509
<b>TOTAL OPERATING REVENUE</b>	<b>6,841</b>	<b>7,619</b>	<b>7,144</b>	<b>8,494</b>	<b>7,575</b>
<b>OPERATING EXPENSE</b>					
Compensation Expense	2,652	2,883	3,052	3,357	3,310
Noncompensation Expense (Excluding Intangibles)	1,997	1,994	2,048	2,064	2,246
<b>TOTAL CASH EXPENSE</b>	<b>4,649</b>	<b>4,877</b>	<b>5,100</b>	<b>5,421</b>	<b>5,556</b>
Credit Costs	1,732	1,015	798	688	667
Cash Operating Income before Taxes	460	1,727	1,246	2,385	1,352
Income Taxes	26	509	373	772	403
<b>CASH OPERATING EARNINGS</b>	<b>434</b>	<b>1,218</b>	<b>873</b>	<b>1,613</b>	<b>949</b>
Less: Amortization of Intangibles	187	182	183	177	186
<b>OPERATING EARNINGS</b>	<b>\$ 247</b>	<b>\$1,036</b>	<b>\$ 690</b>	<b>\$1,436</b>	<b>\$ 763</b>
<b>OPERATING BASIS</b>					
Diluted Earnings per Share	\$ 0.12	\$ 0.51	\$ 0.33	\$ 0.70	\$ 0.37
Common Dividend Payout Ratio	292%	66%	102%	48%	85%
Effective Tax Rate	10	33	35	35	35
<b>CASH OPERATING BASIS</b>					
Diluted Earnings per Share	\$ 0.21	\$ 0.60	\$ 0.42	\$ 0.78	\$ 0.46
SVA	(837)	(50)	(394)	370	(290)
Return on Managed Assets	0.23%	0.64%	0.47%	0.87%	0.52%
Return on Common Equity	4.0	11.5	8.2	15.6	9.1
Overhead Ratio	68	64	71	64	73
Compensation Expense as a % of Operating Revenue	39	38	43	40	44
Noncompensation Expense as a % of Operating Revenue	29	26	29	24	30



[Additional columns below]

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

	4QTR 2001 Over (Under)		FULL YEAR		2001 Over (Under)	
	3Q 2001	4Q 2000	2001	2000	2000	Proforma 2000 (a)
<b>OPERATING REVENUE</b>						
Investment Banking Fees	15%	(11)%	\$ 3,612	\$ 4,362	(17)%	(19)%
Trading-Related Revenue (Including Trading NII)	(44)	(36)	6,279	7,142	(12)	(13)
Fees and Commissions	2	(2)	8,868	8,879	—	(9)
Private Equity — Realized Gains (Losses)	(60)	(78)	651	2,051	(68)	(68)
Private Equity — Unrealized Gains (Losses)	(62)	(7)	(1,884)	(1,036)	(82)	(82)
Securities Gains	42	71	866	229	278	NM
Other Revenue	(35)	(49)	860	1,148	(25)	(33)
Net Interest Income (Excluding Trading NII)	4	13	10,846	10,018	8	7
<b>TOTAL OPERATING REVENUE</b>	(10)	(10)	<b>30,098</b>	<b>32,793</b>	(8)	(12)
<b>OPERATING EXPENSE</b>						
Compensation Expense	(8)	(20)	\$11,944	12,748	(6)	(11)
Noncompensation Expense (Excluding Intangibles)	—	(11)	8,103	8,117	—	(4)
<b>TOTAL CASH EXPENSE</b>	(5)	(16)	<b>20,047</b>	<b>20,865</b>	(4)	(8)
Credit Costs	71	160	4,233	2,367	79	78
Cash Operating Income before Taxes	(73)	(66)	5,818	9,561	(39)	(41)
Income Taxes	(95)	(94)	1,680	3,106	(46)	(46)
<b>CASH OPERATING EARNINGS</b>	(64)	(54)	<b>4,138</b>	<b>6,455</b>	(36)	(38)
Less: Amortization of Intangibles	3	1	729	528	38	(1)
<b>OPERATING EARNINGS</b>	(76)	(68)	<b>\$ 3,409</b>	<b>\$ 5,927</b>	(42)	(43)
<b>OPERATING BASIS</b>						
Diluted Earnings per Share	(76)	(68)	\$ 1.65	\$ 2.96	(44)	
Common Dividend Payout Ratio			82%	40%		
Effective Tax Rate	(2,300)bp	(2,500)bp	33	34	(100)bp	
<b>CASH OPERATING BASIS</b>						
Diluted Earnings per Share	(65)%	(54)%	\$ 2.01	\$ 3.23	(38)%	
SVA	NM	NM	(911)	2,018	NM	
Return on Managed Assets	(41)bp	(29)bp	0.55%	0.93%	(38)bp	
Return on Common Equity	(750)	(510)	9.8	17.6	(780)	
Overhead Ratio	400	(500)	67	64	300	
Compensation Expense as a % of Operating Revenue	100	(500)	40	39	100	
Noncompensation Expense as a % of Operating Revenue	300	(100)	27	25	200	

(a) Pro forma results assume that the purchase of Flemings occurred at the beginning of 2000 and primarily affected the Investment Bank, Investment Management & Private Banking and total consolidated results.

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

	4QTR 2001	3QTR 2001	2QTR 2001	1QTR 2001	4QTR 2000
<b>REVENUE</b>					
<b>TRADING REVENUE</b>					
Reported	\$ 355	\$1,301	\$1,261	\$2,001	\$ 1,142
Add: Trading-Related NII	549	313	333	166	272
<b>Operating</b>	<b>\$ 904</b>	<b>\$1,614</b>	<b>\$1,594</b>	<b>\$2,167</b>	<b>\$ 1,414</b>
<b>CREDIT CARD REVENUE (a)</b>					
Reported	\$ 662	\$ 548	\$ 465	\$ 433	\$ 460
Less: Impact of Securitizations	(153)	(100)	(38)	(49)	(64)
<b>Operating</b>	<b>\$ 509</b>	<b>\$ 448</b>	<b>\$ 427</b>	<b>\$ 384</b>	<b>\$ 396</b>
<b>OTHER REVENUE</b>					
Reported	\$ 145	\$ 212	\$ 274	\$ 246	\$ 1,482
Less: Gain on Sale of Hong Kong Retail Banking (b)	—	—	—	—	(827)
Gain on Transfer of Euroclear (b)	—	—	—	—	(399)
Gain on Sale of Panama Operations (b)	—	—	—	—	—
Loss on Economic Hedge of the Flemings Purchase Price (b)	—	—	—	—	—
Credit Card Securitizations	(13)	(9)	—	5	2
<b>Operating</b>	<b>\$ 132</b>	<b>\$ 203</b>	<b>\$ 274</b>	<b>\$ 251</b>	<b>\$ 258</b>
<b>NET INTEREST INCOME</b>					
Reported	\$2,944	\$2,659	\$2,781	\$2,418	\$ 2,461
Add: Impact of Credit Card Securitizations	430	379	311	285	320
Less: Trading-Related NII	(549)	(313)	(333)	(166)	(272)
<b>Operating</b>	<b>\$2,825</b>	<b>\$2,725</b>	<b>\$2,759</b>	<b>\$2,537</b>	<b>\$ 2,509</b>
<b>TOTAL REVENUE</b>					
Reported	\$6,577	\$7,349	\$6,871	\$8,253	\$ 8,543
Less: Credit Card Securitizations	264	270	273	241	258
Special Items (See above)	—	—	—	—	(1,226)
<b>Total Operating Revenue</b>	<b>\$6,841</b>	<b>\$7,619</b>	<b>\$7,144</b>	<b>\$8,494</b>	<b>\$ 7,575</b>
<b>EXPENSE</b>					
Reported	\$5,677	\$5,935	\$5,761	\$5,926	\$ 7,044
Merger and Restructuring Costs	(841)	(876)	(478)	(328)	(1,302)
<b>Operating Expense</b>	<b>4,836</b>	<b>5,059</b>	<b>5,283</b>	<b>5,598</b>	<b>5,742</b>
Less: Amortization of Intangibles	(187)	(182)	(183)	(177)	(186)
<b>Cash Operating Expense</b>	<b>\$4,649</b>	<b>\$4,877</b>	<b>\$5,100</b>	<b>\$5,421</b>	<b>\$ 5,556</b>
<b>CREDIT COSTS</b>					
Provision for Loan Losses — Reported	\$1,468	\$ 745	\$ 525	\$ 447	\$ 409
Add: Impact of Credit Card Securitizations	264	270	273	241	258
<b>Credit Costs — Operating</b>	<b>\$1,732</b>	<b>\$1,015</b>	<b>\$ 798</b>	<b>\$ 688</b>	<b>\$ 667</b>



[Additional columns below]

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

	4QTR 2001 Over (Under)		FULL YEAR		2001 Over (Under)
	3Q 2001	4Q 2000	2001	2000	2000
<b>REVENUE</b>					
<b>TRADING REVENUE</b>					
Reported	(73)%	(69)%	\$ 4,918	\$ 6,298	(22)%
Add: Trading-Related NII	75	102	1,361	844	61
<b>Operating</b>	(44)	(36)	<b>\$ 6,279</b>	<b>\$ 7,142</b>	(12)
<b>CREDIT CARD REVENUE (a)</b>					
Reported	21	44	\$ 2,108	\$ 1,771	19
Less: Impact of Securitizations	53	139	(340)	(350)	(3)
<b>Operating</b>	14	29	<b>\$ 1,768</b>	<b>\$ 1,421</b>	24
<b>OTHER REVENUE</b>					
Reported	(32)	(90)	\$ 877	\$ 2,289	(62)
Less: Gain on Sale of Hong Kong Retail Banking (b)	NM	NM	—	(827)	NM
Gain on Transfer of Euroclear (b)	NM	NM	—	(399)	NM
Gain on Sale of Panama Operations (b)	NM	NM	—	(81)	NM
Loss on Economic Hedge of the Flemings Purchase Price(b)	NM	NM	—	176	NM
Credit Card Securitizations	44	NM	(17)	(10)	70
<b>Operating</b>	(35)	(49)	<b>\$ 860</b>	<b>\$ 1,148</b>	(25)
<b>NET INTEREST INCOME</b>					
Reported	11	20	\$10,802	\$ 9,512	14
Add: Impact of Credit Card Securitizations	13	34	1,405	1,350	4
Less: Trading-Related NII	75	102	(1,361)	(844)	61
<b>Operating</b>	4	13	<b>\$10,846</b>	<b>\$10,018</b>	8
<b>TOTAL REVENUE</b>					
Reported	(11)	(23)	\$29,050	\$32,934	(12)
Less: Credit Card Securitizations	(2)	2	1,048	990	6
Special Items (See above)	NM	NM	—	(1,131)	NM
<b>Total Operating Revenue</b>	(10)	(10)	<b>\$30,098</b>	<b>\$32,793</b>	(8)
<b>EXPENSE</b>					
Reported	(4)	(19)	\$23,299	\$22,824	2
Merger and Restructuring Costs	(4)	(35)	(2,523)	(1,431)	76
<b>Operating Expense</b>	(4)	(16)	<b>20,776</b>	<b>21,393</b>	(3)
Less: Amortization of Intangibles	3	1	(729)	(528)	38
<b>Cash Operating Expense</b>	(5)	(16)	<b>\$20,047</b>	<b>\$20,865</b>	(4)
<b>CREDIT COSTS</b>					
Provision for Loan Losses — Reported	97	259	\$ 3,185	\$ 1,377	131
Add: Impact of Credit Card Securitizations	(2)	2	1,048	990	6
<b>Credit Costs — Operating</b>	71	160	<b>\$ 4,233</b>	<b>\$ 2,367</b>	79

- (a) Included in Fees and Commissions.
- (b) Represents special items.

## SEGMENT DETAIL

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

**INVESTMENT BANK  
FINANCIAL HIGHLIGHTS**  
(in millions, except ratios)

	4QTR 2001	3QTR 2001	2QTR 2001	1QTR 2001	4QTR 2000
<b>OPERATING INCOME STATEMENT</b>					
<b>REVENUE:</b>					
Trading Revenue (Including Trading NII)	\$ 969	\$ 1,518	\$ 1,571	\$ 2,126	\$ 1,337
Investment Banking Fees	937	809	923	941	1,045
Net Interest Income	830	806	735	721	663
Fees and Commissions	365	353	359	424	451
All Other Revenue	5	101	185	221	211
<b>TOTAL OPERATING REVENUE</b>	<b>3,106</b>	<b>3,587</b>	<b>3,773</b>	<b>4,433</b>	<b>3,707</b>
<b>EXPENSE:</b>					
Compensation Expense	1,224	1,354	1,476	1,731	1,820
Noncompensation Expense (Excluding Intangibles)	653	807	859	874	989
<b>TOTAL CASH EXPENSE</b>	<b>1,877</b>	<b>2,161</b>	<b>2,335</b>	<b>2,605</b>	<b>2,809</b>
Amortization of Intangibles	37	32	37	36	41
<b>TOTAL OPERATING EXPENSE</b>	<b>1,914</b>	<b>2,193</b>	<b>2,372</b>	<b>2,641</b>	<b>2,850</b>
Operating Margin	1,192	1,394	1,401	1,792	857
Credit Costs	619	270	169	97	141
Operating Income Before Taxes	573	1,124	1,232	1,695	716
Income Taxes	227	441	469	668	256
<b>OPERATING EARNINGS</b>	<b>\$ 346</b>	<b>\$ 683</b>	<b>\$ 763</b>	<b>\$ 1,027</b>	<b>\$ 460</b>
<b>CASH OPERATING EARNINGS</b>	<b>\$ 379</b>	<b>\$ 712</b>	<b>\$ 795</b>	<b>\$ 1,059</b>	<b>\$ 497</b>
Average Common Equity	\$ 19,091	\$ 18,610	\$ 19,070	\$ 20,500	\$ 20,930
Average Assets	510,817	514,637	506,838	511,813	487,878
SVA	(203)	144	217	443	(144)
Cash Return on Common Equity	7.8%	15.1%	16.6%	20.8%	9.3%
Cash Overhead Ratio	60	60	62	59	76
Compensation Expense as a % of Operating Revenue	39	38	39	39	49
<b>TRADING-RELATED REVENUE</b>					
Equities	\$ 90	\$ 230	\$ 412	\$ 478	\$ 229
Fixed Income and Other	879	1,288	1,159	1,648	1,108
<b>Total</b>	<b>\$ 969</b>	<b>\$ 1,518</b>	<b>\$ 1,571</b>	<b>\$ 2,126</b>	<b>\$ 1,337</b>
<b>INVESTMENT BANKING FEES</b>					
Advisory	\$ 269	\$ 331	\$ 303	\$ 349	\$ 462
Underwriting and Other Fees	668	478	620	592	583
<b>Total</b>	<b>\$ 937</b>	<b>\$ 809</b>	<b>\$ 923</b>	<b>\$ 941</b>	<b>\$ 1,045</b>
<b>MARKET SHARE/ RANKINGS: (b)</b>					
Global Syndicated Loans (c)	23.6% / #1	21.6% / #1	30.7% / #1	26.6% / #1	22.9% / #1
U.S. Investment Grade Bonds	13.9% / #2	15.7% / #2	13.8% / #2	15.7% / #2	15.2% / #2
Global High Yield Corporate Debt	16.9% / #2	11.7% / #3	9.9% / #5	5.7% / #9	7.6% / #3
Global Announced M&A	25.8% / #3	31.8% / #5	12.1% / #8	19.0% / #4	14.7% / #6
U.S. Equity and Equity-Related	7.5% / #6	7.2% / #7	2.1% / #9	0.9% / #9	0.9% / #12

[Additional columns below]

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

	4QTR 2001 Over (Under)		FULL YEAR		2001 Over (Under)	
	3Q 2001	4Q 2000	2001	2000	2000	Proforma 2000 (a)
OPERATING INCOME STATEMENT						
REVENUE:						
Trading Revenue (Including Trading NII)	(36)%	(28)%	\$ 6,184	\$ 6,820	(9)%	(10)%
Investment Banking Fees	16	(10)	3,610	4,356	(17)	(20)
Net Interest Income	3	25	3,092	2,596	19	14
Fees and Commissions	3	(19)	1,501	1,554	(3)	(21)
All Other Revenue	(95)	(98)	512	637	(20)	(31)
TOTAL OPERATING REVENUE	(13)	(16)	14,899	15,963	(7)	(11)
EXPENSE:						
Compensation Expense	(10)	(33)	5,785	6,641	(13)	(19)
Noncompensation Expense (Excluding Intangibles)	(19)	(34)	3,193	3,423	(7)	(10)
TOTAL CASH EXPENSE	(13)	(33)	8,978	10,064	(11)	(16)
Amortization of Intangibles	16	(10)	142	93	53	(7)
TOTAL OPERATING EXPENSE	(13)	(33)	9,120	10,157	(10)	(16)
Operating Margin	(14)	39	5,779	5,806	—	(2)
Credit Costs	129	339	1,155	255	353	328
Operating Income Before Taxes	(49)	(20)	4,624	5,551	(17)	(18)
Income Taxes	(49)	(11)	1,805	2,142	(16)	(17)
OPERATING EARNINGS	(49)	(25)	\$ 2,819	\$ 3,409	(17)	(19)
CASH OPERATING EARNINGS	(47)	(24)	\$ 2,945	\$ 3,486	(16)	(18)
Average Common Equity	3%	(9)%	\$ 19,312	\$ 18,796	3%	(4)%
Average Assets	(1)	5	511,034	471,283	8	7
SVA	NM	( 41)	601	1,187	(49)	(48)
Cash Return on Common Equity	(730)bp	(150)bp	15.1%	18.3%	(320)bp	(260)bp
Cash Overhead Ratio	—	(1,600)	60	63	(300)	(400)
Compensation Expense as a % of Operating Revenue	100	(1,000)	39	42	(300)	(300)
TRADING-RELATED REVENUE						
Equities	(61)%	(61)%	\$ 1,210	\$ 1,636	(26)%	(29)%
Fixed Income and Other	(32)	(21)	4,974	5,184	(4)	(4)
Total	(36)	(28)	\$ 6,184	\$ 6,820	(9)	(10)
INVESTMENT BANKING FEES						
Advisory	(19)%	(42)%	\$ 1,252	\$ 1,801	(30)%	(34)%
Underwriting and Other Fees	40	15	2,358	2,555	(8)	(10)
Total	16	(10)	\$ 3,610	\$ 4,356	(17)	(20)
MARKET SHARE/ RANKINGS: (b)						
Global Syndicated Loans (c)			26.0% / #1	22.9% / #1		
U.S. Investment Grade Bonds			14.8% / #2	16.4% / #2		
Global High Yield Corporate Debt			9.8% / #4	10.0% / #5		
Global Announced M&A			22.3% / #5	16.7% / #6		
U.S. Equity and Equity-Related			4.2% / #8	5.3% / #6		

(a) Pro forma results assume that the purchase of Flemings occurred at the beginning of 2000.



- (b) Derived from Thomson Financial Securities Data. Global announced M&A based on rank value; all others based on proceeds, with full credit to each book manager/equal if joint.
- (c) In 2001, data reflects the Bookrunner title for all regions. Data before 2001 combined the Bookrunner title in the Americas with the Mandated Arranger title elsewhere, since global Bookrunner data was not published.

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

**J.P. MORGAN CHASE & CO.**
**INVESTMENT MANAGEMENT & PRIVATE BANKING**
**FINANCIAL HIGHLIGHTS**

(in millions, except ratios)

	4QTR 2001	3QTR 2001	2QTR 2001	1QTR 2001	4QTR 2000
<b>OPERATING INCOME STATEMENT</b>					
<b>REVENUE:</b>					
Fees and Commissions	\$ 555	\$ 558	\$ 591	\$ 596	\$ 655
Net Interest Income	136	128	138	145	161
All Other Revenue	38	50	72	78	94
<b>TOTAL OPERATING REVENUE</b>	<b>729</b>	<b>736</b>	<b>801</b>	<b>819</b>	<b>910</b>
<b>EXPENSE:</b>					
Compensation Expense	286	299	341	377	386
Noncompensation Expense (Excluding Intangibles)	295	275	305	308	339
<b>TOTAL CASH EXPENSE</b>	<b>581</b>	<b>574</b>	<b>646</b>	<b>685</b>	<b>725</b>
Amortization of Intangibles	72	75	71	71	71
<b>TOTAL OPERATING EXPENSE</b>	<b>653</b>	<b>649</b>	<b>717</b>	<b>756</b>	<b>796</b>
Operating Margin	76	87	84	63	114
Credit Costs	5	6	—	5	6
Operating Income Before Taxes	71	81	84	58	108
Income Taxes	27	32	31	23	40
<b>OPERATING EARNINGS</b>	<b>\$ 44</b>	<b>\$ 49</b>	<b>\$ 53</b>	<b>\$ 35</b>	<b>\$ 68</b>
<b>CASH OPERATING EARNINGS</b>	<b>\$ 115</b>	<b>\$ 124</b>	<b>\$ 123</b>	<b>\$ 105</b>	<b>\$ 138</b>
Average Common Equity	\$ 5,980	\$ 5,951	\$ 6,066	\$ 6,318	\$ 6,473
Average Assets	33,817	34,038	33,512	35,247	34,518
SVA	(68)	(58)	(61)	(85)	(60)
Cash Return on Common Equity	7.5%	8.1%	8.0%	6.6%	8.3%
Cash Overhead Ratio	80	78	81	84	80
<b>(In billions)</b>					
<b>ASSETS UNDER MANAGEMENT (b)</b>	<b>\$ 605(c)</b>	<b>\$ 584</b>	<b>\$ 611</b>	<b>\$ 608</b>	<b>\$ 638</b>
Private Banking	141(c)	137	144	146	152
Institutional	404(c)	390	406	404	424
Retail	60(c)	57	61	58	62
<b>ASSETS UNDER MANAGEMENT</b>	<b>\$ 605(c)</b>	<b>\$ 584</b>	<b>\$ 611</b>	<b>\$ 608</b>	<b>\$ 638</b>
Americas	441(c)	423	433	429	440
Europe and Asia	164(c)	161	178	179	198
<b>ASSETS UNDER MANAGEMENT</b>	<b>\$ 605(c)</b>	<b>\$ 584</b>	<b>\$ 611</b>	<b>\$ 608</b>	<b>\$ 638</b>
Fixed Income and Cash	329(c)	314	308	310	297
Equities and Other	276(c)	270	303	298	341
<b>ASSETS UNDER SUPERVISION (d)</b>					
Private Banking	\$ 302(c)	\$ 302	\$ 316	\$ 320	\$ 342

[Additional columns below]

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

	4QTR 2001 Over (Under)		FULL YEAR		2001 Over (Under)	
	3Q 2001	4Q 2000	2001	2000	2000	Proforma 2000 (a)
<b>OPERATING INCOME STATEMENT</b>						
<b>REVENUE:</b>						
Fees and Commissions	(1)%	(15)%	\$ 2,300	\$ 2,240	3%	(12)%
Net Interest Income	6	(16)	547	645	(15)	(16)
All Other Revenue	(24)	(60)	238	477	(50)	(58)
<b>TOTAL OPERATING REVENUE</b>	(1)	(20)	<b>3,085</b>	<b>3,362</b>	(8)	(20)
<b>EXPENSE:</b>						
Compensation Expense	(4)	(26)	1,303	1,406	(7)	(18)
Noncompensation Expense (Excluding Intangibles)	7	(13)	1,183	1,110	7	(5)
<b>TOTAL CASH EXPENSE</b>	1	(20)	<b>2,486</b>	<b>2,516</b>	(1)	(13)
Amortization of Intangibles	(4)	1	289	144	101	99
<b>TOTAL OPERATING EXPENSE</b>	1	(18)	<b>2,775</b>	<b>2,660</b>	4	(7)
Operating Margin	(13)	(33)	310	702	(56)	(64)
Credit Costs	(17)	(17)	16	26	(38)	(38)
Operating Income Before Taxes	(12)	(34)	294	676	(57)	(64)
Income Taxes	(16)	(33)	113	251	(55)	(63)
<b>OPERATING EARNINGS</b>	(10)	(35)	<b>\$ 181</b>	<b>\$ 425</b>	(57)	(65)
<b>CASH OPERATING EARNINGS</b>	(7)	(17)	<b>\$ 467</b>	<b>\$ 567</b>	(18)	(30)
Average Common Equity	—%	(8)%	\$ 6,077	\$ 4,283	42%	(7)%
Average Assets	(1)	(2)	34,149	30,472	12	(4)
SVA	(17)	(13)	(272)	44	NM	(119)
Cash Return on Common Equity	(60)bp	(80)bp	7.5%	13.0%	(550)bp	(260)bp
Cash Overhead Ratio	200	—	81	75	600	700
<b>(In billions)</b>						
<b>ASSETS UNDER MANAGEMENT (b)</b>	4%	(5)%				
Private Banking	3	(7)				
Institutional	4	(5)				
Retail	5	(3)				
<b>ASSETS UNDER MANAGEMENT</b>	4	(5)				
Americas	4	—				
Europe and Asia	2	(17)				
<b>ASSETS UNDER MANAGEMENT</b>	4	(5)				
Fixed Income and Cash	5	11				
Equities and Other	2	(19)				
<b>ASSETS UNDER SUPERVISION (d)</b>						
Private Banking						

- (a) Pro forma results assume that the purchase of Flemings occurred at the beginning of 2000.
- (b) Assets under management represent assets actively managed by Investment Management & Private Banking on behalf of institutional and Private Banking clients. Excludes assets managed at American Century Companies Inc.
- (c) Estimated
- (d) Assets under supervision represent assets under management as well as custody, restricted stock, deposit, brokerage and loan accounts.

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



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

**TREASURY & SECURITIES SERVICES**

**FINANCIAL HIGHLIGHTS**

(in millions, except ratios)

	4QTR 2001	3QTR 2001	2QTR 2001	1QTR 2001	4QTR 2000
<b>OPERATING INCOME STATEMENT</b>					
<b>REVENUE:</b>					
Fees and Commissions	\$ 522	\$ 511	\$ 521	\$ 505	\$ 495
Net Interest Income	333	358	342	358	368
All Other Revenue	35	57	49	41	51
<b>TOTAL OPERATING REVENUE</b>	<b>890</b>	<b>926</b>	<b>912</b>	<b>904</b>	<b>914</b>
<b>EXPENSE:</b>					
Compensation Expense	276	287	287	298	256
Noncompensation Expense (Excluding Intangibles)	354	353	370	338	374
<b>TOTAL CASH EXPENSE</b>	<b>630</b>	<b>640</b>	<b>657</b>	<b>636</b>	<b>630</b>
Amortization of Intangibles	22	20	21	19	18
<b>TOTAL OPERATING EXPENSE</b>	<b>652</b>	<b>660</b>	<b>678</b>	<b>655</b>	<b>648</b>
Operating Margin	238	266	234	249	266
Credit Costs	4	1	2	1	1
Operating Income Before Taxes	234	265	232	248	265
Income Taxes	86	98	85	92	98
<b>OPERATING EARNINGS</b>	<b>\$ 148</b>	<b>\$ 167</b>	<b>\$ 147</b>	<b>\$ 156</b>	<b>\$ 167</b>
<b>CASH OPERATING EARNINGS</b>	<b>\$ 168</b>	<b>\$ 185</b>	<b>\$ 166</b>	<b>\$ 174</b>	<b>\$ 184</b>
Average Common Equity	\$ 2,865	\$ 2,898	\$ 3,022	\$ 2,861	\$ 2,881
Average Assets	17,891	18,492	18,614	17,204	17,301
SVA	81	96	74	88	96
Cash Return on Common Equity	23.2%	25.2%	21.8%	24.5%	25.2%
Cash Overhead Ratio	71	69	72	70	69
<b>OPERATING REVENUE BY BUSINESS:</b>					
Treasury Services	\$ 353	\$ 346	\$ 335	\$ 322	\$ 356
Investor Services	352	400	392	399	398
Institutional Trust Services	179	175	180	179	156
Other	6	5	5	4	4
<b>Total Treasury &amp; Securities Services</b>	<b>\$ 890</b>	<b>\$ 926</b>	<b>\$ 912</b>	<b>\$ 904</b>	<b>\$ 914</b>

[Additional columns below]

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

	4QTR 2001 Over (Under)		FULL YEAR		2001 Over (Under)
	3Q 2001	4Q 2000	2001	2000	2000
<b>OPERATING INCOME STATEMENT</b>					
<b>REVENUE:</b>					
Fees and Commissions	2%	5%	\$ 2,059	\$ 1,937	6%
Net Interest Income	(7)	(10)	1,391	1,403	(1)
All Other Revenue	(39)	(31)	182	224	(19)
<b>TOTAL OPERATING REVENUE</b>	(4)	(3)	<b>3,632</b>	<b>3,564</b>	2
<b>EXPENSE:</b>					
Compensation Expense	(4)	8	1,148	1,071	7
Noncompensation Expense (Excluding Intangibles)	—	(5)	1,415	1,418	—
<b>TOTAL CASH EXPENSE</b>	(2)	—	<b>2,563</b>	<b>2,489</b>	3
Amortization of Intangibles	10	22	82	70	17
<b>TOTAL OPERATING EXPENSE</b>	(1)	1	<b>2,645</b>	<b>2,559</b>	3
Operating Margin	(11)	(11)	987	1,005	(2)
Credit Costs	300	300	8	4	100
Operating Income Before Taxes	(12)	(12)	979	1,001	(2)
Income Taxes	(12)	(12)	361	372	(3)
<b>OPERATING EARNINGS</b>	(11)	(11)	<b>\$ 618</b>	<b>\$ 629</b>	(2)
<b>CASH OPERATING EARNINGS</b>	(9)	(9)	<b>\$ 693</b>	<b>\$ 693</b>	—
Average Common Equity	(1)%	(1)%	\$ 2,912	\$ 2,855	2%
Average Assets	(3)	3	18,053	16,591	9
SVA	(16)	(16)	339	344	(1)
Cash Return on Common Equity	(200)bp	(200)bp	23.6%	24.0%	(40)bp
Cash Overhead Ratio	200	200	71	70	100
<b>OPERATING REVENUE BY BUSINESS:</b>					
Treasury Services	2%	(1)%	\$ 1,356	\$ 1,311	3%
Investor Services	(12)	(12)	1,543	1,613	(4)
Institutional Trust Services	2	15	713	620	15
Other	20	50	20	20	—
<b>Total Treasury &amp; Securities Services</b>	(4)	(3)	<b>\$ 3,632</b>	<b>\$ 3,564</b>	2

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

J.P. MORGAN CHASE & CO.

**JPMORGAN PARTNERS**  
**FINANCIAL HIGHLIGHTS**  
(in millions, except ratios)

	4QTR 2001	3QTR 2001	2QTR 2001	1QTR 2001	4QTR 2000
<b>OPERATING INCOME STATEMENT</b>					
<b>REVENUE:</b>					
Private Equity:					
Realized Gains (Losses)	\$ 119	\$ 203	\$ (60)	\$ 413	\$ 372
Unrealized Gains (Losses)	(504)	(306)	(766)	(281)	(465)
Total Private Equity Gains (Losses)	(385)	(103)	(826)	132	(93)
Net Interest Income (Loss)	(82)	(87)	(81)	(85)	(94)
Fees and Other Revenue	22	11	14	13	51
<b>TOTAL OPERATING REVENUE</b>	<b>(445)</b>	<b>(179)</b>	<b>(893)</b>	<b>60</b>	<b>(136)</b>
<b>EXPENSE:</b>					
Compensation Expense	38	33	33	42	30
Noncompensation Expense (Excluding Intangibles)	53	34	39	54	52
<b>TOTAL CASH EXPENSE</b>	<b>91</b>	<b>67</b>	<b>72</b>	<b>96</b>	<b>82</b>
Amortization of Intangibles	7	7	7	6	7
<b>TOTAL OPERATING EXPENSE</b>	<b>98</b>	<b>74</b>	<b>79</b>	<b>102</b>	<b>89</b>
Operating Margin	(543)	(253)	(972)	(42)	(225)
Credit Costs	—	—	—	—	—
Operating Income (Loss) Before Taxes	(543)	(253)	(972)	(42)	(225)
Income Taxes (Benefit)	(192)	(91)	(343)	(15)	(81)
<b>OPERATING EARNINGS (LOSS)</b>	<b>\$ (351)</b>	<b>\$ (162)</b>	<b>\$ (629)</b>	<b>\$ (27)</b>	<b>\$ (144)</b>
<b>CASH OPERATING EARNINGS (LOSS)</b>	<b>\$ (346)</b>	<b>\$ (157)</b>	<b>\$ (624)</b>	<b>\$ (21)</b>	<b>\$ (139)</b>
Average Common Equity	\$ 6,019	\$ 5,994	\$ 6,494	\$ 7,019	\$ 7,461
Average Assets	11,098	10,750	11,684	13,159	12,961
SVA	(575)	(386)	(870)	(283)	(423)

[Additional columns below]

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

	4QTR 2001 Over (Under)		FULL YEAR		2001 Over (Under)
	3Q 2001	4Q 2000	2001	2000	2000
<b>OPERATING INCOME STATEMENT</b>					
<b>REVENUE:</b>					
Private Equity:					
Realized Gains (Losses)	(41)%	(68)%	\$ 675	\$ 2,041	(67)%
Unrealized Gains (Losses)	(65)	(8)	(1,857)	(1,053)	(76)
Total Private Equity Gains (Losses)	(274)	(314)	(1,182)	988	NM
Net Interest Income (Loss)	6	13	(335)	(309)	(8)
Fees and Other Revenue	100	(57)	60	110	(45)
<b>TOTAL OPERATING REVENUE</b>	(149)	(227)	<b>(1,457)</b>	<b>789</b>	NM
<b>EXPENSE:</b>					
Compensation Expense	15	27	146	166	(12)
Noncompensation Expense (Excluding Intangibles)	56	2	180	239	(25)
<b>TOTAL CASH EXPENSE</b>	36	11	<b>326</b>	<b>405</b>	(20)
Amortization of Intangibles	—	—	27	21	29
<b>TOTAL OPERATING EXPENSE</b>	32	10	<b>353</b>	<b>426</b>	(17)
Operating Margin	(115)	(141)	(1,810)	363	NM
Credit Costs	NM	NM	—	—	NM
Operating Income (Loss) Before Taxes	(115)	(141)	(1,810)	363	NM
Income Taxes (Benefit)	(111)	(137)	(641)	119	NM
<b>OPERATING EARNINGS (LOSS)</b>	(117)	(144)	<b>\$ (1,169)</b>	<b>\$ 244</b>	NM
<b>CASH OPERATING EARNINGS (LOSS)</b>	(120)	(149)	<b>\$ (1,148)</b>	<b>\$ 258</b>	NM
Average Common Equity	—%	(19)%	\$ 6,377	\$ 7,526	(15)%
Average Assets	3	(14)	11,665	13,319	(12)
SVA	(49)	(36)	(2,114)	(888)	(138)

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



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

						Dec 31, 2001	
	Dec 31st	Sep 30th	Jun 30th	Mar 31st	Dec 31st	Over (Under)	
	2001	2001	2001	2001	2000	Sep 30, 01	Dec 31, 00
<b>PORTFOLIO INFORMATION</b>							
Public Securities (163 companies) (a) (b)							
Carrying Value	\$ 998	\$ 1,149	\$ 1,680	\$ 1,611	\$ 1,859	(13)%	(46)%
Cost	802	829	974	1,018	967	(3)	(17)
Private Direct Securities (959 companies) (b)							
Carrying Value	6,289	6,371	6,089	7,144	7,538	(1)	(17)
Cost	7,544	7,322	6,998	7,318	7,480	3	1
Private Fund Investments (338 funds) (b)							
Carrying Value	1,910	2,108	2,086	2,122	2,362	(9)	(19)
Cost	2,182	2,217	2,201	2,141	2,379	(2)	(8)
Total Investment Portfolio — Carrying Value	\$ 9,197	\$ 9,628	\$ 9,855	\$10,877	\$11,759	(4)	(22)
Total Investment Portfolio — Cost	\$10,528	\$10,368	\$10,173	\$10,477	\$10,826	2	(3)

**Public Securities Investments at December 31, 2001**

	Symbol	Shares	Quoted Public Value	Cost
TRITON PCS HOLDING, INC.	TPC	16.0	\$ 469	\$ 70
TELECORP PCS	TLCP	7.7	96	5
FISHER SCIENTIFIC INTERNATIONAL	FSH	3.0	86	27
DJ ORTHOPEDICS, INC.	DJO	5.9	78	54
PACKAGING CORP OF AMERICA	PKG	3.9	70	18
ENCORE ACQUISITION COMPANY	EAC	4.9	65	34
GUITAR CENTER INC.	GTRC	4.7	63	50
1-800 FLOWERS.COM	FLWS	3.9	61	14
AMERICAN TOWER CORP.	AMT	5.9	55	19
CROWN MEDIA HOLDINGS INC.	CRWN	2.7	31	40
<b>Top Ten Public Securities</b>			<b>\$1,074</b>	<b>\$331</b>
Other Public Securities (153 companies)			315	471
<b>Total Public Securities (163 companies)</b>			<b>\$1,389</b>	<b>\$802</b>

- (a) Publicly traded positions only.
- (b) Represents the number of companies and funds at December 31, 2001.

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

	4QTR 2001	3QTR 2001	2QTR 2001	1QTR 2001	4QTR 2000
<b><u>OPERATING INCOME STATEMENT</u></b>					
<b>REVENUE:</b>					
Net Interest Income	\$ 1,821	\$ 1,779	\$ 1,715	\$ 1,632	\$ 1,584
Fees and Commissions	772	782	840	465	741
Securities Gains	61	1	—	316	151
All Other Revenue	214	223	119	175	115
<b>TOTAL OPERATING REVENUE</b>	<b>2,868</b>	<b>2,785</b>	<b>2,674</b>	<b>2,588</b>	<b>2,591</b>
<b>EXPENSE:</b>					
Compensation Expense	617	627	604	573	560
Noncompensation Expense (Excluding Intangibles)	809	755	751	732	793
<b>TOTAL CASH EXPENSE</b>	<b>1,426</b>	<b>1,382</b>	<b>1,355</b>	<b>1,305</b>	<b>1,353</b>
Amortization of Intangibles	47	45	45	44	48
<b>TOTAL OPERATING EXPENSE</b>	<b>1,473</b>	<b>1,427</b>	<b>1,400</b>	<b>1,349</b>	<b>1,401</b>
Operating Margin	1,395	1,358	1,274	1,239	1,190
Credit Costs	918	712	609	564	520
Operating Income Before Taxes	477	646	665	675	670
Income Taxes	178	247	257	265	260
<b>OPERATING EARNINGS</b>	<b>\$ 299</b>	<b>\$ 399</b>	<b>\$ 408</b>	<b>\$ 410</b>	<b>\$ 410</b>
<b>CASH OPERATING EARNINGS</b>	<b>\$ 343</b>	<b>\$ 441</b>	<b>\$ 451</b>	<b>\$ 453</b>	<b>\$ 456</b>
Average Common Equity	\$ 8,847	\$ 8,738	\$ 8,497	\$ 8,239	\$ 8,360
Average Managed Assets (a)	168,983	166,963	166,691	158,965	153,623
SVA	73	174	193	205	200
Cash Return on Common Equity	15.3%	19.9%	21.1%	22.1%	21.5%
Cash Overhead Ratio	50	50	51	50	52

**RETAIL & MIDDLE MARKET FINANCIAL SERVICES' BUSINESSES**

<b>CARDMEMBER SERVICES:</b>					
Operating Revenues	\$ 1,247	\$ 1,134	\$ 1,058	\$ 988	\$ 995
Cash Operating Earnings	196	149	133	117	147
<b>HOME FINANCE:</b>					
Operating Revenues	\$ 425	\$ 449	\$ 394	\$ 343	\$ 330
Cash Operating Earnings	83	115	90	83	74
<b>REGIONAL BANKING GROUP:</b>					
Operating Revenues	\$ 712	\$ 743	\$ 760	\$ 770	\$ 784
Cash Operating Earnings	110	124	130	140	128
<b>MIDDLE MARKETS:</b>					
Operating Revenues	\$ 292	\$ 299	\$ 298	\$ 310	\$ 300
Cash Operating Earnings	65	77	72	85	77
<b>AUTO FINANCE:</b>					
Operating Revenues	\$ 160	\$ 137	\$ 133	\$ 110	\$ 106
Cash Operating Earnings	35	32	35	21	22

[Additional columns below]



	4QTR 2001 Over (Under)		FULL YEAR		2001 Over (Under)
	3Q 2001	4Q 2000	2001	2000	2000
<b>OPERATING INCOME STATEMENT</b>					
<b>REVENUE:</b>					
Net Interest Income	2%	15%	\$ 6,947	\$ 6,319	10%
Fees and Commissions	(1)	4	2,859	3,147	(9)
Securities Gains	NM	(60)	378	252	50
All Other Revenue	(4)	86	731	458	60
<b>TOTAL OPERATING REVENUE</b>	<b>3</b>	<b>11</b>	<b>10,915</b>	<b>10,176</b>	<b>7</b>
<b>EXPENSE:</b>					
Compensation Expense	(2)	10	2,421	2,248	8
Noncompensation Expense (Excluding Intangibles)	7	2	3,047	3,026	1
<b>TOTAL CASH EXPENSE</b>	<b>3</b>	<b>5</b>	<b>5,468</b>	<b>5,274</b>	<b>4</b>
Amortization of Intangibles	4	(2)	181	196	(8)
<b>TOTAL OPERATING EXPENSE</b>	<b>3</b>	<b>5</b>	<b>5,649</b>	<b>5,470</b>	<b>3</b>
Operating Margin	3	17	5,266	4,706	12
Credit Costs	29	77	2,803	2,083	35
Operating Income Before Taxes	(26)	(29)	2,463	2,623	(6)
Income Taxes	(28)	(32)	947	1,024	(8)
<b>OPERATING EARNINGS</b>	<b>(25)</b>	<b>(27)</b>	<b>\$ 1,516</b>	<b>\$ 1,599</b>	<b>(5)</b>
<b>CASH OPERATING EARNINGS</b>	<b>(22)</b>	<b>(25)</b>	<b>\$ 1,688</b>	<b>\$ 1,785</b>	<b>(5)</b>
Average Common Equity	1%	6%	\$ 8,582	\$ 8,556	—%
Average Managed Assets (a)	1	10	165,432	148,283	12
SVA	(58)	(64)	645	738	(13)
Cash Return on Common Equity	(460)bp	(620)bp	19.5%	20.6%	(110)bp
Cash Overhead Ratio	—	(200)	50	52	(200)
<b>RETAIL &amp; MIDDLE MARKET FINANCIAL SERVICES' BUSINESSES</b>					
<b>CARDMEMBER SERVICES:</b>					
Operating Revenues	10%	25%	\$ 4,427	\$ 3,797	17%
Cash Operating Earnings	32	33	595	511	16
<b>HOME FINANCE:</b>					
Operating Revenues	(5)	29	\$ 1,611	\$ 1,317	22
Cash Operating Earnings	(28)	12	371	308	20
<b>REGIONAL BANKING GROUP:</b>					
Operating Revenues	(4)	(9)	\$ 2,985	\$ 3,128	(5)
Cash Operating Earnings	(11)	(14)	504	549	(8)
<b>MIDDLE MARKETS:</b>					
Operating Revenues	(2)	(3)	\$ 1,199	\$ 1,230	(3)
Cash Operating Earnings	(16)	(16)	299	322	(7)
<b>AUTO FINANCE:</b>					
Operating Revenues	17	51	\$ 540	\$ 331	63
Cash Operating Earnings	9	59	123	39	215

(a) Excludes the impact of credit card securitizations.  
Note: Prior periods have been restated to conform with current methodologies.

## SUPPLEMENTAL DETAIL

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

	4QTR	3QTR	2QTR	1QTR	4QTR	4QTR 2001 Over (Under)	
	2001	2001	2001	2001	2000	3Q 2001	4Q 2000
<b><u>NONINTEREST REVENUE</u></b>							
<b>Investment Banking Fees:</b>							
Advisory	\$ 271	\$ 329	\$ 308	\$ 340	\$ 407	(18)%	(33)%
Underwriting and Other Fees	660	482	621	601	644	37	2
<b>Total</b>	<b>\$ 931</b>	<b>\$ 811</b>	<b>\$ 929</b>	<b>\$ 941</b>	<b>\$1,051</b>	15	(11)
<b>Trading-Related Revenue: (a)</b>							
Equities	\$ 101	\$ 251	\$ 450	\$ 505	\$ 262	(60)	(61)
Fixed Income and Other	803	1,363	1,144	1,662	1,152	(41)	(30)
<b>Total</b>	<b>\$ 904</b>	<b>\$1,614</b>	<b>\$1,594</b>	<b>\$2,167</b>	<b>\$1,414</b>	(44)	(36)
<b>Fees and Commissions:</b>							
Investment Management, Custody and Processing Services	\$ 939	\$ 918	\$ 943	\$ 974	\$1,008	2	(7)
Credit Card Revenue	662	548	465	433	460	21	44
Brokerage and Investment Services	305	268	308	363	343	14	(11)
Mortgage Servicing Fees, Net of Amortization and Writedowns	(81)	9	75	(233)	21	NM	NM
Other Lending-Related Service Fees	118	125	122	130	143	(6)	(17)
Deposit Service Charges	277	262	258	226	238	6	16
Other Fees	204	201	217	172	174	1	17
<b>Total</b>	<b>\$2,424</b>	<b>\$2,331</b>	<b>\$2,388</b>	<b>\$2,065</b>	<b>\$2,387</b>	4	2
<b>Other Revenue:</b>							
Residential Mortgage Origination/Sales Activities	\$ 156	\$ 151	\$ 146	\$ 99	\$ 59	3	164
Gains on Sales of Nonstrategic Assets	—	—	—	—	1,226	NM	NM
Loss on Economic Hedge of the Flemings Purchase Price (b)	—	—	—	—	—	NM	NM
All Other Revenue	(11)	61	128	147	197	NM	NM
<b>Total</b>	<b>\$ 145</b>	<b>\$ 212</b>	<b>\$ 274</b>	<b>\$ 246</b>	<b>\$1,482</b>	(32)	(90)
<b><u>NONINTEREST EXPENSE</u></b>							
<b>Other Expense:</b>							
Professional Services	\$ 289	\$ 267	\$ 288	\$ 295	\$ 365	8	(21)
Outside Services	156	181	166	166	171	(14)	(9)
Marketing	179	137	144	141	173	31	3
Travel and Entertainment	78	116	137	122	143	(33)	(45)
All Other	321	291	312	338	375	10	(14)
<b>Total</b>	<b>\$1,023</b>	<b>\$ 992</b>	<b>\$1,047</b>	<b>\$1,062</b>	<b>\$1,227</b>	3	(17)

[Additional columns below]

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

	FULL YEAR		2001 Over (Under)
	2001	2000	2000
<b><u>NONINTEREST REVENUE</u></b>			
<b>Investment Banking Fees:</b>			
Advisory	\$1,248	\$1,523	(18)%
Underwriting and Other Fees	2,364	2,839	(17)
<b>Total</b>	<b>\$3,612</b>	<b>\$4,362</b>	(17)
<b>Trading-Related Revenue: (a)</b>			
Equities	\$1,307	\$1,797	(27)
Fixed Income and Other	4,972	5,345	(7)
<b>Total</b>	<b>\$6,279</b>	<b>\$7,142</b>	(12)
<b>Fees and Commissions:</b>			
Investment Management, Custody and Processing Services	\$3,774	\$3,628	4
Credit Card Revenue	2,108	1,771	19
Brokerage and Investment Services	1,244	1,228	1
Mortgage Servicing Fees, Net of Amortization and Writedowns	(230)	441	NM
Other Lending-Related Service Fees	495	590	(16)
Deposit Service Charges	1,023	906	13
Other Fees	794	665	19
<b>Total</b>	<b>\$9,208</b>	<b>\$9,229</b>	—
<b>Other Revenue:</b>			
Residential Mortgage Origination/Sales Activities	\$ 552	\$ 194	185
Gains on Sales of Nonstrategic Assets	—	1,307	NM
Loss on Economic Hedge of the Flemings Purchase Price (b)	—	(176)	NM
All Other Revenue	325	964	(66)
<b>Total</b>	<b>\$ 877</b>	<b>\$2,289</b>	(62)
<b><u>NONINTEREST EXPENSE</u></b>			
<b>Other Expense:</b>			
Professional Services	\$1,139	\$1,203	(5)
Outside Services	669	648	3
Marketing	601	595	1
Travel and Entertainment	453	490	(8)
All Other	1,262	1,433	(12)
<b>Total</b>	<b>\$4,124</b>	<b>\$4,369</b>	(6)

(a) Includes trading-related net interest income.

(b) Loss is the result of the economic hedge of the purchase price of Flemings prior to its acquisition.



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

	Dec 31st	Sep 30th	Jun 30th	Mar 31st	Dec 31st	Dec 31, 2001 Over (Under)	
	2001	2001	2001	2001	2000	Sep 30, 01	Dec 31, 00
<b>ASSETS</b>							
Cash and Due from Banks	\$ 22,600	\$ 22,299	\$ 24,219	\$ 22,371	\$ 23,972	1%	(6)%
Deposits with Banks	12,743	9,341	11,903	7,979	8,333	36	53
Federal Funds Sold and Securities Purchased under Resale Agreements	63,727	78,997	61,308	71,147	69,474	(19)	(8)
Securities Borrowed	36,580	37,499	38,296	37,264	32,371	(2)	13
Trading Assets:							
Debt and Equity Instruments	118,248	165,143	139,135	138,270	139,249	(28)	(15)
Derivative Receivables	71,157	85,407	68,910	78,907	76,373	(17)	(7)
Securities	59,760	66,468	68,488	69,731	73,695	(10)	(19)
Loans (Net of Allowance for Loan Losses)	212,920	219,411	216,245	213,116	212,385	(3)	—
Goodwill and Other Intangibles	15,347	14,683	16,224	15,351	15,833	5	(3)
Private Equity Investments	9,197	9,628	9,855	10,877	11,428	(4)	(20)
Other Assets	71,296	90,424	58,119	48,611	52,235	(21)	36
<b>TOTAL ASSETS</b>	<b>\$693,575</b>	<b>\$799,300</b>	<b>\$712,702</b>	<b>\$713,624</b>	<b>\$715,348</b>	(13)	(3)
<b>LIABILITIES</b>							
Deposits:							
Noninterest-Bearing	\$ 76,974	\$ 72,734	\$ 64,231	\$ 59,686	\$ 62,713	6	23
Interest-Bearing	216,676	208,870	212,573	212,886	216,652	4	—
Total Deposits	293,650	281,604	276,804	272,572	279,365	4	5
Federal Funds Purchased and Securities Sold under Repurchase Agreements	128,445	181,775	155,062	145,703	131,738	(29)	(2)
Commercial Paper	18,510	19,299	19,985	16,281	24,851	(4)	(26)
Other Borrowed Funds	10,835	21,941	18,418	28,716	19,840	(51)	(45)
Trading Liabilities:							
Debt and Equity Instruments	52,988	58,594	53,571	52,501	52,157	(10)	2
Derivative Payables	56,063	70,817	62,373	73,312	76,517	(21)	(27)
Accounts Payable, Accrued Expenses and Other Liabilities (Including the Allowance for Credit Losses)	47,813	75,231	38,157	33,575	40,754	(36)	17
Long-Term Debt	39,183	42,315	40,917	42,609	43,299	(7)	(10)
Guaranteed Preferred Beneficial Interests in the Firm's Junior Subordinated Deferrable Interest Debentures	4,439	4,439	4,439	4,439	3,939	—	13
<b>TOTAL LIABILITIES</b>	<b>651,926</b>	<b>756,015</b>	<b>669,726</b>	<b>669,708</b>	<b>672,460</b>	(14)	(3)
<b>PREFERRED STOCK OF SUBSIDIARY</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	—	—
<b>STOCKHOLDERS' EQUITY</b>							
Preferred Stock	1,009	1,009	1,025	1,362	1,520	—	(34)
Common Stock	1,997	1,993	1,990	1,984	1,940	—	3
Capital Surplus	12,495	12,244	12,000	11,663	11,598	2	8
Retained Earnings	26,993	28,021	28,265	28,592	28,096	(4)	(4)
Accumulated Other Comprehensive Income (Loss)	(442)	267	(834)	(214)	(241)	NM	(83)
Treasury Stock, at Cost	(953)	(799)	(20)	(21)	(575)	(19)	(66)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>41,099</b>	<b>42,735</b>	<b>42,426</b>	<b>43,366</b>	<b>42,338</b>	(4)	(3)
<b>TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY</b>	<b>\$693,575</b>	<b>\$799,300</b>	<b>\$712,702</b>	<b>\$713,624</b>	<b>\$715,348</b>	(13)	(3)



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

	4QTR 2001	3QTR 2001	2QTR 2001	1QTR 2001	4QTR 2000
<b>AVERAGE BALANCES</b>					
<b>ASSETS</b>					
Deposits with Banks	\$ 10,810	\$ 8,583	\$ 9,535	\$ 7,517	\$ 10,209
Federal Funds Sold and Securities Purchased under Resale Agreements	85,582	80,396	86,556	82,836	80,405
Securities and Trading Assets	188,988	200,161	194,736	200,872	197,636
Securities Borrowed	39,213	38,122	38,006	37,261	36,887
Loans	218,625	224,125	217,447	219,133	215,422
Total Interest-Earning Assets	543,218	551,387	546,280	547,619	540,559
Noninterest-Earning Assets	196,557	185,891	189,488	183,339	163,065
<b>TOTAL ASSETS</b>	<b>\$739,775</b>	<b>\$737,278</b>	<b>\$735,768</b>	<b>\$730,958</b>	<b>\$703,624</b>
<b>LIABILITIES</b>					
Interest-Bearing Deposits	\$223,314	\$207,430	\$215,987	\$216,749	\$215,147
Federal Funds Purchased and Securities Sold under Repurchase Agreements	164,714	170,708	167,126	152,675	149,237
Commercial Paper	17,134	21,307	17,818	17,963	21,889
Other Borrowings (a)	55,388	67,218	63,038	70,606	65,071
Long-Term Debt	44,964	44,788	45,173	47,445	46,723
Total Interest-Bearing Liabilities	505,514	511,451	509,142	505,438	498,067
Noninterest-Bearing Liabilities	191,098	182,757	183,118	182,218	163,113
<b>TOTAL LIABILITIES</b>	<b>696,612</b>	<b>694,208</b>	<b>692,260</b>	<b>687,656</b>	<b>661,180</b>
<b>PREFERRED STOCK OF SUBSIDIARY</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>	<b>550</b>
Preferred Stock	1,009	1,017	1,239	1,487	1,522
Common Stockholders' Equity	41,604	41,503	41,719	41,265	40,372
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>42,613</b>	<b>42,520</b>	<b>42,958</b>	<b>42,752</b>	<b>41,894</b>
<b>TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY</b>	<b>\$739,775</b>	<b>\$737,278</b>	<b>\$735,768</b>	<b>\$730,958</b>	<b>\$703,624</b>

**AVERAGE RATES**

**INTEREST-EARNING ASSETS**

Deposits with Banks	3.76%	4.64%	4.65%	7.51%	7.96%
Federal Funds Sold and Securities Purchased under Resale Agreements	3.18	4.19	4.98	5.86	6.27
Securities and Trading Assets	5.40	5.51	5.90	5.86	6.34
Securities Borrowed	2.00	3.17	3.66	5.37	6.80
Loans	5.97	6.54	7.55	8.27	8.66
<b>Total Interest-Earning Assets</b>	<b>5.00</b>	<b>5.56</b>	<b>6.23</b>	<b>6.81</b>	<b>7.31</b>

**INTEREST-BEARING LIABILITIES**

Interest-Bearing Deposits	2.52	3.48	3.94	4.93	5.40
Federal Funds Purchased and Securities Sold under Repurchase Agreements	2.63	3.81	4.29	5.67	6.22
Commercial Paper	2.30	3.53	4.39	5.98	6.21
Other Borrowings	6.17	5.31	6.04	5.64	6.37
Long-Term Debt	3.58	4.43	5.63	6.36	7.03
<b>Total Interest-Bearing Liabilities</b>	<b>3.04</b>	<b>3.92</b>	<b>4.48</b>	<b>5.43</b>	<b>5.96</b>
<b>TOTAL INVESTABLE FUNDS</b>	<b>2.83</b>	<b>3.63</b>	<b>4.17</b>	<b>5.01</b>	<b>5.49</b>

<b>INTEREST RATE SPREAD</b>	<b>1.96%</b>	<b>1.64%</b>	<b>1.75%</b>	<b>1.38%</b>	<b>1.35%</b>
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NET INTEREST MARGIN	2.17%	1.93%	2.06%	1.80%	1.82%
NET INTEREST MARGIN ADJUSTED FOR SECURITIZATIONS	2.39%	2.13%	2.22%	1.96%	1.99%

[Additional columns below]

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

	4QTR 2001 Over (Under)		FULL YEAR		2001 Over (Under)
	3Q 2001	4Q 2000	2001	2000	2000
<b><u>AVERAGE BALANCES</u></b>					
<b>ASSETS</b>					
Deposits with Banks	26%	6%	\$ 9,119	\$ 9,404	(3)%
Federal Funds Sold and Securities Purchased under Resale					
Agreements	6	6	83,841	79,344	6
Securities and Trading Assets	(6)	(4)	196,166	178,770	10
Securities Borrowed	3	6	38,156	36,398	5
Loans	(2)	1	219,843	209,488	5
Total Interest-Earning Assets	(1)	—	547,125	513,404	7
Noninterest-Earning Assets	6	21	188,848	163,401	16
<b>TOTAL ASSETS</b>	<b>—</b>	<b>5</b>	<b>\$735,973</b>	<b>\$676,805</b>	<b>9</b>
<b>LIABILITIES</b>					
Interest-Bearing Deposits	8	4	\$215,865	\$214,411	1
Federal Funds Purchased and Securities Sold under Repurchase					
Agreements	(4)	10	163,858	133,705	23
Commercial Paper	(20)	(22)	18,561	17,956	3
Other Borrowings (a)	(18)	(15)	64,029	59,247	8
Long-Term Debt	—	(4)	45,583	46,282	(2)
Total Interest-Bearing Liabilities	(1)	1	507,896	471,601	8
Noninterest-Bearing Liabilities	5	17	184,817	166,907	11
<b>TOTAL LIABILITIES</b>	<b>—</b>	<b>5</b>	<b>692,713</b>	<b>638,508</b>	<b>8</b>
<b>PREFERRED STOCK OF SUBSIDIARY</b>					
Preferred Stock	(1)	(34)	1,186	1,571	(25)
Common Stockholders' Equity	—	3	41,524	36,176	15
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>—</b>	<b>2</b>	<b>42,710</b>	<b>37,747</b>	<b>13</b>
<b>TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY</b>	<b>—</b>	<b>5</b>	<b>\$735,973</b>	<b>\$676,805</b>	<b>9</b>
<b><u>AVERAGE RATES</u></b>					
<b>INTEREST-EARNING ASSETS</b>					
Deposits with Banks	(88)bp	(420)bp	4.96%	8.22%	(326)bp
Federal Funds Sold and Securities Purchased under Resale					
Agreements	(101)	(309)	4.54	5.99	(145)
Securities and Trading Assets	(11)	(94)	5.67	6.52	(85)
Securities Borrowed	(117)	(480)	3.52	6.30	(278)
Loans	(57)	(269)	7.07	8.23	(116)
<b>Total Interest-Earning Assets</b>	<b>(56)</b>	<b>(231)</b>	<b>5.90</b>	<b>7.15</b>	<b>(125)</b>
<b>INTEREST-BEARING LIABILITIES</b>					
Interest-Bearing Deposits	(96)	(288)	3.70	5.05	(135)
Federal Funds Purchased and Securities Sold under Repurchase					
Agreements	(118)	(359)	4.06	5.85	(179)
Commercial Paper	(123)	(391)	4.03	6.24	(221)
Other Borrowings	86	(20)	5.77	7.03	(126)
Long-Term Debt	(85)	(345)	5.01	6.89	(188)
<b>Total Interest-Bearing Liabilities</b>	<b>(88)</b>	<b>(292)</b>	<b>4.21</b>	<b>5.75</b>	<b>(154)</b>
<b>TOTAL INVESTABLE FUNDS</b>	<b>(80)</b>	<b>(266)</b>	<b>3.91</b>	<b>5.28</b>	<b>(137)</b>
<b>INTEREST RATE SPREAD</b>	<b>32</b>	<b>61</b>	<b>1.69%</b>	<b>1.40%</b>	<b>29</b>
<b>NET INTEREST MARGIN</b>	<b>24</b>	<b>35</b>	<b>1.99%</b>	<b>1.87%</b>	<b>12</b>
<b>NET INTEREST MARGIN ADJUSTED FOR SECURITIZATIONS</b>	<b>26</b>	<b>40</b>	<b>2.18%</b>	<b>2.06%</b>	<b>12</b>

(a) Includes securities sold but not yet purchased and structured notes and trust preferred notes.

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

	Dec 31st	Sep 30th	Jun 30th	Mar 31st	Dec 31st	Dec 31, 2001 Over (Under)	
	2001	2001	2001	2001	2000	Sep 30, 01	Dec 31, 00
<b><u>CREDIT-RELATED ASSETS</u></b>							
<b>COMMERCIAL LOANS</b>							
Domestic Commercial	\$ 66,436	\$ 77,712	\$ 74,563	\$ 73,046	\$ 76,207	(15)%	(13)%
Foreign Commercial	38,428	38,866	38,227	40,171	43,253	(1)	(11)
Total Commercial Loans	104,864	116,578	112,790	113,217	119,460	(10)	(12)
Derivative and FX Contracts	71,157	85,407	68,910	78,907	76,373	(17)	(7)
<b>TOTAL COMMERCIAL CREDIT-RELATED</b>	<b>176,021</b>	<b>201,985</b>	<b>181,700</b>	<b>192,124</b>	<b>195,833</b>	<b>(13)</b>	<b>(10)</b>
<b>CONSUMER LOANS</b>							
Credit Card — Reported	19,387	19,255	19,531	19,835	18,495	1	5
Credit Card — Securitizations	21,424	18,724	17,753	16,625	17,871	14	20
Credit Card — Managed	40,811	37,979	37,284	36,460	36,366	7	12
1-4 Family Residential Mortgages	59,430	55,160	56,743	54,143	50,302	8	18
Auto Financings	25,667	24,448	23,322	21,457	19,802	5	30
Other Consumer	8,096	7,844	7,532	8,136	7,991	3	1
<b>TOTAL MANAGED CONSUMER LOANS</b>	<b>134,004</b>	<b>125,431</b>	<b>124,881</b>	<b>120,196</b>	<b>114,461</b>	<b>7</b>	<b>17</b>
<b>TOTAL MANAGED CREDIT-RELATED ASSETS</b>	<b>\$310,025</b>	<b>\$327,416</b>	<b>\$306,581</b>	<b>\$312,320</b>	<b>\$310,294</b>	<b>(5)</b>	<b>—</b>
<b><u>NONPERFORMING ASSETS AND RATIOS</u></b>							
<b>COMMERCIAL LOANS</b>							
Domestic Commercial	\$ 1,275	\$ 1,438	\$ 1,528	\$ 1,209	\$ 821	(11)	55
Foreign Commercial	722	580	362	428	613	24	18
Total Commercial Loans	1,997	2,018	1,890	1,637	1,434	(1)	39
Derivative and FX Contracts	170	46	88	109	37	270	359
<b>TOTAL</b>	<b>2,167</b>	<b>2,064</b>	<b>1,978</b>	<b>1,746</b>	<b>1,471</b>	<b>5</b>	<b>47</b>
<b>CONSUMER LOANS</b>							
Credit Card — Reported	22	23	25	24	26	(4)	(15)
Credit Card — Securitizations	—	—	—	—	—	NM	NM
Credit Card — Managed	22	23	25	24	26	(4)	(15)
1-4 Family Residential Mortgages	280	273	263	254	269	3	4
Auto Financings	118	110	97	84	76	7	55
Other Consumer	79	53	16	15	13	49	NM
Total Consumer Loans	499	459	401	377	384	9	30
<b>TOTAL</b>	<b>2,666</b>	<b>2,523</b>	<b>2,379</b>	<b>2,123</b>	<b>1,855</b>	<b>6</b>	<b>44</b>
Assets Acquired in Loan Satisfaction	124	123	119	111	68	1	82
<b>TOTAL</b>	<b>2,790</b>	<b>2,646</b>	<b>2,498</b>	<b>2,234</b>	<b>1,923</b>	<b>5</b>	<b>45</b>
Other Receivables (a)	1,130	—	—	—	—	NM	NM
<b>TOTAL NONPERFORMING ASSETS</b>	<b>\$ 3,920(b)</b>	<b>\$ 2,646</b>	<b>\$ 2,498</b>	<b>\$ 2,234</b>	<b>\$ 1,923</b>	<b>48</b>	<b>104</b>
<b>TOTAL NONPERFORMING ASSETS TO TOTAL ASSETS</b>	<b>0.57%</b>	<b>0.33%</b>	<b>0.35%</b>	<b>0.31%</b>	<b>0.27%</b>	<b>24 bp</b>	<b>30 bp</b>

**PAST DUE 90 DAYS AND OVER AND**  
**ACCRUING**

**COMMERCIAL LOANS**

Domestic Commercial	\$	30	\$	19	\$	48	\$	114	\$	98	58%	(69)%
Foreign Commercial		5		44		34		—		1	(89)	400
		<u>          </u>		<u>          </u>		<u>          </u>		<u>          </u>		<u>          </u>		

**TOTAL COMMERCIAL CREDIT-RELATED**

<b>35</b>	<b>63</b>	<b>82</b>	<b>114</b>	<b>99</b>	(44)	(65)
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**CONSUMER LOANS**

Credit Card — Reported	449	394	326	352	327	14	37
Credit Card — Securitizations	457	348	374	374	387	31	18
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>		

Credit Card — Managed	906	742	700	726	714	22	27
1-4 Family Residential Mortgages	—	—	—	3	2	NM	NM
Auto Financings	1	1	1	1	1	—	—
Other Consumer	36	28	66	69	71	29	(49)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>		

**TOTAL CONSUMER LOANS**

<b>943</b>	<b>771</b>	<b>767</b>	<b>799</b>	<b>788</b>	22	20
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**TOTAL CR.-REL. ACCRUING ASSETS**

<b>PAST DUE 90 DAYS</b>	<b>\$</b>	<b>978</b>	<b>\$</b>	<b>834</b>	<b>\$</b>	<b>849</b>	<b>\$</b>	<b>913</b>	<b>\$</b>	<b>887</b>	17	10
		<u>          </u>		<u>          </u>		<u>          </u>		<u>          </u>		<u>          </u>		

- (a) This amount relates to the Enron surety receivables and letter of credit, which is the subject of litigation with credit-worthy entities.
- (b) Nonperforming assets have not been reduced for credit protection (single name credit default swaps and collateralized loan obligations) aggregating \$42 million related to nonperforming counterparties.



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

	4QTR	3QTR	2QTR	1QTR	4QTR	4QTR 2001 Over (Under)	
	2001	2001	2001	2001	2000	3Q 2001	4Q 2000
<b>NET CHARGE-OFFS</b>							
<b>COMMERCIAL LOANS</b>							
Domestic Commercial	\$ 388	\$ 126	\$ 177	\$ 126	\$ 88	208%	341%
Foreign Commercial	45	63	35	22	71	(29)	(37)
<b>TOTAL COMMERCIAL LOANS</b>	<b>433</b>	<b>189</b>	<b>212</b>	<b>148</b>	<b>159</b>	129	172
<b>CONSUMER LOANS</b>							
Credit Card — Reported	274	264	234	218	172	4	59
Credit Card — Securitizations	264	270	273	241	245	(2)	8
Credit Card — Managed	538	534	507	459	417	1	29
1-4 Family Residential Mortgages	18	15	7	10	10	20	80
Auto Financings	50	32	26	29	26	56	92
Other Consumer	43	45	46	42	42	(4)	2
<b>TOTAL CONSUMER LOANS</b>	<b>649</b>	<b>626</b>	<b>586</b>	<b>540</b>	<b>495</b>	4	31
FFIEC CONFORMITY	—	—	—	—	93	NM	NM
<b>TOTAL MANAGED NET CHARGE-OFFS</b>	<b>\$1,082</b>	<b>\$ 815</b>	<b>\$ 798</b>	<b>\$ 688</b>	<b>\$ 747</b>	33	45

**NET CHARGE-OFF RATES —**  
**ANNUALIZED**

<b>COMMERCIAL LOANS</b>							
Domestic Commercial	2.04%	0.59%	0.90%	0.62%	0.42%	145 bp	162 bp
Foreign Commercial	0.53	0.79	0.46	0.24	0.77	(26)	(24)
<b>TOTAL COMMERCIAL LOANS</b>	<b>1.58</b>	<b>0.65</b>	<b>0.77</b>	<b>0.50</b>	<b>0.53</b>	93	105
<b>CONSUMER LOANS</b>							
Credit Card — Reported	5.74	5.47	4.69	4.44	4.27	27	147
Credit Card — Securitizations	5.23	5.82	6.55	5.77	5.40	(59)	(17)
Credit Card — Managed	5.48	5.64	5.54	5.05	4.86	(16)	62
1-4 Family Residential Mortgages	0.12	0.10	0.05	0.08	0.08	2	4
Auto Financings	0.79	0.53	0.46	0.56	0.51	26	28
Other Consumer	2.12	2.33	2.30	1.91	1.82	(21)	30
<b>TOTAL CONSUMER LOANS</b>	<b>1.98</b>	<b>1.96</b>	<b>1.89</b>	<b>1.83</b>	<b>1.74</b>	2	24
<b>TOTAL MANAGED NET CHARGE-OFF RATES</b>	<b>1.80</b>	<b>1.33</b>	<b>1.37</b>	<b>1.17</b>	<b>1.28</b>	47	52

**ALLOWANCE FOR LOAN LOSSES**  
**AND RATIOS**

Allowance for Loan Losses (a)	\$4,524	\$3,874	\$3,673	\$3,672	\$3,665	17%	23%
To Total Loans	2.08%	1.74%	1.67%	1.69%	1.70%	34 bp	38 bp
To Total Nonperforming Loans	181	156	160	182	202	2,500	(2,100)
To Total Nonperforming Assets	115	146	147	164	191	(3,100)	(7,600)

[Additional columns below]

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

	FULL YEAR		2001 Over (Under)
	2001	2000	2000
<b>NET CHARGE-OFFS</b>			
<b>COMMERCIAL LOANS</b>			
Domestic Commercial	\$ 817	\$ 290	182%
Foreign Commercial	165	110	50
<b>TOTAL COMMERCIAL LOANS</b>	<b>982</b>	<b>400</b>	146
<b>CONSUMER LOANS</b>			
Credit Card — Reported	990	693	43
Credit Card — Securitizations	1,048	977	7
Credit Card — Managed	2,038	1,670	22
1-4 Family Residential Mortgages	50	36	39
Auto Financings	137	89	54
Other Consumer	176	182	(3)
<b>TOTAL CONSUMER LOANS</b>	<b>2,401</b>	<b>1,977</b>	21
FFIEC CONFORMITY	—	93	NM
<b>TOTAL MANAGED NET CHARGE-OFFS</b>	<b>\$3,383</b>	<b>\$2,470</b>	37

**NET CHARGE-OFF RATES-ANNUALIZED**

<b>COMMERCIAL LOANS</b>			
Domestic Commercial	1.02%	0.38%	64 bp
Foreign Commercial	0.50	0.25	25
<b>TOTAL COMMERCIAL LOANS</b>	<b>0.87</b>	<b>0.33</b>	54
<b>CONSUMER LOANS</b>			
Credit Card — Reported	5.09	5.00	9
Credit Card — Securitizations	5.83	5.20	63
Credit Card — Managed	5.45	5.12	33
1-4 Family Residential Mortgages	0.09	0.08	1
Auto Financings	0.59	0.46	13
Other Consumer	2.17	1.88	29
<b>TOTAL CONSUMER LOANS</b>	<b>1.92</b>	<b>1.82</b>	10
<b>TOTAL MANAGED NET CHARGE-OFF RATES</b>	<b>1.42</b>	<b>1.08</b>	34

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

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

<b>Enron Exposure</b>	<b>Unsecured</b>	<b>Secured / Joint Venture</b>	<b>Surety / Letter of Credit</b>	<b>Debtor in Possession</b>	<b>Total</b>
<b>Exposure at December 19, 2001</b>	<b>\$ 620</b>	<b>\$604</b>	<b>\$1,130</b>	<b>\$250</b>	<b>\$2,604</b>
Payments	—	(85)	—	—	(85)
Charge-offs	(216)	(5)	—	—	(221)
Write-downs	(235)	—	—	—	(235)
<b>Exposure at December 31, 2001</b>	<b>\$ 169(a)</b>	<b>\$514(b)</b>	<b>\$1,130</b>	<b>\$250</b>	<b>\$2,063</b>
<b><u>Nonperforming Assets</u></b>					
Nonperforming Loans	\$ 66	\$ 32	\$ —	\$ —	\$ 98
Nonperforming Derivatives	45	—	—	—	45
Nonperforming Other Receivables	—	—	1,130	—	1,130
<b>Total Nonperforming Assets</b>	<b>\$ 111</b>	<b>\$ 32</b>	<b>\$1,130</b>	<b>\$ —</b>	<b>\$1,273</b>

(a) Includes \$58 million in undrawn letters of credit.

(b) Includes \$400 million secured by pipelines, \$74 million in credit-worthy joint ventures, and \$40 million secured by other Enron assets.

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

	4QTR 2001	3QTR 2001	2QTR 2001	1QTR 2001	4QTR 2000
<b><u>SOURCES AND USES OF TIER 1 CAPITAL</u></b>					
<b>(in billions)</b>					
<b>Sources of Free Cash Flow</b>					
Cash Operating Earnings Less Dividends	\$ (0.3) (a)	\$ 0.5	\$ 0.2	\$ 0.9	\$ 0.3
Plus: Preferred Stock and Equivalents/Other Items	(0.7) (a)	(0.6)	(0.7)	0.2	(0.1)
Less: Capital for Internal Asset Growth	1.5 (a)	(1.3)	(0.5)	(0.5)	1.3
<b>Total Sources of Free Cash Flow</b>	<b>\$ 0.5</b>	<b>\$ (1.4)</b>	<b>\$ (1.0)</b>	<b>\$ 0.6</b>	<b>\$ 1.5</b>
<b>Uses of Free Cash Flow</b>					
Increases (Decreases) in Capital Ratios	\$ 0.6 (a)	\$ (1.9)	\$ (0.7)	\$ 1.2	\$ 1.6
Acquisitions	— (a)	—	—	0.1	—
Repurchases Net of Stock Issuances	(0.1) (a)	0.5	(0.3)	(0.7)	(0.1)
<b>Total Uses of Free Cash Flow</b>	<b>\$ 0.5</b>	<b>\$ (1.4)</b>	<b>\$ (1.0)</b>	<b>\$ 0.6</b>	<b>\$ 1.5</b>
<b><u>COMMON SHARES OUTSTANDING</u></b>					
<b>(in millions)</b>					
Basic Weighted-Average Shares Outstanding	1,969.6	1,975.3	1,978.4	1,966.6	1,924.8
Diluted Weighted-Average Shares Outstanding	2,007.4	2,020.9	2,033.6	2,032.2	2,007.1
Common Shares Outstanding-at Period End	1,973.4	1,972.9	1,989.2	1,984.2	1,928.5
<b>CASH DIVIDENDS DECLARED PER SHARE</b>	<b>\$ 0.34</b>	<b>\$ 0.34</b>	<b>\$ 0.34</b>	<b>\$ 0.34</b>	<b>\$ 0.32</b>
<b>BOOK VALUE PER SHARE</b>	<b>20.32</b>	<b>21.15</b>	<b>20.81</b>	<b>21.17</b>	<b>21.17</b>
<b><u>SHARE PRICE</u></b>					
High	\$ 40.95	\$ 46.01	\$ 50.60	\$ 59.19	\$ 48.13
Low	31.30	29.04	39.21	37.58	32.38
Close	36.35	34.15	44.60	44.90	45.44
<b><u>CAPITAL RATIOS</u></b>					
Tier I Capital Ratio	8.3% (a)	8.2%	8.7%	8.7%	8.5%
Total Capital Ratio	11.9 (a)	11.6	12.2	12.3	12.0
Tier I Leverage	5.2 (a)	5.3	5.4	5.4	5.4

[Additional columns below]

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

	4QTR 2001 Over (Under)		FULL YEAR		2001 Over (Under)
	3Q 2001	4Q 2000	2001	2000	2000
<b><u>SOURCES AND USES OF TIER 1 CAPITAL</u></b>					
<b>(in billions)</b>					
<b>Sources of Free Cash Flow</b>					
Cash Operating Earnings Less Dividends	NM	NM	\$ 1.3 (a)	\$ 4.0	(68)%
Plus: Preferred Stock and Equivalents/Other Items	(17)%	NM	(1.8) (a)	(0.1)	NM
Less: Capital for Internal Asset Growth	NM	15%	(0.8) (a)	0.1	NM
<b>Total Sources of Free Cash Flow</b>	NM	(67)	<b>\$ (1.3)</b>	<b>\$ 4.0</b>	NM
<b>Uses of Free Cash Flow</b>					
Increases (Decreases) in Capital Ratios	NM	(63)	\$ (0.8) (a)	\$ (0.1)	NM
Acquisitions	NM	NM	0.1 (a)	7.0	(99)
Repurchases Net of Stock Issuances	NM	—	(0.6) (a)	(2.9)	79
<b>Total Uses of Free Cash Flow</b>	NM	(67)	<b>\$ (1.3)</b>	<b>\$ 4.0</b>	NM
<b><u>COMMON SHARES OUTSTANDING</u></b>					
<b>(in millions)</b>					
Basic Weighted-Average Shares Outstanding	—	2	1,972.4	1,884.1	5
Diluted Weighted-Average Shares Outstanding	(1)	—	2,023.6	1,969.0	3
Common Shares Outstanding - at Period End	—	2	1,973.4	1,928.5	2
<b>CASH DIVIDENDS DECLARED PER SHARE</b>	—	6	\$ 1.36	\$ 1.28	6
<b>BOOK VALUE PER SHARE</b>	(4)	(4)			
<b><u>SHARE PRICE</u></b>					
High	(11)	(15)	\$ 59.19	\$ 67.17	(12)
Low	8	(3)	29.04	32.38	(10)
Close	6	(20)	36.35	45.44	(20)
<b><u>CAPITAL RATIOS</u></b>					
Tier I Capital Ratio	10 bp	(20 )bp			
Total Capital Ratio	30	(10)			
Tier I Leverage	(10)	(20)			

(a) Estimated

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

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

**Cash Operating Earnings:** Operating earnings excluding the impact of the amortization of intangibles.

**Cash Overhead Ratio:** Noninterest expense, excluding amortization of intangibles, as a percentage of the total of net interest income and noninterest revenue (excluding merger and restructuring costs and special items).

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

**JPMorgan Partners (“JPMP”):** JPMorgan Chase’s private equity business. Public securities held by JPMP are marked-to-market at the quoted public value less liquidity discounts, with the resulting unrealized gains/losses included in the income statement. JPMP’s valuation policy for public securities incorporates the use of liquidity discounts and price averaging methodologies in certain circumstances to take into account the fact that JPMP cannot immediately realize the quoted public values as a result of the regulatory, corporate and contractual sales restrictions generally imposed on these holdings. Private investments are initially carried at cost, which is viewed as an approximation of fair value. The carrying value of private investments is adjusted to reflect valuation changes resulting from unaffiliated party transactions and for evidence of a decline in value.

**Lines of Business 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.

**Managed Credit Card Receivables or Managed Basis:** JPMorgan Chase uses this terminology to refer to its credit card receivables on the balance sheet plus credit card receivables that have been securitized.

**N/A:** Not available

**NM:** Not meaningful

**Noncompensation Expense:** Includes total operating expenses less compensation expense and amortization of intangibles.

**Operating Basis or Operating Earnings:** Reported results excluding the impact of credit card securitizations, merger and restructuring costs, special items and the net effect of a change in accounting principle.

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

**Overhead Ratio:** Noninterest expense as a percentage of the total of net interest income and noninterest revenue (excluding merger and restructuring costs and special items).

**Pro Forma Results:** Assumes that the purchase of Robert Fleming Holdings Limited (“Flemings”) occurred at the beginning of 2000 and primarily affected Investment Bank, Investment Management & Private Banking and total consolidated results.

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

**SFAS 133:** As a result of the adoption of Statement of Financial Accounting Standards (“SFAS”) 133 “Accounting for Derivative Instruments and Hedging Activities”, net income for the year ended 2001 includes the cumulative effect of a transition adjustment of \$(25) million, net of taxes. The impact on each of basic and diluted earnings per share was \$(0.01).

**Shareholder Value Added (“SVA”):** SVA is JPMorgan Chase’s primary performance measure of its businesses. SVA represents operating earnings excluding the amortization of goodwill and certain other intangibles (i.e., cash operating earnings) minus preferred dividends and an explicit charge for capital. JPMorgan Chase implemented an integrated cost of capital during the first quarter of 2001. A 12% cost of capital has been used for all businesses except JPMorgan Partners. This business is charged a 15% cost of equity capital, which is equivalent to a representative after-tax hurdle rate for private equity investments. The effective cost of equity capital used in the SVA framework for JPMorgan Chase overall is 12%.

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

**Trading-Related Revenue:** Includes net interest income (“NII”) attributable to trading activities. Trading-related NII has been restated in the prior periods to conform to the current presentation which began in the second quarter of 2001.

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

Analyst Meeting: January 16, 2002

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## JPMorgan Investment Bank 2001



## 2001 IFR Bank of the Year

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*“The rigours of mega-mergers, particularly those with cultural differences to bridge, are usually sufficient to distract most banks for at least a year. So to remain resolutely focused on the business in year one is striking in itself. To do it against the backdrop of market volatility and a severe industry downturn is remarkable. To achieve manifest market share gains and significant earnings enhancements is nothing short of astounding. JPMorgan is IFR's Bank of the year.”*

*– International Financing Review  
Review of the year 2001*



## 2001 Investment Bank Financials

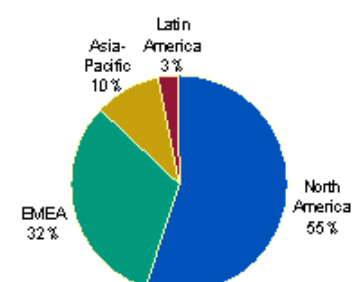
\$ billions

### Financial Highlights

	2001	2000	% Change
Revenues	14.9	16.7	(11%)
Cash Expenses	9.0	10.7	(16%)
Operating Margin	5.8	5.9	(2%)
Credit Costs	1.2	0.3	328%
Income Taxes	1.8	2.2	(17%)
Cash Operating Earnings	2.9	3.6	(18%)
Cash Return on Common Equity	15%	18%	(260 bps)
Cash Overhead Ratio	60%	64%	(400 bps)

2001

### Geographical Revenue Diversification



## JPMorgan Business Model

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**Serving the 360° financial needs of the world's pre-eminent corporations, financial institutions and governments through an integrated delivery model that leverages our global scale and broad leadership positions...**

<b>Client Relationships</b>	Global Presence, Pre-eminent Client Base	<i>Pages</i> 4-5
<b>Products</b>	Product Breadth & Leadership	6-10
<b>Approach</b>	The 360° Relationship - Integrated Approach	11-12
<b>Performance</b>	Risk Management & Financial Discipline	13-15

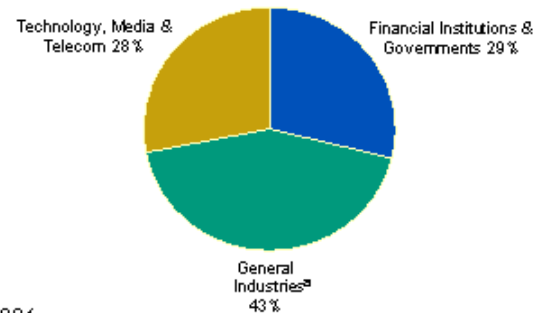
## Global Presence, Pre-eminent Client Base

- Developing relationships with nearly 10,000 issuer clients
- 1,500 issuer clients each generated over \$1 million revenue in 2001
- Broad issuer and investor client base across all industry sectors
- Strong relationships with over 90% of *Fortune 1000* companies in the US and equivalent penetration in Europe, Asia-Pacific and Latin America
- Serving our clients across the globe from offices in over 60 countries
- Global trading operations in all major money-centers interacting with premier institutional investors

■ General Industries includes: Chemicals, Consumer, Diversified Industrials, Global Logistics & Transportation, Healthcare, Mining & Metals, Oil & Gas, Paper & Packaging, Building Products, Power, Real Estate and Retail Industries

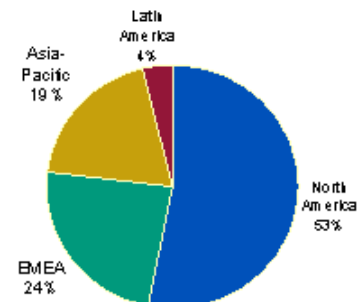
2001

# of Issuer Clients by Industry



2001

# of Issuer Clients by Region



## Pre-eminent Client Base - Top 100 Issuer Clients

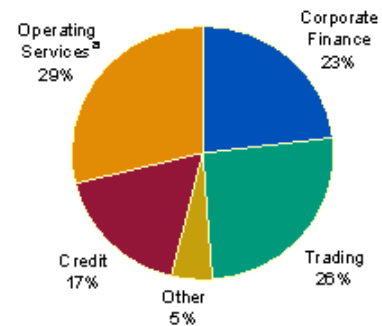
### Top 100 Issuer Clients

- Provide 30% of total JPMorgan issuer revenues
- Average revenue per client of \$27 million per year
- 68% of revenue generated from investment grade clients
- 47% of revenue derived from clients outside North America
- Average of 5 services per client

▪ Operating services include Cash Management, Custody & Trust (Operating services results are reported separately within Treasury & Securities Services section of the earnings release)

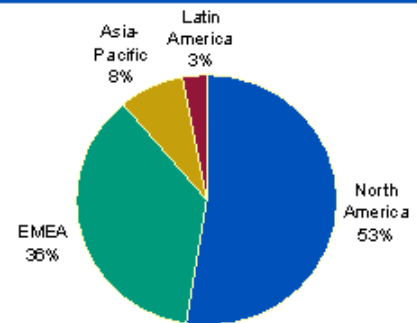
2001

### Revenue by Product - Top 100 Issuer Clients



2001

### Revenue by Region - Top 100 Issuer Clients



## Product Breadth & Leadership

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Progress towards global top 3 leadership positions...

Major Products	Global Top 3
Interest Rate Derivatives	✓
Credit Derivatives	✓
Foreign Exchange	✓
Global Treasury	✓
Syndicated Loans	✓
Corporate Bonds	✓
Cash Management	✓
Custody	✓
Trust	✓
Mergers & Acquisitions	'Half Step' Away
Non-Corporate Bonds	'One Step' Away
Equity Derivatives	'One Step' Away
Cash Equities	Building

## Bonds

### Bonds League Table - JPMorgan Rank

	2001	2000
Global Bonds	2	2
Global Investment Grade	2	2
Global High Yield	4	5
Global Asset-backed	3	2
US Domestic Bonds	2	1
Yankee Bonds	2	2
Latin American Debt	1	1

Source: Thomson (Query Numbers: F5, B7, B4, B11, F6, F4, A2 f)

### 2001 Momentum

- #2 in US Investment Grade retained from 2000
- #3 in European Investment Grade vs #7 in 2000
- #1 in Latin America Bond underwriting
- #2 in Q4 in High Yield vs #3 in Q3, #5 in Q2 and #9 in Q1
- Lead or co-manager on 40% of all High Yield volume

Source: Thomson

### Example Transactions

<p>€ \$1,000,000,000</p>  <p><b>PCCW</b></p> <p>Sole Bookrunner Guaranteed 10-year notes</p> <p>JPMorgan November 2001</p>	<p>\$1,000,000,000</p>  <p>United Mexican States</p> <p>Sole Bookrunner Global Bonds</p> <p>JPMorgan November 2001</p>
<p>€ € 8,000,000,000</p>  <p><b>Deutsche Telekom</b></p> <p>Joint Bookrunner Two tranche Eurobond</p> <p>JPMorgan July 2001</p>	<p>\$11,900,000,000</p>  <p><b>WORLD.COM</b></p> <p>Joint Bookrunner Global Bonds</p> <p>JPMorgan May 2001</p>

### Recognition

- World's Best Debt House (*Euromoney*, 07/01)
- Emerging Market Bond House of the Year (*IFR Review of the year 2001*)
- #1 Best International Debt Lead Arranger (*Emerging Markets Investor*, 10/01)
- #1 Overall Debt Arranger (*Euromoney*, 06/01)

# Mergers & Acquisitions

2001 Global M&A Announced League Table					
Manager	Rank 2001	Rank 2000	Full Year 2001		
			Volume \$billions	Market Share	Deals #
Goldman Sachs & Co	1	1	596.8	34.2%	339
Merrill Lynch	2	4	478.3	27.4%	256
Morgan Stanley	3	2	460.4	26.4%	312
Credit Suisse First Boston	4	3	394.3	22.6%	451
JPMorgan	5	6	388.7	22.3%	403
Top 5 Total			2,317.5	132.9%	1,761
Industry Total			1,744.6	100.0%	28,828

Source: Thomson (ADT)

## Example Transactions

<p><b>\$72,000,000,000</b></p>  <p><b>Comcast</b></p> <p>Advisor Acquisition of AT&amp;T Broadband</p> <p>JPMorgan <i>Pending</i></p>	<p><b>A\$16,000,000,000</b></p>  <p><b>Cable &amp; Wireless Optus</b></p> <p>Advisor Acquired by Singapore Telecommunications Ltd.</p> <p>JPMorgan <i>September 2001</i></p>
<p><b>\$15,570,000,000</b></p>  <p><b>Billiton</b></p> <p>Advisor Merger with BHP</p> <p>JPMorgan <i>June 2001</i></p>	<p><b>\$15,000,000,000</b></p>  <p><b>TELMEX</b></p> <p>Advisor Spin-off of América Móvil</p> <p>JPMorgan <i>February 2001</i></p>

## 2001 Momentum

- #5 in Global M&A announced vs #6 in 2000, 5.6% market share increase (largest relative increase of any top advisor)
- #2 in number of announced deals (403), average deal size down 13% vs industry average down 36%
- 30% market share of Global M&A announced transactions over \$1 billion vs 19% in 2000
- #1 in Latin America announced and completed (excluding Citibank's acquisition of Banamex)
- #2 in European completed - #1 in Spain, #2 in Germany, #1 in European cross-border
- #2 in both announced and completed Asia Pacific rankings

Source: Thomson

## Recognition

- Deal of the Year - **OCBC/Keppel Capital** (*Finance Asia*)
- Deal of the Year - **SingTel/Cable & Wireless Optus** (*CFO Asia*)
- M&A Agreed Merger of the Year - **BHP/Billiton** (*Corporate Finance*)
- M&A Buyout of the Year - **Messer Griesheim** (*Corporate Finance*)

# Equities

2001 Global Equity and Equity Related					
Manager	Rank 2001	Rank 2000	Full Year 2001		
			Volume \$ Billions	Market Share	Issue #
Merrill Lynch	1	3	61.3	14.4%	206
Goldman Sachs & Co	2	1	61.0	14.3%	129
CitiSalomon Smith Barney	3	5	48.8	11.5%	182
Morgan Stanley	4	2	45.4	10.7%	98
Credit Suisse First Boston	5	4	42.2	9.9%	161
JPMorgan	9	8	14.6	3.4%	60
Top 5 Total			258.7	60.8%	776
Industry Total			425.6	100.0%	2,471

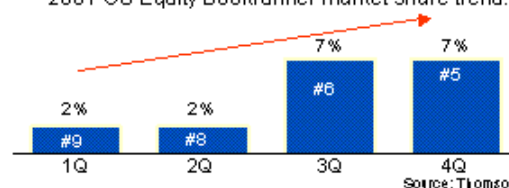
Source: Thomson (C1)

## Example Transactions

<p>\$1,050,000,000</p>  <p><b>MOTOROLA</b></p> <p>Sole Book Manager Convertible Notes</p> <p>JPMorgan November 2001</p>	<p>€ €1,380,000,050</p> <p><b>PINAULT</b> PRINTEMPS-REDOUTE</p> <p>Global Co-ordinator Convertible Notes</p> <p>JPMorgan September 2001</p>
<p>€ \$136,000,000</p> <p><b>YAGEO®</b></p> <p>Sole Bookrunner Global Depository Receipts</p> <p>JPMorgan July 2001</p>	<p>€ €2,500,000,000</p> <p><b>TELECOM</b> TIM MAGNUM GIGALIT</p> <p>Sole Bookrunner Convertible Notes</p> <p>JPMorgan March 2001</p>

## 2001 Momentum

- #6 and 8% Q4 run-rate in US Equity and Equity Related vs #6 and 5% in full-year 2000
- #7 and 5% in H2 2001 in Global Equity and Equity Related vs #10 and 2% in H1 2001
- #6 in Global convertibles vs #14 in 2000
- #3 in European convertibles
- 2001 US Equity Bookrunner market share trend:



## 2001 Actions Positioning for 2002 and Beyond

- New organization structure
- Significant new hires
- Increased client penetration

## Recognition

- European Equity-Linked House of the Year (*IFR Review of the year 2001*)
- Top Equity-Linked House (Capital raising poll of CFOs and Treasurers) (*Euromoney, 12/01*)
- 15 *Institutional Investor* All-America Equity Research Rankings (10/01)



## Global Top 3 Leadership Positions

### Derivatives

- Derivatives House of the Year (*IFR Review of the year 2001*)
- Derivatives House of the Year (*Risk Annual Awards*, 01/02)
- Won 10 of 14 #1 awards (*Risk*, 09/01)
- Best Overall Derivatives Dealer (*Derivatives Strategy*, 01/01)

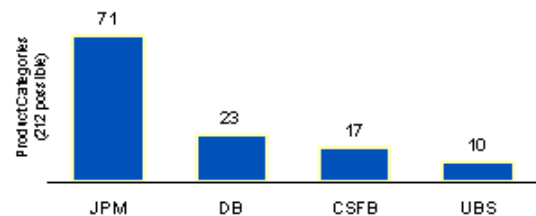
### Foreign Exchange

- Best Overall FX Provider (*Global Investor*, 03/01)
- Top FX Bank by Market Share (*Euromoney*, 05/01)

### Syndicated Loans

- Ranked #1 in Global Syndicated Loans since table inception
- Loan House of the Year (*IFR*, Review of the year 2001)

### # of 2001 *Risk* First Place Derivative Positions



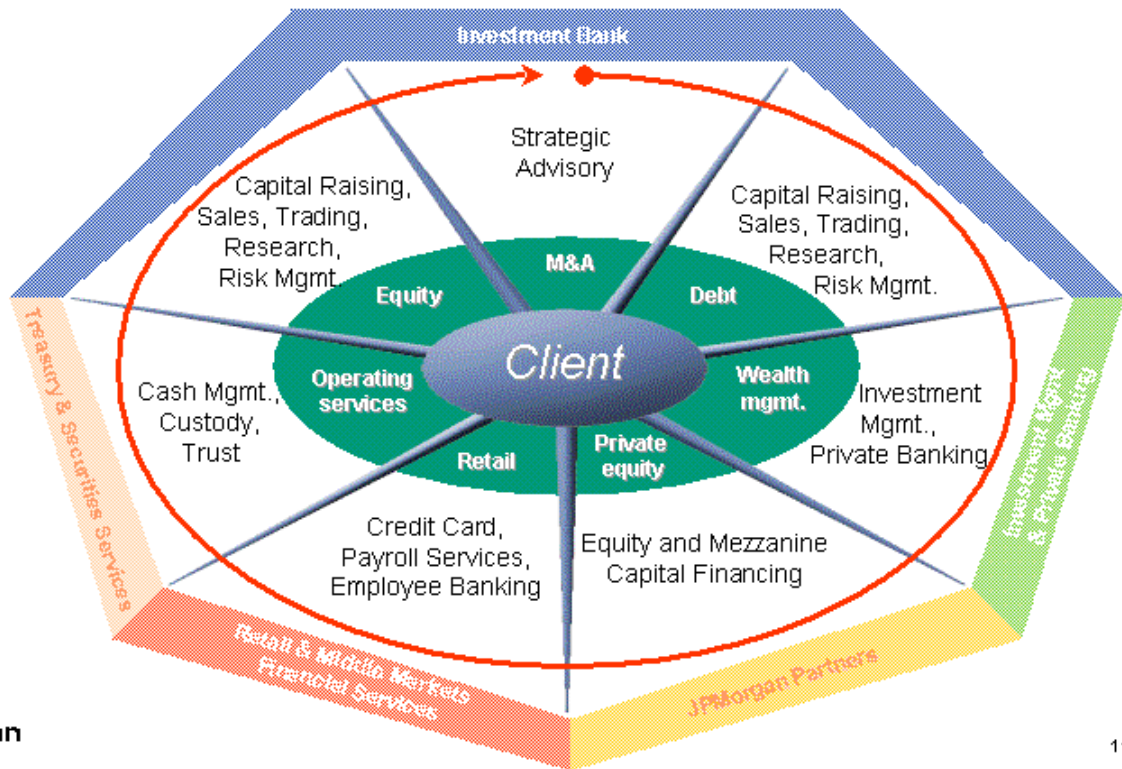
Source: *Risk Magazine*

### Cash Management, Custody & Trust

- Best at Transaction Services for North America (*Euromoney*, 07/01)
- World's Best at Custody (*Euromoney*, 07/01)
- #1 in CHIPS and Fedwire average daily volume (*NY Clearing House, The Federal Reserve Bank of New York*)
- #1 Trustee for US Corporate and Municipal Debt (*Securities Data Company*)
- #1 in Issuing and Paying Agent Services for US Commercial Paper (*Depository Trust Company*)

## The 360° Relationship - Integrated Approach

Delivered through single client executive and broad coverage team...



## The 360° Relationship - Success of the Platform

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### JPMorgan Advertisement

The 360° relationship.



To call it client-centric sells it short.  
This is a whole new way of working.

*There's a new kind of relationship. While it keeps your goals front and center, it also breaks down old barriers. With strategic advice, capital raising, operating services, private equity and wealth management, all working together, with only one goal - your success. Offering you knowledgeable people, industry insight and a global perspective. Once again, JPMorgan is leading the way, putting clients in a better position.*

### 19 IFR Awards Received in 2001

#### Bank of the Year

##### Loan House of the Year

US Loan House of the Year  
US Leveraged Loan House of the Year  
Asia-Pacific Loan House of the Year

##### Derivatives House of the Year

Credit Derivatives House of the Year  
Interest-Rate Derivatives House of the Year

##### Emerging Market Bond House of the Year

Asia-Pacific Bond House  
Latin America Bond House of the Year

##### North American Securitisation House

##### Europe Equity-Linked House of the Year

#### 6 Deal Awards

### 3 Annual Risk Awards Received in 2001

#### Derivatives House of the Year

#### Interest Rate Derivatives House of the Year

#### Credit Derivatives House of the Year

# Risk Management - Credit, Market, Operating & Reputation

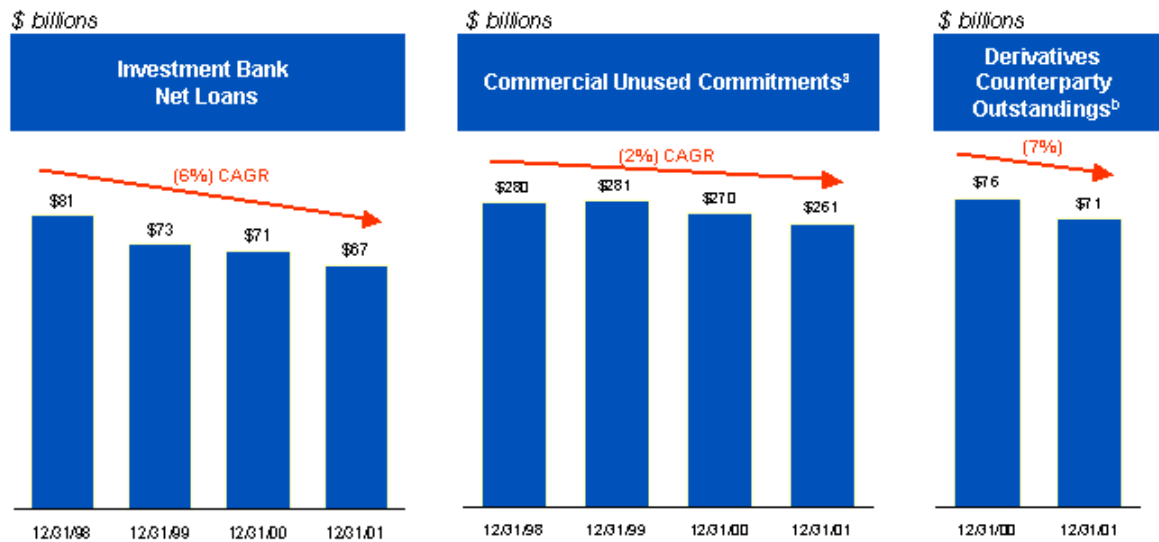
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**Current cyclical focus: Credit**

## Credit Model

- Credit assessment and approval is independent of revenue-producing functions
- Credit risk is distributed in both primary and secondary markets
- Credit is targeted and extended based on our total relationship value as measured by shareholder value added (SVA)
- Retained risk is actively managed
- Only 8% of 2001 revenue comes from credit portfolio compared to 15% in 1998

## Credit Metrics

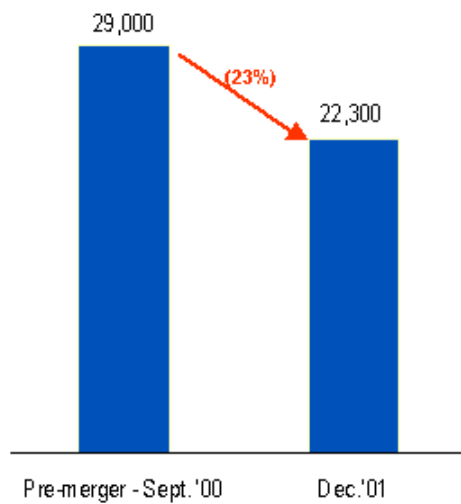


- <sup>a</sup> Unused commitments includes unfunded commitments to extend credit, standby letters of credit and guarantees and other letters of credit
- <sup>b</sup> Pre-merger comparable data for 1999 and 1998 is not available due to netting

## Financial Discipline

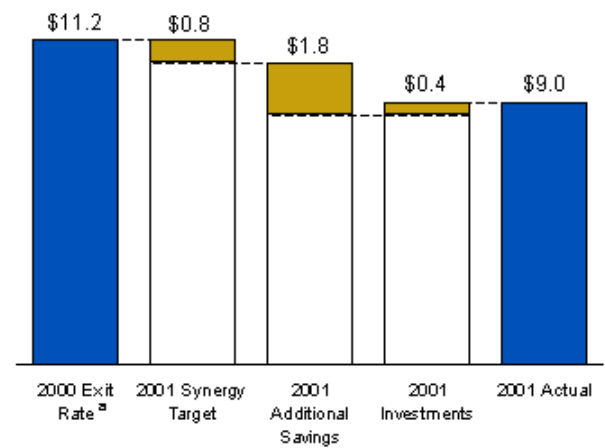
Full-time Employees

### Total Headcount



\$ billions

### Total Cash Expenses



<sup>a</sup> 2000 Exit Rate calculated using 4 Q 2000 non-incentive expenses x 4 with incentives at 2000 actual payout

This presentation contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include: the risk that the tragic events of September 11, 2001 and their aftermath will have an adverse effect upon markets and businesses in general and exacerbate the following additional risks and uncertainties; the risk of adverse movements or volatility in the debt and equity securities markets or in interest or foreign exchange rates or indices; the risk of adverse impacts from an economic downturn; the risk of a downturn in domestic or foreign securities and trading conditions or markets; the risks involved in deal completion including an adverse development affecting a customer or the inability by a customer to receive a regulatory approval; the risks associated with increased competition; the risks associated with unfavorable political and diplomatic developments in foreign markets or adverse changes in domestic or foreign governmental or regulatory policies; the risk that the merger integration will not be successful or that the revenue synergies and cost savings anticipated from the merger may not be fully realized or may take longer to realize than expected; the risk that the integration process may result in the disruption of ongoing business or in the loss of key employees or may adversely affect relationships with employees, clients or suppliers; the risk that the credit, market, liquidity, and operational risks associated with the various businesses of JPMorgan Chase are not successfully managed; or other factors affecting operational plans. 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 2000 Annual Report on Form 10-K of J.P. Morgan Chase & Co., filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's internet site (<http://www.sec.gov>).

