SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTER ENDED MARCH 31, 2001 COMMISSION FILE NUMBER 1-5805

J.P. MORGAN CHASE & CO.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	13-2624428
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(IRS EMPLOYER IDENTIFICATION NO.)

270 PARK AVENUE, NEW YORK, NEW YORK	10017
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE (212) 270-6000

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES X NO

COMMON STOCK, $1 PAR VALUE	1,985,208,610

NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK ON APRIL 30, 2001.

FORM 10-Q

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The Management's Discussion and Analysis 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 J.P. Morgan Chase & Co.'s management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that could cause J.P. Morgan Chase & Co.'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.

J.P. MORGAN CHASE & CO.
CONSOLIDATED STATEMENT OF INCOME

(IN MILLIONS, EXCEPT PER SHARE DATA)

	FIRST QUARTER 2001	FIRST QUARTER 2000
REVENUE		
Investment Banking Fees	$ 941	$ 1,191
Trading Revenue	2,001	1,971
Fees and Commissions	2,065	2,197
Private Equity - Realized Gains	412	392
Private Equity - Unrealized Gains (Losses)	(285)	282
Securities Gains (Losses)	455	(3)
Other Revenue	246	325
Total Noninterest Revenue	5,835	6,355
Interest Income	9,180	8,440
Interest Expense	6,762	6,026
Net Interest Income	2,418	2,414
Revenue before Provision for Loan Losses	8,253	8,769
Provision for Loan Losses	447	342
Total Net Revenue	7,806	8,427
EXPENSE		
Compensation Expense	3,357	3,340
Occupancy Expense	348	308
Technology and Communications	654	580
Merger and Restructuring Costs	328	--
Amortization of Intangibles	177	93
Other Expense	1,062	1,032
Total Noninterest Expense	5,926	5,353
INCOME BEFORE INCOME TAX EXPENSE AND EFFECT OF ACCOUNTING CHANGE	1,880	3,074
Income Tax Expense	656	1,086
INCOME BEFORE EFFECT OF ACCOUNTING CHANGE	$ 1,224	$ 1,988
Net Effect of Change in Accounting Principle	(25)	--
NET INCOME	$ 1,199	$ 1,988
NET INCOME APPLICABLE TO COMMON STOCK	$ 1,178	$ 1,963
NET INCOME PER SHARE (a)		
Basic	$ 0.60	$ 1.06
Diluted	$ 0.58	$ 1.01

(a) Basic and diluted earnings per share have been reduced by $(0.01) in the first quarter of 2001 due to the impact of the adoption of SFAS 133 relating to the Accounting for Derivative Instruments and Hedging Activities.

The Notes to Consolidated Financial Statements are an integral part of these Statements.

J.P. MORGAN CHASE & CO.
CONSOLIDATED BALANCE SHEET
(IN MILLIONS, EXCEPT SHARE DATA)

	MARCH 31, 2001	December 31, 2000
ASSETS		
Cash and Due from Banks	$ 22,371	$ 23,972
Deposits with Banks	7,979	8,333
Federal Funds Sold and Securities Purchased under Resale Agreements	71,147	69,474
Securities Borrowed	37,264	32,371
Trading Assets: Debt and Equity Instruments	138,270	139,249
Derivative Receivables	78,907	76,373
Securities:		
Available-for-Sale	69,166	73,106
Held-to-Maturity (Fair Value: $575 at March 31, 2001 and $593 at December 31, 2000)	565	589
Loans (Net of Allowance for Loan Losses of $3,672 at March 31, 2001 and $3,665 at December 31, 2000)	213,116	212,385
Goodwill and Other Intangibles	15,351	15,833
Private Equity Investments	10,877	11,428
Accrued Interest and Accounts Receivable	15,352	20,618
Premises and Equipment	7,085	7,087
Other Assets	26,174	24,530
TOTAL ASSETS	$ 713,624	$ 715,348
LIABILITIES		
Deposits:		
Noninterest-Bearing	$ 59,686	$ 62,713
Interest-Bearing	212,886	216,652
Total Deposits	272,572	279,365
Federal Funds Purchased and Securities Sold under Repurchase Agreements	145,703	131,738
Commercial Paper	16,281	24,851
Other Borrowed Funds	28,716	19,840
Trading Liabilities: Debt and Equity Instruments	52,501	52,157
Derivative Payables	73,312	76,517
Accounts Payable, Accrued Expenses and Other Liabilities (including the Allowance for Credit Losses of $283 at March 31, 2001 and December 31, 2000)	33,575	40,754
Long-Term Debt	42,609	43,299
Guaranteed Preferred Beneficial Interests in the Firm's Junior Subordinated Deferrable Interest Debentures	4,439	3,939
TOTAL LIABILITIES	669,708	672,460
PREFERRED STOCK OF SUBSIDIARY	550	550
STOCKHOLDERS' EQUITY		
Preferred Stock	1,362	1,520
Common Stock (Authorized 4,500,000,000 Shares, Issued 1,984,652,408 Shares at March 31, 2001 and 1,940,109,081 Shares at December 31, 2000)	1,984	1,940
Capital Surplus	11,663	11,598
Retained Earnings	28,592	28,096
Accumulated Other Comprehensive Income (Loss)	(214)	(241)
Treasury Stock, at Cost (416,771 Shares at March 31, 2001 and 11,618,856 Shares at December 31, 2000)	(21)	(575)
TOTAL STOCKHOLDERS' EQUITY	43,366	42,338
TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY	$ 713,624	$ 715,348

The Notes to Consolidated Financial Statements are an integral part of these Statements.

J.P. MORGAN CHASE & CO.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(IN MILLIONS)

THREE MONTHS ENDED MARCH 31,	2001	2000
PREFERRED STOCK		
Balance at Beginning of Year	$ 1,520	$ 1,622
Redemption of Stock	(158)	--
Balance at End of Period	1,362	1,622
COMMON STOCK		
Balance at Beginning of Year	1,940	1,625
Issuance of Common Stock	42	--
Issuance of Common Stock for (Purchase Accounting) Acquisitions	2	--
Balance at End of Period	1,984	1,625
CAPITAL SURPLUS		
Balance at Beginning of Year	11,598	12,724
Issuance of Common Stock for (Purchase Accounting) Acquisitions	79	--
Shares Issued and Commitments to Issue Common Stock for Employee Stock-Based Awards and Related Tax Effects	(14)	(444)
Balance at End of Period	11,663	12,280
RETAINED EARNINGS		
Balance at Beginning of Year	28,096	28,455
Net Income	1,199	1,988
Cash Dividends Declared:		
Preferred Stock	(21)	(25)
Common Stock ($0.34 and $0.32 per share)	(682)	(570)
Balance at End of Period	28,592	29,848
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		
Balance at Beginning of Year	(241)	(1,428)
Other Comprehensive Income	27	162
Balance at End of Period	(214)	(1,266)
TREASURY STOCK, AT COST		
Balance at Beginning of Year	(575)	(7,942)
Purchase of Treasury Stock	--	(1,673)
Reissuance of Treasury Stock	554	1,102
Balance at End of Period	(21)	(8,513)
TOTAL STOCKHOLDERS' EQUITY	$ 43,366	$ 35,596
COMPREHENSIVE INCOME		
Net Income	$ 1,199	$ 1,988
Other Comprehensive Income	27	162
Comprehensive Income	$ 1,226	$ 2,150

The Notes to Consolidated Financial Statements are an integral part of these Statements.

J.P. MORGAN CHASE & CO.
CONSOLIDATED STATEMENT OF CASH FLOWS
(IN MILLIONS)

THREE MONTHS ENDED MARCH 31,	2001	2000
OPERATING ACTIVITIES		
Net Income	$ 1,199	$ 1,988
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Provision for Loan Losses	447	342
Merger and Restructuring Costs	328	--
Depreciation and Amortization	730	393
Net Change in:		
Trading-Related Assets	(1,555)	(21,978)
Securities Borrowed	(4,893)	1,026
Accrued Interest and Accounts Receivable	5,266	3,275
Other Assets	(2,157)	(3,999)
Trading-Related Liabilities	(3,063)	6,742
Accounts Payable, Accrued Expenses and Other Liabilities	(7,719)	1,194
Other, Net	1,001	(866)
Net Cash Used in Operating Activities	(10,416)	(11,883)
INVESTING ACTIVITIES		
Net Change in:		
Deposits with Banks	354	22,227
Federal Funds Sold and Securities Purchased under Resale Agreements	(1,673)	(15,930)
Loans Due to Sales and Securitizations	9,942	6,005
Other Loans, Net	(9,777)	(5,913)
Other, Net	1,358	(1,559)
Held-to-Maturity Securities: Proceeds	24	122
Purchases	--	(55)
Available-for-Sale Securities: Proceeds from Maturities	2,135	3,769
Proceeds from Sales	46,843	21,462
Purchases	(45,869)	(21,636)
Cash Used in Acquisitions	(1,677)	--
Proceeds from Divestitures of Nonstrategic Businesses and Assets	47	--
Net Cash Provided by Investing Activities	1,707	8,492
FINANCING ACTIVITIES		
Net Change in:		
Domestic Deposits	(900)	826
Foreign Deposits	(5,893)	(28,925)
Federal Funds Purchased and Securities Sold under Repurchase Agreements	13,965	34,001
Commercial Paper and Other Borrowed Funds	306	(5,281)
Other, Net	114	(52)
Proceeds from the Issuance of Long-Term Debt and Capital Securities	4,983	5,514
Repayments of Long-Term Debt	(5,287)	(1,380)
Proceeds from the Issuance of Stock and Stock-Related Awards	582	375
Redemption of Preferred Stock	(158)	--
Treasury Stock Purchased	--	(1,673)
Cash Dividends Paid	(631)	(530)
Net Cash Provided by Financing Activities	7,081	2,875
Effect of Exchange Rate Changes on Cash and Due from Banks	27	(17)
Net Decrease in Cash and Due from Banks	(1,601)	(533)
Cash and Due from Banks at December 31, 2000 and 1999	23,972	18,692
Cash and Due from Banks at March 31, 2001 and 2000	$ 22,371	$ 18,159
Cash Interest Paid	$ 7,286	$ 5,606
Taxes Paid	$ 438	$ 636

The Notes to Consolidated Financial Statements are an integral part of these Statements.

See Glossary of Terms on page 47 for definition of terms used throughout the Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - MERGER WITH J.P. MORGAN & CO. INCORPORATED

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", "JPMC" or "the Firm"). The merger was accounted for as a pooling of interests and, accordingly, the information included in the financial statements and consolidated notes of JPMorgan Chase 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.

NOTE 2 - BASIS OF PRESENTATION

The accounting and financial reporting policies of JPMorgan Chase and its subsidiaries conform to U.S. generally accepted accounting principles ("GAAP") and prevailing industry practices for interim reporting. Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. The unaudited consolidated financial statements prepared in conformity with GAAP require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expense, and disclosure of contingent assets and liabilities. In the opinion of management, all necessary adjustments have been included for a fair presentation of this interim financial information. These unaudited financial statements should be read in conjunction with the audited financial statements included in JPMorgan Chase's 2000 Annual Report on Form 10-K ("2000 Annual Report"), with the exception of Note 3 below, "Accounting for Derivative Instruments and Hedging Activities."

NOTE 3 - ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

On January 1, 2001, JPMorgan Chase adopted SFAS 133, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and used for hedging activities. All derivatives, whether designated for hedging relationships or not, are required to be recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, all changes in the fair value of the derivative and changes in the fair value of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of the changes in the fair value of the derivative are recorded in other comprehensive income and are recognized in the income statement when the hedged item affects earnings. The ineffective portions of both fair value and cash flow hedges are immediately recognized in earnings.

The majority of JPMorgan Chase's derivatives are entered into for trading purposes and were not impacted by the adoption of SFAS 133. The Firm also uses derivatives as an end user to hedge market exposures, modify the interest rate characteristics of related balance sheet instruments or meet longer-term investment objectives. Both trading and end-user derivatives are recorded in trading assets and liabilities. For further discussion of the Firm's use of derivative instruments, see Note 25 and page 50 of the JPMorgan Chase 2000 Annual Report.

The adoption of SFAS 133 resulted in an after-tax reduction to net income of $25 million and an after-tax reduction to other comprehensive income of $36 million. The impact of reclassifying certain SFAS 115 securities from available-for-sale to trading was not material at the adoption date.

Due to SFAS 133, JPMorgan Chase changed certain hedging strategies and elected not to designate some derivatives utilized to manage economic exposure as accounting hedges. In particular, the mortgage business began using available-for-sale ("AFS") securities as economic hedges of mortgage servicing rights, with gains on sales of the securities, which are recorded in securities gains (losses), offsetting impairment losses on the mortgage servicing rights, which are recorded in fees and commissions. Certain interest rate derivatives are recorded in trading revenue due to operational and cost constraints of applying hedge accounting. Changes in value of credit derivatives used to manage the Firm's credit risk are recorded in trading revenue because of the difficulties in designating such contracts as hedges of loans and commitments. Because of hedge ineffectiveness and management's decision no longer to apply hedge accounting but to continue to enter into economic hedges to support certain business strategies, adoption of SFAS 133, in the future, may cause volatility in quarterly earnings and equity.

JPMorgan Chase's fair value hedges primarily include hedges of fixed rate long-term debt, loans, available-for-sale securities and mortgage servicing rights. Interest rate swaps are the most common type of derivative contract used to modify exposure to interest rate risk by converting fixed rate assets and liabilities to a floating rate. During the quarter ended March 31, 2001, JPMorgan Chase recognized a net gain of $6 million related to the ineffective portion of its hedging instruments and the portion of hedging instruments excluded from the assessment of hedge effectiveness. All amounts have been included in earnings consistent with the hedged transaction, primarily net interest income, fees and commissions and other revenue. JPMorgan Chase did not recognize any gains or losses during the first quarter of 2001 on firm commitments that no longer qualify as fair value hedges.

JPMorgan Chase enters into derivative contracts to hedge exposure to variability in cash flows for floating rate financial instruments and forecasted transactions, which primarily include the rollover of short-term assets and liabilities, loan sales and anticipated securities transactions. Interest rate swaps, futures and options are the most common instruments used to reduce the impact of interest rate changes on future earnings. During the quarter ended March 31, 2001, JPMorgan Chase recognized a net loss of $4 million related to the ineffective portion of its hedging instruments and the portion of the hedging instrument excluded from the assessment of hedge effectiveness. All amounts have been included in earnings consistent with the hedged transaction, primarily net interest income. The Firm recognized gains of $40 million in net interest income during the quarter ended March 31, 2001 for cash flow hedges of AFS security purchases that were discontinued because the forecasted transaction did not occur. Over the next 12 months, JPMorgan Chase expects to reclassify approximately $41 million (after-tax) of net losses on derivative instruments from accumulated other comprehensive income to earnings, primarily to offset variable interest on floating-rate instruments, forecasted rollovers of short-term transactions and proceeds from anticipated loan sales. The net derivative amounts included in other comprehensive income as of March 31, 2001 are expected to be reclassified into earnings through 2011.

JPMorgan Chase uses forward foreign exchange contracts and foreign currency denominated floating rate debt to protect the value of its investments in its foreign subsidiaries in foreign currencies. The portion of the hedging instruments excluded from the assessment of hedge effectiveness (forward points) is recorded in net interest income. During the quarter ended March 31, 2001, the Firm recognized $17 million of net losses related to the forward foreign exchange contracts.

NOTE 4 - MERGER AND RESTRUCTURING COSTS

The following table shows the activity in the merger liability in the 2001 first quarter:

(dollars in millions) MERGER LIABILITY	2001
Liability Balance at December 31, 2000	$ 917
Liability Utilized in First Quarter 2001	(162)
Liability Balance at March 31	$ 755
Employee Reductions as a result of the Merger (includes attrition) during First Quarter 2001	2,868
Cumulative Employee Reductions as a result of the Merger	3,023

Additionally, during the first quarter of 2001, the Firm incurred $328 million of costs relating to previously announced actions ($274 million) and relocation and other business initiatives ($54 million). Under current accounting pronouncements, these costs (primarily system integration costs, facilities costs and retention payments) are not recognized until incurred. For a discussion of JPMorgan Chase's merger and restructuring costs, refer to Note 7 and page 42 of JPMorgan Chase's 2000 Annual Report.

NOTE 5 - TRADING ASSETS AND LIABILITIES

For a discussion of the accounting policies relating to trading assets and liabilities, see Note 1 of JPMorgan Chase's 2000 Annual Report.

The following presents trading assets and trading liabilities for the dates indicated.

(in millions)	MARCH 31, 2001	December 31, 2000
TRADING ASSETS		
Debt and Equity Instruments:		
U.S. Government, Federal Agencies and Municipal Securities	$ 49,713	$ 43,251
Certificates of Deposit, Bankers' Acceptances and Commercial Paper	6,445	7,258
Debt Securities Issued by Foreign Governments	43,777	41,631
Corporate Securities and Other	38,335	47,109
Total Trading Assets - Debt and Equity Instruments	$138,270	$139,249
Derivative Receivables:		
Interest Rate Contracts	$ 34,948	$ 41,124
Foreign Exchange Contracts	17,304	15,484
Debt, Equity, Commodity and Other Contracts	26,655	19,765
Total Trading Assets - Derivative Receivables	$ 78,907	$ 76,373
TRADING LIABILITIES		
Debt and Equity Instruments:		
Securities Sold, Not Yet Purchased	$ 52,100	$ 51,762
Structured Notes	401	395
Total Trading Liabilities - Debt and Equity Instruments	$ 52,501	$ 52,157
Derivative Payables:		
Interest Rate Contracts	$ 30,484	$ 27,968
Foreign Exchange Contracts	16,445	17,759
Debt, Equity, Commodity and Other Contracts	26,383	30,790
Total Trading Liabilities - Derivative Payables	$ 73,312	$ 76,517

In accordance with SFAS 140, debt and equity instruments pledged as collateral that can be sold or repledged by the secured party amounted to $53.6 billion at March 31, 2001 and December 31, 2000.

NOTE 6 - SECURITIES

For a discussion of the accounting policies relating to securities, see Note 1 of JPMorgan Chase's 2000 Annual Report.

The following table presents realized gains and losses from available-for-sale securities.

(in millions)	FIRST QUARTER 2001	FIRST QUARTER 2000
Realized Gains	$ 651	$ 109
Realized Losses	(196)	(112)
Net Realized Gains (Losses)	$ 455	$ (3)

The amortized cost and estimated fair value of securities were as follows for the dates indicated:

(in millions)	MARCH 31, 2001		December 31, 2000	
AVAILABLE-FOR-SALE SECURITIES	AMORTIZED COST	FAIR VALUE	Amortized Cost	Fair Value
U.S. Government and Federal Agency/Corporation Obligations:				
Mortgage-Backed Securities	$ 37,351	$ 36,976	$ 38,107	$ 37,168
Collateralized Mortgage Obligations	4,103	4,104	5,130	5,215
U.S. Treasuries	13,650	13,668	16,250	16,294
Obligations of State and Political Subdivisions	1,279	1,357	896	967
Debt Securities Issued by Foreign Governments	10,810	10,851	10,749	10,800
Corporate Debt Securities	828	823	1,080	1,072
Equity Securities	970	979	1,111	1,323
Other (a)	366	408	243	267
Total Available-for-Sale Securities	$ 69,357	$ 69,166	$ 73,566	$ 73,106
HELD-TO-MATURITY SECURITIES (b)	$ 565	$ 575	$ 589	$ 593

(a) Includes collateralized mortgage obligations ("CMO") of private issuers, which generally have underlying collateral consisting of obligations of U.S. government and federal agencies and corporations.

(b) Primarily mortgage-backed securities.

In accordance with SFAS 140, AFS securities pledged as collateral that can be sold or repledged by the secured party amounted to $29.9 billion and $28.7 billion at March 31, 2001 and December 31, 2000, respectively.

NOTE 7 - MORTGAGE SERVICING RIGHTS

The following table summarizes the changes in residential mortgage servicing rights ("MSRs"):

(in millions)	FIRST QUARTER 2001	FIRST QUARTER 2000
Balance at Beginning of Period	$ 6,362	$ 5,187
Originations and Purchases of MSRs	853	562
Sales	(75)	(159)
Pre-SFAS 133 Hedging Activities	--	85
Amortization of MSRs	(248)	(156)
SFAS 133 Hedge Valuation Adjustments	(495)	--
Change in Valuation Allowance	(335)	--
Balance at March 31,	$ 6,062	$ 5,519
Estimated Fair Value at March 31,	$ 6,100	

WEIGHTED-AVERAGE PREPAYMENT SPEED ASSUMPTION	13.10% CPR
WEIGHTED-AVERAGE DISCOUNT RATE	10.78%

CPR - Constant Prepayment Rate

Various interest rate derivatives are designated as fair value hedges of residential mortgage servicing rights. SFAS 133 hedge valuation adjustments are adjustments to the carrying value of the MSRs. For the quarter ended March 31, 2001, the SFAS 133 hedge valuation adjustments of $495 million, which includes the impact of adopting SFAS 133, were substantially offset by derivative gains of $479 million. In addition, certain AFS securities are used as economic hedges of the MSRs with gains on sales of the securities offsetting impairment losses on the MSRs. During the first quarter, the $335 million change in valuation allowance was substantially offset by $315 million of realized AFS security gains.

NOTE 8 - SUBORDINATED DEFERRABLE INTEREST DEBENTURES

At March 31, 2001, 11 wholly owned Delaware statutory business trusts established by JPMorgan Chase had issued an aggregate $4,439 million in capital securities, net of discount. For a discussion of the business trusts, see page 78 of JPMorgan Chase's 2000 Annual Report. During the 2001 first quarter, JPMorgan Chase Capital IX Trust issued $500 million of capital securities having a stated maturity of February 15, 2031 and bearing an interest rate of 7.50%, payable quarterly commencing on April 30, 2001. There were no other issuances or redemptions of capital securities during the first quarter 2001.

NOTE 9 - EARNINGS PER SHARE

For a discussion of JPMorgan Chase's earnings per share ("EPS"), see Note 17 of the 2000 Annual Report. For the calculation of basic and diluted EPS for the first quarter ended March 31, 2001 and 2000, see Exhibit 11 on page 52.

NOTE 10 - COMPREHENSIVE INCOME

Comprehensive income is composed of net income and other comprehensive income, which includes the after-tax change in unrealized gains and losses on AFS securities, cash flow hedging activities and foreign currency translation adjustments.

THREE MONTHS ENDED MARCH 31,
(in millions)

2001	UNREALIZED GAINS(LOSSES)	TRANSLATION ADJUSTMENTS	CASH FLOW HEDGES	ACCUMULATED OTHER COMPREHENSIVE INCOME
Beginning Balance	$ (244)	$ 3	$ --	$ (241)
Change during Period	155	4 (b)	(132) (d)	27
Ending Balance	$ (89)(a)	$ 7 (c)	$ (132)	$ (214)

2000	Unrealized Gains(Losses)	Translation Adjustments	Cash Flow Hedges	Accumulated Other Comprehensive Income
Beginning Balance	$ (1,427)	$ (1)	$ N/A	$ (1,428)
Change during Period	160	2	N/A	162
Ending Balance	$ (1,267)(a)	$ 1 (c)	$ N/A	$ (1,266)

(a) Primarily represents the after-tax difference between the fair value and amortized cost of the available-for-sale securities portfolio.

(b) Includes $244 million of after-tax losses on foreign currency translation from operations for which the functional currency is other than the U.S. dollar, which are offset by $248 million of after-tax gains on hedges.

(c) Includes after-tax gains and losses on foreign currency translation from operations for which the functional currency is other than the U.S. dollar.

(d) Includes $13 million of after-tax losses reclassified to income and $145 million of after-tax losses representing the net change in derivative fair values and the impact of the adoption of SFAS 133 that were recorded in comprehensive income.

N/A - Not Applicable.

NOTE 11 - CAPITAL

For a discussion of the calculation of risk-based capital ratios, see Note 23 of JPMorgan Chase's 2000 Annual Report.

The following table presents the risk-based capital ratios for JPMorgan Chase and its significant banking subsidiaries. At March 31, 2001, the Firm and each of its depository institutions, including those listed in the table below, were "well-capitalized" as defined by banking regulators.

MARCH 31, 2001 (in millions, except ratios)	JPMORGAN CHASE (a)	SIGNIFICANT BANKING SUBSIDIARIES		
		THE CHASE MANHATTAN BANK	MORGAN GUARANTY TRUST CO.	CHASE USA
Tier 1 Capital	$ 39,303	$ 21,233	$ 10,869	$ 3,186
Total Capital	55,447	29,063	13,351	4,950
Risk-Weighted Assets (b)	450,552	270,413	117,466	42,365
Adjusted Average Assets	721,986	390,653	177,420	41,793
Tier 1 Capital Ratio	8.72%	7.85%	9.25%	7.52%
Total Capital Ratio	12.31%	10.75%	11.37%	11.68%
Tier 1 Leverage Ratio	5.44%	5.44%	6.13%	7.62%

(a) Assets and capital amounts for JPMorgan Chase's banking subsidiaries reflect intercompany transactions, whereas the respective amounts for JPMorgan Chase reflect the elimination of intercompany transactions.

(b) Risk-weighted assets include off-balance sheet risk-weighted assets in the amounts of $152,152 million, $88,170 million, $56,524 million and

$2,830 million, respectively.

NOTE 12 - INTEREST INCOME AND INTEREST EXPENSE

The following table details the components of interest income and interest expense.

(in millions)	FIRST QUARTER 2001	FIRST QUARTER 2000
INTEREST INCOME		
Loans	$ 4,468	$ 3,941
Securities	1,053	1,152
Trading Assets	1,831	1,517
Federal Funds Sold and Securities Purchased under Resale Agreements	1,196	1,090
Securities Borrowed	493	528
Deposits with Banks	139	212
TOTAL INTEREST INCOME	9,180	8,440
INTEREST EXPENSE		
Deposits	2,636	2,507
Short-Term and Other Liabilities	3,382	2,784
Long-Term Debt	744	735
TOTAL INTEREST EXPENSE	6,762	6,026
NET INTEREST INCOME	2,418	2,414
Provision for Loan Losses	447	342
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	$ 1,971	$ 2,072

NOTE 13 - COMMITMENTS AND CONTINGENCIES

For a discussion of legal proceedings, see Part II, Item 1 of this Form 10-Q.

NOTE 14 - FAIR VALUE OF FINANCIAL INSTRUMENTS

For a discussion of JPMorgan Chase's fair value methodologies, see Note 28 of JPMorgan Chase's 2000 Annual Report. The following table presents the financial assets and liabilities valued under SFAS 107.

	MARCH 31, 2001			December 31, 2000		
(in billions)	CARRYING VALUE	ESTIMATED FAIR VALUE	APPRECIATION/ (DEPRECIATION)	Carrying Value	Estimated Fair Value	Appreciation/ (Depreciation)
Total Financial Assets	$ 682.9	$ 686.4	$ 3.5	$ 691.0	$ 693.1	$ 2.1
Total Financial Liabilities	$ 669.1	$ 670.3	(1.2)	$ 670.3	$ 670.3	--
Estimated Fair Value in Excess of Carrying Value			$ 2.3			$ 2.1

NOTE 15 - SEGMENT INFORMATION

JPMorgan Chase is organized into five major businesses: Investment Bank, Investment Management & Private Banking, Treasury & Securities Services, JPMorgan Partners and Retail & Middle Market Financial Services. These businesses are segmented based on the products and services provided, or the type of customer serviced, and reflect the manner in which financial information is currently evaluated by the Firm's management. For a further discussion concerning JPMorgan Chase's business segments, see Lines of Business Results in the Management's Discussion and Analysis ("MD&A") section of this Form 10-Q on pages 18 through 25.

JPMorgan Chase uses Shareholder Value Added ("SVA"), Operating Earnings and Cash Operating Earnings as its principal measures of franchise profitability. The Firm 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, which has a 15% cost of capital. All prior periods have been restated. See Management Performance Measurements in the MD&A on page 25 and Note 29 of JPMorgan Chase's 2000 Annual Report for a further discussion of performance measurements and policies for cost allocation. The following table provides the Firm's segment results.

(in millions)	INVESTMENT BANK	INVESTMENT MANAGEMENT & PRIVATE BANKING	TREASURY & SECURITIES SERVICES	JPMORGAN PARTNERS	RETAIL & MIDDLE MARKET FINANCIAL SERVICES	CORPORATE/ RECONCILING ITEMS (a)	TOTAL
FIRST QUARTER 2001							
Operating Revenue (b)	$ 4,466	$ 807	$ 907	$ 57	$ 2,565	$ (308)	$ 8,494
Intersegment Revenue (b)	(57)	27	38	23	7	(38)	--
Operating Earnings (e)	1,021	32	159	(27)	409	(158)	1,436
Cash Operating Earnings (c)(e)	1,060	102	177	(22)	443	(147)	1,613
Average Managed Assets (d)	514,153	35,213	17,276	13,167	157,275	10,593	747,677
SVA	475	(81)	91	(275)	197	(37)	370
Cash Return on Common Equity (f)	21.9%	6.6%	24.9%	NM	21.8%	NM	15.6%
FIRST QUARTER 2000							
Operating Revenue (b)	$ 4,482	$ 806	$ 867	$ 601	$ 2,400	$ (133)	$ 9,023
Intersegment Revenue (b)	(109)	46	52	(1)	2	10	--
Operating Earnings	1,162	139	141	307	310	(71)	1,988
Cash Operating Earnings (c)	1,179	150	157	309	347	(61)	2,081
Average Managed Assets (d)	462,382	25,718	16,121	13,118	141,298	11,189	669,826
SVA	676	75	68	35	92	121	1,067
Cash Return on Common Equity (f)	28.5%	24.4%	21.3%	17.0%	16.4%	NM	24.9%

(a) Corporate/Reconciling Items includes LabMorgan, Support Units, Corporate and the net effect of management accounting policies.

(b) Operating Revenue includes Intersegment Revenue, which includes intercompany revenue and revenue sharing agreements, net of intersegment expenses. Transactions between business segments are primarily conducted at fair value.

(c) Cash Operating Earnings exclude the impact of restructuring costs, special items, and amortization of goodwill and certain other intangibles.

(d) Excludes the impact of credit card securitizations.

(e) Excludes the after-tax impact of SFAS 133 cumulative transition adjustment for the Investment Bank ($19) million, Retail & Middle Market Financial Services ($3) million and Corporate ($3) million after-tax.

(f) Based on annualized amounts.

NM - Not meaningful.

The table below presents a reconciliation of the combined segment information to the Firm's reported net income as included in the Consolidated Statement of Income.

	FIRST QUARTER 2001	FIRST QUARTER 2000
SEGMENTS' CASH OPERATING EARNINGS	$ 1,760	$ 2,142
Corporate/Reconciling Items	(147)	(61)
CONSOLIDATED CASH OPERATING EARNINGS	1,613	2,081
Amortization of Intangibles	(177)	(93)

CONSOLIDATED OPERATING EARNINGS	1,436	1,988
Special Items and Restructuring Costs	(212)	--
Net Effect of Change in Accounting Principle	(25)	--
CONSOLIDATED NET INCOME	$ 1,199	$ 1,988

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Results for all periods give effect to the merger of The Chase Manhattan Corporation and J.P. Morgan & Co. Incorporated on December 31, 2000.

(in millions, except per share and ratio data)	FIRST QUARTER 2001	2000	Over(Under) 1Qtr 2000
REPORTED BASIS			
Revenue	$ 8,253	$ 8,769	(6)%
Net Income	1,199	1,988	(40)
Diluted Net Income per Share	0.58	1.01	(43)
Return on Average Common Equity ("ROCE")	11.6%	23.8%	(1,220) bp
Tier 1 Capital Ratio	8.7	8.5	20
Total Capital Ratio	12.3	12.2	10
Tier 1 Leverage	5.4	5.8	(40)
OPERATING BASIS (a) (INCLUDING JPMORGAN PARTNERS)			
Revenue	$ 8,494	$ 9,023	(6)%
Earnings	1,436	1,988	(28)
Diluted Earnings per Share ("EPS")	0.70	1.01	(31)
ROCE	13.9%	23.8%	(990) bp
CASH OPERATING BASIS (b)			
Earnings	$ 1,613	$ 2,081	(22)%
Diluted Cash EPS	0.78	1.06	(26)
Cash ROCE	15.6%	24.9%	(930) bp
OPERATING BASIS (a) (EXCLUDING JPMORGAN PARTNERS)			
Revenue	$ 8,437	$ 8,422	--
Cash Earnings	1,635	1,772	(8)%
Diluted Cash EPS	0.80	0.90	(11)
Cash ROCE	19.0%	27.2%	(820) bp

(a) Operating basis excludes the impact of credit card securitizations, merger and restructuring costs, special items and the net effect of a change in accounting principle.

(b) Cash operating basis excludes the impact of the amortization of goodwill and certain other intangibles. For a further discussion, see Glossary of Terms on page 47.

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

FINANCIAL RESULTS: Reported net income was $1,199 million, or $0.58 per share, in the first quarter of 2001. This compares with $1,988 million, or $1.01 per share, in the first quarter of 2000.

In addition to disclosing its results on a reported basis, JPMorgan Chase reviews and discloses the financial performance of the Firm on an operating basis. In the view of JPMorgan Chase's management, "operating basis" excludes the impact of merger and restructuring costs, the effect of credit card securitizations, nonrecurring gains and losses and the net effect of changes in accounting principle. The following discussion in the Management's Discussion and Analysis ("MD&A") relates to the Firm's performance on an operating basis, unless otherwise noted. For a reconciliation between reported results and results on an operating basis, see page 26.

JPMorgan Chase's diluted operating earnings for the first quarter of 2001 were $0.70 per share, compared with $1.01 in the first quarter of 2000. Operating earnings were $1,436 million, compared with $1,988 million one year ago.

The impact from the amortization of intangibles was $0.08 per share in the first quarter of 2001 and $0.05 per share one year ago. The annualized cash operating return on common equity was 15.6% for the first quarter of 2001.

Management tracks the operating performance of JPMorgan Chase both including and excluding JPMorgan Partners' results. Over the past few years, volatile stock markets have yielded significant fluctuations in the market values of the securities held by JPMorgan Partners, resulting in unrealized valuation adjustments for a given period which have significantly affected, both favorably and unfavorably, the Firm's operating results.

OPERATING HIGHLIGHTS FOR THE FIRST QUARTER OF 2001:

JPMorgan Chase's diversified product capabilities enabled the Firm to gain market share during the competitive market environment of the first quarter of 2001. Disciplined expense management efforts are reflected in the overall decline in expenses during the first quarter of 2001.

- The Investment Bank, Treasury & Securities Services and Retail & Middle Market Financial Services posted solid results in a weak environment, while JPMorgan Partners and Investment Management & Private Banking were adversely affected by the stock market decline.

- Total operating expenses declined by 3% from the fourth quarter and by 5% from the first quarter of 2000 on a pro forma basis (pro forma results assume that the purchase of Flemings occurred at the beginning of 2000).

- The Investment Bank continued to gain market share in global mergers and acquisitions ("M&A") advisory and high-grade bond and syndicated loan underwriting; however, there was a decline in market share in equity underwriting.

Nonperforming assets totaled $2.23 billion at March 31, 2001, compared with $1.92 billion and $1.84 billion at December 31, 2000 and March 31, 2000, respectively. The increase from December 31, 2000 primarily related to three domestic commercial loans. The allowance for loan losses as of March 31, 2001 was $3.67 billion, substantially unchanged from December 31, 2000. The reported provision for loan losses and net charge-offs in the first quarter of 2001 were each $447 million.

Total assets as of March 31, 2001 were $714 billion, compared with $715 billion as of December 31, 2000 and $676 billion at March 31, 2000. JPMorgan Chase's Tier One Capital ratio grew to 8.7% at March 31, 2001, compared with 8.5% at December 31, 2000.

JPMorgan Chase's first quarter 2001 special items were $212 million (after-tax) of merger and restructuring costs and the cumulative effect of a transition adjustment of negative $25 million (after-tax) related to the adoption of SFAS 133 relating to the accounting for derivative instruments and hedging activities. There were no special items in the first quarter of 2000.

KEY BUSINESS SEGMENT HIGHLIGHTS FOR THE FIRST QUARTER OF 2001:

- JPMORGAN PARTNERS ("JPMP") had private equity gains of $132 million in the first quarter. Realized gains of $412 million on sales of public and private investments were partially offset by net unrealized losses of $280 million. The unrealized losses represented both revaluation writedowns in the private portfolio and a net decline in the value of the public portfolio. Realized gains included write-offs in the private portfolio.

- The INVESTMENT BANK'S operating revenues were $4.47 billion in the first quarter of 2001. Investment Banking fees totaled $939 million, and trading revenues increased 64% from the fourth quarter of 2000. JPMorgan Chase ranked No. 3 in global announced M&A transactions at the end of the first quarter of 2001, up from No. 6 in full-year 2000, and finished the first quarter ranked No. 2 in U.S. investment grade bond underwriting. The Firm, however, experienced a decline to No. 9 in its ranking in U.S. equity underwriting.

- RETAIL & MIDDLE MARKET FINANCIAL SERVICES' operating revenues were $2.57 billion in the first quarter of 2001. The business experienced record origination volumes in mortgage and auto, a 24% increase in credit card earnings (compared with the first quarter of 2000) reflecting higher revenue from an increase in new accounts during the last three quarters, and deposit growth of 5% in both retail and middle market.

- INVESTMENT MANAGEMENT & PRIVATE BANKING had operating revenues of $807 million and achieved net positive cash flows in the first quarter of 2001. However, market conditions led to a decline in assets under management from $685 billion at March 31, 2000, on a pro forma basis, to $608 billion at the end of the first quarter.

- TREASURY & SECURITIES SERVICES' operating revenues in the first quarter of 2001 were $907 million, reflecting lower asset-based fees and declining short-term interest rates. Offsetting these pressures were new business generated and higher volumes in the Institutional Trust Services and Treasury Services businesses.

MERGER UPDATE:

- The merger of Chase Securities Inc. and J.P. Morgan Securities, Inc. occurred on May 1, 2001. The merger of The Chase Manhattan Bank and Morgan Guaranty Trust Company of New York currently is scheduled to occur in October 2001.

- JPMC's management remains confident about merger progress to date. Merger integration is going well, and client receptivity to the Firm's expanded product capabilities has been encouraging. Because of the lead-time between mandate and transaction execution, this progress is only partially evidenced by the market share gains achieved by the Firm during the first quarter of 2001.

- Because realization of revenue synergies from the merger was dependent upon more "normalized" markets, JPMC's management anticipates that revenue synergies from the merger for full year 2001 are likely to be lower than previously estimated if merger and acquisition and equity underwriting activity continue throughout the remainder of the year at the same levels as that for the 2001 first quarter.

LINES OF BUSINESS RESULTS

The table below provides summary financial information on a cash operating basis for the five major business segments. All periods below have been restated on a comparable basis to reflect the changes in capital allocation adopted in the first quarter of 2001; restatements may occur in future periods to reflect further alignment of management accounting policies.

The information that follows generally discusses the lines of business results comparing the first quarter of 2001 with the first quarter of 2000. However, as the Investment Bank's results for the first quarter of 2001 were significantly different from the fourth quarter of 2000, the discussion that follows provides comparative information from fourth quarter, as well as from 2000 first quarter, results.

During the first quarter of 2001, JPMorgan Chase adopted a new framework for capital allocation and for business performance measurement across the Firm. The SVA framework now utilizes a 12% cost of equity capital for each business, with the exception of 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. Overall, the effective cost of equity capital used in the SVA framework for JPMorgan Chase is 12%. See Management Performance Measurements in the MD&A on page 25 and Note 29 of JPMorgan Chase's 2000 Annual Report for a further discussion of performance measurements and policies for cost allocation.

(in millions, except ratios)	INVESTMENT BANK 1Q 2001	INVESTMENT BANK 1Q 2000 % Change	INVESTMENT BANK Pro Forma (a) 1Q 2000 % Change	INVESTMENT MANAGEMENT & PRIVATE BANKING 1Q 2001	INVESTMENT MANAGEMENT & PRIVATE BANKING 1Q 2000 % Change	INVESTMENT MANAGEMENT & PRIVATE BANKING Pro Forma (a) 1Q 2000 % Change
Operating Revenue	$ 4,466	-- %	(7)%	$ 807	-- %	(23)%
Cash Expense	2,663	5	(4)	682	20	(6)
Cash Operating Earnings	1,060	(10)	(14)	102	(32)	(51)
Average Common Equity	19,451	18	4	6,082	150	1
Average Managed Assets (b)	514,153	11	8	35,213	37	2
Shareholder Value Added (c)	475	(30)	(29)	(81)	(208)	(412)
Cash Return on Common Equity	21.9%	(660) bp	(430) bp	6.6%	(1,780) bp	(720) bp
Cash Overhead Ratio	60	400	200	85	1,500	1,600

	TREASURY & SECURITIES SERVICES 1Q 2001	TREASURY & SECURITIES SERVICES 1Q 2000 % Change	RETAIL & MIDDLE MARKET FINANCIAL SERVICES 1Q 2001	RETAIL & MIDDLE MARKET FINANCIAL SERVICES 1Q 2000 % Change	OPERATING RESULTS EXCLUDING JPMP (d) 1Q 2001	OPERATING RESULTS EXCLUDING JPMP (d) 1Q 2000 % Change
Operating Revenue	$ 907	5%	$ 2,565	7%	$ 8,437	-- %
Cash Expense	630	1	1,294	--	5,326	4
Cash Operating Earnings	177	13	443	28	1,635	(8)
Average Common Equity	2,853	(2)	8,158	(2)	34,508	33
Average Managed Assets (b)	17,276	7	157,275	11	734,510	12
Shareholder Value Added (c)	91	34	197	114	645	(37)
Cash Return on Common Equity	24.9%	360 bp	21.8%	540 bp	19.0%	(820) bp
Cash Overhead Ratio	69	(300)	50	(400)	63	200

	JPMORGAN PARTNERS 1Q 2001	JPMORGAN PARTNERS 1Q 2000 % Change	TOTAL 1Q 2001	TOTAL 1Q 2000 % Change	TOTAL Pro Forma (a) 1Q 2000 % Change
Operating Revenue	$ 57	(91)%	$ 8,494	(6)%	(12)%
Cash Expense	95	(22)	5,421	3	(5)
Cash Operating Earnings	(22)	(107)	1,613	(22)	(27)
Average Common Equity	6,757	(6)	41,265	24	6
Average Managed Assets (b)	13,167	--	747,677	9	7
Shareholder Value Added (c)	(275)	NM	370	(65)	(63)
Cash Return on Common Equity	NM	NM	15.6%	(930) bp	(680) bp
Cash Overhead Ratio	NM	NM	64	600	400

(a) Pro forma results assume that the purchase of Robert Fleming Holdings Limited ("Flemings") occurred at the beginning of 2000.

(b) Excludes the impact of credit card securitizations.

(c) 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.

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

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

NM - Not meaningful.

INVESTMENT BANK

For a discussion of the business profile of the Investment Bank, see pages 28-29 of the JPMorgan Chase 2000 Annual Report. The following table sets forth selected financial data of the Investment Bank.

(in millions)

	1Q 2001	1Q 2000 % CHANGE	PRO FORMA (a) 1Q 2000 % CHANGE
Trading-Related Revenue	$ 2,085	(1)%	(3)%
Investment Banking Fees	939	(20)	(24)
Net Interest Income	782	8	3
Fees and Commissions	457	21	(13)
All Other Revenue	203	107	41
OPERATING REVENUE	4,466	--	(7)
Compensation Expense	1,756	--	(10)
Noncompensation Expense	907	16	8
CASH EXPENSE	2,663	5	(4)
CASH OPERATING EARNINGS	$ 1,060	(10)	(14)

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

The Investment Bank's operating revenues were $4.47 billion in the first quarter of 2001, reflecting a 7% decline from the first quarter of 2000 pro forma for Flemings and a 21% increase from the fourth quarter of 2000. Cash operating expenses declined 4% from pro forma results for the first quarter of 2000 and 6% from the fourth quarter of 2000, benefiting from reduced levels of incentive compensation. When compared with the fourth quarter of 2000, the Investment Bank's cash operating expense also reflected lower levels of noncompensation expense. Cash operating earnings were $1.06 billion in the first quarter of 2001, compared with $1.23 billion in the first quarter of 2000 pro forma for Flemings and $498 million in the fourth quarter of 2000.

Trading revenues (including related net interest income ("NII")) of $2.09 billion in the first quarter declined by 3% from the strong trading results in the pro forma first quarter of 2000. Higher trading revenues in the Firm's interest rate derivatives and government securities businesses offset lower results in emerging markets and foreign exchange. Trading revenues rose 64% or $816 million from the fourth quarter, reflecting higher revenues across virtually all of the Firm's trading activities. Equity revenues of $555 million in the first quarter of 2001 more than doubled from the fourth quarter of 2000. Higher equity derivative revenues from an increase in client transactions and higher market volatility was the primary reason for the increase from the fourth quarter of 2000.

Investment banking fees totaled $939 million, which represented a 24% and 10% decline from the pro forma first quarter and fourth quarter of 2000, respectively. Weak market conditions in equity capital markets and M&A (in contrast with extremely strong markets during the first quarter of 2000) resulted in lower equity underwriting and advisory fees. These declines were partially offset by higher bond underwriting and loan syndication fees.

Fees and commissions of $457 million in the first quarter of 2001 were 13% below pro forma first quarter 2000. The decline reflected lower equity brokerage commissions as a result of lower market volume.

Included in all other revenue were securities gains of $166 million in the first quarter of 2001 reflecting the successful execution of the Firm's asset/liability management activities in a declining interest rate environment.

Management of the Investment Bank intends to reduce the Investment Bank's expenses in 2001 from the pro forma 2000 level (pro forma includes expenses of Flemings for fiscal year 2000) and, given the current revenue outlook for one year, is committed to taking more aggressive expense management steps than previously planned.

JPMORGAN PARTNERS

For a discussion of the business profile of JPMorgan Partners, see pages 32-33 of the JPMorgan Chase 2000 Annual Report. The following table sets forth selected financial data of JPMorgan Partners.

(in millions)

	1Q 2001	1Q 2000 % CHANGE
Private Equity:		
Realized Gains	$ 412	5%
Unrealized Gains (Losses)	(280)	NM
Net Interest Income	(89)	46
Fees and Commissions	13	(7)
All Other Revenue	1	NM
OPERATING REVENUE	57	(91)
Compensation Expense	42	(26)
Noncompensation Expense	53	(18)
CASH EXPENSE	95	(22)
CASH OPERATING EARNINGS (LOSS)	$ (22)	NM

NM - Not meaningful.

JPMORGAN PARTNERS generated net private equity gains of $132 million in the first quarter of 2001, compared with gains of $654 million in the first quarter of 2000. Included in the first quarter 2001 results were $412 million in realized gains from public and private positions, compared with realized gains of $392 million in the first quarter of 2000. The realized gains were partially offset by net unrealized losses in the first quarter of $280 million, representing both revaluation writedowns in the private portfolio and a net decline in the value of the public portfolio.

The first quarter of 2001 was characterized by a challenging market that provided limited exit opportunities. Successful investment realizations in the energy and power sector were significant contributors to JPMP's performance in this environment.

The Firm's management believes that JPMP's private equity business has established a strong track record of providing substantial contributions to JPMC's earnings over time. However, because of the volatile nature of the public equities market, and that of the NASDAQ market in particular, JPMP's reported results may include significant unrealized valuation adjustments, both favorable and unfavorable, at any given period. In 2001, JPMP may experience further unrealized losses in both the publicly-held and privately-held portions of its portfolio because the current environment for financings and valuation levels, particularly for telecommunications companies, may require JPMP to write down such investments.

The amount of realized gains recognized by JPMP in 2001 will depend upon JPMP's ability to implement its various "exit" strategies, which will be affected by a number of conditions, including the liquidity of the financial markets, the level and volatility of the public equities markets, and investor sentiment. Management believes that under current market conditions, net realized gains for JPMP for full year 2001 are likely to be lower than net realized gains in 2000. Net realized gains include gains realized on the sale of investments, as well as realized losses recognized upon write-offs of investments.

JPMORGAN PARTNERS INVESTMENT PORTFOLIO

The following table presents the carrying values and costs of the JPMP investment portfolio for the dates indicated.

(in millions)	MARCH 31, 2001 CARRYING VALUE	MARCH 31, 2001 COST	March 31, 2000 Carrying Value	March 31, 2000 Cost
Public Securities (213 companies) (a) (b)	$ 1,611	$ 1,018	$ 3,845	$ 1,148
Private Direct Securities (983 companies) (b)	7,144	7,318	6,193	6,150
Private Fund Investments (342 funds) (b)	2,122	2,141	2,314	2,316
Total Investment Portfolio	$ 10,877	$ 10,477	$ 12,352	$ 9,614

(a) Publicly traded positions only.

(b) Represents the number of companies and funds at March 31, 2001.

The following table presents information about the 10 largest holdings of public securities in the JPMP investment portfolio.

PUBLIC SECURITIES INVESTMENTS AT MARCH 31, 2001 (a)

(in millions)	SYMBOL	SHARES	QUOTED PUBLIC VALUE	COST
Triton PCS Holdings, Inc.	TPCS	20.2	$ 674	$ 89
Telecorp PCS	TLCP	11.4	172	8
Northern Border Partners, L.P.	NBP	3.1	114	24
American Tower Corp.	AMT	5.8	107	15
Fisher Scientific	FSH	3.0	104	27
Guitar Center Inc.	GTRC	4.7	83	51
Encore Acquisition Company	EAC	6.4	82	44
Crown Media Holdings Inc.	CRWN	2.7	53	40
Praecis Pharmaceuticals Inc.	PRCS	2.5	50	17
Wesco International, Inc.	WCC	4.4	40	47
TOP 10 PUBLIC SECURITIES			$ 1,479	$ 362
Other Public Securities (203 companies)			703	656
TOTAL PUBLIC SECURITIES (213 companies)			$ 2,182	$ 1,018

(a) Policy: Public securities held by JPMorgan Partners are marked-to-market at the quoted public value less liquidity discounts, with the resulting unrealized gains/losses included in the income statement. JPMorgan Partners' 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 JPMorgan Partners 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.

The carrying values of the equity investments recorded on JPMC's financial statements are net of interests of investors other than JPMC. JPMP has sold interests in certain of its fund investments to unaffiliated third parties and is in the process of offering interests in a new investment fund that will co-invest with JPMP in its direct investments. As a result, JPMC's proportional ownership share of investments made, and to be made by JPMP in the future, will be reduced.

The Firm believes JPMP's equity-related investments will continue to create long-term value for JPMC. The Firm has invested $0.3 billion in JPMP investments in the first quarter of 2001, and is prepared to commit up to an additional $1.7 billion of its own capital for investment by JPMP this year. In addition, the Firm has committed at least $1.5 billion of its own capital to JPMP in each of the next four years.

INVESTMENT MANAGEMENT & PRIVATE BANKING

For a description of Investment Management & Private Banking ("IMPB") and a discussion of the profiles for each business, see page 30 of JPMorgan Chase's 2000 Annual Report.

The following table reflects selected financial data for IMPB.

(in millions)

	1Q 2001	1Q 2000 % CHANGE	PRO FORMA (a) 1Q 2000 % CHANGE
Fees and Commissions	$ 598	24%	(10)%
Net Interest Income	133	(19)	(21)
All Other Revenue	54	(43)	(64)
Trading-Related Revenue	22	(66)	(66)
OPERATING REVENUE	807	--	(23)
Compensation Expense	377	14	(11)
Noncompensation Expense	305	29	2
CASH EXPENSE	682	20	(6)
CASH OPERATING EARNINGS	$ 102	(32)	(51)

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

IMPB had operating revenues of $807 million, down 23% from the pro forma first quarter of 2000. This decline reflected both the record performance of Flemings and Hambrecht & Quist ("H&Q") brokerage in the first quarter of 2000 and the pressures in the 2001 first quarter market environment on commissions, mutual fund loads and management fees.

IMPB's cash operating expenses of $682 million declined 6% from the pro forma level in the first quarter of 2000. Cash operating earnings were $102 million, down from the pro forma level of $207 million in the first quarter of 2000.

The table below reflects the assets under management in IMPB as of March 31, 2001 and 2000, respectively.

(in billions)	ASSETS UNDER MANAGEMENT MARCH 31, 2001	Pro Forma (a) 2000
Institutional/Retail	$ 462	$ 532
Private Bank	146	153
Total	$ 608	$ 685

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

Market conditions in the first quarter of 2001 led to an 11% decline in assets under management from the first quarter of 2000 pro forma level. This excludes assets managed in other lines of business and assets attributable to the Firm's 45% interest in American Century.

TREASURY & SECURITIES SERVICES

For a discussion of the profiles for each business within Treasury & Securities Services ("T&SS"), see page 31 of JPMorgan Chase's 2000 Annual Report.

The following table sets forth selected financial data of Treasury & Securities Services.

(in millions)	1Q 2001	1Q 2000 % CHANGE
Fees and Commissions	$ 503	9%
Net Interest Income	362	5
All Other Revenue	42	(32)
OPERATING REVENUE	907	5
Compensation Expense	296	10
Noncompensation Expense	334	(5)
CASH EXPENSE	630	1
CASH OPERATING EARNINGS	$ 177	13

Treasury & Securities Services' operating revenues rose to $907 million in the first quarter, a 5% increase from last year's first quarter. The first quarter of 2000 was itself a strong quarter reflecting high transaction volume following completion of Y2K efforts. The Institutional Trust business showed particular strength this year as revenues advanced 17%, driven by higher fees related to new and existing business and increased balances. Cash expenses increased 1% year-over-year. The combination of modest revenue growth and expense management led to cash operating earnings of $177 million, 13% higher than in the first quarter of 2000.

Management expects continued revenue growth in the three businesses constituting T&SS for full year 2001. Under current market conditions revenue growth in the securities businesses of T&SS may be slower in 2001 than in 2000. Expense discipline will continue, and management has targeted a cash overhead ratio, over time, of approximately 65%.

RETAIL & MIDDLE MARKET FINANCIAL SERVICES

For a description of Retail & Middle Market Financial Services ("RMMFS") and a discussion of the profiles for each business, see pages 34-35 of JPMorgan Chase's 2000 Annual Report.

The following table reflects selected financial data for RMMFS.

(in millions)	1Q 2001	1Q 2000 % CHANGE
Net Interest Income	$ 1,609	8%
Fees and Commissions	477	(41)
Securities Gains (Losses)	316	NM
All Other Revenue	163	63
OPERATING REVENUE	2,565	7
Compensation Expense	563	(1)
Noncompensation Expense	731	--
CASH EXPENSE	1,294	--
CASH OPERATING EARNINGS	$ 443	28

NM - Not meaningful.

Operating revenues for RMMFS increased to $2.57 billion, an increase of 7% over the first quarter of 2000. Cash operating expenses were flat from the first quarter of 2000. Cash operating earnings totaled $443 million in the first quarter, an increase of 28% from the first quarter of 2000, reflecting the benefit of favorable operating leverage.

Management has a goal of double-digit cash operating earnings growth for RMMFS for 2001. However, current volatility in mortgage rates may adversely affect the financial results of RMMFS.

The following table sets forth certain key financial performance measures of the businesses within RMMFS.

(in millions)	OPERATING REVENUE 1Q 2001	OPERATING REVENUE % Change 1Q 2000	CASH OPERATING EARNINGS 1Q 2001	CASH OPERATING EARNINGS % Change 1Q 2000
Cardmember Services	$ 990	8%	$ 117	24%
Regional Banking Group	771	1	139	(3)
Home Finance	344	7	83	22
Middle Markets	281	3	72	7
Auto Finance	110	NM	22	NM
Other	69	NM	10	NM
Total	$ 2,565	7	$ 443	28

NM - Not meaningful.

CARDMEMBER SERVICES

Cardmember Services' cash operating earnings for the first quarter of 2001 were up 24%, when compared with the first quarter of 2000, reflecting higher revenue from an increase in new accounts during the last three quarters. Credit card outstandings of $36.5 billion were more than $4 billion greater than in the same period a year ago.

REGIONAL BANKING GROUP

Regional Banking Group's revenues were essentially flat with the first quarter of 2000, and cash operating earnings declined by 3%. These results reflect a 5% growth in deposit levels in consumer banking and the small business sector, offset by the adverse effects of declining interest rates on deposit margins and lower investment brokerage volume due to market conditions.

HOME FINANCE

Home Finance's operating revenues and cash operating earnings increased 7% and 22%, respectively, for the first quarter of 2001 over the same period in the prior year. Doubling of origination volume, a 21% growth in servicing balances, higher net interest margin and revenue generated by the acquisition of Advanta's mortgage business were the primary factors driving these results. Mortgage servicing fees in the first quarter of 2001 were reduced by approximately $335 million in servicing impairment. This reduction was largely offset by the realization of $315 million in securities gains used to economically hedge the servicing asset. Originations (residential, home equity and manufactured housing) for the first quarter of 2001 were $32 billion and included originations from the retail, wholesale and correspondent (traditional and negotiated) channels. The mortgage servicing portfolio was $392 billion at March 31, 2001.

MIDDLE MARKETS

Middle Markets' operating revenues were $281 million, an increase of 3% from the first quarter of 2000. Cash operating earnings increased in the period by 7% to $72 million. These results reflect deposit growth of 5%. Narrowing spreads on deposits were offset by better spreads on loans. Fee growth was nearly 6% ahead of last year as the declining value of deposits resulted in higher fees in lieu of balances. Expenses were essentially flat.

AUTO FINANCE

Auto Finance's operating revenue and cash operating earnings were $110 million and $22 million, respectively, in the first quarter of 2001. Growth was positively affected by a record number of auto originations, the impact of lower interest rates, and the impact of a $100 million decrease in the estimated auto lease residual value recognized in the 2000 first quarter.

SUPPORT UNITS AND CORPORATE

JPMorgan Chase's support units include LabMorgan, Enterprise Technology Services and Corporate Business Services. For a further discussion of the business profiles of these Support Units as well as a description of Corporate, see page 36 of JPMorgan Chase's 2000 Annual Report.

For the first quarter of 2001, Support Units and Corporate had a cash operating loss of $147 million, compared with a cash operating loss of $61 million in the first quarter of 2000. Included in the first quarter of 2001 was a net loss of $50 million at LabMorgan primarily as a result of investment write-offs of approximately $50 million (pre-tax). Prior periods have been restated to reflect refinements in management reporting policies or changes to the management organization.

RESULTS OF OPERATIONS

The following section provides a discussion of JPMorgan Chase's results of operations both on an as reported basis and on an operating basis. The table below provides a reconciliation between the Firm's reported and operating results.

(in millions, except per share data) FIRST QUARTER 2001:	REPORTED RESULTS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	OPERATING BASIS
INCOME STATEMENT				
Revenue	$ 8,253	$ 241	$ --	$ 8,494
Cash Expense	5,421	--	--	5,421
Amortization of Intangibles	177	--	--	177
Operating Margin	2,655	241	--	2,896
Credit Costs	447	241	--	688
Income before Merger and Restructuring Costs	2,208	--	--	2,208
Merger and Restructuring Costs	328	--	(328)	--
Income before Income Tax Expense and Effect of Accounting Change	1,880	--	328	2,208
Tax Expense	656	--	116	772
Income before Effect of Accounting Change	1,224	--	212	1,436
Net Effect of Change in Accounting Principle	(25)	--	25	--
Net Income	$ 1,199	$ --	$ 237	$ 1,436
Add Back: Amortization of Intangibles	177	--	--	177
Cash Earnings	$ 1,376	$ --	$ 237	$ 1,613
NET INCOME PER SHARE				
Basic	$ 0.60 (d)			$ 0.72
Diluted	0.58 (d)			0.70
CASH EARNINGS PER SHARE				
Basic	$ 0.69 (d)			$ 0.81
Diluted	0.67 (d)			0.78
FIRST QUARTER 2000:				
INCOME STATEMENT				
Revenue	$ 8,769	$ 254	$ --	$ 9,023
Cash Expense	5,260	--	--	5,260
Amortization of Intangibles	93	--	--	93
Operating Margin	3,416	254	--	3,670
Credit Costs	342	254	--	596
Income before Merger and Restructuring Costs	3,074	--	--	3,074
Merger and Restructuring Costs	--	--	--	--
Income before Income Tax Expense	3,074	--	--	3,074
Tax Expense	1,086	--	--	1,086
Net Income	$ 1,988	$ --	$ --	$ 1,988
Add Back: Amortization of Intangibles	93	--	--	93
Cash Earnings	$ 2,081	$ --	$ --	$ 2,081
NET INCOME PER SHARE				
Basic	$ 1.06			$ 1.06
Diluted	1.01			1.01
CASH EARNINGS PER SHARE				
Basic	$ 1.11			$ 1.11
Diluted	1.06			1.06

(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 first quarter includes $328 million (pre-tax) in merger and restructuring expenses.

(d) Includes the effect of the accounting change. Excluding the accounting change, basic and diluted net income per share were \$0.61 and \$0.59, respectively; basic and diluted cash earnings per share were \$0.70 and \$0.68, respectively.

REVENUES

(in millions)

OPERATING REVENUE:	FIRST QUARTER 2001	FIRST QUARTER 2000	PRO FORMA (a) FIRST QUARTER 2000
Investment Banking Fees	$ 941	$ 1,191	$ 1,235
Trading-Related Revenue (including Trading NII)	2,116	2,192	2,230
Fees and Commissions	2,016	2,128	2,525
Private Equity - Realized Gains	412	392	392
Private Equity - Unrealized Gains (Losses)	(285)	282	282
Securities Gains (Losses)	455	(3)	(3)
Other Revenue	251	320	412
Net Interest Income (excluding Trading NII)	2,588	2,521	2,553
TOTAL OPERATING REVENUE	$ 8,494	$ 9,023	$ 9,626

(a) Pro forma revenue assumes that the purchase of Flemings occurred at the beginning of 2000.

INVESTMENT BANKING FEES

Investment banking fees totaled $941 million, representing a decline of 21% from the first quarter of 2000. The decline reflected the effect of weak market conditions in the equity capital markets and in M&A activity, resulting in lower equity underwriting and advisory fees. These declines were partially offset by higher bond underwriting and loan syndication fees.

(in millions)

	FIRST QUARTER 2001	FIRST QUARTER 2000
Advisory	$ 340	$ 362
Underwriting and Other Fees	601	829
TOTAL INVESTMENT BANKING FEES	$ 941	$ 1,191

TRADING-RELATED REVENUE

For the first quarter of 2001, trading-related revenue, including related net interest income, declined only slightly from the strong results of the same period a year ago. Revenue in the 2001 first quarter was favorably affected by the reduction in U.S. interest rates, which provided volatility and liquidity, particularly in the markets for equities and interest rate contracts.

(in millions)

TRADING-RELATED REVENUE:	FIRST QUARTER 2001	FIRST QUARTER 2000
Equities (a)	$ 577	$ 566
Debt Instruments (b)	299	398
Foreign Exchange Revenue (c)	249	342
Interest Rate Contracts, Commodities and Other (d)	876	665
TRADING REVENUE (e)	2,001	1,971
Net Interest Income Impact (f)	115	221
TOTAL TRADING-RELATED REVENUE	$ 2,116	$ 2,192

(a) Includes equity securities and equity derivatives revenue.

(b) Includes instruments such as bonds and commercial paper issued by U.S. and non-U.S. entities, as well as credit derivatives revenue.

(c) Includes foreign currencies and foreign currency derivatives revenue.

(d) Includes various types of interest rate swaps and interest rate derivatives revenue, coupled with commodities and all other trading revenues.

(e) Derivative and foreign exchange contracts are marked-to-market and valuation adjustments are included in trading revenue.

(f) Includes interest recognized on interest-earning and interest-bearing trading-related positions, as well as management allocations, reflecting the funding costs or benefits associated with trading positions. These amounts are included in net interest income on the Consolidated Statement of Income.

- Equities revenues of $577 million increased 2% from the first quarter of 2000.

- Revenues related to debt instruments declined to $299 million in the first quarter of 2001 from $398 million in the comparable period a year earlier. The decline reflected the relatively less active environment for debt instruments in 2001.

- Foreign exchange trading revenues were $249 million in 2001, compared with $342 million in the first quarter of 2000, reflecting a slower market for foreign exchange in the current quarter.

- First quarter 2001 revenues of $876 million in interest rate contracts, commodities and other showed a significant gain of 32% over first quarter 2000. These gains were primarily the result of strong profits from the trading of interest rate contracts. This market was favorably affected by the liquidity resulting from the reduction in interest rates during the first quarter.

FEES AND COMMISSIONS

Fees and commissions for first quarter 2001 decreased 5%, when compared with first quarter 2000. The table below provides the significant components of fees and commissions.

(in millions)	FIRST QUARTER	
	2001	2000
Investment Management, Custody and Processing Services	$ 974	$ 798
Credit Card Revenue - Operating	384	328
Brokerage and Investment Services	363	326
Mortgage Servicing Fees, Net of Amortization and Writedowns	(233)	150
Other Lending-Related Service Fees	130	150
Deposit Service Charges	226	221
Other Fees	172	155
Total Fees and Commissions - Operating	$ 2,016	$ 2,128

Investment Management, Custody and Processing Services

Investment management, custody and processing services fees in the first quarter of 2001 rose 22% from the prior year's quarter to $974 million. The increase in investment management fees for first quarter 2001, up $144 million from the first quarter of 2000, is primarily attributable to the increase in the level of funds under management as a result of the Flemings acquisition. Custody and processing services also were higher in first quarter of 2001 than in the same quarter of the previous year. This increase was due to the higher value of securities under custody and the increase in flows of investments to foreign markets.

Credit Card Revenue

Credit card fees on an operating basis for the 2001 first quarter increased $56 million, when compared with the prior year's first quarter. This increase reflected higher interchange income due to stronger customer purchase volume, increased late charges as a result of a rise in delinquencies, and higher overlimit and balance consolidation fees as a result of new pricing initiatives.

The following table reconciles JPMorgan Chase's reported credit card revenue and operating credit card revenue (which excludes the impact of credit card securitizations).

(in millions)	FIRST QUARTER	
	2001	2000
Reported Credit Card Revenue	$ 433	$ 397
Less Impact of Credit Card Securitizations	(49)	(69)
Operating Credit Card Revenue	$ 384	$ 328

Brokerage and Investment Services

In comparison with the first quarter of 2000, brokerage and investment services fees in the first quarter of 2001 increased $37 million reflecting the effects of the Flemings acquisition, partly offset by lower commissions associated with the weaker market environment.

Mortgage Servicing Fees

Mortgage servicing fees declined $383 million from the first quarter of 2000, reflecting impairment writedowns and a higher amortization level for mortgage servicing revenue due to declining interest rates.

Other Lending-Related Service Fees

The decline in other lending-related service fees of 13% from the first quarter of last year was partly attributable to lower commissions on trade financing activities as a result of lower market volume and to more modest sales programs for letters of credit.

PRIVATE EQUITY GAINS

Private equity gains in the first quarter of 2001 were $127 million, compared with gains of $674 million in the same quarter of 2000 which is presently driven from the JPMP business unit. Included in the first quarter of 2001 were $412 million of realized gains from the sale of public and private securities, compared with $392 million in the first quarter of 2000. The realized gains in the first quarter of 2001 were partially offset by net unrealized mark-to-market losses of $285 million, representing both revaluation writedowns in the private portfolio and a net decline in the value of the public portfolio.

(in millions)	FIRST QUARTER 2001	FIRST QUARTER 2000
Realized Gains	$ 412	$ 392
Unrealized Gains (Losses)	(285)	282
Private Equity Gains (Losses)	$ 127	$ 674

SECURITIES GAINS

Securities gains realized in the first quarter of 2001 were $455 million, compared with losses of $3 million in the prior year's quarter. The results in the first quarter of 2001 reflected gains of $315 million on the sale of securities used as economic hedges for the value of mortgage servicing rights. Also contributing to the favorable results were higher gains on U.S. and Euro securities sales in line with the Firm's strategy to realign its asset/liability positions.

OTHER REVENUE

(in millions)	FIRST QUARTER 2001	FIRST QUARTER 2000
Residential Mortgage Origination/Sales Activities	$ 99	$ 44
All Other Revenue	152	276
Operating Other Revenue	251	320
Other Revenue - Credit Card Securitizations	(5)	5
Reported Other Revenue	$ 246	$ 325

Greater revenue from residential mortgage activities (which include originations, sales of loans, and selective dispositions of mortgage servicing rights) in the 2001 first quarter reflected significantly higher gains on the sale of mortgage loans resulting from higher sold-loan volume.

All other revenue decreased 45% in the first quarter of this year, when compared with the same period in 2000, primarily due to mark-to-market gains realized in the first quarter of 2000 on economic hedges for anticipated overseas revenues. These gains were partly offset by gains on the sale in the current quarter of a custody business and several former retail properties in New York, as well as a retail business in Texas.

NET INTEREST INCOME

OPERATING NII adjusts reported NII for the impact of credit card securitizations and trading-related NII that is considered part of total trading-related revenue. The following table reconciles reported and operating NII.

(in millions)	FIRST QUARTER		
NET INTEREST INCOME	2001	2000	Change
Reported NII	$ 2,418	$ 2,414	--%
Add Impact of Credit Card Securitizations	285	328	
Less Trading-Related NII	(115)	(221)	

Operating NII	$ 2,588	$ 2,521	3%

Reported NII was $2.4 billion in the first quarter of 2001, flat when compared with the first quarter of 2000. Reported average interest earning assets rose 12% to $547.6 billion while the reported net yield on interest-earning assets declined 20 basis points to 1.80%. Operating NII increased 3% to $2.6 billion when compared with the first quarter of 2000. Operating NII in the first quarter of 2001 was affected favorably by the addition of Flemings. Included in both reported and operating NII in the first quarter of 2000 was a $100 million decrease in the estimated auto lease residual value, which was accounted for as a reduction in NII.

NONINTEREST EXPENSE

Total operating noninterest expense was $5.60 billion, up 5% from the first quarter of 2000. The increase over the first quarter of 2000 reflected the higher investments in resources to build the platform of the Investment Bank, including the acquisition of Flemings. Total noninterest expenses for the first quarter of 2001 was 5% less than pro forma first quarter 2000. The decrease in operating noninterest expenses from pro forma first quarter 2000 reflected the overall reduction in operating expenses due to merger-related savings as well as expense management. The following table presents the components of noninterest expense on a cash, operating and reported basis.

(in millions, except ratios)	FIRST QUARTER 2001	FIRST QUARTER 2000	PRO FORMA (a) FIRST QUARTER 2000
Compensation Expense	$ 3,357	$ 3,340	$ 3,689
Occupancy	348	308	327
Technology and Communications	654	580	607
Other Expense	1,062	1,032	1,100
CASH OPERATING NONINTEREST EXPENSE	5,421	5,260	5,723
Amortization of Intangibles	177	93	183
OPERATING NONINTEREST EXPENSE	5,598	5,353	5,906
Merger and Restructuring Costs	328	--	--
REPORTED NONINTEREST EXPENSE	$ 5,926	$ 5,353	$ 5,906
Operating Overhead Ratio (b)	66%	59%	61%
Cash Operating Overhead Ratio (b)	64%	58%	59%

(a) Pro forma expense assumes that the purchase of Flemings occurred at the beginning of 2000.

(b) The overhead ratio is noninterest expense as a percentage of the total of net interest income and noninterest revenue (excluding merger and restructuring costs and special items). The cash overhead ratio also excludes the impact of amortization of intangibles.

Management of JPMC is targeting cash operating expenses for full-year 2001 to be lower than cash operating expenses for full year 2000 (pro forma including expenses of Flemings for full-year 2000).

COMPENSATION EXPENSE

Compensation expense of $3.4 billion increased 1% from the first quarter of 2000, reflecting higher salaries and benefits, offset by lower incentive costs.

FULL-TIME EQUIVALENT EMPLOYEES	MARCH 31, 2001	MARCH 31, 2000
Domestic Offices	70,105	68,222
Foreign Offices	28,413	21,747
Total Full-Time Equivalent Employees	98,518	89,969

The increase in full-time equivalent employees was attributable to the acquisition of Flemings and the mortgage business of Advanta Corp. ("Advanta").

OCCUPANCY EXPENSE

Occupancy expense increased from the first quarter of 2000 due to additional leasing costs in New York, and leasing costs for office space occupied by Flemings.

TECHNOLOGY AND COMMUNICATIONS

Technology and communications expense increased over the prior-year first quarter period due to the amortization of software related to the implementation of sophisticated product systems used in JPMorgan Chase's businesses. The higher amount also reflects the acquisition of Flemings.

OTHER EXPENSE

Other expense rose 3% from the first quarter of 2000. The following table presents the components of other expense.

(in millions)	FIRST QUARTER 2001	FIRST QUARTER 2000
Professional Services	$ 295	$ 282
Outside Services	166	159
Marketing	141	117
Travel and Entertainment	122	112
All Other	338	362
Total Other Expense	$ 1,062	$ 1,032

- The increase in PROFESSIONAL SERVICES for the first quarter of 2001 over the first quarter of 2000 was primarily attributable to higher costs associated with applications and systems consulting services.

- The increase in OUTSIDE SERVICES was principally driven by higher outside data processing fees related to the rise in volume of activities at Investor Services, as well as offsite contingency fees for investment banking operations.

- MARKETING increased due to the higher number of direct marketing initiatives at Cardmember Services.

- The increase in TRAVEL AND ENTERTAINMENT is attributable to the increase in travel and hotel expenses associated with the heightened levels of business activities at the Investment Bank as well as activities related to the merger.

- All Other expenses decreased by $24 million primarily as a result of a decline in operating losses.

AMORTIZATION OF INTANGIBLES

Amortization of intangibles for the first quarter of 2001 increased from the same quarter a year ago as a result of the acquisitions of Flemings and Beacon in the third quarter of 2000.

MERGER AND RESTRUCTURING COSTS

During the first quarter of 2001, the Firm incurred $328 million of restructuring costs relating to previously announced merger actions ($274 million) and relocation and other business initiatives ($54 million). Under current accounting pronouncements, these costs (primarily systems integration costs, facilities costs and retention payments) are not recognized until incurred. For a further discussion of JPMorgan Chase's merger and restructuring costs, refer to Note 7 and page 42 of JPMorgan Chase's 2000 Annual Report.

CREDIT COSTS

Credit costs on an operating basis are composed of the provision for loan losses related to loans on the Consolidated Balance Sheet and to the credit costs associated with credit card receivables that have been securitized.

(in millions)	FIRST QUARTER 2001	FIRST QUARTER 2000
Provision for Loan Losses	$ 447	$ 342
Credit Costs Associated with Credit Card Securitizations	241	254
Operating Credit Costs	$ 688	$ 596

Credit costs increased in the first quarter of 2001, when compared with first quarter of 2000 as a result of the increases in charge-offs in the retained portfolio, partially offset by the impact of a decrease in charge-offs on securitized credit cards. See page 36 for a discussion of the allowance for credit losses.

INCOME TAXES

JPMorgan Chase recognized income tax expense of $656 million on income before effect of accounting change in the first quarter of 2001, compared with $1.09 billion in the first quarter of 2000. The effective tax rates were 35.0% and 35.3%, respectively.

RISK MANAGEMENT

JPMorgan Chase is in the business of managing risk to create shareholder value. The major risks to which the Firm is exposed are credit, market, operational and liquidity risk. For a discussion of these risks and definitions of terms associated with managing these risks, please refer to the Glossary of Terms on page 47 of this Form 10-Q and pages 43-59 of JPMorgan Chase's 2000 Annual Report.

CREDIT RISK MANAGEMENT

The following discussion of JPMorgan Chase's credit risk management focuses primarily on developments since December 31, 2000 and should be read in conjunction with pages 46-53 and 67-68 of JPMorgan Chase's 2000 Annual Report.

The following table presents the Firm's credit-related information for the dates indicated.

	CREDIT-RELATED ASSETS		NONPERFORMING ASSETS (c)		PAST DUE 90 DAYS & OVER AND ACCRUING	
(in millions)	MARCH 31, 2001	Dec 31, 2000	MARCH 31, 2001	Dec 31, 2000	MARCH 31, 2001	Dec 31, 2000
Commercial Loans	$ 113,217	$ 119,460	$ 1,637	$ 1,434	$ 114	$ 99
Derivative and FX Contracts (a)	78,907	76,373	109	37	--	--
Consumer Loans (b)	120,196	114,461	377	384	799	788
TOTAL MANAGED CREDIT-RELATED	$ 312,320	$ 310,294	$ 2,123	$ 1,855	$ 913	$ 887
Assets Acquired as Loan Satisfactions			111	68		
TOTAL NONPERFORMING ASSETS			$ 2,234	$ 1,923		

	NET CHARGE-OFFS		ANNUAL AVERAGE NET CHARGE-OFF RATES (d)	
(in millions, except ratios)	FIRST QUARTER		FIRST QUARTER	
	2001	2000	2001	2000
Commercial Loans	$ 148	$ 63	0.50%	0.22%
Consumer Loans	540	524	1.83	1.98
TOTAL MANAGED CREDIT-RELATED	$ 688	$ 587	1.17	1.06

(a) Charge-offs for derivative receivables are included in trading revenue.

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

(c) Nonperforming assets have not been reduced for credit protection (single name credit default swaps and collateralized loan obligations) aggregating $107 million related to nonperforming counterparties.

(d) Annualized.

JPMorgan Chase's managed credit-related assets of $312 billion at March 31, 2001 increased 1% when compared with year-end 2000. Commercial loans decreased $6.2 billion reflecting the Firm's discipline of originating loans for distribution and its portfolio hedging activities. Derivative and foreign exchange instruments increased a modest 3%. Consumer managed credit-related assets increased $5.7 billion, largely in the 1-4 family residential mortgage portfolio. JPMorgan Chase's credit-related portfolio continues to be relatively well-balanced between commercial and consumer assets, with consumer assets comprising approximately 38% of JPMorgan Chase's managed credit-related portfolio, compared with 37% at year-end 2000. The portion of the commercial portfolio considered investment grade was 65% at March 31, 2001, down from 67% at year-end 2000.

The increase in nonperforming assets was primarily related to three domestic commercial credits. Management currently believes that credit conditions in the United States will remain challenging over the remainder of the year, causing nonperforming assets to increase further in 2001. However, management believes that JMPC's credit performance this year will continue to be better than the industry average.

Net charge-offs in the managed portfolio were $688 million in the first quarter of 2001, an increase of $101 million from the first quarter of 2000, reflecting increased net charge-offs in the commercial loan portfolio.

For full-year 2001, management expects the commercial net charge-off rate to fall within the targeted range of 40-60 basis points of JPMC's commercial loan portfolio.

COMMERCIAL PORTFOLIO

(in millions)

COMMERCIAL LOANS:	CREDIT-RELATED ASSETS MARCH 31, 2001	CREDIT-RELATED ASSETS Dec 31, 2000	NONPERFORMING ASSETS (b) MARCH 31, 2001	NONPERFORMING ASSETS (b) Dec 31, 2000	PAST DUE 90 DAYS & OVER AND ACCRUING MARCH 31, 2001	PAST DUE 90 DAYS & OVER AND ACCRUING Dec 31, 2000
Domestic Commercial:						
Commercial and Industrial	$ 65,231	$ 64,031	$ 877	$ 727	$ 98	$ 95
Commercial Real Estate	4,573	4,834	62	65	16	3
Financial Institutions	3,242	7,342	270	29	--	--
Total Domestic Commercial Loans	73,046	76,207	1,209	821	114	98
Foreign Commercial:						
Commercial and Industrial	35,253	37,002	374	556	--	1
Commercial Real Estate	2,175	1,470	9	9	--	--
Financial Institutions	2,092	3,976	11	13	--	--
Foreign Governments	651	805	34	35	--	--
Total Foreign Commercial Loans	40,171	43,253	428	613	--	1
TOTAL COMMERCIAL LOANS	113,217	119,460	1,637	1,434	114	99
DERIVATIVE AND FX CONTRACTS (a)	78,907	76,373	109	37	--	--
TOTAL COMMERCIAL CREDIT-RELATED	$ 192,124	$ 195,833	$ 1,746	$ 1,471	$ 114	$ 99

(in millions, except ratios)

COMMERCIAL LOANS:	NET CHARGE-OFFS FIRST QUARTER 2001	NET CHARGE-OFFS FIRST QUARTER 2000	ANNUAL AVERAGE NET CHARGE-OFF RATES (c) FIRST QUARTER 2001	ANNUAL AVERAGE NET CHARGE-OFF RATES (c) FIRST QUARTER 2000
Domestic Commercial:				
Commercial and Industrial	$ 114	$ 36	0.61%	0.19%
Commercial Real Estate	(1)	(2)	NM	NM
Financial Institutions	13	8	1.50	1.20
Total Domestic Commercial	126	42	0.62	0.20
Foreign Commercial:				
Commercial and Industrial	22	18	0.26	0.25
Commercial Real Estate	--	--	--	--
Financial Institutions	--	2	--	0.35
Foreign Governments	--	1	--	0.39
Total Foreign Commercial	22	21	0.24	0.26
TOTAL COMMERCIAL LOANS	$ 148	$ 63	0.50	0.22

(a) Charge-offs for derivative receivables are included in trading revenue.

(b) Nonperforming assets have not been reduced for credit protection (single name credit default swaps and collateralized loan obligations) aggregating $107 million related to nonperforming counterparties.

(c) Annualized.

NM - Not meaningful

Commercial net charge-offs in the first quarter of 2001 were $148 million, compared with $63 million in the first quarter of 2000, primarily reflecting an increase in charge-offs in North America.

COMMERCIAL AND INDUSTRIAL: The domestic commercial and industrial portfolio increased $1.2 billion from 2000 year-end, reflecting general business activity. Net charge-offs in the 2001 first quarter amounted to $114 million, compared with $36 million in the 2000 first quarter. Nonperforming domestic commercial and industrial loans were $877 million, an increase of $150 million from the 2000 year-end. The foreign commercial and industrial portfolio totaled $35.3 billion at March 31, 2001, a decrease of 5% from the 2000 year-end level. Nonperforming foreign commercial and industrial loans were $374 million, a decrease of $182 million from year-end 2000 due in large part to a continuing improvement in the Asian loan portfolio. Net charge-offs in the foreign commercial and industrial loan portfolio for the first quarter of 2001 increased to $22 million, from $18 million in the same period last year.

FINANCIAL INSTITUTIONS: Loans to financial institutions decreased $6.0 billion during 2001, when compared with year-end, primarily in the domestic portion of the portfolio. Nonperforming financial institution loans increased from $42 million to $281 million, primarily due to one borrower in the domestic portfolio.

DERIVATIVE AND FOREIGN EXCHANGE CONTRACTS

For a discussion of the derivative and foreign exchange contracts utilized by JPMorgan Chase in connection with its trading and Assets/Liabilities ("A/L") activities, see Note 3 of this Form 10-Q, and page 50 and Notes 1 and 25 of JPMorgan Chase's 2000 Annual Report. The following table provides the remaining maturities of derivative and foreign exchange contracts outstanding at March 31, 2001 and December 31, 2000.

	AT MARCH 31, 2001				At December 31, 2000			
	INTEREST RATE CONTRACTS	FOREIGN EXCHANGE CONTRACTS	EQUITY, COMMODITY AND OTHER CONTRACTS	TOTAL	Interest Rate Contracts	Foreign Exchange Contracts	Equity, Commodity and Other Contracts	Total
Less Than 1 Year	12%	87%	39%	26%	12%	89%	40%	28%
1 to 5 Years	44	11	58	40	45	9	57	41
Over 5 Years	44	2	3	34	43	2	3	31
Total	100%	100%	100%	100%	100%	100%	100%	100%

COUNTRY EXPOSURE

The following table presents JPMorgan Chase's exposure to selected countries. Cross-border disclosure is based on an adjusted regulatory view (FFIEC 009) of country exposure (see footnote (a) below). For a further discussion of the Firm's country exposure, see page 51 of the 2000 Annual Report.

SELECTED COUNTRY EXPOSURE

	AT MARCH 31, 2001					At Dec 31, 2000
(in billions)	LENDING-RELATED (b)	TRADING-RELATED (c)	GROSS LOCAL COUNTRY ASSETS	LESS LOCAL FUNDING (d)	TOTAL CROSS-BORDER EXPOSURE (a)	Total Cross-Border Exposure (a)
Emerging Market Countries						
Mexico	$ 1.2	$ 2.0	$ 1.0	$ (0.8)	$ 3.4	$ 3.1
Brazil	$ 0.6	$ 1.0	$ 2.4	$ (1.5)	$ 2.5	$ 2.6
Argentina	$ 1.1	$ 1.2	$ 0.4	$ (0.3)	$ 2.4	$ 2.2
South Africa	$ 0.3	$ 1.1	$ 0.4	$ (0.3)	$ 1.5	$ 1.2
Indonesia	$ 0.8	$ 0.1	$ --	$ --	$ 0.9	$ 0.9
Turkey	$ 0.2	$ 0.2	$ 0.1	$ --	$ 0.5	$ 0.9
Russia	$ 0.1	$ 0.1	$ --	$ --	$ 0.2	$ 0.2
Other Selected Countries						
Japan	$ 2.5	$ 4.5	$ 5.2	$ (4.0)	$ 8.2	$ 15.3

(a) Under the adjusted regulatory view of country exposure, resale agreements are reported by the country of the counterparty of the transactions (rather than the country of the issuer of the underlying security); short security positions can be used to offset long positions in a country; and credit derivatives are treated as trading positions and used to reduce or increase exposure within a country.

(b) Lending-related includes loans and accrued interest receivable, interest-bearing deposits with banks, acceptances, other monetary assets, issued letters of credit, resale agreements and undrawn commitments to extend credit (all adjusted for the impact of credit derivatives).

(c) Trading-related includes cross-border trading debt and equity instruments adjusted for the impact of credit derivatives and the mark-to-market exposure of derivative and foreign exchange contracts.

The amounts associated with derivative and foreign exchange contracts are presented after taking into account the impact of legally enforceable master netting agreements.

(d) Local assets funded cross border are considered cross-border exposure.

Cross-border exposure to Argentina on an adjusted regulatory view, increased from $2.2 billion at December 31, 2000 to $2.4 billion at March 31, 2001. However, the internal management view of cross-border exposure to Argentina was $1.5 billion at March 31, 2001, up from $1.1 billion at December 31, 2000.

CONSUMER PORTFOLIO

(in millions) CONSUMER LOANS:	CREDIT-RELATED ASSETS MARCH 31, 2001	CREDIT-RELATED ASSETS Dec 31, 2000	NONPERFORMING ASSETS MARCH 31, 2001	NONPERFORMING ASSETS Dec 31, 2000	PAST DUE 90 DAYS & OVER AND ACCRUING MARCH 31, 2001	PAST DUE 90 DAYS & OVER AND ACCRUING Dec 31, 2000
1-4 Family Residential Mortgages	$ 54,143	$ 50,302	$ 254	$ 269	$ 3	$ 2
Credit Card - Reported	19,835	18,495	24	26	352	327
Credit Card Securitizations (a)	16,625	17,871	--	--	374	387
Credit Card - Managed	36,460	36,366	24	26	726	714
Auto Financings	21,457	19,802	84	76	1	1
Other Consumer (b) (d)	8,136	7,991	15	13	69	71
TOTAL CONSUMER LOANS	$ 120,196	$ 114,461	$ 377	$ 384	$ 799	$ 788

(in millions, except ratios) CONSUMER LOANS:	NET CHARGE-OFFS FIRST QUARTER 2001	NET CHARGE-OFFS FIRST QUARTER 2000	ANNUAL AVERAGE NET CHARGE-OFF RATES (c) FIRST QUARTER 2001	ANNUAL AVERAGE NET CHARGE-OFF RATES (c) FIRST QUARTER 2000
1-4 Family Residential Mortgages	$ 10	$ 9	0.08%	0.08%
Credit Card - Reported	218	188	4.44	5.26
Credit Card Securitizations (a)	241	254	5.77	5.57
Credit Card - Managed	459	442	5.05	5.44
Auto Financings	29	21	0.56	0.45
Other Consumer (b) (d)	42	52	1.91	2.20
TOTAL CONSUMER LOANS	$ 540	$ 524	1.83%	1.98%

(a) Represents the portion of JPMorgan Chase's credit card receivables that have been securitized.

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

(c) Annualized.

(d) Includes foreign consumer.

JPMorgan Chase's consumer portfolio is primarily domestic and is geographically well-diversified. JPMorgan Chase's managed consumer portfolio totaled $120.2 billion at March 31, 2001, an increase of $5.7 billion since year-end. Consumer net charge-offs, on a managed basis, were $540 million and $524 million for the first quarter of 2001 and 2000, respectively. The increase is primarily due to an increase in credit card net charge-offs.

RESIDENTIAL MORTGAGE LOANS: Residential mortgage loans were $54.1 billion at March 31, 2001, a $3.8 billion increase from year-end, while the level of nonperforming residential mortgage loans decreased 6%. The net charge-off rate of 0.08% for the first quarter of 2001 was unchanged from first quarter 2000, reflecting the continued stable credit quality of this portfolio.

CREDIT CARD LOANS: JPMorgan Chase analyzes its credit card portfolio on a "managed basis," which includes credit card receivables on the balance sheet as well as credit card receivables that have been securitized. These amounts include domestic and international consumer and commercial credit card activity (for reporting purposes, commercial credit cards are reported within the commercial loan category).

Managed credit card receivables of $36.5 billion for the first quarter of 2001 remained flat when compared with year-end 2000 but increased 13% from last year's first quarter. During the 2001 first quarter, net charge-offs as a percentage of average credit card receivables decreased to 5.05%, compared with 5.44% in the prior-year period. Loans over 90 days past due increased to 1.99% of the portfolio at March 31, 2001, compared with 1.96% at December 31, 2000. Management anticipates that the managed credit card net charge-off ratio for the full-year 2001 will be comparable to full-year 2000 although the amount of total charge-offs are expected to increase for 2001.

AUTO FINANCINGS: Auto financings outstanding increased 8% at March 31, 2001, when compared with year-end 2000. Although increased from the prior year, the charge-off rate of 0.56% for the 2001 first quarter continues to be indicative of this portfolio's selective approach to asset origination. Total originations were $4.3 billion for the three months of 2001, compared with $2.6 billion for the same 2000 period.

OTHER CONSUMER LOANS: The level of other consumer loans of $8.1 billion at March 31, 2001 remained comparable with year-end levels. The net charge-off rates related to this portfolio were down in the first quarter when compared with the first quarter of 2000.

ALLOWANCE FOR CREDIT LOSSES

Loans: JPMorgan Chase's allowance for loan losses is intended to cover probable credit losses as of March 31, 2001, for which either the asset is not specifically identified or the size of the loss has not been fully determined. Within the allowance, there are both specific and expected loss components and a residual component. For a further discussion of the specific loss, expected loss and residual components of the allowance for loan losses, see page 53 of JPMorgan Chase's 2000 Annual Report.

March 31, 2001 versus March 31, 2000: The provision for loan losses increased $105 million or 31% when compared to the first quarter of 2000.

Foreign commercial net loan charge-offs remained relatively stable during the first three months of 2001, when compared to the prior-year quarter, and foreign commercial nonperforming loans decreased $365 million from March 31, 2000. However, domestic commercial net loan charge-offs and nonperforming loans increased $84 million and $720 million, respectively, during the same periods.

ALLOWANCE COMPONENTS (in millions)	AT MARCH 31, 2001	At March 31, 2000
Specific Loss	$ 713	$ 516
Expected Loss:		
Consumer	1,560	1,493
Commercial	876	988
Total Expected Loss	2,436	2,481
Residual Component	523	750
Total	$ 3,672	$ 3,747

Lending-Related Commitments: JPMorgan Chase also has an allowance for its lending-related commitments, using a methodology similar to that for the loan portfolio. This allowance, which is reported in Other Liabilities, was $283 million at March 31, 2001 and $296 million at March 31, 2000.

MARKET RISK MANAGEMENT

AGGREGATE VAR EXPOSURE

Value-at-risk ("VAR") is a measure of the dollar amount of potential loss from adverse market moves in an everyday market environment. VAR calculations are performed for all material trading and investment portfolios and for market risk-related A/L activities. Due to the complexity of the modeling and procedural differences at the heritage firms, combined VAR is not available for periods prior to the merger date. In addition, due to significant differences in the definition of market risk-related revenues used in preparation of histograms at Chase and J.P. Morgan, it is not feasible to include a histogram for fiscal-year 2000.

Although no single risk statistic can reflect all aspects of market risk, the tables that follow provide a meaningful overview of the market risk exposure of JPMorgan Chase.

The following table represents JPMorgan Chase's average and period-end VARs for its trading portfolios and its A/L activities.

AGGREGATE PORTFOLIO

	THREE MONTHS ENDED MARCH 31, 2001			
(in millions)	AVERAGE VAR	MINIMUM VAR	MAXIMUM VAR	AT MARCH 31, 2001
Trading Portfolio	$ 58.2	$ 48.9	$ 70.6	$ 62.7
Investment Portfolio and A/L Activities (a)	101.5	79.8	120.2	120.2
Less: Portfolio Diversification	(35.9)	NM	NM	(55.9)
Total VAR	$ 123.8	$ 99.4	$ 151.4	$ 127.0

(a) Substantially all of the risk is interest rate related.

NM - Because the minimum and maximum may occur on different days for different risk components, it is not meaningful to compute a portfolio diversification effect. In addition, JPMorgan Chase's average and period-end VARs are less than the sum of the VARs of its market risk components due to risk offsets resulting from portfolio diversification.

MARKET RISK-RELATED ACTIVITIES

Value-at-Risk: JPMorgan Chase is exposed to interest rate, foreign exchange, equity and commodity market risks in its trading portfolio. The table below reflects VAR data for the trading portfolio by risk category. See Aggregate VAR Exposure section above for average and period-end VARs for the total trading portfolio.

MARKED-TO-MARKET TRADING PORTFOLIO (a)

	THREE MONTHS ENDED MARCH 31, 2001			
(in millions)	AVERAGE VAR	MINIMUM VAR	MAXIMUM VAR	AT MARCH 31, 2001
Interest Rate	$ 35.1	$ 23.5	$ 51.6	$ 37.0
Foreign Exchange	6.0	3.7	10.3	5.6
Equities	22.4	14.2	29.1	27.2
Commodities	4.0	2.5	5.7	3.8
Hedge Fund Investments	3.3	2.6	4.2	2.6
Less: Portfolio Diversification	(12.6)	NM	NM	(13.5)
Total Trading VAR	$ 58.2	$ 48.9	$ 70.6	$ 62.7

(a) While integrated VAR computations are available for the aggregate portfolio, integrated VAR by risk category has not yet been implemented. Accordingly, this table has been prepared using certain estimates and assumptions. The risk category VAR was computed based on the methodologies used by the heritage firms, assuming no correlation between the heritage firms' exposures. Actual risk category VAR may differ from these estimates.

NM - Because the minimum and maximum may occur on different days for different risk components, it is not meaningful to compute a portfolio diversification effect. In addition, JPMorgan Chase's average and period-end VARs are less than the sum of the VARs of its market risk components due to risk offsets resulting from portfolio diversification.

HISTOGRAM:

The following histogram illustrates JPMorgan Chase's daily market risk-related revenue, which is defined as the daily change in value of the mark-to-market trading portfolios plus any trading-related net interest income, brokerage commissions, underwriting fees or other revenue. In first quarter 2001, JPMorgan Chase posted positive daily market risk-related revenue for 60 out of 62 days, with 46 days exceeding positive $25 million. Losses were sustained on only two of the 62 days represented in the histogram. JPMorgan Chase incurred no daily trading losses in excess of $15 million in the first quarter of 2001.

[See Appendix 1 - Narrative Description of Graphic Image Material]

Stress Testing: Whereas VAR captures exposure to unlikely events in normal markets, stress testing discloses market risk under plausible events in abnormal markets.

The following table represents the potential stress test loss (pre-tax) in JPMorgan Chase's trading portfolio predicted by JPMorgan Chase's stress test scenarios.

LARGEST MONTHLY STRESS TEST LOSS - PRE-TAX

	THREE MONTHS ENDED MARCH 31, 2001			
(in millions)	AVERAGE	MINIMUM	MAXIMUM	AT MARCH 31, 2001
Stress Test Loss - Pre-Tax	$ (340)	$ (214)	$ (447)	$ (214)

INVESTMENT PORTFOLIO AND ASSET/LIABILITY ACTIVITIES

JPMorgan Chase is also exposed to market risk in its investment portfolio and A/L activities. Market risk measurements for JPMorgan Chase's investment portfolio and A/L activities do not take into account all factors that have an effect on these activities, such as changes in credit quality.

Value-at-Risk: See the VAR Aggregate Exposure section on page 37 for JPMorgan Chase's average and period-end VARs for its investment portfolio and market risk-related A/L activities.

Stress Testing:

Economic value stress testing measures the potential change in the market value of JPMorgan Chase's investment portfolio and A/L activities. As of March 31, 2001, the potential impact of the economic value stress test scenario on the value of JPMorgan Chase's investment portfolio and A/L activities would have been equivalent to less than 1% of JPMorgan Chase's market capitalization.

The NII stress test measures the potential change in JPMorgan Chase's interest earnings over a one-year time horizon. At March 31, 2001, JPMorgan Chase's largest potential NII stress test loss was estimated to be approximately 8.1% of projected net income for the full year 2001.

Nonstatistical Risk Measures: Exposure to interest rate risk is assessed using a Basis Point Value ("BPV") method. BPV measures the change in market value of JPMorgan Chase's investment portfolio and A/L activities to a one basis point increase in interest rates (directional risk) or one basis point widening of interest rate spreads (basis risk). The table that follows shows that JPMorgan Chase had a directional BPV of $(8.6) million (pre-tax) at March 31, 2001. This indicates that the market value of JPMorgan Chase's A/L positions would have declined by approximately $8.6 million for every one basis point increase in interest rates along the interest rate yield curve. The table also shows that the economic value of JPMorgan Chase's investment portfolio and A/L activities would have declined by $(18.4) million (pre-tax) for every one basis point widening of interest rate spreads (basis risk).

MARKET RISK-RELATED A/L ACTIVITIES

	THREE MONTHS ENDED MARCH 31, 2001			
(in millions)	AVERAGE	MINIMUM	MAXIMUM	AT MARCH 31, 2001
DIRECTIONAL RISK	$ (7.3)	$ (6.0)	$ (8.6)	$ (8.6)
BASIS RISK	(16.4)	(14.5)	(18.4)	(18.4)

CAPITAL MANAGEMENT

The following discussion of JPMorgan Chase's capital management focuses primarily on the developments since December 31, 2000 and should be read in conjunction with pages 44-45 and Note 23 of JPMorgan Chase's 2000 Annual Report.

CAPITAL

JPMorgan Chase's capital levels at March 31, 2001 continued to improve with ratios well in excess of regulatory guidelines. At March 31, 2001, the Tier 1 and Total Capital ratios were 8.7% and 12.3%, respectively, and the Tier 1 leverage ratio was 5.4%.

The following table shows JPMorgan Chase's capital generation and use during the periods indicated.

	FIRST QUARTER	
(in billions)	2001	2000
SOURCES OF FREE CASH FLOW		
Cash Operating Earnings Less Dividends	$ 0.9	$ 1.5
Plus: Preferred Stock and Equivalents/Special Items	0.2	--
Less: Capital for Internal Asset Growth	(0.5)	(0.6)
Total Sources of Free Cash Flow	$ 0.6	$ 0.9
USES OF FREE CASH FLOW		
Increases (Decreases) in Capital Ratios	$ 1.2	$ (0.1)
Acquisitions	0.1	--
Repurchases Net of Stock Issuances	(0.7)	1.0
Total Uses of Free Cash Flow	$ 0.6	$ 0.9

In the first quarter of 2001, JPMorgan Chase raised the quarterly cash dividend on its common stock to $0.34 per share from $0.32 per share.

At March 31, 2001, the total capitalization of JPMorgan Chase (the sum of Tier 1 and Tier 2 Capital) was $55.4 billion, an increase of $2.0 billion from December 31, 2000. This increase reflects retained earnings (net income less common and preferred dividends) generated during the period, treasury stock reissuances of $554 million and the issuance of $500 million in trust preferred capital securities, partially offset by the redemption of preferred stock and capital needed for internal asset growth.

LIQUIDITY RISK MANAGEMENT

The following discussion of JPMorgan Chase's liquidity risk management focuses primarily on the developments since December 31, 2000 and should be read in conjunction with page 59 of JPMorgan Chase's 2000 Annual Report.

LIQUIDITY

During the first three months of 2001, JPMorgan Chase issued approximately $4.5 billion of long-term debt and $500 million of trust preferred capital securities. During the same period, $5 billion of long-term debt matured or was redeemed.

OPERATIONAL RISK MANAGEMENT

For a discussion of JPMorgan Chase's operational risk management, refer to page 58 of JPMorgan Chase's 2000 Annual Report.

SUPERVISION AND REGULATION

The following discussion should be read in conjunction with the Supervision and Regulation section on pages 1 through 6 of JPMorgan Chase's 2000 Form 10-K.

DIVIDENDS

JPMorgan Chase's bank subsidiaries, without the approval of their relevant banking regulators, could pay dividends to their respective bank holding companies in amounts up to the limitations imposed upon such banks by regulatory restrictions. These dividend limitations, in the aggregate, totaled approximately $3.8 billion at March 31, 2001.

OTHER EVENTS

On February 21, 2001, J.P. Morgan Chase & Co. acquired Colson Services Corp. ("Colson"), a privately held record keeper and loan servicer. The Colson business will be managed as part of Institutional Trust Services within Treasury & Securities Services and will enhance the Firm's position as a leading provider of outsourcing support to government agencies.

On February 28, 2001, Chase Manhattan Mortgage Corporation, an indirect subsidiary of J.P. Morgan Chase & Co., completed the acquisition of the mortgage business of Advanta Corp. The acquisition included Advanta's origination capability, loan servicing and subservicing portfolio, and related securitization residual interests.

ACCOUNTING DEVELOPMENTS

ADOPTION OF SFAS 140

The Firm adopted the transfer provisions of SFAS 140 on April 1, 2001. Adoption will not have a significant impact on the Firm's financial statements.

LEGAL ISOLATION

In April 2001, the FASB announced its intention to issue a Technical Bulletin that would delay the effective date of SFAS 140 for certain provisions that impact entities subject to possible receivership by the FDIC. For those entities, it is expected that the Technical Bulletin will delay the isolation standards of SFAS 140 until transfers occurring after December 31, 2001. Until the Technical Bulletin is issued, the FASB has concluded it is appropriate for entities to continue to apply the previous isolation standard of SFAS 125. The Firm is currently reviewing its transactions to determine what modifications will be required to conform with SFAS 140.

J.P. MORGAN CHASE & CO.
FINANCIAL HIGHLIGHTS
(IN MILLIONS, EXCEPT PER SHARE DATA AND RATIOS)

REPORTED BASIS	FIRST QUARTER 2001	FIRST QUARTER 2000	Over/(Under) 1Qtr2000
Revenue	$ 8,253	$ 8,769	(6)%
Noninterest Expense (excluding Merger and Restructuring Costs)	5,598	5,353	5
Merger and Restructuring Costs	328	--	NM
Provision for Loan Losses	447	342	31
Net Income (a)	$ 1,199	$ 1,988	(40)%
Net Income per Share:			
Basic (a)	$ 0.60	$ 1.06	(43)%
Diluted (a)	0.58	1.01	(43)
Cash Dividends Declared	0.34	0.32	6
Share Price at Period End	44.90	58.13	(23)
Book Value at Period End	21.17	18.49	14
Common Shares Outstanding:			
Average Common Shares:			
Basic	1,966.6	1,853.0	6 %
Diluted	2,032.2	1,945.1	4
Common Shares at Period End	1,984.2	1,837.5	8
Performance Ratios:			
Return on Average Total Assets (b)	0.67%	1.23%	(56) bp
Return on Average Common Equity (b)	11.6	23.8	(1,220)
Capital Ratios:			
Tier 1 Capital Ratio	8.7%	8.5%	20 bp
Total Capital Ratio	12.3	12.2	10
Tier 1 Leverage	5.4	5.8	(40)

	EXCLUDING JPMORGAN PARTNERS (f)		
OPERATING BASIS (c)			
Revenue	$ 8,437	$ 8,422	--
Noninterest Expense	5,496	5,228	5%
Credit Costs	688	596	15
Earnings	1,463	1,681	(13)
Diluted Earnings per Share	0.71	0.85	(16)
Return on Average Common Equity (b)	17.0%	25.8%	(880) bp
Overhead Ratio (d)	65	62	300
CASH OPERATING BASIS:			
Cash Earnings	$ 1,635	$ 1,772	(8)%
Cash Diluted Earnings per Share	0.80	0.90	(11)
Shareholder Value Added (e)	645	1,031	(37)
Cash Return on Average Common Equity (b)	19.0%	27.2%	(820) bp
Cash Overhead Ratio (d)	63	61	200

	INCLUDING JPMORGAN PARTNERS (f)		
OPERATING BASIS (c)			
Revenue	$ 8,494	$ 9,023	(6)%
Noninterest Expense	5,598	5,353	5
Credit Costs	688	596	15
Earnings	1,436	1,988	(28)
Diluted Earnings per Share	0.70	1.01	(31)
Return on Average Common Equity (b)	13.9%	23.8%	(990) bp
Overhead Ratio (d)	66	59	700
CASH OPERATING BASIS:			
Cash Earnings	$ 1,613	$ 2,081	(22)%
Cash Diluted Earnings per Share	0.78	1.06	(26)
Shareholder Value Added (e)	370	1,067	(65)
Cash Return on Average Common Equity (b)	15.6%	24.9%	(930) bp
Cash Overhead Ratio (d)	64	58	600

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

(b) Based on annualized amounts.

(c) Operating basis excludes the impact of credit card securitizations, merger and restructuring costs and special items. See page 26 for a reconciliation of results on a reported and operating basis.

(d) The overhead ratio is noninterest expense as a percentage of the total of net interest income and noninterest revenue (excluding merger and restructuring costs and special items). The cash overhead ratio also excludes the impact of amortization of goodwill and certain other intangibles.

(e) SVA represents operating earnings excluding the amortization of goodwill and certain other intangibles, minus preferred dividends and an explicit charge for capital. An integrated cost of capital was implemented during the first quarter of 2001. A 12% cost of capital has been used for all businesses except JPMP, which has a 15% cost of capital. Prior periods have been restated to conform with current methodologies.

(f) JPMP is JPMorgan Chase's private equity business. See pages 21 through 22 for its line of business results.

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

NM - Not meaningful.

J.P. MORGAN CHASE & CO.
CONSOLIDATED AVERAGE BALANCE SHEET, INTEREST AND RATES
(TAXABLE-EQUIVALENT INTEREST AND RATES; IN MILLIONS, EXCEPT RATES)

	FIRST QUARTER 2001			First Quarter 2000		
	AVERAGE BALANCE	INTEREST	RATE (ANNUALIZED)	Average Balance	Interest	Rate (Annualized)
ASSETS						
Deposits with Banks	$ 7,517	$ 139	7.51%	$ 10,196	$ 212	8.35%
Federal Funds Sold and Securities Purchased under Resale Agreements	82,836	1,196	5.86	75,220	1,090	5.83
Securities and Trading Assets	200,872	2,901	5.86 (a)	164,128	2,692	6.60 (a)
Securities Borrowed	37,261	493	5.37	35,999	528	5.90
Loans	219,133	4,469	8.27	203,693	3,942	7.79
Total Interest-Earning Assets	547,619	9,198	6.81	489,236	8,464	6.96
Allowance for Loan Losses	(3,699)			(3,699)		
Cash and Due from Banks	21,380			16,086		
Trading Assets - Derivative Receivables	76,238			75,490		
Other Assets	89,420			74,483		
Total Assets	$ 730,958			$ 651,596		
LIABILITIES						
Interest Bearing Deposits	$ 216,749	2,636	4.93%	$ 216,462	2,507	4.66%
Federal Funds Purchased and Securities Sold under Repurchase Agreements	152,675	2,136	5.67	119,224	1,566	5.28
Commercial Paper	17,963	265	5.98	18,630	272	5.86
Other Borrowings (b)	70,606	981	5.64	52,118	946	7.30
Long-Term Debt	47,445	744	6.36	45,084	735	6.56
Total Interest-Bearing Liabilities	505,438	6,762	5.43	451,518	6,026	5.37
Noninterest-Bearing Deposits	55,213			52,338		
Trading Liabilities - Derivative Payables	74,742			68,532		
Other Liabilities	52,263			43,887		
Total Liabilities	687,656			616,275		
PREFERRED STOCK OF SUBSIDIARY	550			550		
STOCKHOLDERS' EQUITY						
Preferred Stock	1,487			1,622		
Common Stockholders' Equity	41,265			33,149		
Total Stockholders' Equity	42,752			34,771		
Total Liabilities, Preferred Stock of Subsidiary and Stockholders' Equity	$ 730,958			$ 651,596		
INTEREST RATE SPREAD			1.38%			1.59%
NET INTEREST INCOME AND NET YIELD ON INTEREST-EARNING ASSETS		$ 2,436	1.80%		$ 2,438	2.00%

(a) For the three months ended March 31, 2001 and March 31, 2000, the annualized rate for available-for-sale securities based on historical cost was 5.95% and 6.09%, respectively, and the annualized rate for available-for-sale securities based on fair value was 5.95% and 6.47%, respectively.

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

J.P. MORGAN CHASE & CO.
QUARTERLY CONSOLIDATED STATEMENT OF INCOME
(IN MILLIONS, EXCEPT PER SHARE DATA)

	2001	2000			
	FIRST QUARTER	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
REVENUE					
Investment Banking Fees	$ 941	$ 1,051	$ 1,013	$ 1,107	$ 1,191
Trading Revenue	2,001	1,142	1,455	1,730	1,971
Fees and Commissions	2,065	2,387	2,427	2,218	2,197
Private Equity - Realized Gains	412	373	656	630	392
Private Equity - Unrealized Gains (Losses)	(285)	(471)	(676)	(171)	282
Securities Gains (Losses)	455	118	90	24	(3)
Other Revenue	246	1,482	415	67	325
TOTAL NONINTEREST REVENUE	5,835	6,082	5,380	5,605	6,355
Interest Income	9,180	9,922	9,423	8,858	8,440
Interest Expense	6,762	7,461	7,080	6,564	6,026
NET INTEREST INCOME	2,418	2,461	2,343	2,294	2,414
REVENUE BEFORE PROVISION FOR LOAN LOSSES	8,253	8,543	7,723	7,899	8,769
Provision for Loan Losses	447	409	298	328	342
TOTAL NET REVENUE	7,806	8,134	7,425	7,571	8,427
EXPENSE					
Compensation Expense	3,357	3,310	3,135	2,963	3,340
Occupancy Expense	348	351	338	297	308
Technology and Communications	654	668	632	574	580
Merger and Restructuring Costs	328	1,302	79	50	--
Amortization of Intangibles	177	186	157	92	93
Other Expense	1,062	1,227	1,011	1,099	1,032
TOTAL NONINTEREST EXPENSE	5,926	7,044	5,352	5,075	5,353
INCOME BEFORE INCOME TAX EXPENSE AND EFFECT OF ACCOUNTING CHANGE	1,880	1,090	2,073	2,496	3,074
Income Tax Expense	656	382	675	863	1,086
INCOME BEFORE EFFECT OF ACCOUNTING CHANGE	$ 1,224	$ 708	$ 1,398	$ 1,633	$ 1,988
Net Effect of Change in Accounting Principle	(25)	--	--	--	--
NET INCOME	$ 1,199	$ 708	$ 1,398	$ 1,633	$ 1,988
NET INCOME APPLICABLE TO COMMON STOCK	$ 1,178	$ 687	$ 1,374	$ 1,607	$ 1,963
NET INCOME PER SHARE (a)					
Basic	$ 0.60	$ 0.36	$ 0.73	$ 0.87	$ 1.06
Diluted	$ 0.58	$ 0.34	$ 0.69	$ 0.83	$ 1.01

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

J.P. MORGAN CHASE & CO.
QUARTERLY CONSOLIDATED BALANCE SHEET
(IN MILLIONS)

	MARCH 31, 2001	Dec. 31, 2000	Sept. 30, 2000	June 30, 2000	March 31, 2000
ASSETS					
Cash and Due from Banks	$ 22,371	$ 23,972	$ 20,284	$ 20,859	$ 18,159
Deposits with Banks	7,979	8,333	8,669	8,768	8,190
Federal Funds Sold and Securities Purchased under Resale Agreements	71,147	69,474	69,413	69,421	70,048
Securities Borrowed	37,264	32,371	36,424	34,681	35,027
Trading Assets: Debt and Equity Instruments	138,270	139,249	140,992	115,730	124,225
Derivative Receivables	78,907	76,373	67,028	68,728	78,258
Securities	69,731	73,695	71,282	71,050	72,075
Loans (Net of Allowance for Loan Losses)	213,116	212,385	214,496	203,611	198,870
Goodwill and Other Intangibles	15,351	15,833	15,678	10,012	9,858
Private Equity Investments	10,877	11,428	11,502	12,102	11,742
Accrued Interest and Accounts Receivable	15,352	20,618	15,491	18,122	18,681
Premises and Equipment	7,085	7,087	6,863	6,584	6,460
Other Assets	26,174	24,530	29,375	22,700	24,453
TOTAL ASSETS	$ 713,624	$ 715,348	$ 707,497	$ 662,368	$ 676,046
LIABILITIES					
Deposits:					
Noninterest-Bearing	$ 59,686	$ 62,713	$ 54,903	$ 57,904	$ 55,554
Interest-Bearing	212,886	216,652	214,882	213,012	203,441
Total Deposits	272,572	279,365	269,785	270,916	258,995
Federal Funds Purchased and Securities Sold under Repurchase Agreements	145,703	131,738	145,210	125,237	139,520
Commercial Paper	16,281	24,851	19,462	13,354	15,031
Other Borrowed Funds	28,716	19,840	20,065	15,124	16,271
Trading Liabilities: Debt and Equity Instruments	52,501	52,157	58,972	52,506	54,633
Derivative Payables	73,312	76,517	65,253	65,531	72,117
Accounts Payable, Accrued Expenses and Other Liabilities, Including the Allowance for Credit Losses	33,575	40,754	37,225	34,298	33,820
Long-Term Debt	42,609	43,299	45,634	44,528	45,825
Guaranteed Preferred Beneficial Interests in the Firm's Junior Subordinated Deferrable Interest Debentures	4,439	3,939	3,939	3,689	3,688
TOTAL LIABILITIES	669,708	672,460	665,545	625,183	639,900
PREFERRED STOCK OF SUBSIDIARY	550	550	550	550	550
STOCKHOLDERS' EQUITY					
Preferred Stock	1,362	1,520	1,522	1,522	1,622
Common Stock	1,984	1,940	2,066	2,066	1,625
Capital Surplus	11,663	11,598	12,427	12,205	12,280
Retained Earnings	28,592	28,096	31,678	30,887	29,848
Accumulated Other Comprehensive Income (Loss)	(214)	(241)	(995)	(1,281)	(1,266)
Treasury Stock, at Cost	(21)	(575)	(5,296)	(8,764)	(8,513)
TOTAL STOCKHOLDERS' EQUITY	43,366	42,338	41,402	36,635	35,596
TOTAL LIABILITIES, PREFERRED STOCK OF SUBSIDIARY AND STOCKHOLDERS' EQUITY	$ 713,624	$ 715,348	$ 707,497	$ 662,368	$ 676,046

GLOSSARY OF TERMS

The page numbers included after each definition represent the pages in this Form 10-Q where the term primarily is used.

Basis Point Value ("BPV"): This measurement quantifies the change in the market value of JPMorgan Chase's assets and liabilities (that are not part of its trading activities) that would result from a one basis point change in interest rates. (Page 39)

Cash Operating Earnings: Operating earnings excluding the impact of the amortization of certain other intangibles. (Pages 14-15, 18-21, 23-25, 40 and 42)

Cash Overhead Ratio: Noninterest expense, excluding amortization of certain other intangibles, as a percentage of the total of net interest income and noninterest revenue (excluding merger and restructuring costs and special items). (Pages 18, 30, 42 and 43)

Chase USA: Chase Manhattan Bank USA, National Association. (Page 12)

FASB: Financial Accounting Standards Board. (Page 41)

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. (Pages 14, 18, 32 and 35)

Merger: The term refers to the December 31, 2000 merger of The Chase Manhattan Corporation and J.P. Morgan & Co. Incorporated. (Pages 7-8, 15-17, 26, 30-31, 37, 42 and 43)

Net Yield on Interest-Earning Assets: The average rate for interest-earning assets less the average rate paid for all sources of funds. (Pages 30 and 44)

Operating Basis or Operating Earnings: Reported results excluding the impact of credit card securitizations, merger and restructuring costs and special items. (Pages 14-21, 23-31, 40, 42 and 43)

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). (Pages 30, 42 and 43)

SFAS: Statement of Financial Accounting Standards.

SFAS 107: "Disclosures about Fair Value of Financial Instruments." (Page 13)

SFAS 115: "Accounting for Certain Investments in Debt and Equity Securities." (Page 7)

SFAS 125: "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." (Page 41)

SFAS 133: "Accounting for Derivative Instruments and Hedging Activities." (Pages 3, 7, 10-12, 14, 16, 42, 45 and 52)

SFAS 140: "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - a replacement of FASB Statement No. 125." (Pages 9, 10 and 41)

Shareholder Value Added ("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. (Pages 14, 18, 42 and 43)

Special Items: The 2001 first quarter included $328 million (pre-tax) in merger and restructuring expenses and the cumulative effect of a transition adjustment of $(25) million (after-tax) related to the adoption of SFAS 133. There were no special items in the first quarter of 2000. (Pages 14-16, 26, 30, 40, 42 and 43)

Stress Testing: Discloses market risk under plausible events in abnormal markets. (Pages 38 and 39)

Value-at-Risk ("VAR"): A measure of the dollar amount of potential loss from adverse market moves in an everyday market environment. (Pages 37, 38 and 39)

Item 3 Quantitative and Qualitative Disclosures About Market Risk

For a discussion of the quantitative and qualitative disclosures about market risk, see the market risk management section of the MD&A on pages 37-39 of this Form 10-Q.

PART II - OTHER INFORMATION

Item 1 Legal Proceedings

In June 1999, Sumitomo Corporation filed a lawsuit against The Chase Manhattan Bank in the United States District Court for the Southern District of New York. The complaint alleges that during the period from 1994 to 1996, the Bank assisted a Sumitomo employee in making copper trades by funding unauthorized loans to the Sumitomo employee. The complaint alleges that the Bank knew the employee did not have authority to enter into the transactions on behalf of Sumitomo. The complaint asserts claims under the Racketeer Influenced and Corrupt Organizations Act ("RICO") and New York common law and alleges damages of $532 million (subject to trebling under RICO), plus punitive damages.

In August 1999, Sumitomo Corporation filed a separate action against J.P. Morgan & Co., Morgan Guaranty Trust Company of New York and a former Morgan employee (collectively "Morgan") in the United States District Court for the Southern District of New York. The complaint in this action contains allegations, similar to the allegations in the complaint filed by Sumitomo against Chase, that during the period from 1993 to 1996, Morgan assisted a Sumitomo employee in making copper trades by funding unauthorized loans to the Sumitomo employee. The complaint alleges that Morgan knew the employee did not have authority to enter into the transactions on behalf of Sumitomo. The complaint asserts claims under RICO and New York common law and alleges damages of $735 million (subject to trebling under RICO), plus punitive damages. The separate actions against Chase and Morgan have been consolidated for discovery purposes.

Chase Securities Inc. ("CSI") has been named as a defendant or third-party defendant in 13 actions that were filed in either the United States District Court for the Northern District of Oklahoma or in Oklahoma state court beginning in October 1999 arising out of the failure of Commercial Financial Services, Inc. ("CFS"). Plaintiffs in these actions are institutional investors who purchased over $1.6 billion in original face amount of asset-backed securities issued by CFS. The securities were backed by delinquent credit card receivables. In addition to CSI, the defendants in various of the actions are the founders and key executives of CFS, as well as its auditors, its outside counsel and the rating agencies that rated the securities. CSI is alleged to have been the investment banker to CFS and to have acted as an initial purchaser and as placement agent in connection with the issuance of certain of the securities. Plaintiffs allege that defendants either knew or were reckless in not knowing that the securities were sold to plaintiffs on the basis of misleading misrepresentations and omissions of material facts. The complaints against CSI assert claims under the Securities Exchange Act of 1934, the Oklahoma Securities Act, and under common law theories of fraud and negligent misrepresentation. In the actions against CSI, damages in the amount of approximately $1.2 billion allegedly suffered as a result of defendants' misrepresentations and omissions, plus punitive damages, are being claimed.

The Securities and Exchange Commission ("SEC") investigated the question of whether, in connection with the bond paying agency function within JPMorgan Chase's Institutional Trust Services group, there had been violations of its transfer agency recordkeeping or reporting regulations and whether JPMorgan Chase's disclosure regarding these issues had been adequate and timely. The conditions giving rise to the alleged violations have since been addressed, and JPMorgan Chase has made an offer of settlement to the SEC, which is under consideration.

PART II - OTHER INFORMATION (CONTINUED)

Item 1 Legal Proceedings (continued)

In addition to the matters described above, JPMorgan Chase and its subsidiaries have been named from time to time as defendants in various legal actions and proceedings arising in connection with their respective businesses and have been involved from time to time in investigations and proceedings by governmental agencies. In view of the inherent difficulty of predicting the outcome of such matters, JPMorgan Chase cannot state what the eventual outcome of pending matters will be. JPMorgan Chase is contesting the allegations made in each pending matter and believes, based on current knowledge and after consultation with counsel, that the outcome of such matters will not have a material adverse effect on the consolidated financial condition of JPMorgan Chase but may be material to JPMorgan Chase's operating results for any particular period, depending on the level of JPMorgan Chase's income for such period.

Item 2 Sales of Unregistered Common Stock

During the first quarter of 2001, shares of common stock of J.P. Morgan Chase were issued in transactions exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) thereof. Shares of common stock were issued to retired directors who had deferred receipt of such common stock pursuant to the Deferred Compensation Plan for Non-Employee Directors as follows: January 2, 2001 - 31,365 shares and January 5, 2001 - 1,848 shares. Shares of common stock were issued to retired employees who had deferred receipt of such common shares pursuant to the Corporate Performance Incentive Plan as follows: January 31, 2001 - 19,764 shares; February 16, 2001 - 436 shares; February 21, 2001 - 552 shares; and February 22, 2001 - 171 shares.

Item 6 Exhibits and Reports on Form 8-K (A) Exhibits:

11 - Computation of Earnings per Common Share
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

(B) Reports on Form 8-K:

JPMorgan Chase filed 2 reports on Form 8-K during the quarter ended March 31, 2001, as follows:

Form 8-K dated January 17, 2001: JPMorgan Chase announced the fourth quarter and full-year 2000 results.

Form 8-K dated January 31, 2001: JPMorgan Chase announced the business outlook summary of the investor presentation of January 17, 2001.

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 thereunto duly authorized.

J.P. MORGAN CHASE & CO.
(Registrant)

Date May 15, 2001

By /s/ Joseph L. Sclafani
Joseph L. Sclafani

Executive Vice President and Controller
[Principal Accounting Officer]

APPENDIX 1

NARRATIVE DESCRIPTION OF GRAPHIC IMAGE MATERIAL

Pursuant to Item 304 of Regulation S-T, the following is a description of the graphic image material included in the foregoing Management's Discussion and Analysis of Financial Condition and Results of Operations.

GRAPHIC NUMBER	PAGE	DESCRIPTION
1	38	Bar Graph entitled "Daily Market Risk-Related Revenue for the First Quarter 2001" presenting the following information:

Millions of Dollars	0><10	10><20	20><30	30><40	40><50	50><60	60><70
Number of trading days revenue was within the above prescribed positive range	4	6	7	8	7	10	3

70><80	80><90	90><100	100><110	110><120	Over 120
6	2	2	2	1	2

Millions of Dollars	0><(10)	Over (10)
Number of trading days revenue was within the above prescribed negative range	1	1

Average Daily Revenue was $48.2 million

INDEX TO EXHIBITS

SEQUENTIALLY NUMBERED

EXHIBIT 11

J.P. MORGAN CHASE & CO.
COMPUTATION OF EARNINGS PER COMMON SHARE

For a discussion of the computation of basic and diluted earnings per common share, see Note 17 of JPMorgan Chase's 2000 Annual Report.

(in millions, except per share amounts)	THREE MONTHS ENDED MARCH 31, 2001	2000
BASIC EARNINGS PER SHARE		
Earnings:		
Net Income	$ 1,199	$ 1,988
Less: Preferred Stock Dividends	21	25
Net Income Applicable to Common Stock	$ 1,178	$ 1,963
Shares:		
Basic Average Common Shares Outstanding	1,966.6	1,853.0
Net Income per Share (a)	$ 0.60	$ 1.06
DILUTED EARNINGS PER SHARE		
Earnings:		
Net Income Applicable to Common Stock	$ 1,178	$ 1,963
Shares:		
Basic Average Common Shares Outstanding	1,966.6	1,853.0
Additional Shares Issuable upon Exercise of Stock Options for Dilutive Effect	65.6	92.1
Average Common Shares Outstanding Assuming Dilution	2,032.2	1,945.1
Net Income per Share (a)	$ 0.58	$ 1.01

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

EXHIBIT 12(a)

J.P. MORGAN CHASE & CO.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(IN MILLIONS, EXCEPT RATIOS)

	THREE MONTHS ENDED MARCH 31, 2001
EXCLUDING INTEREST ON DEPOSITS	
Income before income taxes and effect of accounting change	$ 1,880
Fixed charges:	
Interest expense	4,126
One-third of rents, net of income from subleases (a)	61
Total fixed charges	4,187
Less: Equity in undistributed income of affiliates	(22)
Earnings before taxes, effect of accounting change and fixed charges, excluding capitalized interest	$ 6,045
Fixed charges, as above	$ 4,187
Ratio of earnings to fixed charges	1.44
INCLUDING INTEREST ON DEPOSITS	
Fixed charges, as above	$ 4,187
Add: Interest on deposits	2,636
Total fixed charges and interest on deposits	$ 6,823
Earnings before taxes, effect of accounting change and fixed charges, excluding capitalized interest, as above	$ 6,045
Add: Interest on deposits	2,636
Total earnings before taxes, effect of accounting change, fixed charges and interest on deposits	$ 8,681
Ratio of earnings to fixed charges	1.27

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

EXHIBIT 12(B)

J.P. MORGAN CHASE & CO.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND PREFERRED STOCK DIVIDEND REQUIREMENTS
(IN MILLIONS, EXCEPT RATIOS)

	THREE MONTHS ENDED MARCH 31, 2001
EXCLUDING INTEREST ON DEPOSITS	
Income before income taxes and effect of accounting change	$ 1,880
Fixed charges:	
Interest expense	4,126
One-third of rents, net of income from subleases (a)	61
Total fixed charges	4,187
Less: Equity in undistributed income of affiliates	(22)
Earnings before taxes, effect of accounting change and fixed charges, excluding capitalized interest	$ 6,045
Fixed charges, as above	$ 4,187
Preferred stock dividends	21
Fixed charges including preferred stock dividends	$ 4,208
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.44
INCLUDING INTEREST ON DEPOSITS	
Fixed charges including preferred stock dividends, as above	$ 4,208
Add: Interest on deposits	2,636
Total fixed charges including preferred stock dividends and interest on deposits	$ 6,844
Earnings before taxes, effect of accounting change and fixed charges, excluding capitalized interest, as above	$ 6,045
Add: Interest on deposits	2,636
Total earnings before taxes, effect of accounting change, fixed charges and interest on deposits	$ 8,681
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.27

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