**Dear fellow shareholders**

**The announced J.P. Morgan Chase & Co. merger with Bank One**

On January 14, 2004, we announced our decision to merge with Bank One. We are excited about the

merger, and although it does not affect our results for 2003, I wanted to begin my report to you with an

overview of our new firm.

This merger will create a firm with leadership positions in both wholesale and retail, a more balanced

earnings stream, greater scale and financial strength. From both a strategic and a people perspective, we

believe the combination is complementary and compelling. We were pleased that the rating agencies

reacted favorably after the announcement of the merger.

For 2003, the firms combined would have earned over $9 billion. The earnings, on a combined basis,

would have been almost evenly split between wholesale businesses and retail. The merger will further

strengthen our existing leadership positions in wholesale banking, providing even greater scale in terms

of both clients and capital. In retail banking, we will be the second-largest U.S. credit card issuer and

the second-largest U.S. bank based upon core deposits, with assets of over $1 trillion. From coast to

coast, we will provide mortgages, auto loans and credit cards, and welcome customers into more than

2,300 bank branches in 17 states.

Our new firm will have a complete financial services platform, providing the full range of retail and

wholesale products. We anticipate the merger will close by mid-year 2004, and you can expect more

information in the near future regarding our shareholder meeting. The bottom line is that we believe

the new J.P. Morgan Chase & Co. will create tremendous shareholder value in 2004 and beyond.

Against the backdrop of an improving economy and a favorable turn

in the credit cycle, JPMorgan Chase outperformed its peers by most

measures. Among major investment and commercial banks, we ranked

first in total return to shareholders.

**2003 year in review**

In 2003, our focus was on delivering results. As I said in the closing

words of my 2002 letter to shareholders, “We have the right model,

the right strategy, and the right people . . . What we need now is better

performance and improved execution. That will be the unrelenting

focus of JPMorgan Chase in 2003.”

Our focus on results was evident in our much improved financial

performance.

On an operating basis in 2003, we delivered:

• Higher revenues – up 13% from 2002, to $35.1 billion

• Higher earnings – $6.7 billion, compared with $3.4 billion in 2002

• A return on average common equity of 16%, compared with

8% in 2002

Against the backdrop of an improving economy and a favorable turn

in the credit cycle, JPMorgan Chase outperformed its peers by most

measures. Among major investment and commercial banks, we ranked

first in total return to shareholders. We strengthened our leadership

positions in key product areas across all of our businesses. We delivered

greater value, in more ways, to a growing number of clients.

Throughout 2003, JPMorgan Chase also recognized the need to

rebuild trust in financial institutions, including our own. We revised

and enhanced our internal risk management processes and policies,

providing better oversight of complex financial transactions and

greater transparency in our financial disclosures. We have also

embraced new regulations in the U.S. from Congress, the Securities

and Exchange Commission and the New York Stock Exchange

strengthening governance.

I want to take this opportunity to thank Larry Fuller, who has retired

from the Board of Directors, for his contributions to our firm since 1985.

We have benefited greatly from the wisdom and experience of our

board members, and we wish Larry well.

Here is a look at how our major businesses performed in 2003.

The **Investment Bank** demonstrated the value of its global scale,

diverse issuer and investor client franchise, and integrated business

model to deliver a record $3.7 billion in earnings. We achieved

significant gains in revenues (up 16%) and substantial reductions

in credit costs, resulting in a gain in earnings of 183% and a

return on equity (ROE) of 19% for the year. The Investment Bank’s

impressive showing was driven by strong

equity underwriting, increased capital markets revenues, and record

total return revenues in Global Treasury.

Our success in 2003 was also based upon our intellectual capital,

innovation and expertise in risk management. It is our ability to understand

our clients’ needs and then execute extraordinarily well that

helps us win in the marketplace. A very good example of our client focus

is our creation of the first-ever transferable employee stock option

program for Microsoft.

In terms of the outlook for the Investment Bank, we are well positioned

for the next phase of the economic cycle. From 2002 to 2003, we

moved from #8 to #4 in Global Equity and Equity-Related, and we

maintained our #5 position in Global Announced M&A while increasing

our market share. We also continued to rank #1 in Interest Rate and

Credit Derivatives as well as in Global Loan Syndications. Even with the

anticipated shift in market activity, we believe our fixed income

businesses will continue to flourish. More than half of our revenues

are from investor clients who regularly need to adjust their portfolios.

This activity creates a solid foundation for ongoing business and

continued growth.

We are a truly global investment bank, delivering the breadth of the

firm’s capabilities – tailored to the needs of clients in local markets.

We continue to perform well in the Europe, Middle East and Africa

(EMEA) region, where the Investment Bank generated approximately

$1.3 billion in after-tax earnings. We are the only firm in the EMEA

region to finish 2003 ranked #5 or better across the equity, M&A, loan

and bond markets. We want to be the most global of the European

investment banks, and the most European of the global investment

banks. We enjoy strong leadership positions in Latin America, and our

franchise in Asia presents significant growth opportunities for us.

With the completeness and scale of our capabilities, a commitment

to innovation, and a client franchise that includes strong relationships

with over 90% of Fortune 500 companies and equivalent global

penetration, the Investment Bank is well positioned to compete at

the highest level around the world.

**Treasury & Securities Services** (TSS), which provides financial

transaction processing and information services to wholesale clients,

delivered attractive returns in 2003, generating an ROE of 19%.

Though affected by the downturn in capital markets and low interest

rates, TSS has provided a stable source of revenue year after year,

taking full advantage of its global scale, technological sophistication

and market leadership. Each of the three TSS businesses – Treasury

Services, Investor Services and Institutional Trust Services – is among

the top three in the world.

We remain committed to extending those leadership positions. Two

recent acquisitions – an electronic payments subsidiary of Citigroup and

Bank One’s corporate trust business – are expected to enhance considerably

TSS’s revenue growth rate in 2004. (It is important to note that

Bank One sold its trust business because it lacked the scale and global

scope that JPMorgan Chase has in this business.) TSS will continue

to drive for greater scale, productivity gains and higher service quality

levels to maintain its market leadership.

**Investment Management & Private Banking** (IMPB) showed

strong momentum in 2003, generating earnings of $268 million. Pre-tax

margins improved significantly throughout the year and assets under

supervision increased 18% to $758 billion. During the year, IMPB made

substantial progress in its execution on three key goals. Investment

performance improved, particularly in key U.S. institutional equity and

fixed income products. The Private Bank successfully executed its

growth strategy as client assets and product usage increased year over

year. Additionally, credit costs were lowered by nearly 60% compared

to 2002. And lastly, IMPB advanced its U.S. retail strategy by acquiring

full ownership of J.P. Morgan | American Century Retirement Plan

Services with $41 billion in 401(k) plan assets. Aligning Retirement Plan

Services and BrownCo, our online brokerage service, to build an IRA

roll-over capability positions IMPB well to benefit from the growing

individual retirement market.

**JPMorgan Partners** (JPMP), our private equity business, has invested

in a wide range of companies in diverse sectors, stages and locations.

JPMP’s primary investment vehicle is its $6.5 billion Global Fund, which

invests on behalf of the firm and third-party investors. JPMP’s financial

performance improved substantially over the year. In 2004 and beyond,

JPMP should benefit from a continued recovery in equity financing

and M&A activities.

**Chase Financial Services** (CFS), our retail and middle market

businesses, improved upon their very strong 2002 results with record

revenues and earnings in 2003, producing an ROE of 28%.

As the result of its focus on national consumer credit businesses, CFS

has established a unique franchise that has enabled it to deliver strong

results. It is a market leader in all three major national consumer credit

businesses – the only top-five performer across mortgage origination

and servicing, credit cards and auto finance.

Chase Home Finance had a record year in 2003, coming off excellent

results in 2002. On all fronts, Home Finance took advantage of the

mortgage boom, resulting in an increase in revenues of 38% over

2002. The quality of execution was key to its success, as the business

managed record volumes while maintaining high customer service

Chase Cardmember Services grew outstandings despite

balance paydowns due to consumer liquidity resulting from the mortgage

refinancing boom. Chase Auto Finance also had a record number of

originations and increased its market share.

In addition to our national consumer credit businesses, our other CFS

businesses – Chase Regional Banking and Chase Middle Market – have

shown significant growth in deposits, up 8% and 17% respectively,

despite the low interest rate environment, which compressed spreads,

reducing revenue for the year.

In the still fragmented retail banking industry, CFS’s businesses focused

on competitive differentiators, such as productivity and marketing

enhancements.We have seen gains from disciplined expense management

and from greater efficiency. CFS has also boosted the quality of

its marketing efforts, resulting in progress in cross-selling products

and services.We invested in businesses such as home equity, where we

achieved significant increases in outstandings. Personal Financial

Services, our branch-based business offering banking and investing services

to upper-tier retail customers, continues to gain momentum, having

increased new investment fee-based sales by 63% and bringing assets

under management to a total of $10.7 billion.

In 2004, CFS expects to operate at lower but still robust ROE levels,

caused by our expectation that the mortgage business will return to

more normal conditions. CFS will focus on stable credit quality,

productivity gains, innovative marketing and cross-selling initiatives,

and continued investment in growth opportunities to improve its

competitive position.

**Disciplined risk management**

The improvement in our performance was enhanced by better execution

in risk management.

In the two years following the merger that created JPMorgan Chase

(that is, in 2001 and 2002), our performance suffered from three main

challenges, none of them principally related to the merger: excessive

capital committed to private equity; over-concentration of loans to

telecommunications companies; and large exposure to Enron.

We dealt decisively with each issue in 2003.We reduced our exposure

to private equity to 15% of the firm’s common stockholders’ equity

at the end of 2003 (down from a peak of 29% in 2000).We moved

to put Enron behind us through the settlement that our firm and

others reached in 2003 with the Securities and Exchange Commission

and other regulatory and governmental entities. We reduced commercial

credit exposure and drove substantial reductions in single-name and

industry concentrations. Commercial criticized exposure (rated CCC+/Caa1 and lower) and

non-performing loans were both down over 45% from the beginning

of the year. Our provision for commercial credit losses was down by

$2.8 billion. The risk profile of the firm has improved, and our bottom

line results are much better.

**Building a great culture**

I believe that a high-performance culture is the critical differentiator

that separates the great enterprises from those that are merely good,

and that separates enduring success from transitory achievement.

Business units continued to emphasize increased productivity and

improved quality. In 2003, our productivity and quality efforts yielded

more than $1 billion pre-tax in net financial benefits, more than doubling

those achieved in 2002. Over one-half of these benefits came

from re-engineering key business processes using the disciplined methodology

of Six Sigma. We used Six Sigma in several key areas, including

enhancing our customers’ experience and removing costs from our

larger and more complex operations.

The challenge has been the blending of key attributes of the cultures

of our predecessor firms into a new model. We are focused on developing

a culture based on integrity, respect, excellence and innovation,

where diversity and differences are recognized and valued, and leadership

development and managing talent are hallmarks of our firm.

Our work on establishing a high-performance culture will continue as

we complete the merger with Bank One.

The firm’s efforts to build a strong culture have also focused on encouraging

a spirit of giving back to the communities where we live and

do business. We are proud that the firm has maintained a consistent

“outstanding” Community Reinvestment Act (CRA) rating, and we are

committed to partnering with our communities around the world to

make a positive difference. Our employees have developed a great

spirit of giving back, not just in monetary terms, but also through volunteering

their time and talents to their communities.

**2004: Still about strategy and delivering results**

We are beginning to recognize the power and potential of our great

strategic platform. Clearly, our clients and customers like the value we

add in both our wholesale and retail businesses.

In wholesale banking, our capabilities reach across all important product

sets, clients and locations – from the Americas to Europe, Asia, the

Middle East and Africa. We have the competitive advantage of scale

and completeness, and we remain focused on integrated delivery to

serve our clients well. There is ample room for organic growth and

development in providing premier global wholesale financial services.

In other areas, such as Institutional Trust Services, we may choose to

augment our skills through tactical acquisitions. For the most part,

however, our wholesale banking business will grow through better

execution in delivering the whole firm to a highly sophisticated and

global client base at multiple points of need.

The retail banking landscape presents a different picture. It is large

and still relatively fragmented, even after a decade of consolidation.

Almost certainly, consolidation will continue and gather pace in years

to come. With Bank One, we will significantly extend our retail financial

services platform and be better positioned to take advantage of

the enormous opportunities before us.

The strategic model we have adopted, with extensive leadership positions

in both wholesale and retail financial services, provides great balance

to our growth, returns and diversification.

**Confidence in the future**

With the strategic platform we created three years ago, the merger with

Bank One, and the progress we have made toward building a high-performance

culture, we have to prove that we can consistently produce

superior results, and that we are disciplined in how we use our capital.

We also have to demonstrate a seamless integration with Bank One

so that we add value from day one.

I have every confidence that we can accomplish these goals.

In 2004 as in 2003, the unrelenting focus of our firm will be on results

and performance.

William B. Harrison, Jr.

Chairman and Chief Executive Officer

March 15, 2004