

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 8-K

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

Date of Report:

April 16, 2003

Commission file number

1-5805

J.P. MORGAN CHASE & CO.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

270 Park Avenue, New York, NY

(Address of principal executive offices)

13-2624428

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

10017

(Zip Code)

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

Item 7. Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
12 (a)	Computation of Ratio of Earnings to Fixed Charges
12 (b)	Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements
99.1	Press Release – 2003 First Quarter Earnings

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

On April 16, 2003, J.P. Morgan Chase & Co. (“JPMorgan Chase”) reported net income of \$1.4 billion, or \$0.69 per share, in the first quarter of 2003, compared with net income of \$982 million, or \$0.48 per share, in the first quarter of 2002, and a net loss of \$387 million, or (\$0.20) per share, in the fourth quarter of 2002.

A copy of the 2003 first quarter earnings press release is attached hereto as Exhibit 99.1.

That press release contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of JPMorgan Chase’s management and are subject to significant risks and uncertainties. These risks and uncertainties could cause our results to differ materially from those set forth in such forward-looking statements. Such risks and uncertainties are described in our 2002 Annual Report on Form 10-K filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission’s internet site (www.sec.gov), to which reference is hereby made.

The information included in this section is intended to be included under “Item 12. Disclosure of Results of Operations and Financial Condition” and is included under Item 9 in accordance with SEC Release No. 33-8216.

SIGNATURE

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

J.P. MORGAN CHASE & CO.

(Registrant)

By: /s/ Joseph L. Sclafani

Joseph L. Sclafani

Executive Vice President and Controller
[Principal Accounting Officer]

Dated: April 16, 2003

EXHIBIT INDEX

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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, 2003
Excluding Interest on Deposits	
Income before income taxes	\$2,122
Fixed charges:	
Interest expense	1,980
One-third of rents, net of income from subleases (a)	84
Total fixed charges	2,064
Less: Equity loss in undistributed income of affiliates	8
Earnings before taxes and fixed charges, excluding capitalized interest	\$4,194
Fixed charges, as above	\$2,064
Ratio of earnings to fixed charges	2.03
Including Interest on Deposits	
Fixed charges, as above	\$2,064
Add: Interest on deposits	1,068
Total fixed charges and interest on deposits	\$3,132
Earnings before taxes and fixed charges, excluding capitalized interest, as above	\$4,194
Add: Interest on deposits	1,068
Total earnings before taxes, fixed charges and interest on deposits	\$5,262
Ratio of earnings to fixed charges	1.68

(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, 2003
Excluding Interest on Deposits	
Income before income taxes	\$2,122
Fixed charges:	
Interest expense	1,980
One-third of rents, net of income from subleases (a)	84
Total fixed charges	2,064
Less: Equity loss in undistributed income of affiliates	8
Earnings before taxes and fixed charges, excluding capitalized interest	\$4,194
Fixed charges, as above	\$2,064
Preferred stock dividends (pre-tax)	20
Fixed charges including preferred stock dividends	\$2,084
Ratio of earnings to fixed charges and preferred stock dividend requirements	2.01
Including Interest on Deposits	
Fixed charges including preferred stock dividends, as above	\$2,084
Add: Interest on deposits	1,068
Total fixed charges including preferred stock dividends and interest on deposits	\$3,152
Earnings before taxes and fixed charges, excluding capitalized interest, as above	\$4,194
Add: Interest on deposits	1,068
Total earnings before taxes, fixed charges and interest on deposits	\$5,262
Ratio of earnings to fixed charges and preferred stock dividend requirements	1.67

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

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



News release: IMMEDIATE RELEASE

JPMORGAN CHASE REPORTS 2003 FIRST QUARTER RESULTS

New York, April 16, 2003 – J.P. Morgan Chase & Co. (NYSE: JPM) today reported net income of \$1.4 billion, or \$0.69 per share, in the first quarter of 2003, compared with net income of \$982 million, or \$0.48 per share, in the first quarter of 2002 and a net loss of \$387 million, or (\$0.20) per share, in the fourth quarter of 2002. The return on average common equity was 13%.

In 2002, reported results were lower than results on an operating basis, which excluded merger and restructuring costs incurred in each quarter and, in the fourth quarter of 2002, separately disclosed litigation-related charges. On this basis, operating earnings were \$1.15 billion, or \$0.57 per share, in the first quarter of 2002 and \$730 million, or \$0.36 per share, in the fourth quarter of 2002.

“We are encouraged by first quarter results. Sharp revenue growth in the Investment Bank and Chase Financial Services, combined with meaningful improvement in credit quality and the benefits of our expense initiatives, produced stronger earnings,” said William B. Harrison, Jr., Chairman and Chief Executive Officer. “While we continue to be cautious in our outlook for the remainder of the year, we remain committed to serving our clients, controlling our expenses and managing our risks.”

Highlights for the first quarter of 2003:

- The Investment Bank had strong fixed income results, improved performance in equities and lower credit costs, generating operating income 22% higher than last year’s first quarter and a return on equity of 20%.
- The Investment Bank achieved, for the first time, top three league table status concurrently in Global Announced M&A, Global Long-Term Debt and Global Equity & Equity Related underwriting.
- Commercial credit costs, nonperforming assets and criticized exposures declined meaningfully from the fourth quarter of 2002.
- Chase Financial Services reported earnings 39% above the first quarter of 2002 and a return on equity of 28% driven by continued strength in the national consumer credit businesses, especially Chase Home Finance, which posted record revenues and earnings.

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Investment Bank

Operating earnings were \$932 million in the first quarter, up 22% from the first quarter of 2002 and 158% from the fourth quarter. Operating revenues of \$4.01 billion were 11% higher than the first quarter and 21% better than the fourth quarter of 2002. Return on common equity was 20% for the quarter, compared with 16% in the first quarter and 8% in the fourth quarter of 2002.

- *Investment banking fees* of \$621 million were 16% lower than the first quarter of 2002. Strength in high grade and high yield underwriting was more than offset by continued weakness in advisory, equity underwriting and loan syndication markets. Advisory fees were down 18% from the first quarter of 2002 and reflected industry-wide weakness in M&A activity. Underwriting revenues and other fees were down 15% from the first quarter of 2002. The firm improved to #3 in Global Announced M&A, with a 19% market share, improved to #3 in Global Equity & Equity Related underwriting, and maintained its #1 ranking in Global Loan Syndications.¹ In addition, the firm maintained its #2 ranking in U.S. Investment Grade Bonds and #3 ranking in Global Long-Term Debt.²
- *Capital markets and lending* revenues for the quarter were \$3.39 billion, up 18% from the first quarter of 2002. On a total return basis (which represents total revenues plus the unrealized gains or losses on third party or internally transfer-priced assets and liabilities in fixed income and treasury activities), revenues of \$3.28 billion were up 13% from the first quarter of 2002. The increase reflected strong results in fixed income, primarily in North America and Europe credit markets, and in Europe rate markets. Global Treasury had record total return revenues of \$536 million, up 14% from the first quarter of 2002. Despite difficult market conditions revenues in Equity Capital Markets were comparable to the first quarter of 2002.
- *Credit costs* were \$246 million, down from \$282 million in the first quarter of 2002.
- *Operating expenses* of \$2.26 billion increased 8% from the first quarter of 2002 driven by higher incentives resulting from increased revenues. Non-compensation expenses (excluding severance and related costs) declined 8% from the same period. Total severance and related charges were \$104 million, compared to \$47 million in the first quarter of 2002 and \$338 million in the fourth quarter of 2002. The overhead ratio was 56% compared to 58% in the first quarter of 2002.

Chase Financial Services

Operating earnings were \$704 million for the first quarter, an increase of 39% from the first quarter of 2002 and 42% from the fourth quarter of 2002. Return on common equity was 28% for the first quarter compared to 20% in the first quarter of 2002 and 19% in the fourth quarter of 2002.

- *Operating revenues* of \$3.74 billion for the quarter were up 21% from the first quarter of 2002 reflecting higher production volumes across all national consumer credit businesses. Home Finance generated record revenues for the quarter, up 116% from the first quarter of 2002, due to record mortgage originations and, to a lesser extent, gains on the hedging of mortgage servicing rights. Auto Finance also generated record revenues in the first quarter, up 17% from the first quarter of 2002, driven by higher originations and improved margins. Cardmember Services revenues were up 9% from the prior year primarily reflecting growth in average outstandings; over one million new accounts were originated during the first quarter. Regional Banking and Middle Market average deposits grew 5% and 23%, respectively, from the first quarter of 2002. Regional Banking reported lower revenue as lower interest rates resulted in lower spreads.

1 Derived from Thomson Financial Securities Data

2 Derived from Thomson Financial Securities Data

- *Operating expenses* of \$1.75 billion for the quarter were up 13% from the first quarter of 2002 reflecting higher business volumes, higher incentives due to better financial performance and increased marketing costs. Savings generated by Six Sigma productivity programs continued to partially offset the growth in expenses.
- *Credit costs* of \$878 million were 21% higher than the first quarter of 2002. Charge-offs increased 10%, driven by a 15% increase in average managed loans from the first quarter of 2002. Credit costs for the first quarter of 2002 included a release of reserves primarily related to the run-off of an installment loan portfolio in Regional Banking. Delinquency rates in the consumer loan portfolios have decreased compared to the fourth quarter 2002.

Treasury & Securities Services

Operating earnings were \$147 million, up 3% from the first quarter of 2002 and 8% from the fourth quarter of 2002. Return on common equity for the quarter was 19%, comparable to the first quarter of 2002 and up slightly from the fourth quarter of 2002.

- *Operating revenues* for the first quarter were \$966 million, virtually unchanged from the first quarter of 2002. Treasury Services revenues increased 8% from the first quarter of 2002 due to growth in product revenues, notably in commercial card and prepaid debit card, and higher balance deficiency fees, which offset declines in the value of non-interest bearing balances resulting from low interest rates. Institutional Trust Services revenues increased 1% from the prior year as general business growth was offset by declines in ADR activity and in selected debt product lines. Investor Services revenues declined 10% from the prior year as the business continues to be adversely affected by difficult market conditions resulting in reduced deposit balances, custody fees, foreign exchange revenue and securities lending activity.
- *Operating expenses* were down 1% from the first quarter of 2002, reflecting continued cost containment measures that included Six Sigma and other productivity and quality initiatives and selected reductions in staff, particularly in Investor Services.

Investment Management & Private Banking

Operating earnings were \$64 million in the first quarter, down 50% from the first quarter of 2002, but up 49% from the fourth quarter. The pre-tax margin in the first quarter of 2003 was 11%, compared with 22% in the first quarter of 2002 and 4% for the fourth quarter of 2002. Return on common equity was 4% compared with 8% in first quarter of 2002 and 3% in the fourth quarter of 2002. Return on tangible common equity was 14% compared with 27% in the first quarter of 2002 and 9% in the fourth quarter of 2002.

- *Operating revenues* of \$652 million were 16% below the same period last year and 2% lower than the fourth quarter of 2002. Lower global equity valuations (the S&P 500 index was down 26% year-on-year and down 4% from the fourth quarter) and lower investor activity negatively affected revenues. Revenues for the quarter included the gain on the sale of a Brazilian investment management subsidiary, offset by non-operating charges incurred at American Century.
- *Operating expenses* of \$574 million were 2% lower than the first quarter of 2002 and 8% below the fourth quarter of 2002.
- *Total assets under supervision* were \$622 billion at March 31, 2003, a decrease of 15% from the first quarter of 2002 and 3% lower than the fourth quarter of 2002. Assets under management decreased from both the first quarter of 2002 and the fourth quarter of 2002 reflecting market depreciation and institutional outflows. Not reflected in assets under management is the firm's 45% interest in American Century, which had assets under management of \$71 billion as of the first quarter 2003.

JPMorgan Partners

JPMorgan Partners generated an operating loss of \$224 million for the quarter compared to operating losses of \$252 million in the first quarter of 2002 and \$101 million in the fourth quarter of 2002.

- *Total net private equity gains* were negative \$230 million, compared to negative \$255 million in the first quarter of 2002. Private equity market conditions remain muted with limited exit opportunities. During the quarter, JPMP's direct private equity investments recorded net losses of \$136 million compared to net losses of \$236 million in the first quarter of 2002. JPMP's direct private equity results included \$46 million in net realized cash gains, which were more than offset by negative valuation adjustments of \$176 million taken on direct private investment positions, and mark-to-market losses of \$6 million recorded on direct public investments. Limited partner interests in third-party private equity funds resulted in net losses of \$94 million compared to net losses of \$19 million in the first quarter of 2002.

Expenses

Operating expenses were \$5.54 billion, up 9% from the first quarter of 2002. The increase was primarily driven by higher compensation expenses, resulting from higher revenue-related incentive accruals and increased costs related to stock-based compensation and pension expenses. Severance and related costs in the first quarter of 2003 were \$171 million and included real estate related write-offs of \$78 million. Non-compensation related expenses, excluding the real estate related write-offs, were flat compared to the first quarter of 2002, despite higher occupancy-related costs, including real estate taxes in New York, extra safety measures and higher insurance premiums.

Credit

- *Credit costs* were \$1.20 billion in the first quarter compared to \$1.07 billion in the first quarter of 2002 and \$1.35 billion in the fourth quarter of 2002. In the first quarter of 2003, commercial and consumer net charge-offs totaled \$1.13 billion, and \$73 million was added to the allowance for lending-related commitments.
- *Total Nonperforming Assets* were \$4.39 billion at March 31, 2003, down 8% from the fourth quarter of 2002 but up slightly from the first quarter of 2002. Nonperforming assets were \$4.78 billion as of December 31, 2002 and \$4.31 billion at March 31, 2002. Criticized exposures (including loans, derivative receivables and unfunded commitments) declined \$2 billion, or 12%, since December 31, 2002.
- *Commercial* loan net charge-offs in the first quarter of 2003 were \$292 million, compared to \$434 million in the fourth quarter and \$320 million in the first quarter of 2002. The charge-off ratio for commercial loans was 1.32% during the first quarter of 2003, compared to 1.88% in the fourth quarter and 1.27% for the first quarter of 2002.
- *Consumer* loan net charge-offs on a managed basis were \$835 million, up from \$832 million in the fourth quarter of 2002 and \$754 million in the first quarter of 2002. The increase from the first quarter of 2002 was due primarily to higher loan balances. On a managed basis, the credit card net charge-off ratio was 5.95% for the first quarter of 2003, compared to 5.70% for the fourth quarter and 5.87% for the first quarter of 2002.

Total assets and capital

- **Total assets** as of March 31, 2003 were \$755 billion, compared with \$759 billion as of December 31, 2002 and \$713 billion as of March 31, 2002. Commercial loans were down 3%, or \$3.1 billion, from year-end and decreased 13%, or \$13.3 billion, from March 31, 2002. Managed consumer loans increased 3% from year-end and 18% from March 31, 2002. The Tier 1 capital ratio was 8.4% at March 31, 2003, compared to 8.2% at December 31, 2002 and 8.6% at March 31, 2002.

Other financial information (on a pre-tax basis)

- There were no **Special Items** in the first quarter of 2003. The fourth quarter of 2002 included a \$400 million charge in connection with the Enron surety litigation settlement, the establishment of litigation reserves of \$900 million, and \$393 million in merger and restructuring costs. Special items in the first quarter of 2002 included \$255 million in merger and restructuring costs.

J.P. Morgan Chase & Co. is a leading global financial services firm with assets of \$755 billion and operations in more than 50 countries. The firm is a leader in investment banking, asset management, private banking, private equity, custody and transaction services and in retail and middle market financial services. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumer customers and the world's most prominent corporate, institutional and government clients. Information about JPMorgan Chase is available on the internet at www.jpmorganchase.com.

JPMorgan Chase will hold a conference call for the investment community on Wednesday, April 16, 2003 at 11:00 a.m. (Eastern Daylight Time) to review first quarter 2003 financial results. The dial-in number is (973) 935-8506. A live audio webcast of the call will be available on www.jpmorganchase.com. Slides for the call will also be available on www.jpmorganchase.com. A telephone replay of the presentation will be available beginning at 1:30 p.m. (EDT) on April 16, 2003 and continuing through 6:00 p.m. (EDT) on April 23, 2003 at (973) 341-3080 pin #3803517. The replay also will be available on www.jpmorganchase.com. Additional detailed financial, statistical and business-related information is included in a financial supplement. The earnings release and the financial supplement are available on the JPMorgan Chase web site (www.jpmorganchase.com).

This press release contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. These risks and uncertainties could cause our results to differ materially from those set forth in such forward-looking statements. Such risks and uncertainties are described in our 2002 Annual Report on Form 10-K filed with the Securities and Exchange Commission and available at the Securities and Exchange Commission's internet site (www.sec.gov), to which reference is hereby made.

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



	1QTR 2003	4QTR 2002	1QTR 2002	1QTR 2003 Over (Under)	
				4Q 2002	1Q 2002
INCOME STATEMENT					
REVENUE:					
Investment Banking Fees	\$ 616	\$ 678	\$ 755	(9)%	(18)%
Trading Revenue	1,232	585	1,299	111	(5)
Fees and Commissions	2,598	2,282	2,584	14	1
Private Equity — Realized Gains (Losses)	(4)	(45)	(10)	91	60
Private Equity — Unrealized Gains (Losses)	(217)	(23)	(228)	NM	5
Securities Gains	485	747	114	(35)	325
Other Revenue	481	290	157	66	206
Total Noninterest Revenue	5,191	4,514	4,671	15	11
Net Interest Income	3,215	2,981	2,927	8	10
Revenue before Provision for Credit Losses	8,406	7,495	7,598	12	11
Provision for Credit Losses	743	921	753	(19)	(1)
TOTAL NET REVENUE	7,663	6,574	6,845	17	12
EXPENSE:					
Compensation Expense	3,174	3,032	2,823	5	12
Occupancy Expense	496	425	338	17	47
Technology and Communications Expense	637	635	665	—	(4)
Amortization of Intangibles	74	82	69	(10)	7
Other Expense	1,160	1,294	1,208	(10)	(4)
Surety Settlement and Litigation Reserve (a)	—	1,300	—	NM	NM
Merger and Restructuring Costs	—	393	255	NM	NM
TOTAL NONINTEREST EXPENSE	5,541	7,161	5,358	(23)	3
Income (Loss) before Income Tax Expense	2,122	(587)	1,487	NM	43
Income Tax Expense (Benefit)	722	(200)	505	NM	43
NET INCOME (LOSS)	\$ 1,400	\$ (387)	\$ 982	NM	43
PER COMMON SHARE					
Net Income (Loss):					
Basic	\$ 0.69	\$ (0.20)	\$ 0.49	NM	41%
Diluted	0.69	(0.20)	0.48	NM	44
Cash Dividends Declared	0.34	0.34	0.34	—%	—
Share Price at Period End	23.71	24.00	35.65	(1)	(33)
Book Value at Period End	20.73	20.66	20.16	—	3
COMMON SHARES OUTSTANDING					
Average Common Shares:					
Basic	1,999.8	1,990.0	1,978.2	—%	1%
Diluted	2,021.9	2,008.5	2,005.8	1	1
Common Shares at Period End	2,030.0	1,998.7	1,990.2	2	2
PERFORMANCE RATIOS (b)					
Return on Average Assets	0.73%	NM	0.55%	NM	18bp
Return on Average Common Equity	13.4	NM	9.7	NM	370
CAPITAL RATIOS					
Tier I Capital Ratio	8.4%(c)	8.2%	8.6%	20bp	(20)bp
Total Capital Ratio	12.1(c)	12.0	12.5	10	(40)
Tier I Leverage Ratio	5.0(c)	5.1	5.4	(10)	(40)
SELECTED BALANCE SHEET ITEMS					
Net Loans	\$212,256	\$211,014	\$209,541	1%	1%
Total Assets	755,156	758,800	712,508	—	6
Deposits	300,667	304,753	282,037	(1)	7
Long-Term Debt (d)	48,290	45,190	42,761	7	13
Common Stockholders' Equity	42,075	41,297	40,122	2	5
Total Stockholders' Equity	43,084	42,306	41,131	2	5
FULL-TIME EQUIVALENT EMPLOYEES	93,878	94,335	96,938	—	(3)

- (a) Represents a charge related to the settlement of the Enron surety litigation and the establishment of a reserve for certain material litigation, proceedings and investigations.
- (b) Quarterly ratios are based on annualized amounts.
- (c) Estimated
- (d) Includes Guaranteed Preferred Beneficial Interests in the Firm's Junior Subordinated Deferrable Interest Debentures.

bp — Denotes basis points; 100 bp equals 1%

NM — Not meaningful

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



FIRST QUARTER 2003

	REPORTED BASIS (a)	CREDIT CARD (b)	SPECIAL ITEMS (c)	RECLASSES	OPERATING BASIS
INCOME STATEMENT					
Revenue					
Investment Banking Fees	\$ 616	\$ —	\$ —	\$ —	\$ 616
Trading Revenue (d)	1,232	—	—	683	1,915
Fees and Commissions	2,598	(169)	—	—	2,429
Private Equity — Gains (Losses)	(221)	—	—	—	(221)
Securities Gains	485	—	—	—	485
Other Revenue	481	(4)	—	—	477
Net Interest Income (d)	3,215	630	—	(683)	3,162
Total Revenue	8,406	457	—	—	8,863
Noninterest Expense					
Compensation Expense (e)	3,174	—	—	—	3,174
Noncompensation Expense (e) (f)	2,367	—	—	—	2,367
Merger and Restructuring Costs	—	—	—	—	—
Total Noninterest Expense	5,541	—	—	—	5,541
Operating Margin	2,865	457	—	—	3,322
Credit Costs	743	457	—	—	1,200
Income before Income Tax Expense	2,122	—	—	—	2,122
Income Tax Expense	722	—	—	—	722
Net Income	\$ 1,400	\$ —	\$ —	\$ —	\$ 1,400
EARNINGS PER SHARE — DILUTED	\$ 0.69	\$ —	\$ —	\$ —	\$ 0.69

FIRST QUARTER 2002

	REPORTED BASIS(a)	CREDIT CARD(b)	SPECIAL ITEMS(c)	RECLASSES	OPERATING BASIS
INCOME STATEMENT					
Revenue					
Investment Banking Fees	\$ 755	\$ —	\$ —	\$ —	\$ 755
Trading Revenue (d)	1,299	—	—	421	1,720
Fees and Commissions	2,584	(91)	—	—	2,493
Private Equity — Gains (Losses)	(238)	—	—	—	(238)
Securities Gains	114	—	—	—	114
Other Revenue	157	(20)	—	—	137
Net Interest Income (d)	2,927	432	—	(421)	2,938
Total Revenue	7,598	321	—	—	7,919
Noninterest Expense					
Compensation Expense (e)	2,823	—	—	—	2,823
Noncompensation Expense (e) (f)	2,280	—	—	—	2,280
Merger and Restructuring Costs	255	—	(255)	—	—
Total Noninterest Expense	5,358	—	(255)	—	5,103
Operating Margin	2,240	321	255	—	2,816
Credit Costs	753	321	—	—	1,074
Income before Income Tax Expense	1,487	—	255	—	1,742
Income Tax Expense	505	—	87	—	592
Net Income	\$ 982	\$ —	\$ 168	\$ —	\$ 1,150
EARNINGS PER SHARE — DILUTED	\$ 0.48	\$ —	\$ 0.09	\$ —	\$ 0.57

(a) Represents condensed results as reported in JPMorgan Chase's financial statements.

- (b) Represents the impact of credit card securitizations. For securitized receivables, amounts that normally would be reported as net interest income and as provision for credit losses are reported as noninterest revenue.
- (c) Includes merger and restructuring costs and other special items. There were no special items reported in the first quarter of 2003. The 2002 first quarter includes \$255 million (pre-tax) of merger and restructuring costs. See page 9 for a reconciliation of the effect of special items on earnings per share.
- (d) On an operating basis, JPMorgan Chase reclassifies trading-related net interest income from Net Interest Income to Trading Revenue.
- (e) Includes severance and other related costs associated with expense containment programs implemented in 2002.
- (f) Includes Occupancy Expense, Technology and Communications Expense, Amortization of Intangibles and Other Expense.

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



	1QTR 2003	4QTR 2002	1QTR 2002	1QTR 2003 Over (Under)	
				4Q 2002	1Q 2002
OPERATING INCOME STATEMENT (a)					
OPERATING REVENUE:					
Investment Banking Fees	\$ 616	\$ 678	\$ 755	(9)%	(18)%
Trading-Related Revenue (Includes Trading NII)	1,915	1,253	1,720	53	11
Fees and Commissions	2,429	2,052	2,493	18	(3)
Private Equity – Realized Gains (Losses)	(4)	(45)	(10)	91	60
Private Equity – Unrealized Gains (Losses)	(217)	(23)	(228)	NM	5
Securities Gains	485	747	114	(35)	325
Other Revenue	477	303	137	57	248
Net Interest Income (Excludes Trading NII)	3,162	2,960	2,938	7	8
TOTAL OPERATING REVENUE	8,863	7,925	7,919	12	12
OPERATING EXPENSE:					
Compensation Expense (b)	3,174	3,032	2,823	5	12
Noncompensation Expense (b) (c)	2,367	2,436	2,280	(3)	4
TOTAL OPERATING EXPENSE	5,541	5,468	5,103	1	9
Credit Costs	1,200	1,351	1,074	(11)	12
Operating Income before Income Tax Expense	2,122	1,106	1,742	92	22
Income Tax Expense	722	376	592	92	22
OPERATING EARNINGS	\$1,400	\$ 730	\$1,150	92	22
Special Items	—	(1,117)	(168)	NM	NM
NET INCOME (LOSS)	\$1,400	\$ (387)	\$ 982	NM	43
OPERATING BASIS					
Diluted Earnings per Share	\$ 0.69	\$ 0.36	\$ 0.57	92	21
Shareholder Value Added	148	(551)	(59)	NM	NM
Return on Average Managed Assets (d)	0.70%	0.37%	0.63%	33bp	7bp
Return on Common Equity (d)	13.4	6.8	11.4	660	200
Common Dividend Payout Ratio	50	96	60	(4,600)	(1,000)
Compensation Expense as a % of Revenue	36	38	36	(200)	—
Noncompensation Expense as a % of Revenue	27	31	29	(400)	(200)
Overhead Ratio	63	69	64	(600)	(100)

(a) See page 7 for a reconciliation of reported results to operating basis.

(b) Includes severance and other related costs associated with expense containment programs implemented in 2002.

(c) Includes Occupancy Expense, Technology and Communications Expense, Amortization of Intangibles and Other Expense.

(d) Quarterly ratios are based on annualized amounts.

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



	1QTR 2003	4QTR 2002	1QTR 2002	1QTR 2003 Over (Under)	
				4Q 2002	1Q 2002
OPERATING REVENUE					
Investment Bank	\$4,012	\$3,311	\$3,607	21%	11%
Treasury & Securities Services	966	962	968	—	—
Investment Management & Private Banking	652	663	773	(2)	(16)
Chase Financial Services	3,737	3,378	3,091	11	21
JPMorgan Partners	(290)	(95)	(321)	NM	10
Support Units and Corporate	(214)	(294)	(199)	27	(8)
OPERATING REVENUE (a)	\$8,863	\$7,925	\$7,919	12	12
EARNINGS					
Investment Bank	\$ 932	\$ 361	\$ 764	158	22
Treasury & Securities Services	147	136	143	8	3
Investment Management & Private Banking	64	43	129	49	(50)
Chase Financial Services	704	496	508	42	39
JPMorgan Partners	(224)	(101)	(252)	NM	11
Support Units and Corporate	(223)	(205)	(142)	(9)	(57)
OPERATING EARNINGS (a)	1,400	730	1,150	92	22
Special Items (Net of Taxes):					
Surety Settlement and Litigation Reserve	—	(858)	—	NM	NM
Merger and Restructuring Costs	—	(259)	(168)	NM	NM
NET INCOME (LOSS) (a)	\$1,400	\$ (387)	\$ 982	NM	43
EARNINGS PER SHARE — DILUTED					
OPERATING EARNINGS (a)	\$ 0.69	\$ 0.36	\$ 0.57	92	21
Special Items (Net of Taxes):					
Surety Settlement and Litigation Reserve	—	(0.43)	—	NM	NM
Merger and Restructuring Costs	—	(0.13)	(0.09)	NM	NM
NET INCOME (LOSS) (a)	\$ 0.69	\$ (0.20)	\$ 0.48	NM	44
OPERATING RETURN ON COMMON EQUITY					
Investment Bank	19.7%	7.6%	16.3%	1,210bp	340bp
Treasury & Securities Services	19.5	18.4	19.6	110	(10)
Investment Management & Private Banking	4.2	2.7	8.5	150	(430)
Chase Financial Services	27.5	18.9	20.2	860	730
OPERATING RETURN ON COMMON EQUITY (a)	13.4	6.8	11.4	660	200

(a) Represents consolidated JPMorgan Chase.

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



				Mar 31, 2003 Over (Under)	
	Mar 31 2003	Dec 31 2002	Mar 31 2002	Dec 31 2002	Mar 31 2002
ASSETS					
Cash and Due from Banks	\$ 22,229	\$ 19,218	\$ 22,637	16%	(2)%
Deposits with Banks	6,896	8,942	9,691	(23)	(29)
Federal Funds Sold and Securities Purchased under Resale Agreements	69,764	65,809	76,719	6	(9)
Securities Borrowed	39,188	34,143	40,880	15	(4)
Trading Assets:					
Debt and Equity Instruments	146,783	165,199	144,992	(11)	1
Derivative Receivables	86,649	83,102	63,224	4	37
Securities	85,178	84,463	61,225	1	39
Loans (Net of Allowance for Loan Losses)	212,256	211,014	209,541	1	1
Private Equity Investments	8,170	8,228	8,553	(1)	(4)
Goodwill	8,122	8,096	8,055	—	1
Mortgage Servicing Rights	3,235	3,230	6,918	—	(53)
Other Intangibles:					
Purchased Credit Card Relationships	1,205	1,269	1,508	(5)	(20)
All Other Intangibles	294	307	327	(4)	(10)
Other Assets	65,187	65,780	58,238	(1)	12
TOTAL ASSETS	\$755,156	\$758,800	\$712,508	—	6
LIABILITIES					
Deposits	\$300,667	\$304,753	\$282,037	(1)	7
Federal Funds Purchased and Securities Sold under Repurchase Agreements	160,221	169,483	152,837	(5)	5
Commercial Paper	14,039	16,591	23,726	(15)	(41)
Other Borrowed Funds	12,848	8,946	16,968	44	(24)
Trading Liabilities:					
Debt and Equity Instruments	64,427	66,864	71,141	(4)	(9)
Derivative Payables	64,804	66,227	44,997	(2)	44
Accounts Payable, Accrued Expenses and Other Liabilities (including the Allowance for Lending-Related Commitments)	46,776	38,440	36,910	22	27
Long-Term Debt	42,851	39,751	37,322	8	15
Guaranteed Preferred Beneficial Interests in the Firm's Junior Subordinated Deferrable Interest Debentures	5,439	5,439	5,439	—	—
TOTAL LIABILITIES	712,072	716,494	671,377	(1)	6
STOCKHOLDERS' EQUITY					
Preferred Stock	1,009	1,009	1,009	—	—
Common Stock	2,032	2,024	2,016	—	1
Capital Surplus	12,477	13,222	12,783	(6)	(2)
Retained Earnings	26,538	25,851	27,278	3	(3)
Accumulated Other Comprehensive Income (Loss)	1,113	1,227	(909)	(9)	NM
Treasury Stock, at Cost	(85)	(1,027)	(1,046)	92	92
TOTAL STOCKHOLDERS' EQUITY	43,084	42,306	41,131	2	5
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$755,156	\$758,800	\$712,508	—	6

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



	Mar 31 2003	Dec 31 2002	Mar 31 2002	Mar 31, 2003 Over (Under)	
				Dec 31 2002	Mar 31 2002
CREDIT EXPOSURE:					
Commercial Loans	\$ 88,446	\$ 91,548	\$101,752	(3)%	(13)%
Derivative Receivables (a)	86,649	83,102	63,224	4	37
Other Receivables (b)	108	108	—	—	NM
Total Commercial Credit-Related Assets	175,203	174,758	164,976	—	6
Lending-Related Commitments (c)	230,698	238,120	242,827	(3)	(5)
Total Commercial Credit Exposure (d)	405,901	412,878	407,803	(2)	—
Managed Consumer Loans (e) (f)	160,424	155,538	136,019	3	18
Total Credit Portfolio	\$566,325	\$568,416	\$543,822	—	4
NET CHARGE-OFFS:					
Commercial Loans	\$ 292	\$ 434	\$ 320	(33)	(9)
Lending-Related Commitments	—	212	—	NM	NM
Total Commercial Credit Exposure	292	646	320	(55)	(9)
Managed Credit Card (e)	732	716	658	2	11
All Other Consumer	103	116	96	(11)	7
Total Managed Consumer Loans	835	832	754	—	11
Total Credit Portfolio	\$ 1,127	\$ 1,478	\$ 1,074	(24)	5
NET CHARGE-OFF RATES — ANNUALIZED:					
Total Commercial Loans	1.32%	1.88%	1.27%	(56)bp	5bp
Managed Credit Card	5.95	5.70	5.87	25	8
Total Credit Portfolio	0.95	1.22	0.90	(27)	5
NONPERFORMING ASSETS:					
Commercial Loans	\$ 3,286	\$ 3,672	\$ 2,359	(11)%	39%
Derivative Receivables (a)	277	289	1,285	(4)	(78)
Other Receivables (b)	108	108	—	—	NM
Consumer Loans	495	521	534	(5)	(7)
Assets Acquired in Loan Satisfaction	225	190	130	18	73
Total Credit Portfolio (g)	\$ 4,391	\$ 4,780	\$ 4,308	(8)	2
SELECTED COUNTRY EXPOSURE					
(in billions)					
Brazil	\$ 1.5(h)	\$ 2.1	\$ 2.7	(29)	(44)
Venezuela	0.4(h)	0.4	0.2	—	100

- (a) Includes \$141 million of Enron-related surety receivables at March 31, 2003 and \$125 million at December 31, 2002 that were the subject of settled litigation. Includes \$1,130 million of Enron-related surety receivables and a letter of credit at March 31, 2002.
- (b) Represents the Enron-related letter of credit, which continues to be the subject of litigation and was classified in Other Assets. These receivables were classified in Derivative Receivables at March 31, 2002.
- (c) Includes unused advised lines of credit of \$22 billion at March 31, 2003 and December 31, 2002, and \$19 billion at March 31, 2002.
- (d) Credit exposure excludes risk participations and does not reflect the benefit of credit derivative hedges or liquid collateral held against derivatives contracts.
- (e) Includes securitized credit card receivables.
- (f) At March 31, 2003, excludes \$978 million of accrued interest and fees on securitized credit card loans that was classified in Other Assets.
- (g) Nonperforming assets at March 31, 2003 have not been reduced for credit protection (single name credit default swaps and collateralized loan obligations) relating to nonperforming counterparties in amounts aggregating \$50 million at March 31, 2003. Nonperforming assets exclude nonaccrual loans held for sale ("HFS") of \$58 million at March 31, 2003. HFS loans are carried at the lower of cost or market, and declines in value are recorded in Other Revenue.

(h) Estimated