

JPMorgan Chase reports 2001 fourth quarter and full year results

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

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

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

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

Key events for the fourth quarter and full year 2001

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

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

Click here for the full [fourth-quarter earnings release](#).