JPMORGAN CHASE & CO.

Jamie Dimon, Chairman and Chief Executive Officer

September 14, 2010

Barclays Global Financial Services Conference

JPMORGAN CHASE & CO.

Agenda

I. Exceptional franchises

II. Issues facing JPM, the industry and global economy

III. Key investor topics

- Regulatory reform impact
  - Banking activity restrictions
  - Derivatives
- Retail Financial Services
  - Credit trends
  - Mortgage repurchase risk
  - Regulatory reform impact – Regulation E, debit interchange and BCFP
- Fortress balance sheet
- Capital generation
- Basel III Capital proposals
- Hierarchy of capital usage
- Basel III Liquidity proposals
- Interest rate positioning

IV. Outlook

V. Commitment to drive economic recovery

VI. Summary

VII. Appendix

JPM's fundamentals remain extremely strong

Excellent client franchises and businesses	▪ Excellent client franchises and businesses ▪ Each standalone business has a top 1, 2 or 3 position ▪ Unparalleled client relationships in 100+ countries ▪ Culture of innovation; new products and programs launched during crisis ▪ Robust technology infrastructure to serve clients
Significant earnings power	▪ Continued investment across LOBs driving organic growth ▪ Consistent record of operating efficiency and delivering merger saves ▪ Businesses stronger together than apart; additional revenue streams generated
Fortress balance sheet	▪ Further strengthened balance sheet: Tier 1 Capital of $137B or 12.1%, Tier 1 Common[1] at $108B or 9.6% ▪ High quality capital and very high level of reserves ($36.7B), loan loss reserve of 5.34%[2] ▪ Strong funding and liquidity profile: $888B deposits, 1.3x loan coverage ▪ Benefits from diversification – funding, capital, lower volatility
Strong management team	▪ Strong and stable management team ▪ Deep bench of talent; thoughtful succession planning

[1] See note 3 on slide 52
[2] See note 2 on slide 52

Agenda

Market leading exceptional franchises

Commercial Banking

- ROE of 35% is best in peer group
- Only bank in peer group with a loan-to-deposit ratio under 100%
  - Strong deposit base will support NII as the rate environment improves
- Best of the top 5 banks[1]
  - 71% of Chase clients use Chase for their TS needs
  - 87% of Chase clients say it is likely they will continue doing business with Chase
  - 36% of Chase clients say they will increase the amount of business they award Chase going forward

Treasury & Securities Services

- ROE of 18% consistent with peer group
- Top tier player in cash management, processing a market leading average of $3.1T in U.S. dollar transfers daily
- #1 clearer of U.S. dollars in the world and #1 Automated Clearing House for originations[2]
- #1 Visa/ MasterCard Commercial, Purchasing and Prepaid card issuer in the U.S.[3]
- #2 in Assets under Custody with $14.9T serviced[4]
- Top provider of custody services leveraging significant scale and global footprint

Asset Management

- Pretax margin of 32% is second highest and ROE of 24% is highest in peer group
- Long-term AUM net inflows of 14% over last 12 months through June 2010, higher than all peers reporting flows by asset class
- Leader in alternatives with $91B in AUM
- #1 Institutional Money Market Fund Manager Worldwide[5]
- #1 Ultra-High-Net-Worth Private Bank Globally[6]
- Leading International Asset Manager
  - #1 Asset Management Company in Asia; Asset Management Company of the Year[7]
  - #1 Pan-European Fund Management Firm[8]
  - Best overall performing foreign asset manager operating in China[9]

[1] Greenwich Research, 2009
[2] Ernst & Young and Federal Reserve
[3] Nilson
[4] 2Q10 Company reports
[5] iMoney.net, June 2010
[6] EuroMoney, February 2010
[7] The Asset Magazine, 2009
[8] Thomson Reuters, June 2010
[9] PWC survey

Global Corporate Bank

Opportunity

- Joint-Venture between IB and TSS to manage/better serve global corporate banking relationships with ~2,300 of the world's largest global companies
- Significant TS international growth opportunity
  - Targeting ~10% international share of wallet by 2014
- Material growth opportunity for IB and TSS

Expansion plans

- Expand coverage/ footprint, extend more credit and increase product capabilities
- Extended footprint
  - Over 20+ branches and representative offices across EMEA, APAC and LATAM
  - Nearly 500 front office employees
    - Nearly 200 Corporate Bankers and analysts, over 250 TS Sales, Product Support Specialists, and Credit Officers
- Approximately $50B+ in incremental lending over 5 years
- Expansion of local treasury capabilities in 10 locations
- Nearly $400mm additional investment targeted for key product gaps

Significant competitive advantage created and benefit to franchise value from cross-sell collaboration

IB – TSS

- Global Corporate Bank: enhance international capabilities to meet global clients needs
- Integrated Prime Custody services for asset managers and hedge funds
- Joint FX offering sold through TSS and executed by IB

IB – AM

- Institutional AM:
  - Liquidity solutions
  - Long-term asset management
  - Retirement Plan Services
- Private client access to IB product capabilities (e.g., trading desk, IPOs, research)
- IB is an important source of referrals for the Private Bank

Large-Corp, Financial Institutions and Private Clients

- 65% of Fortune 500 companies were simultaneously clients of IB, TSS and AM in 2009

CB – IB/TSS/AM

- Integrated IB/TSS/AM offering provided through CB Bankers
  - Corporate Finance
  - FX/Derivatives
  - TS and Liquidity
- Leverage new GCB/International capabilities for Mid-Corp and Mid-Market clients

AM – TSS

- Liquidity solutions
- Important cross-referrals between IM and WSS (e.g., insurance companies, pension funds)

Mid-Corporate / Middle Market Clients

- 80%+ CB clients used at least one TSS product in 2009
- ~25% CB clients used IB capabilities each year over the last 3 years

Retail branches are invaluable to the rest of our Franchise

Commercial Banking

- ~25mm transactions done by CB clients in 2009 at branches
  - ~40% CB customers used a branch teller in 4Q09
- CB has 2.7x greater revenue in high branch density locations

Card Services

- ~1.5mm cards sold through branches
  - ~40% of RFS customers have a Card relationship
- Significant uplift (~10%+) in Card Services direct mail production driven by local market presence
- Integrated experience for Card branch clients

Asset Management

- $8B of JPM investment products sold through branches in 2009
  - $24B of JPM investment balance AUM comes from the branch
- ~50% Private Wealth Management customers and ~30% PB customers used a branch teller in 4Q09
- New offering for affluent RFS customers

Treasury & Securities Services

- Use of core banking services (e.g., deposits and change orders)
- Check Cashing Agreements: cashing of employee payroll checks without a fee across Branch network
- Chase At Work: better payroll management, convenient banking & discounts to employees

Market leading franchises – Investment Bank

- Market leader for Global IB Fees, ranking #1 for the past two years
  - Improved Equity Underwriting rank from #7 in 2001 to #1 in 1H10
- Ranked #1 2010 All-America Fixed Income Research team by Institutional Investor magazine
  - 55 ranked analysts – up from 31 in 2002
  - Record number of coverage areas honored as best-in-class
- Top 2 player in emerging markets over past 5 years[1]
- Material improvement in trading market share from 2005 to YTD 2010
- Added Prime Brokerage and continue to build-out Commodities

Global Markets[2]

JPM	Rank	Share%
2001	5	9.9
2002	7	9.2
2003	5	10.2
2004	7	8.4
2005	9	8.1
2006	8	7.6
2007	6	7.2
2008	5	8.6
2009	3	12.4
1H10	**2**	**12.2**

Institutional Investor Research Analyst Rankings

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Equity									
US	**10**	8	9	7	6	3	2	**2**	**NA**
Europe	**9**	8	9	10	10	8	8	**3**	**2**
Fixed Income									
US	**2**	3	2	2	2	3	2	**2**	**1**
Europe	**4**	1	1	1	2	2	2	**NA**	**NA**

[1] Source: Coalition
[2] Source: Per external disclosure. Global markets represents JPM's share of top 10 competitors. 2006 to 1H10 represents current pro-forma competitor set; 2001 to 2005 represents competitors as reported
[3] Source: Dealogic

Global Equity & Equity-related[3]

JPM	Rank	Share%
2001	**7**	**5.3**
2002	6	6.5
2003	3	9.2
2004	4	7.2
2005	4	7.7
2006	5	7.3
2007	2	9.5
2008	2	11.6
2009	**1**	**11.6**
1H10	**1**	**8.1**

Market leading franchises – Investment Bank

US Equity, Equity-related and Debt

Rank	1989	1999	2009
1	Merrill Lynch	Salomon Smith Barney	**JPMorgan**
2	Goldman Sachs	Merrill Lynch	Bank of America Merrill Lynch
3	First Boston	Goldman Sachs	Citi
4	Salomon	Morgan Stanley	Barclays
5	Morgan Stanley	Lehman Brothers	Goldman Sachs
6	Shearson Lehman	Credit Suisse	Morgan Stanley
7	Drexel	**JPMorgan**	Deutsche Bank
8	**Bear Stearns**	**Bear Stearns**	Credit Suisse
9	Prudential Securities	Donald Lufkin & Jenrette	UBS
10	Kidder Peabody	**Chase**	Royal Bank of Scotland

- Competition from international firms has strengthened significantly
- Based on market capitalization, US firms represent 11 of top 50 financial institutions for YTD 2010 vs. 44 in 1989
- US banking system is far less concentrated than other countries
- Banks represent only a third of the credit lent or financed in the US vs. two-thirds in Europe

JPM has built outstanding underwriting and advisory franchises in the last 10 years

Source: Thomson Reuters. Data as of 8/31/10. Ranking based on $ volume
Note: Light gray font designates firms that no longer exist, red font indicates non-US based firms

Market leading franchises – Retail Banking competitive position

Net income	2009 net income $3.9B - up 24% annually since 2005; 15% organic
Branch / ATM distribution	Added over 13,000 Personal Bankers since 2005 - annual growth rate of 26%; 14% organic Branch network of 5,159 up 2,518 branches from 2005 - annual growth rate of 16%; 5% organic Added 8,342 ATMs since 2005 - annual growth rate of 18%; 12% organic

Strong organic growth consistently year after year and lift from WaMu acquisition

Market leading franchises – Retail Banking competitive position (cont.'d.)

Serving our customers

- Strong checking account growth - 28% annually since 2005; 12% organic
- Average deposits of $336B - annual growth rate of 16% since 2005; 7% organic
- Total households served of 22.8mm, up 13.6mm since 2007 - annual growth rate of 38%; 9% organic
  - 11mm+ households with direct deposit - annual growth rate of 34% since 2007; 16% organic
  - 18mm+ households with debit cards - annual growth rate of 40% since 2007; 19% organic

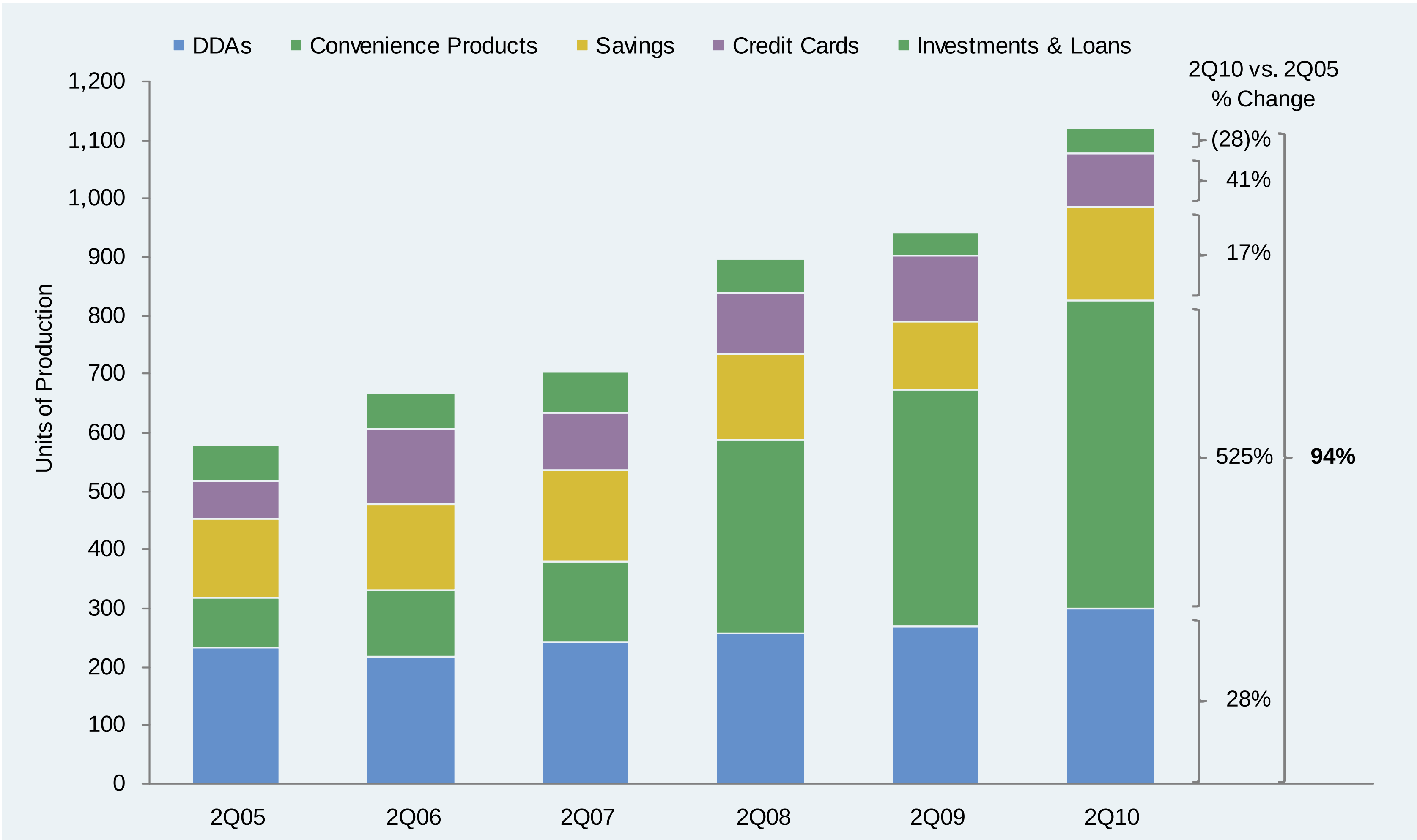
Innovation — Online & Mobile Banking

- Active online customers of 16.6mm+ - annual growth rate of 42% since 2006
- 3.7mm+ households with active online bill pay - annual growth rate of 46%; 30% organic
- 385mm electronic alerts sent to customers in 2009 - ~doubling year over year

Strong organic growth consistently year after year and lift from WaMu acquisition

Sales production has increased steadily over the past six years…

Sales Production (in units) per branch – hChase



Convenience products include Direct Deposit, Online Bill Pay, Business Online Banking, and Fee-Based Debit Card Sales & Upgrades. Totals exclude instore branches

Retail Financial Services – factors impacting revenue and growth

- Revenue currently adversely impacted by portfolio run-off and repurchase expense
- Real Estate Portfolios expected to make a positive contribution to earnings and capital over time as credit losses are reduced and significant expense reductions are realized

Real Estate portfolios — simulated balance run-off & NII (Average balances, $ in billions)

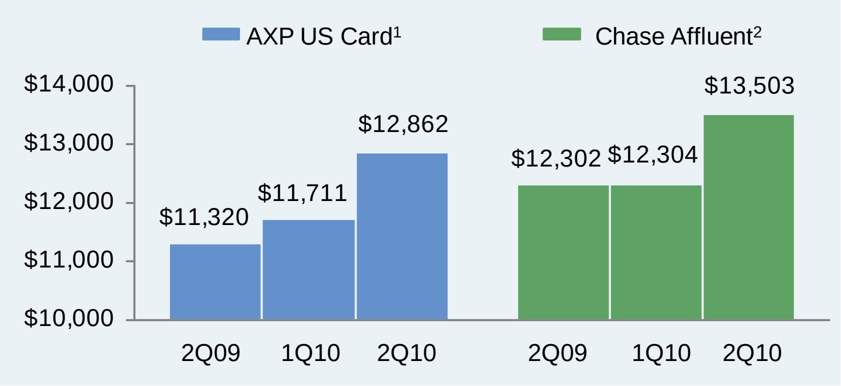
	2009	2010	2011	2012	2013
Balances	$270	$235	$200	$175	$150
Net interest income	6.6	5.5	4.5	4.0	3.5
Capital returned	—	—	1.0	1.0	1.0

- Ultimately all of these factors will result in higher quality revenue and better returns on capital

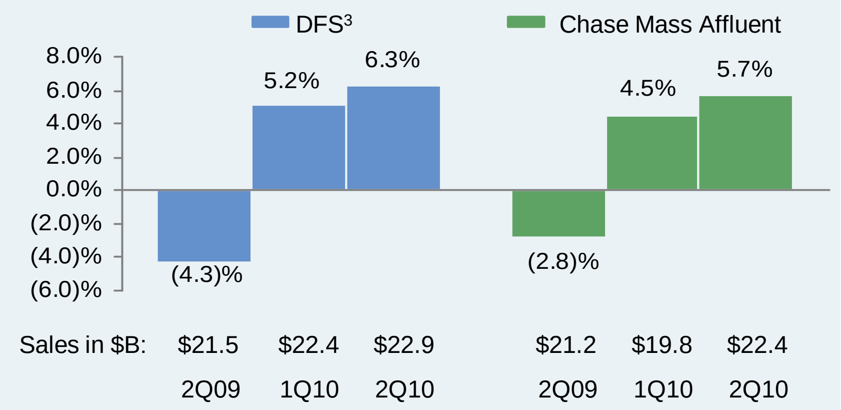
Market leading franchises — Card Services

- Chase is #1 Visa credit card issuer
- Over 50mm customers receive a credit card statement from Chase each month
- Our affluent portfolio, though far smaller, exhibits higher spend per account behavior relative to AXP US Card
- Targeting Mass Affluent and business card markets with Chase branded cards and suite of products
- Continue to invest in innovation and our branded portfolio
  - Including Blueprint, Sapphire, Ink, Slate, and Ultimate Rewards

Annualized spend per open account – AXP vs. Chase Affluent



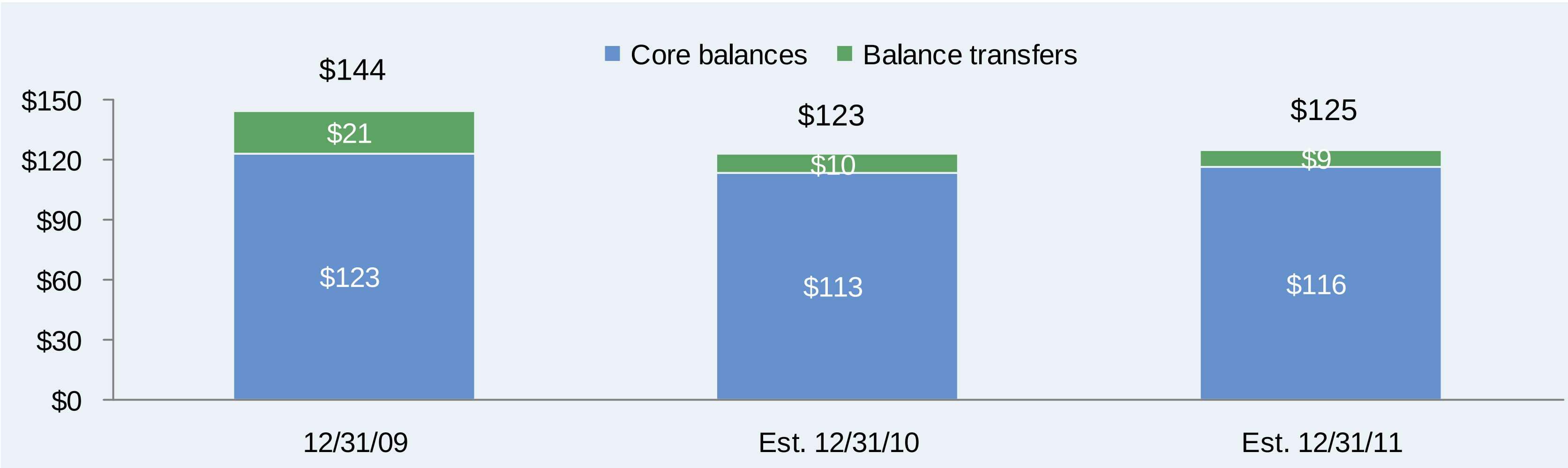
Sales growth YoY – DFS vs. Chase Brands Mass Affluent



[1] AXP open accounts represents 'Basic Cards in Force'
[2] Chase Affluent portfolio includes Cobrand T&E and Branded Affluent-HNW portfolios
[3] Discover's portfolio includes mass affluent as well as affluent customers
Source: Earnings release, Internal Chase data

Card Services – reduction in EOP outstandings – lower revenue, higher quality

Chase (excluding WaMu) EOP outstandings ($ in billions)



- WaMu portfolio declined to $16B in 2Q10 from $20B at year-end 2009, expected to decline to $10B by end of 2011
- EOP outstandings for Chase (excluding WaMu) are projected to decline by 15% or $21B year-over-year in 2010
  - More than half of the decline in receivables is driven by conscious pullback in balance transfer offers
  - Expect underlying receivables growth in late 2010. Overall receivables growth in 2011, reflecting a better mix of customers
  - Decline in receivables will free up capital and reserves
- Reserve levels were down $1.5B last quarter, this will probably continue
- Expect Chase losses of approximately 8.00%+/- in 3Q10 vs. 9.02% in 2Q10

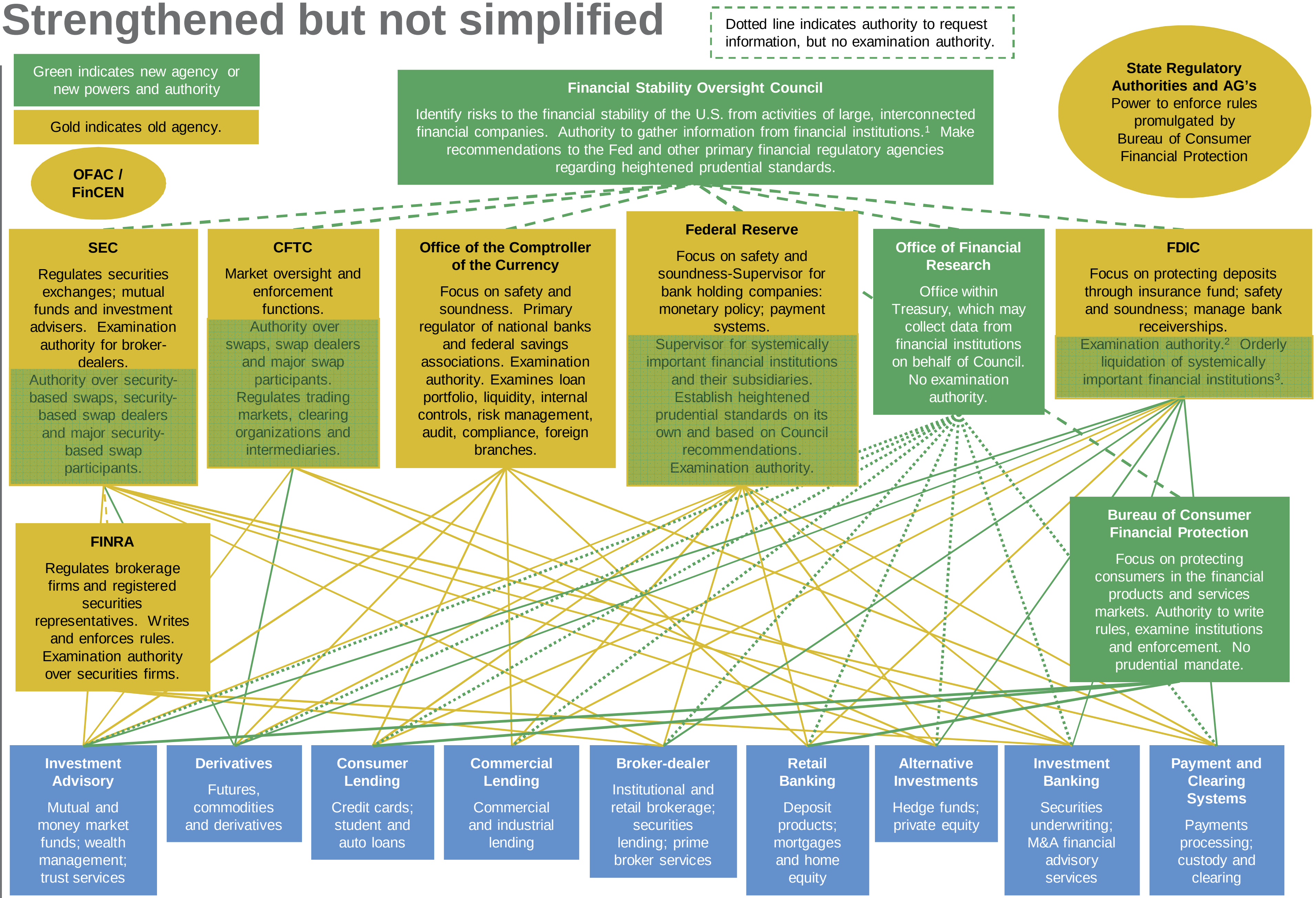
Agenda

Industry is facing multiple regulatory, market and other issues

	Regulation	Market	Other
Issues we will review	■ Capital, Liquidity, Basel III ■ Trust preferred securities ■ Dividend, stock buyback ■ Basel III ■ Derivatives ■ Volcker rule ■ Debit interchange ■ NSF/OD ■ Fair value accounting ■ Enhanced regulatory oversight including Fed, FSA, BCFP, etc.	■ Ongoing issues in the mortgage market ■ Home prices ■ Capital markets activity levels ■ Unemployment / economic growth ■ Low interest rate environment ■ Consumer and wholesale credit ■ Commercial real estate	■ Revenue growth opportunities ■ Portfolio run-off ■ International expansion ■ Global convergence
Issues we will not review	■ Governance ■ Say-on-Pay ■ Proxy access ■ Living will ■ Compensation rules ■ Pre-emption ■ Bail-in and contingent capital ■ Bank taxes ■ FDIC assessment	■ Securitization ■ GSEs and future structure	■ Healthcare ■ Litigation

- **JPM will continue to invest in its businesses and expand product capabilities, to maintain best-in-class franchises and drive organic growth**
- **These issues will have a significant impact on the industry and markets**

Strengthened but not simplified



This chart assumes these activities are conducted in a systemically important bank holding company (BHC)

[1] The Council, through Office of Financial Research, may request reports from systemically important BHCs

[2] FDIC may conduct exams of systemically important BHCs for purposes of implementing its authority for orderly liquidations, but may not examine those in generally sound condition

[3] The Dodd-Frank Act expanded the FDIC's authority when liquidating a financial institution to include the bank holding company, not just entities that house FDIC-insured deposits

JPMorgan Chase & Co.

Note: Green lines from SEC and CFTC represent enhanced authority over existing relationships

Multiple regulatory and market issues (and not just in U.S.)

Dodd-Frank legislation rulemaking summary

Topic & Section	Rulemaking	One-time Reports / Studies	Periodic Reports	**TOTAL**
Financial Stability (Title I)	35	8	5	48
Orderly Liquidation (Title II)	14	12	2	28
Private Fund Investment Advisers (Title IV)	14	5	2	21
Insurance (Title V)	8	2	3	13
Regulation of Bank Holding Companies, Savings & Loan Holding Companies and Depository Institutions (excluding Volcker Rule) (Title VI)	9	3	0	12
Volcker Rule (Title VI – Section 619)	3	1	0	4
Derivatives (Title VII)	56	7	3	66
Payment, Clearing and Settlement Supervision (Title VIII)	6	1	0	7
Investor Protection and Regulatory Enforcement (Title IX – Subtitle A)	7	6	2	15
Credit Rating Agencies (Title IX – Subtitle C)	14	6	0	20
Asset-Backed Securitization (Title IX – Subtitle D)	7	2	0	9
Executive Compensation and Corporate Governance (Title IX – Subtitles E and G)	11	1	0	12
Municipal Securities (Title IX – Subtitle H)	6	4	0	10
Bureau of Consumer Financial Protection (Title X)	29	6	1	36
Mortgage Reform and Anti-Predatory Lending (Title XIV)	37	9	4	50
Miscellaneous – Titles III, XI, XII, XIII, XV and parts of Title IX	29	19	22	70
TOTAL	**285**	**92**	**44**	**421**

Source: Sullivan & Cromwell LLP

JPM remains supportive of safe and sound regulatory reform

- Much regulatory reform was needed – financial industry and global economy are better for it. However, some was ill-conceived and there are unknown, unintended consequences
- Industry capital and liquidity were too low – we need to get it right – need level global playing field
- JPM has substantial franchise strength
  - Always continue to invest in our businesses
  - Extremely strong balance sheet
  - Continue to build our excellent client franchises
- Always strive to maintain strong relationships with regulators
  - Committed to ensuring that the implementation of regulatory reform is done in a way that is good for our clients and our company
  - Adding people to 75+ existing work streams – dedicated to implementing regulatory reform

Although regulatory reform will potentially have a significant impact on our businesses and clients, we are convinced we can manage through the change and thrive

Agenda

Regulatory reform impact – Banking activity restrictions (Volcker)

- Law does not limit the growth of our client businesses, market-making activities or ability to serve our clients
- Can continue to sponsor client-only hedge funds (i.e., Highbridge)
- 3% limitation for seed capital — consistent with current practice
- Can continue to make permissible merchant banking investments (through OEP)
  - We will keep OEP and wind down third-party investments within regulatory period
- Remaining few proprietary trading areas will be transitioned to Asset Management — de minimus impact

Regulatory reform impact – Derivatives

Clearing and Swap Execution Facility (SEF)

- Always supported moving standardized and liquid swaps to clearinghouses
- Revenue impact of $1B+/-, potentially positive offsets
- May create significant liquidity and margin requirements for clients
- Overall capital impact on dealers is unclear, but likely positive
- Do not expect spread to change materially on liquid products
- Critical that central clearinghouses are properly managed

Conduct certain activities in a non-bank subsidiary

- Major concern is that we can properly serve clients across legal entities
  - Creates significant operational work which will be done
  - Complicated regulation
- Majority of derivatives – except commodities (other than metals), equity, and high yield and certain investment grade CDS – are not required to be moved
- Possible capital requirements of $6B+/-, not incremental to the Firm
- Final operational and legal structure has yet to be decided

Home lending credit trends – Net credit losses and loan loss reserve levels

- Current loss guidance – at the current rate of delinquency and loss severity, quarterly losses could be:
  - Home equity $1B
  - Prime mortgage $400mm
  - Subprime mortgage $400mm
- Rate of improvement slowed and delinquencies flattened in 2Q10 – July and August remained flat to June
- Home Lending reserves for the nonpurchased credit impaired portfolio at 2Q10 of $11.3B
  - Current loss guidance annualized of $7B +/-
  - Reserve level reflects significant uncertainty, allow for further stress
  - If delinquencies return to 2H09 levels with 10-15% incremental HPI decline from here, losses could run to $8B +/- in 2011/2012
  - When roll rates and severities improve and uncertainty in the environment is reduced, we will release reserves
- In the purchased credit impaired portfolio lifetime losses plus additional impairment through reserves are $33.4B
  - If delinquencies and severities remain flat - additional impairment over the next two years could be $3B+/-
  - If delinquencies return to 2H09 levels with 10-15% incremental HPI decline from here - additional impairment over the next two years could be $7B+/-

Home lending credit trends – Net credit losses and loan loss reserve levels (cont.'d.)

- Performance of loans modified after trial periods is still not certain as a large number of these modifications were completed in the last six months
  - Early indications are that performance is better than that experienced on prior modifications
- Foreclosure inventory will remain at current elevated levels +/- through beginning of 2011 as improvement in delinquencies is offset by new referrals, and then trend down gradually through 2013; in turn REO inventory will increase through 2013

Repurchase risk

- Repurchase demands elevated at $1B+ per quarter; demands driven by 2006-2008 vintages (~90%) and third-party originated (~40%)
- Demands lag loans reaching 90 DPD by 12-20 months - delinquency improvements have not yet flowed through to demand activity; demands expected to remain elevated well into 2011
- Reserves of $2.0B ($2.3B firmwide) at June 30, 2010 for demands presented and expected future demands
  - Key reserve assumptions include demand frequency, cure rate, loss severity and third party recoveries; assumptions are reviewed and adjusted quarterly based upon actual experience
- A 10% adverse change in all key assumptions would increase repurchase liability by $1B +; a more severe stress of 20% by $2-2.5B
- When demands and losses trend downwards, we will release reserves
- Losses could approach $1.2B+/- in 2010 and $1.0B+/- in 2011

Repurchase settlement experience and reserves ($ in millions)

	2009[1]	1Q10	2Q10
Repurchase settlements	$580	$238	$312
Reserve build	1,032	194	355
Total repurchase expense	1,612	432	667
EOP reserves	$1.4B		$2.0B

[1] Heritage Chase only

Regulatory reform impact – Reg E, debit interchange and BCFP

- All industries decide what to charge for services and what to provide for free
- Pricing should be relative to the value provided, not just the costs incurred
- Pricing of specific products and services need to cover broader fixed costs related to servicing accounts and the relationship
  - Many services are free. Checking account customers receive the following free services: debit cards, ATM access at Chase's 15,500 ATMs, on-line banking and on-line bill pay, access to Chase's 5,100 branches, and 100% fraud protection on debit transactions
- We agree that merchants should have the option to accept/decline a form of payment or to discount as they choose
  - However, the government should not be able to set pricing
- Cash and checks are cheaper than debit and credit alternatives, but they are not without cost
- Industry will inevitably reprice as result of regulatory change:
  - Many products and services will no longer be free
  - Banks will exit certain customer relationships
  - The industry may reduce investment in distribution and innovation
- We will work with the BCFP to ensure consumer financial products are transparent and fair. However, consumers may be adversely affected by potential unintended consequences, which could include reduced credit availability and increased costs

Fortress balance sheet as of 2Q10

- Strong capital base – Tier 1 Common of $108B or 9.6%
- High quality capital and very high level of reserves ($36.7B), loan loss coverage of 5.34%
- Large deposit base – ~$900B. Stable source of funding – retail and wholesale – geographic
- Low reliance on short term unsecured capital markets – plenty of capacity in these short-term markets as well as long-term unsecured funding markets
- Significant unused liquidity in the form of cash and high quality liquid unencumbered collateral
- Loss of trust preferred securities (~$21B) regulatory capital credit – minimum impact on JPM – unfair to many US banks – we will determine what to do when we see final rules
- Wholesale (Investment Bank and Commercial Banking) credit trends have improved from 2009 peak levels but remain above historical averages
  - Strong loan loss reserves - allowance for loan losses of $4.8B
  - Net charge-off rate of 0.55%
- Total net fair value assets of $777B
  - Level 1 and 2 assets are 85% of total assets at fair value – actively traded in liquid markets
  - Level 3 assets represent 15% of total assets at fair value

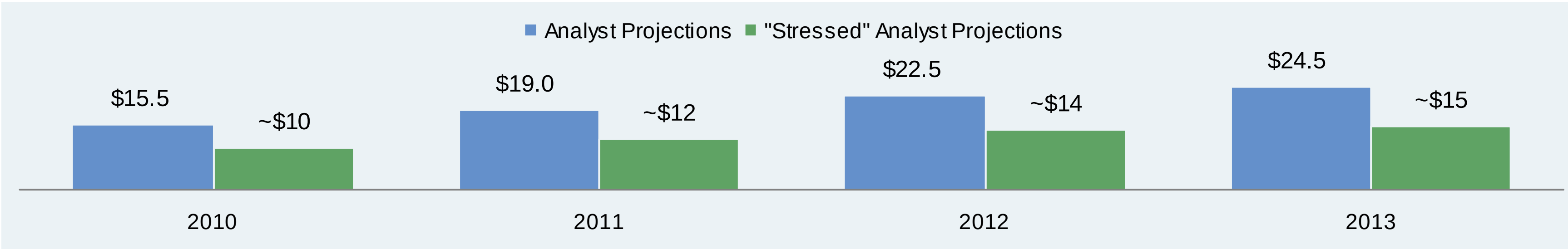
Strong capital position today will be further strengthened by significant earnings and need for lower reserve levels over time

We have significant capital generation

Illustrative “stress” case based on analyst projections

Analyst and “stressed” analyst projections ($ in billions)[1,2,3]

Net Income



Capital

	Analyst Projections				"Stressed" Analyst Projections			
	2010	2011	2012	2013	2010	2011	2012	2013
Tier 1 Common (%)	10%	12%	13%	14%	10%	11%	11%	12%
Tier 1 Common ($)	$120	$130	$150	$170	$110	$120	$130	$140
Excess Tier 1 Common Over 8%	$25	$40	$60	$75	$20	$30	$40	$45
ROE	9%	11%	11%	12%	6%	7%	7%	8%
Allowance for Loan Loss	$35	$30	$20	$25	$35	$35	$35	$35
Dividend	$0.29	$0.74	$1.12	$1.33	$0.29	$0.74	$1.12	$1.33

- Multiple stress scenarios are run on a regular basis. Highly stressed scenario has Tier 1 Common of ~12% despite:
  - Peak unemployment of 12% in 4Q13
  - HPI peak-to-trough of 45% in 1Q12
  - Equity markets bottom at 850 during 1H11 & remain stagnant through 4Q13
  - Fed funds stay at 20bps through 4Q13
- Excess capital reduces ROEs

[1] Analyst average includes 8 analysts through 2012; 2013 is composed of 3 analysts plus I/B/E/S LTG projections for other 5 in 2013; Regulatory changes are assumed to be incorporated in the analyst projections. One analyst is excluded from 2013 Tier 1 Common average due to assumption that JPM repurchases a significant amount of shares during the year; ratios reflect Basel I through ‘12 & Basel III in ‘13 (~50bp impact); other capital deployment represents analyst average less 1 firm in ‘13 due to significant share repurchase. JPM does not endorse these projections

[2] “Stressed” Analyst Projections incorporate JPM stressed scenario assumptions

[3] Analyst projection of capital deployment through common dividends of $11.8B: analyst average dividend of $0.29, $0.74, $1.12, $1.33 in ‘10, ‘11, ‘12 & ‘13, respectively (assumes 2013 payout constant to 2012)

Note: Basel I through 2012 and Basel III in 2013; Numbers rounded for presentation purposes. Ratios and other calculations may not round perfectly

Basel III capital summary as of 2Q10

Tougher standard and higher calibration

- Tougher capital standards (which we always believed in)
  - More restrictive capital definitions (e.g., deductions)
  - Higher risk-weighted assets (e.g., CVA, Market Risk)
- Higher required capital
  - Basel I: 4% Tier 1 Common standard (SCAP)
  - Basel III: 7% Tier 1 Common standard[1]

Estimated impact on JPM

- 9.6% JPM's 2Q10 Tier 1 Common ratio under Basel I
  - Results in estimated 9%[2] Basel III Tier 1 Common ratio in 4Q11 after taking known actions

Current JPM expectations

- JPM will mostly manage to the new capital rules effective immediately
- JPM does not need to or intend to issue common stock
- JPM will probably not operate with an additional self-imposed buffer, as we have in the past, because we believe the new capital requirements are sufficient

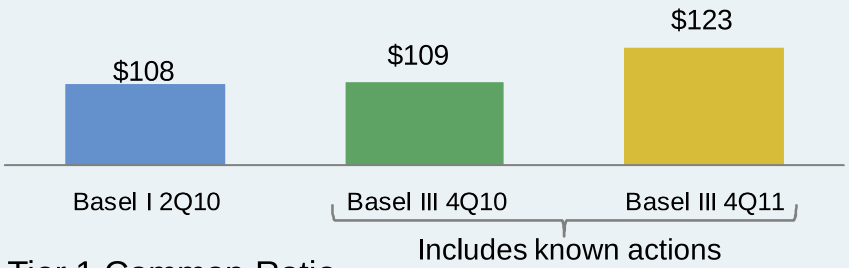
[1] Preliminary view (as of 9/12/10) of Basel III based on interpretation of current rules/initial estimates. Subject to change as interpretation of Basel III rules is ongoing and dependant on guidance from Basel/International regulators

[2] Based on JPM and analyst projections (see page 29)

JPM estimated capital levels under Basel III are well in excess of Basel I standards

Estimated projections as of 2Q10

Capital ($ in billions)



Tier 1 Common Ratio

10% | 7% | 9%

- Adjustments to Capital from 2Q10 Basel I to 4Q11 Basel III with known actions (-$0.5B):
  - Deduct net pension asset (-$2B)
  - Deduct PCCR (-$1B)
  - Deduct DTA from NOL carryforward (-$0.5B)
  - Net Impact of adding back 50/50 deductions (+$1B)
  - Add back of OCI balance (+$2B)
- Includes estimated capital generation of $15B based on average analyst projections[1]

RWA ($ in trillions)

- Adjustments to RWA from 2Q10 Basel I to 4Q11 Basel III (+$400B):
  - Market risk impact (+$180B)
  - Risk weight 50/50 deductions at 1250% (+$140B)
  - CVA (+$60B)
  - Other (+$30B)
- Known actions by 4Q11 to reduce Basel III RWA (-$180B):
  - Market risk – reduce IB & CIO positions (-$50B)
  - CVA – reduction/ hedging of derivative positions (-$20B)
  - RWA on 50/50 deductions; reduce IB/CIO securitization (-$70B) exposure
  - Retail loan run-off (-$40B)
  - Other (-$5B)

[1] Based on analyst projections of capital generation; see page 29

Note: Numbers rounded for presentation purposes. Ratios and other calculations may not round perfectly

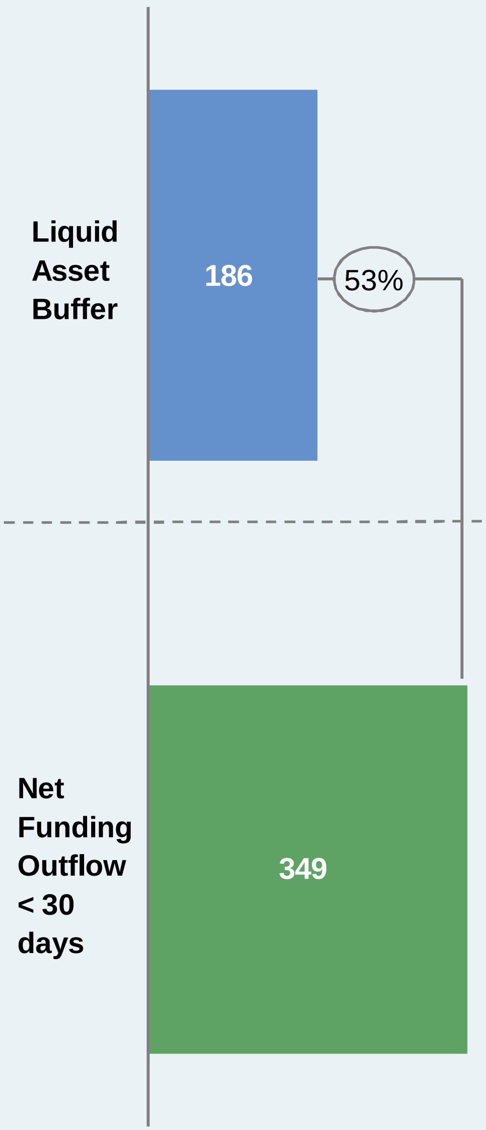
Hierarchy of capital usage

- We intend to restore the dividend
  - Ultimately return to dividend payout ratio of 30-40% of normalized earnings (pending tax rule changes)
  - Initial increase is not likely to hit payout ratio, but would be material
  - Subject to final analysis of Basel III in November and regulatory capital adequacy
  - Hopefully early 2011
- Hierarchy of capital after restoration of dividend
  - Investing in organic growth
  - Stock buyback
    - Will be higher when stock price is lower
    - Will be lower when stock price is higher
    - Will be adjusted for other future opportunities
  - Acquisitions

We clearly have excess capital generation, which will be used to benefit shareholders

Implications of Basel III liquidity proposal – Liquidity Coverage Ratio

Preliminary view of JPM Liquidity Coverage Ratio (LCR) - ***Estimate based on 2Q10 balances for illustrative purposes ($B)***



Items included in LCR

- **$72B:** Cash & Central Bank reserves
  100% factor
- **$83B:** US Treasuries / Sovereigns
  100% factor
- **$22B:** Agency / Agency MBS
  85% factor
- **$7B:** Public fund deposits collateral
  25% factor
- **$2B:** Eligible Corp. Securities (≥AA-)
  85% factor

- **$225B:** Deposits (*25% average factor)*
  - **$124B:** Non-Operational Deposits
    75-100% factor
  - **$101B:** Wholesale Operational & Retail/SME Deposits – *5-25% factor*
- **$100B:** Unfunded commitments
  48% average factor
  - **$89B:** Liquidity Commitments & FI Credit Commitments – *100% factor*
  - **$11B:** Wholesale Credit (ex FI) & Retail Commitment outflow – *5-10% factor*
- **$31B:** Secured funding outflow (Repo)
  10% factor
- **($7B):** Other funding Inflows/Outflows[2]
  0-100% factor

Comments

Example of items not included in LCR

- Munis
- Corp. securities below AA-
- Sovereign guaranteed loans (i.e., EXIM)
- **Fed Discount Window Eligible loans (~$80B**)

Historic experience during the financial crisis[1]

JPM experienced net deposit inflows

- **We understand banks under stress would have outflows / draw-downs; it is prudent to be prepared**

JPM experienced 6-8% drawdown on unfunded balances

[1] Financial crisis occurred between late 2007 and mid 2009
[2] Includes impact of account payable/receivable, trading assets derivatives payable/receivable, and other contractual payments <30 days
Note: Preliminary view (as of 9/7/10) of JPM LCR ratio based on interpretation of current rules/ initial estimates of 2Q10 asset buffer and net funding outflow. Subject to change as interpretation of Basel III liquidity rules is ongoing and dependant on guidance from Basel/International regulators
Numbers rounded for presentation purposes. Ratios and other calculations may not round perfectly

Potential levers to meet proposed Basel III LCR requirements

Business evolution

Known actions:

- Reduction in size of IB (~$8B) & CIO portfolios (~$2B) – estimated notional impact by end of 2011
- RFS loan run-off (~$80B) & reduction in size of PE (~$2B) – estimated notional impact by end of 2013

Buffer

- Raise Unsecured Term Debt (e.g., term CP, CDs, and 1+ year notes)
- Term-out existing Short-Term debt
- Raise Secured Term Debt (e.g., FHLB, Auto and Card ABS)
- Reduce “illiquid” assets so that proceeds can count towards the buffer
  - Consider profitability impact
- Raise additional Retail deposits
  - Consider profitability impact

Outflows

- Reduce Committed Credit and Liquidity Facilities - probably done through pricing
  - Consider client impact
- Reduce wholesale deposits - probably done through pricing
  - Convert Financial Institution deposits to Term

Potential market pricing changes due to Basel III liquidity constraints

Annual pricing impact on client[1] - Illustrative example ($ in 000's)

Client	Characteristics of Facility	Actual Cost to Client	Incremental Funding Cost to JPM to be LCR neutral [2]
Large Corporate	A / A2 3 Year Revolver (CP Backstop) **$100mm JPM Exposure**	$275	$800

- Due to modest ROEs on current credit pricing and higher funding costs, client pricing expected to increase
  - Does not take into account potentially higher capital charges under Basel III or funding costs if short-term funding supply constraints develop in market
- Impact will be dramatically different by client and type of product

[1] Example is meant to be illustrative and based on hypothetical client experience, which include assumptions on probability of draw and current/future upfront and arranger fees. Pricing increase over current expected price to client, including arranger/other upfront fees is amortized over the life of the facility (where applicable)
[2] Assumes JPM ROE and capital stay constant; Does not reflect leverage ratio constraint that would likely lead to more severe price impact

Basel III industry implications

Basel III Capital

- Overall okay; but will cause some capital shortfall for banks
- RWA needs to be done fairly across global banks

Basel III Liquidity

- Appropriate to do right; likely some changes to come
- Either way JPM will be fine
- Could create additional funding costs and pricing issues for clients
- Role of banks likely reduced
- Policy mismatch between LCR and money market industry, LCR and Interbank lending

Firm interest rate positioning — NIM by line of business

- Firm benefits from immediate +100 bps parallel rate shock by +$947mm over the next 12 months
- Firm benefits from higher long term rates (steeper yield curve) and slightly negative to rising short-term rates (flatter yield curve)
- If rates remain where they are, NIM could be compressed

Retail Financial Services

- Increase from higher long-term rates due to increased value of deposits
- Negatively impacted by higher short-term rate (flatter and stagflation) scenarios

Card Services

- Generally benefits from rising short and/or low long-term rates

Commercial Banking, TSS, AM

- Modest benefit from rising short-term rates
- Fairly neutral to higher long-term rates
- If rates remain where they are, NIM could be modestly compressed

Corporate

- Benefit from higher long-term rates, adversely impacted by higher short-term rates
- Immediate ability to reposition, refinance, change size of investment portfolio

Agenda

Outlook

Investment Bank

- Trading environment has been stable

Card Services

- Chase and WaMu credit losses expected to continue to improve
  - Chase losses of approximately 8.00%+/- in 3Q10 vs. 9.02% in 2Q10
- Total net income impact from the CARD Act, including recent legislative reasonable and proportional fee changes is $750mm+/-
  - 65% of run-rate expected to be included in 3Q10 results vs. 25% in 2Q10

Corporate

- Corporate quarterly net income expected to decline to $300mm+/-, subject to the size and duration of the investment securities portfolio

Commitment to drive economic recovery

- Providing capital, financing and liquidity: annualized 1H10 of $1.4T, up 3% and up 6% vs. 2009 and 2008, respectively
- 1H10 small business lending of $4.7B up 35% vs. 1H09
  - Remain committed to 2010 originations target of $10B for small business lending
- On track to hire 10K people in the US in 2010

JPM's fundamentals remain extremely strong

Excellent client franchises and businesses	■ Excellent client franchises and businesses ■ Each standalone business has a top 1, 2 or 3 position ■ Unparalleled client relationships in 100+ countries ■ Culture of innovation; new products and programs launched during crisis ■ Robust technology infrastructure to serve clients
Significant earnings power	■ Continued investment across LOBs driving organic growth ■ Consistent record of operating efficiency and delivering merger saves ■ Businesses stronger together than apart; additional revenue streams generated
Fortress balance sheet	■ Further strengthened balance sheet: Tier 1 Capital of \$137B or 12.1%, Tier 1 Common[1] at \$108B or 9.6% ■ High quality capital and very high level of reserves (\$36.7B), loan loss reserve of 5.34%[2] ■ Strong funding and liquidity profile: \$888B deposits, 1.3x loan coverage ■ Benefits from diversification – funding, capital, lower volatility
Strong management team	■ Strong and stable management team ■ Deep bench of talent; thoughtful succession planning

[1] See note 3 on slide 52
[2] See note 2 on slide 52

Agenda

Financial results

Firmwide results ($ in millions)

	1H10	1H09	$O/(U) 1H09
Revenue (FTE)[1]	$53,785	$54,631	($846)
Credit Costs[1]	10,373	19,755	(9,381)
Expense	30,755	26,893	3,863
Reported Net Income	**$8,121**	**$4,862**	**$3,259**
Reported EPS	**$1.83**	**$0.68**	**$1.15**
ROE[2]	10%	6%	
ROTCE[2,3]	15%	9%	

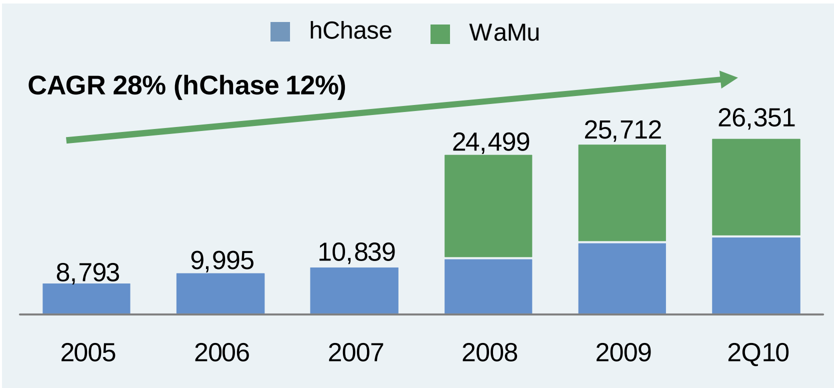
Net income by line of business ($ in millions)

	1H10	1H09	$O/(U) 1H09
Investment Bank	$3,852	$3,077	$775
Retail Financial Services	911	489	422
Card Services	40	(1,219)	1,259
Commercial Banking	1,083	706	377
Treasury & Securities Services	571	687	(116)
Asset Management	783	576	207
Corporate/Private Equity	881	546	335
Total Firm Net Income	**$8,121**	**$4,862**	**$3,259**

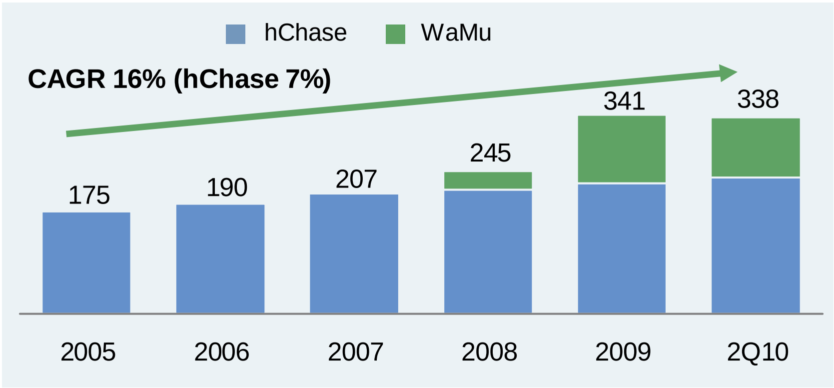
[1] Revenue is on a fully taxable-equivalent (FTE) basis. See note 1 on slide 52
[2] Net income used to calculate the ratios for 1H09 excludes the one-time, non-cash negative adjustment of $1.1B resulting from the repayment of TARP preferred capital
[3] See note 4 on slide 52

Market leading franchises – Retail Banking growth drivers

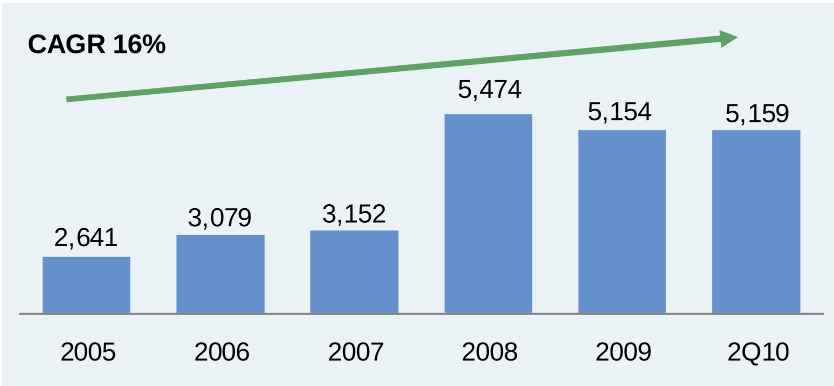
Checking accounts (# in 000s)



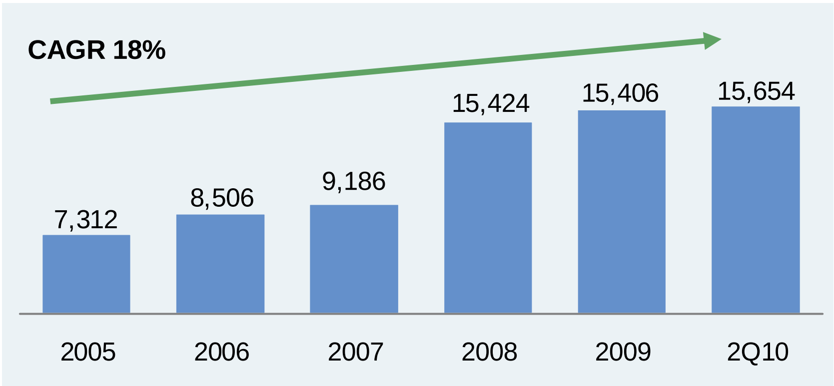
Average deposits ($ in billions)



Branches



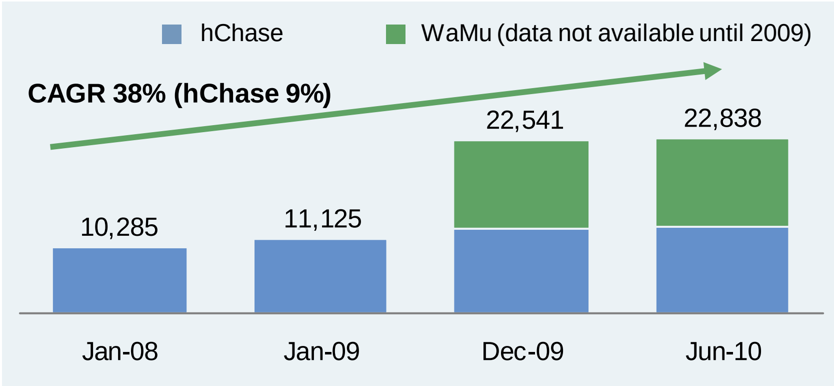
ATMs



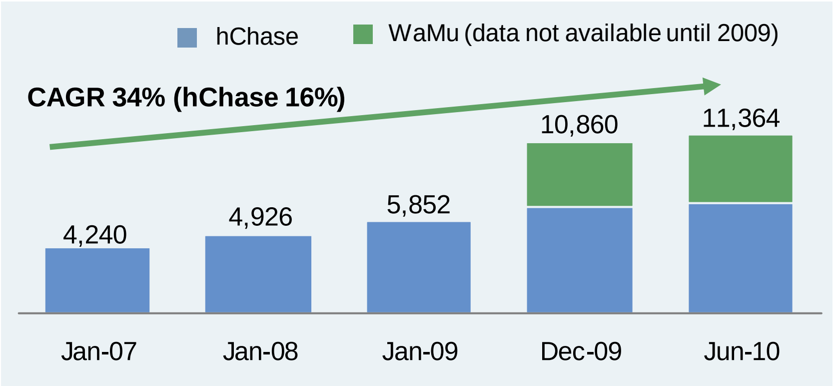
Strong growth through organic expansion and WaMu acquisition

Market leading franchises – Retail Banking growth drivers

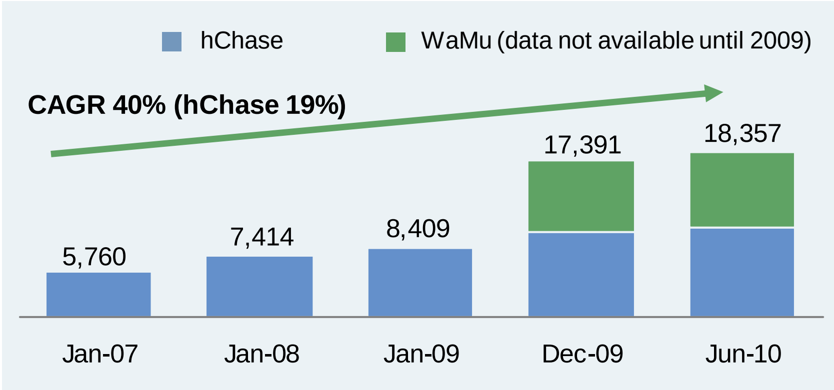
Total households (# in 000s)



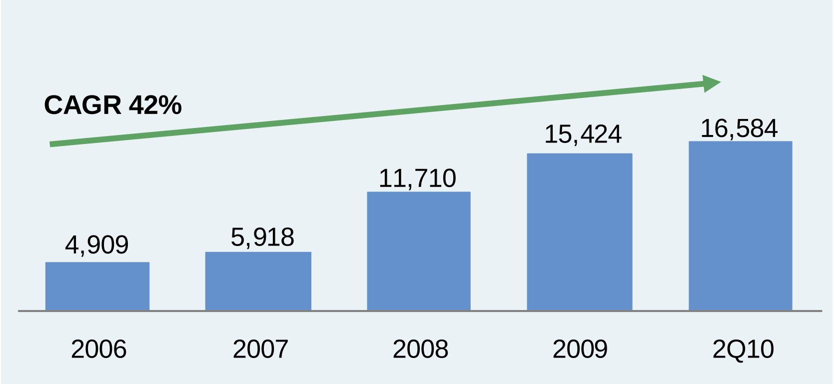
Households with direct deposit (# in 000's)



Households with debit cards (# in 000's)



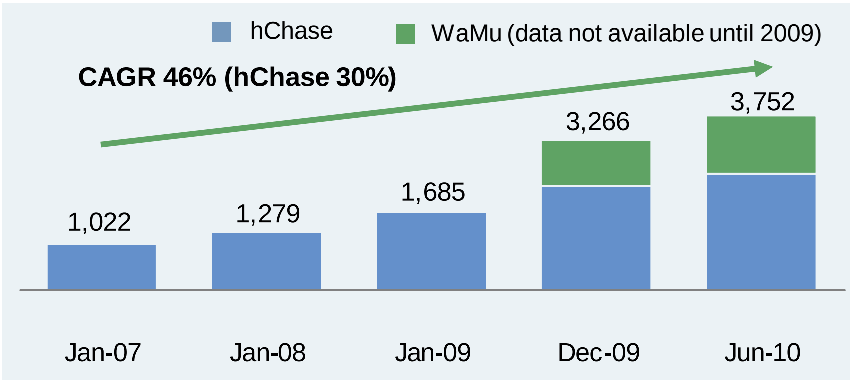
Active online customers (# in 000s)



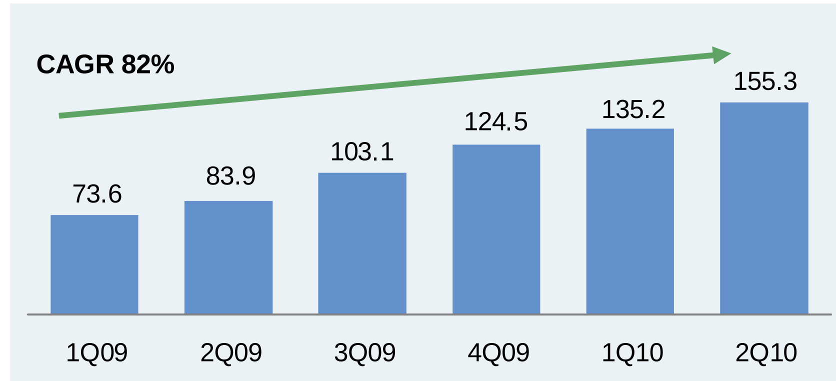
Strong growth through organic expansion and WaMu acquisition

Market leading franchises – Retail Banking growth drivers

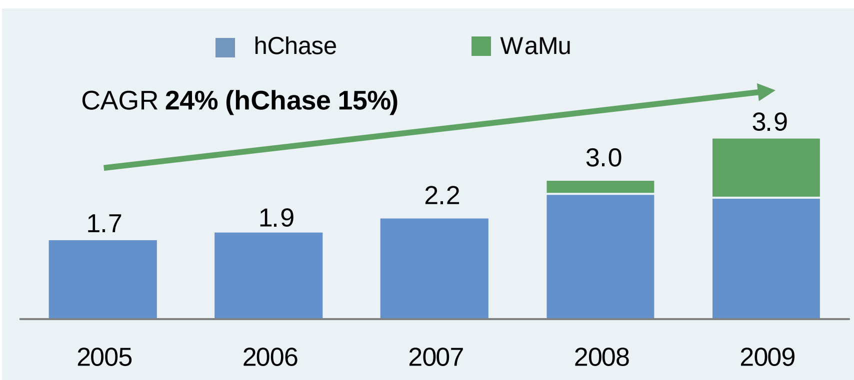
Households with active online bill pay (# in 000's)



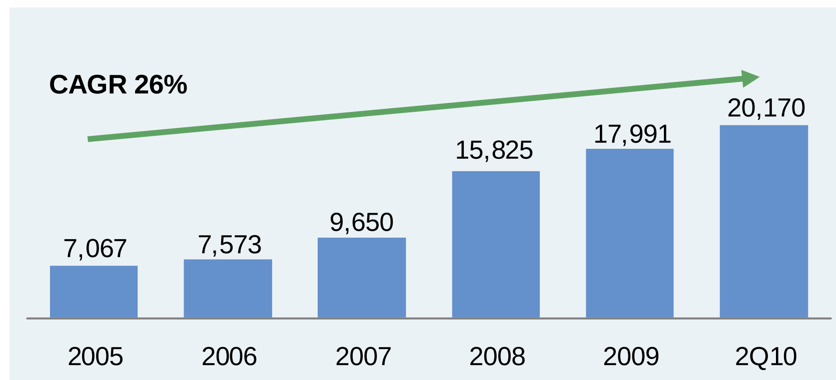
Alerts (# in millions)



Net income ($ in billions)



Personal bankers



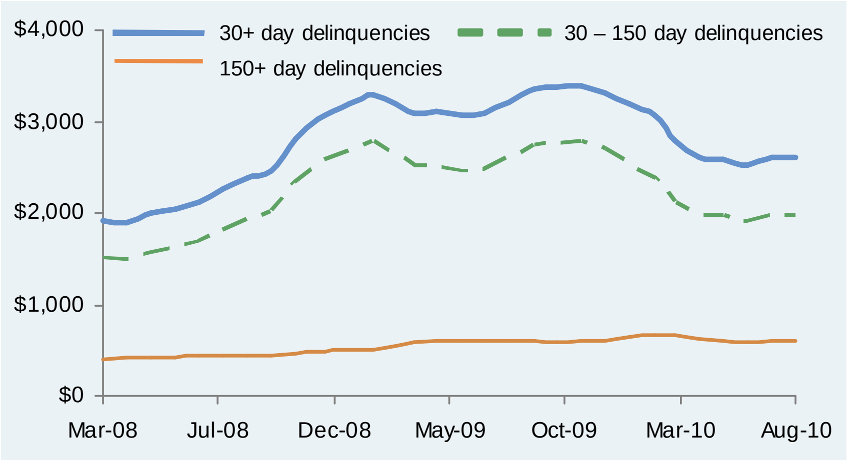
Strong growth through organic expansion and WaMu acquisition

APPENDIX

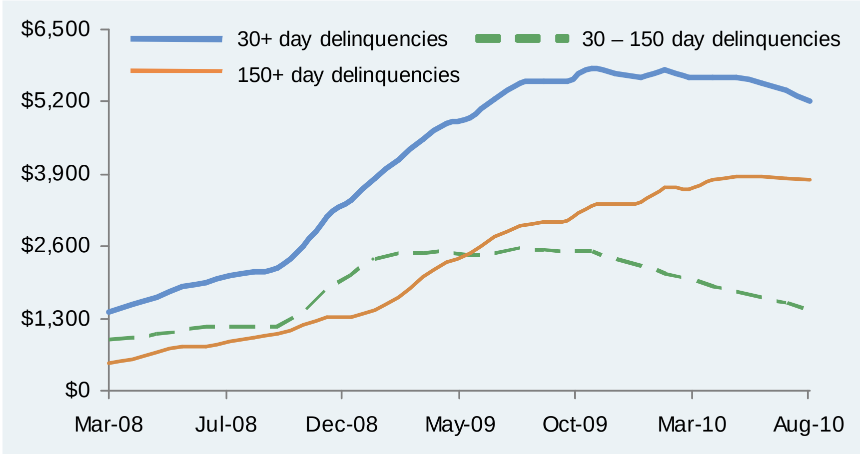
Consumer credit — delinquency trends (Excl. purchased credit-impaired loans)

March 2008 – August 2010

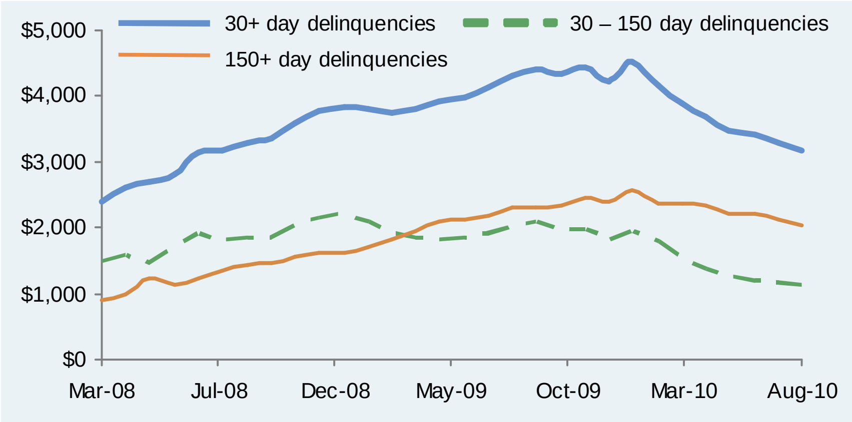
Home Equity delinquency trend ($ in millions)



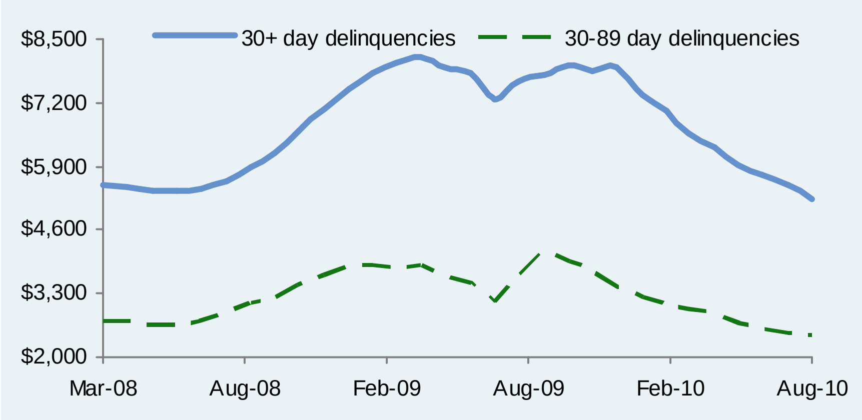
Prime Mortgage delinquency trend ($ in millions)



Subprime Mortgage delinquency trend ($ in millions)



Card Services delinquency trend[1,2] — Excl. WaMu ($ in millions)



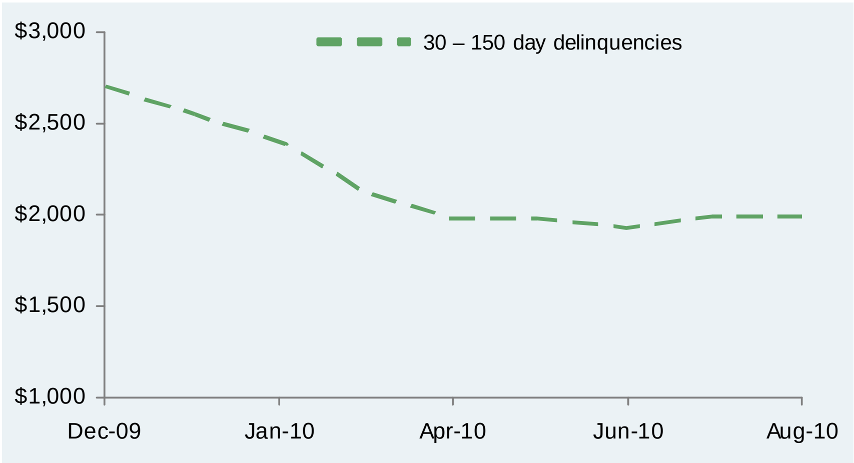
Note: Delinquencies prior to September 2008 are heritage Chase
Prime Mortgage excludes held-for-sale, Asset Management and Government Insured loans
[1] See note 1 on slide 52
[2] "Payment holiday" in 2Q09 impacted 30+ day and 30-89 day delinquency trends in 3Q09

APPENDIX

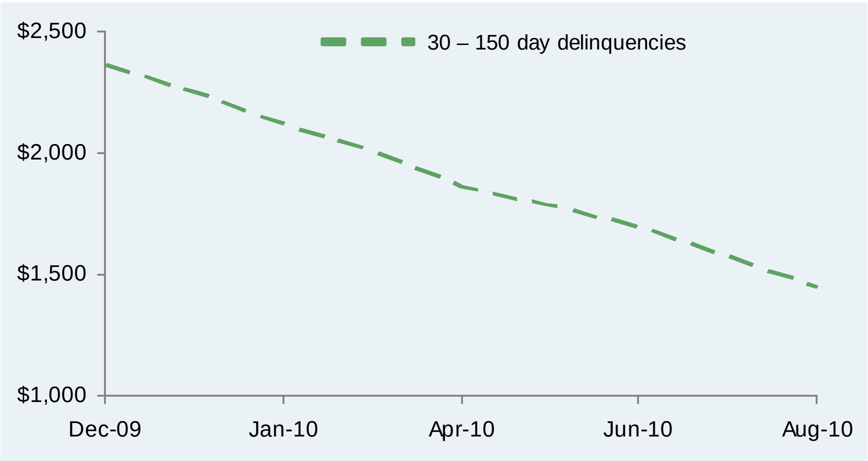
Consumer credit — Home lending delinquency trends (Excl. purchased credit-impaired loans)

December 2009 – August 2010

Home Equity delinquency trend ($ in millions)

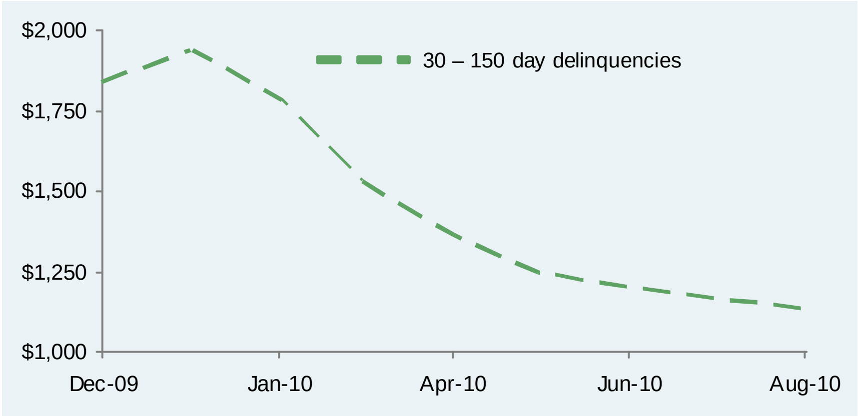


Prime Mortgage delinquency trend ($ in millions)



Prime Mortgage excludes held-for-sale, Asset Management and Government Insured loans

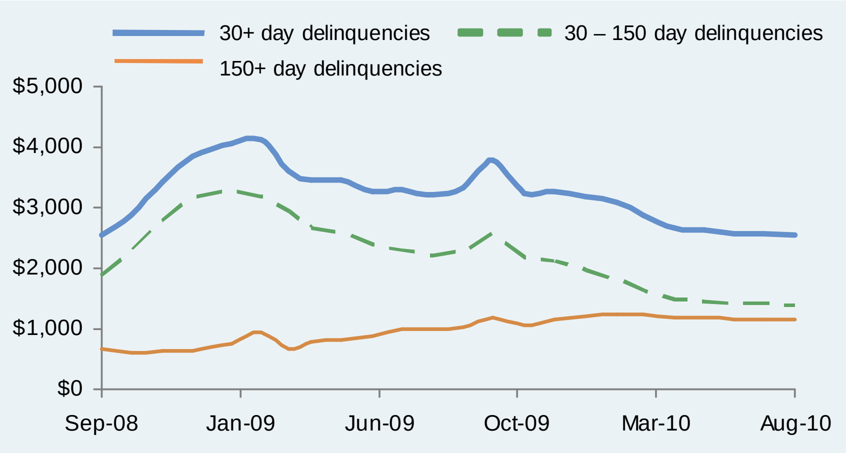
Subprime Mortgage delinquency trend ($ in millions)



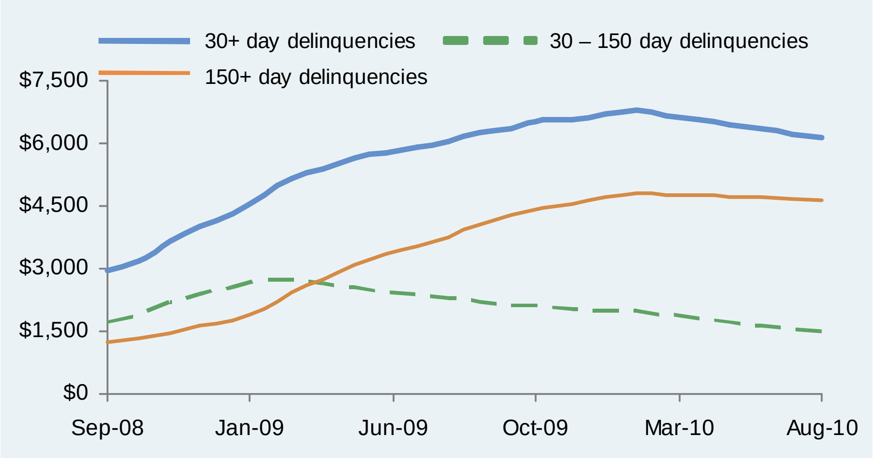
Consumer credit — Home lending delinquency trends (Purchased credit-impaired loans)

September 2008 – August 2010

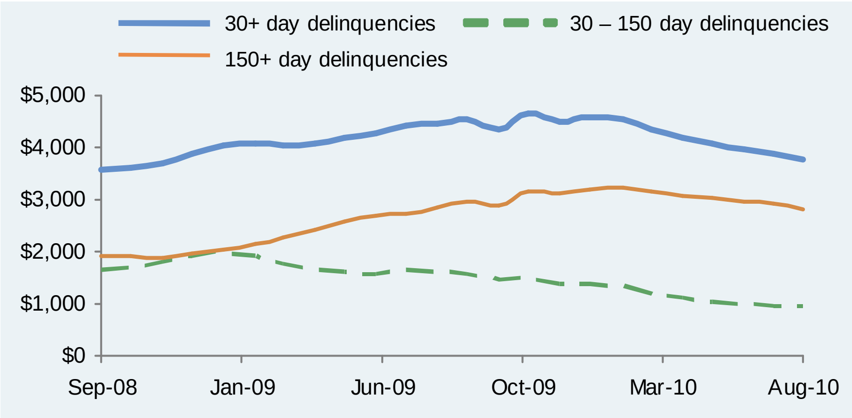
Home Equity delinquency trend ($ in millions)



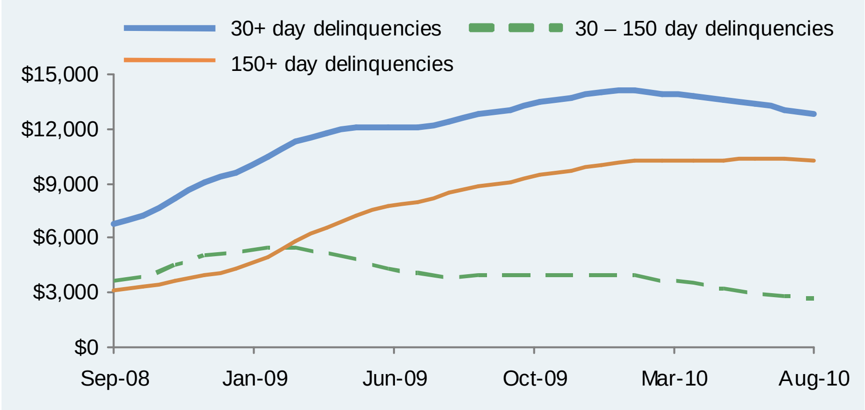
Prime Mortgage delinquency trend ($ in millions)



Subprime Mortgage delinquency trend ($ in millions)



Option ARM delinquency trend ($ in millions)

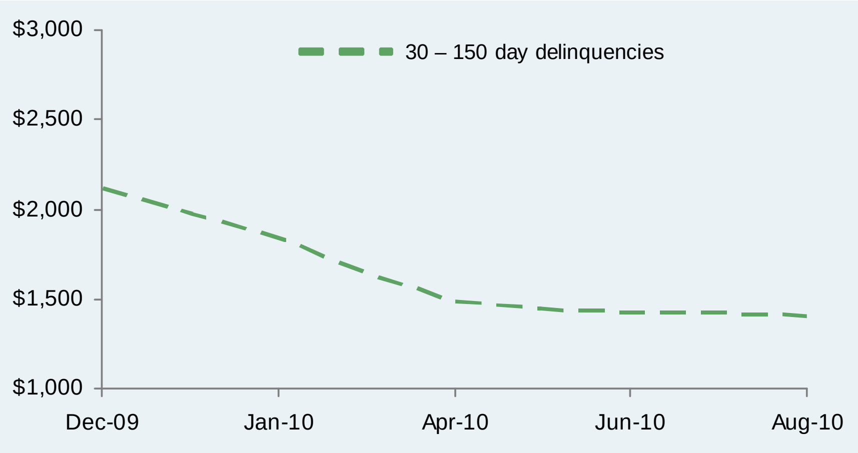


Note: Credit Impaired delinquency is gross UPB. Prime Mortgage excludes Government Insured loans

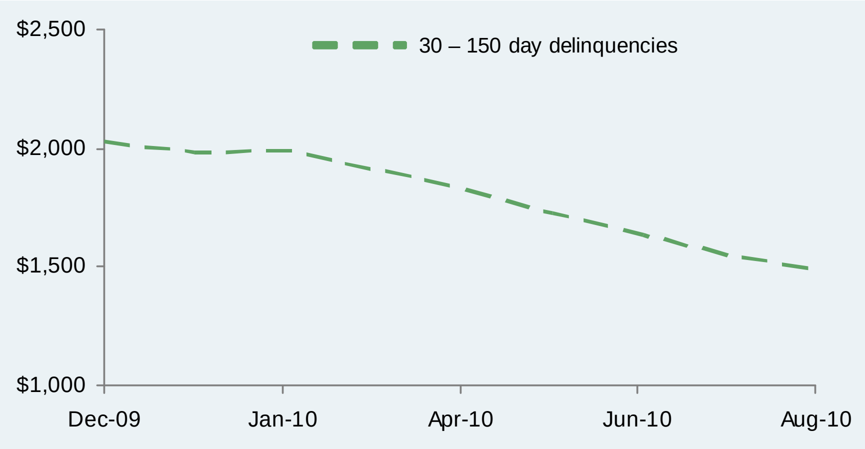
Consumer credit — Home lending delinquency trends (Purchased credit-impaired loans)

December 2009 – August 2010

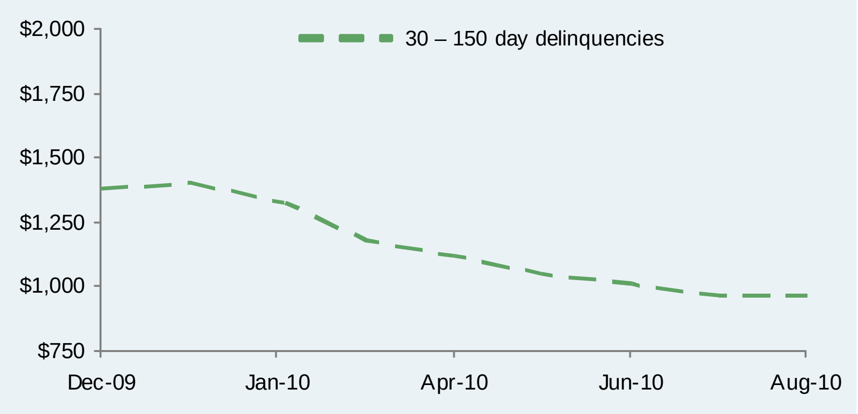
Home Equity delinquency trend ($ in millions)



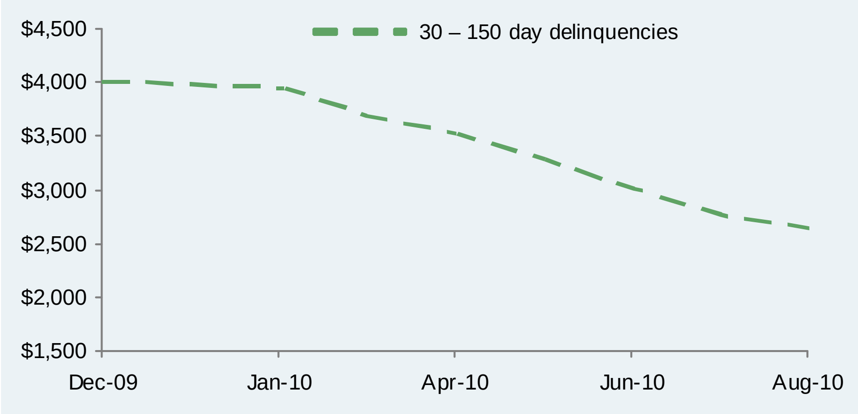
Prime Mortgage delinquency trend ($ in millions)



Subprime Mortgage delinquency trend ($ in millions)

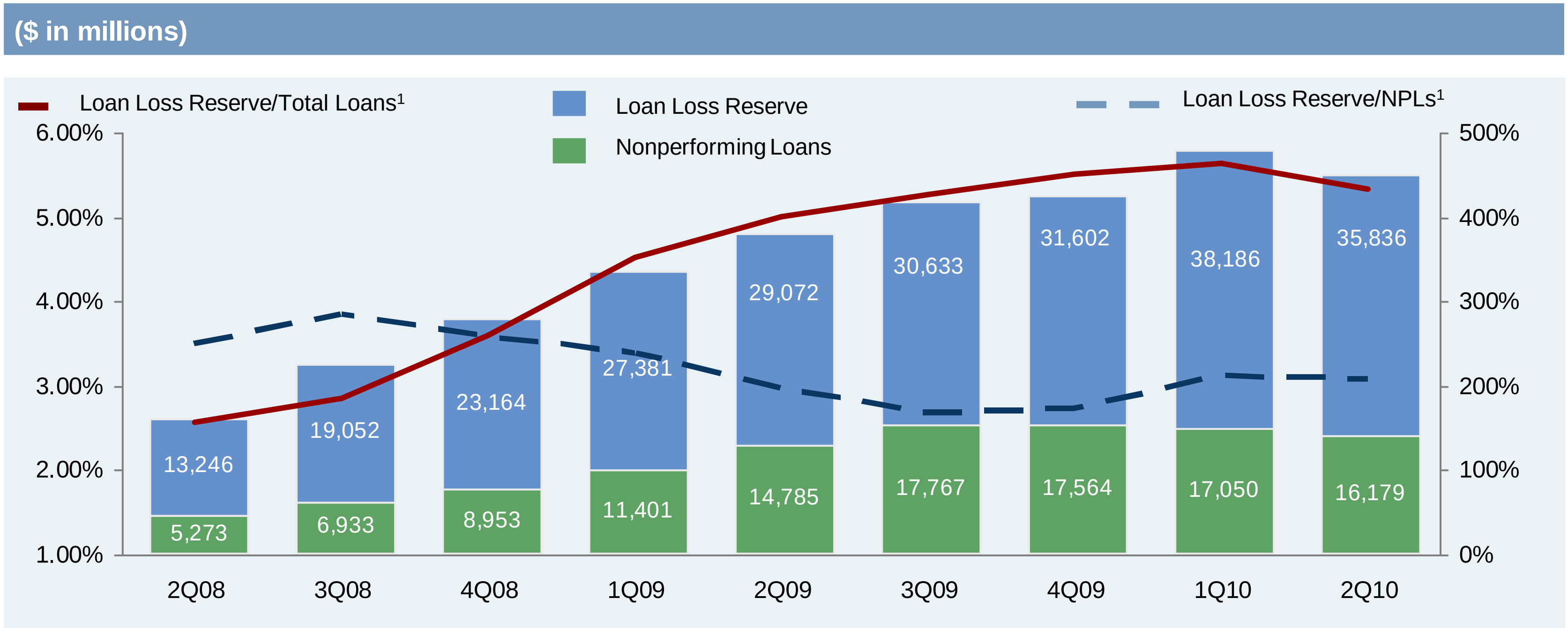


Option ARM delinquency trend ($ in millions)



Note: Credit Impaired Delinquency is gross UPB. Prime Mortgage excludes Government Insured loans

Coverage ratio remains strong



Peer comparison

	2Q10	
	JPM[1]	Peer Avg.[2]
Consumer		
LLR/Total Loans	6.88%	5.75%
LLR/NPLs	265%	181%
Wholesale		
LLR/Total Loans	2.42%	2.95%
LLR/NPLs	97%	63%
Firmwide		
LLR/Total Loans	5.34%	4.87%
LLR/NPLs	209%	131%

- $35.8B of loan loss reserves in 2Q10, up ~$22.6B from $13.2B two years ago; loan loss coverage ratio of 5.34%[1]
  - $7.5B (pretax) addition in allowance for loan losses predominantly related to the consolidation of credit card receivables in 1Q10[3]
- Strong coverage ratios compared to peers

[1] See note 2 on slide 52
[2] Peer average reflects equivalent metrics for key competitors. Peers are defined as C, BAC and WFC. Consumer and wholesale peer average percentages reflected in table differ from actual average percents due to peer loan disclosure
[3] See note 1 on slide 52

Notes on non-GAAP financial measures

1. *In addition to analyzing the Firm's results on a reported basis, management reviews the Firm's results and the results of the lines of business on a "managed" basis, which is a non-GAAP financial measure. The Firm's definition of managed basis starts with the reported U.S. GAAP results and includes certain reclassifications to present total net revenue for the Firm (and each of the business segments) on a FTE basis. Accordingly, revenue from tax-exempt securities and investments that receive tax credits is presented in the managed results on a basis comparable to taxable securities and investments. This non-GAAP financial measure allows management to assess the comparability of revenue arising from both taxable and tax-exempt sources. The corresponding income tax impact related to these items is recorded within income tax expense. These adjustments have no impact on net income as reported by the Firm as a whole or by the lines of business.*

   Prior to January 1, 2010, the Firm's managed-basis presentation also included certain reclassification adjustments that assumed credit card loans securitized by CS remained on the balance sheet. Effective January 1, 2010, the Firm adopted new accounting guidance that amended the accounting for the transfer of financial assets and the consolidation of VIEs. Additionally, the new guidance required the Firm to consolidate its Firm-sponsored credit card securitizations trusts. The income, expense and credit costs associated with these securitization activities are now recorded in the 2010 Consolidated Statements of Income in the same classifications that were previously used to report such items on a managed basis. As a result of the consolidation of the credit card securitization trusts, reported and managed basis relating to credit card securitizations are comparable for periods beginning after January 1, 2010.

   The presentation in 2009 of CS results on a managed basis assumed that credit card loans that had been securitized and sold in accordance with U.S. GAAP remained on the Consolidated Balance Sheets, and that the earnings on the securitized loans were classified in the same manner as the earnings on retained loans recorded on the Consolidated Balance Sheets. JPMorgan Chase used the concept of managed basis to evaluate the credit performance and overall financial performance of the entire managed credit card portfolio. Operations were funded and decisions were made about allocating resources, such as employees and capital, based on managed financial information. In addition, the same underwriting standards and ongoing risk monitoring are used for both loans on the Consolidated Balance Sheets and securitized loans. Although securitizations result in the sale of credit card receivables to a trust, JPMorgan Chase retains the ongoing customer relationships, as the customers may continue to use their credit cards; accordingly, the customer's credit performance affects both the securitized loans and the loans retained on the Consolidated Balance Sheets. JPMorgan Chase believed that this managed-basis information was useful to investors, as it enabled them to understand both the credit risks associated with the loans reported on the Consolidated Balance Sheets and the Firm's retained interests in securitized loans

2. *The ratio for the allowance for loan losses to end-of-period loans excludes the following: loans accounted for at fair value and loans held-for-sale; purchased credit-impaired loans; the allowance for loan losses related to purchased credit-impaired loans; and, loans from the Washington Mutual Master Trust, which were consolidated on the firm's balance sheet at fair value during the second quarter of 2009. Additionally, Real Estate Portfolios net charge-off rates exclude the impact of purchased credit-impaired loans. The allowance for loan losses related to the purchased credit-impaired portfolio was $2.8 billion, $2.8 billion, $1.6 billion and $1.1 billion at June 30, 2010, March 31, 2010, December 31, 2009 and September 30, 2009, respectively. No allowance for loan losses was recorded at or for any period prior to, June 30, 2009 related to these loans.*

3. *Tier 1 Common Capital ("Tier 1 Common") is defined as Tier 1 capital less elements of capital not in the form of common equity – such as qualifying perpetual preferred stock, qualifying noncontrolling interest in subsidiaries and qualifying trust preferred capital debt securities. Tier 1 Common, a non-GAAP financial measure, is used by banking regulators, investors and analysts to assess and compare the quality and composition of the Firm's capital with the capital of other financial services companies. The Firm uses Tier 1 Common along with the other capital measures to assess and monitor its capital position.*

4. *Tangible Common Equity ("TCE") is calculated, for all purposes, as common stockholders equity (i.e., total stockholders' equity less preferred stock) less identifiable intangible assets (other than MSRs) and goodwill, net of related deferred tax liabilities. Return on tangible common equity, a non-GAAP financial ratio, measures the Firm's earnings as a percentage of TCE, and is in management's view a meaningful measure to assess the Firm's use of equity. The TCE measures used in this presentation are not necessarily comparable to similarly titled measures provided by other firms due to differences in calculation methodologies.*

5. *Headcount-related expense includes salary and benefits (excluding performance-based incentives), and other noncompensation costs related to employees.*

Forward-looking statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that could cause JPMorgan Chase's actual results to differ materially from those described in the forward-looking statements can be found in JPMorgan Chase's Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Reports on Form 10-Q for the quarters ended June 30, 2010 and March 31, 2010, each of which has been filed with the Securities and Exchange Commission and is available on JPMorgan Chase's website (www.jpmorganchase.com) and on the Securities and Exchange Commission's website (www.sec.gov). JPMorgan Chase does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.