

FEBRUARY 26, 2009

CARD SERVICES

Gordon Smith, Card Services Chief Executive Officer

Agenda

Credit environment	1
Portfolio positioning	11
How has Chase reacted to the environment	19
Core vision and strategy	26
Overcoming medium-term financial challenges	35
Managing through the downturn	39

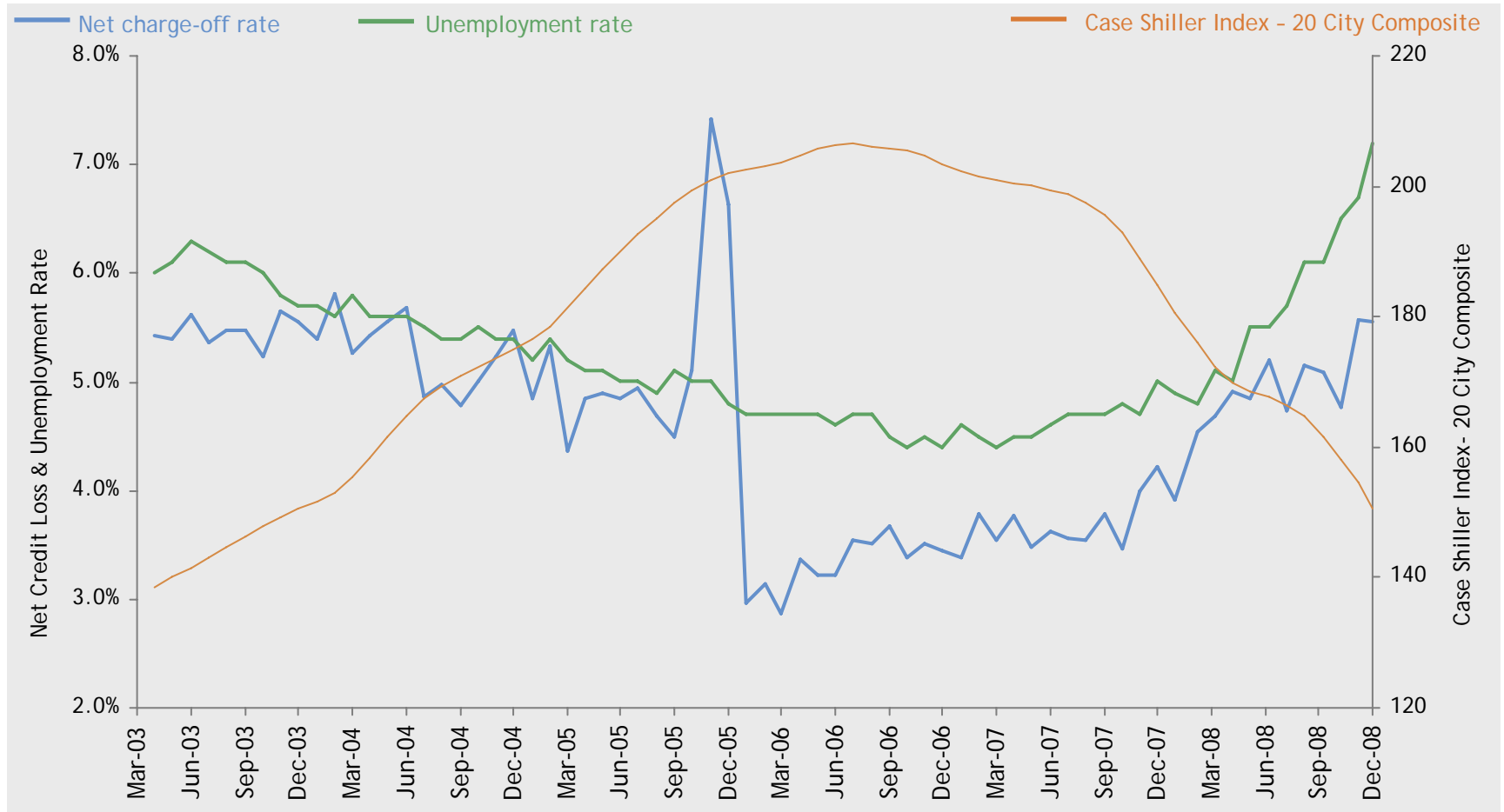
Note: All data excludes WaMu portfolio performance, unless specifically noted

Tougher credit environment

- We expect credit losses to materially increase in 2009
- While we don't predict unemployment rate, we are prepared for 9% by year-end
- Increasing deterioration in the labor market has exacerbated consumer stress, which has manifested in the form of lower payment rates
- Consumer confidence is at record lows and is having an adverse impact on sales volumes
- Accounts are rolling forward to charge-off at an accelerated pace
- Bankruptcy filings are normalizing to pre-2005 levels
- Home price depreciation stressed areas have seen a larger deterioration in credit performance
- Regions with higher unemployment rates are further impacting credit performance

Home price depreciation was the largest driver of credit losses until mid-2008 when unemployment became a meaningful factor

Net Charge-Off Rate (NCO) vs. Unemployment Rate



Source: Bureau of Labor Statistics for unemployment rate; S&P for Case Shiller Index data

Unemployment rate will be the primary driver of credit losses in 2009

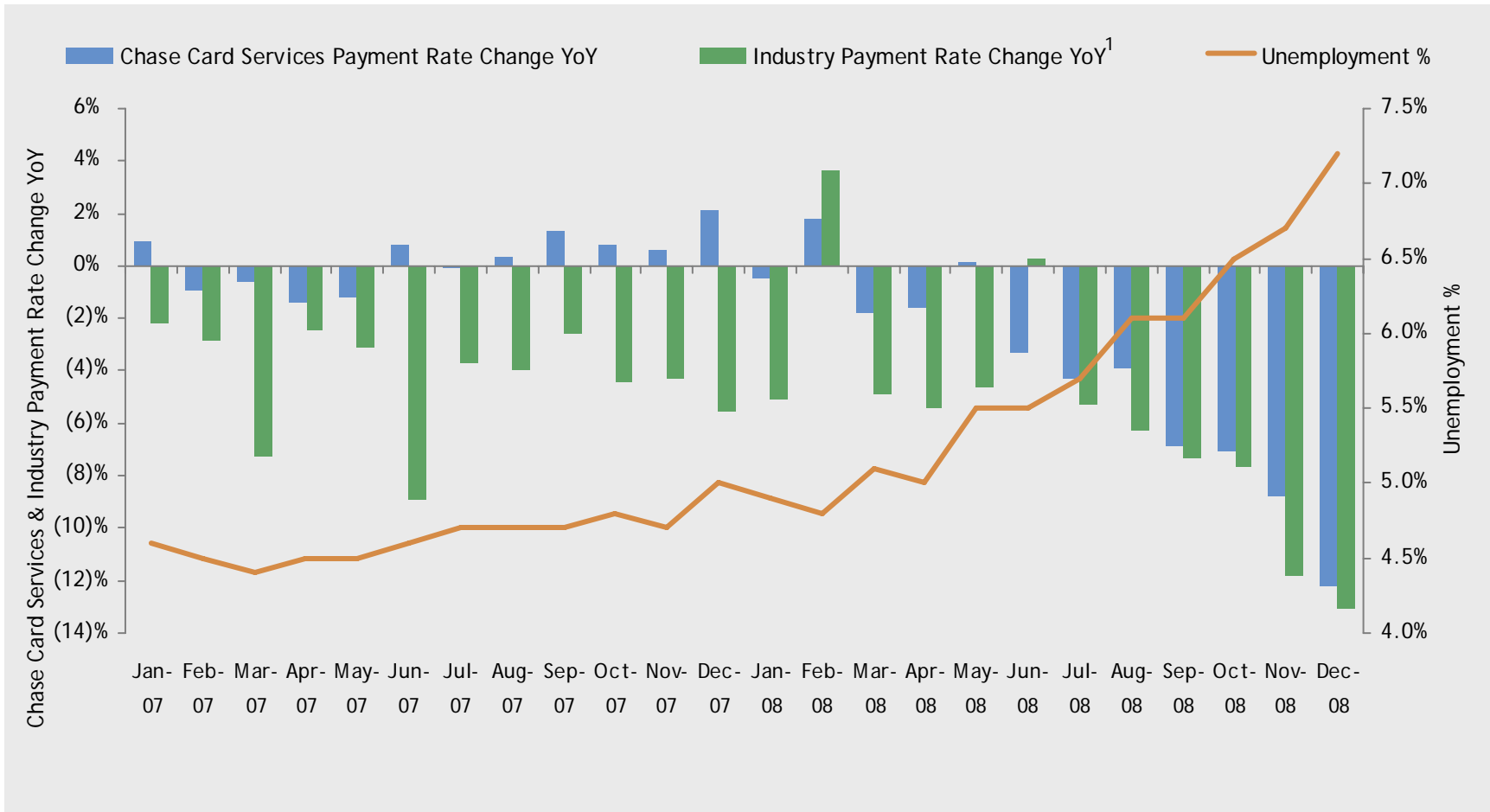
- In our portfolio, the relationship between losses and unemployment has been less than 1:1 because of our prime/superprime focus, coupled with our co-brand and rewards business model
- Relationship between unemployment rate and losses has changed in this downturn due to the compounding impact of home price depreciation, equities volatility and consumer confidence
- Reaffirm our NCO outlook of 7% for 1Q09

4Q09 Unemployment Scenarios	Projected 4Q09 NCO Rate ¹
8%	8% +/-
9%	9.0% - 9.5%
10%	10.0% - 10.5%

¹ Assumes receivables are flat relative to 1Q09
 Source: Bureau of Labor Statistics for unemployment rate

Increase in unemployment rates and home price declines has led to a marked slowdown in payment rates

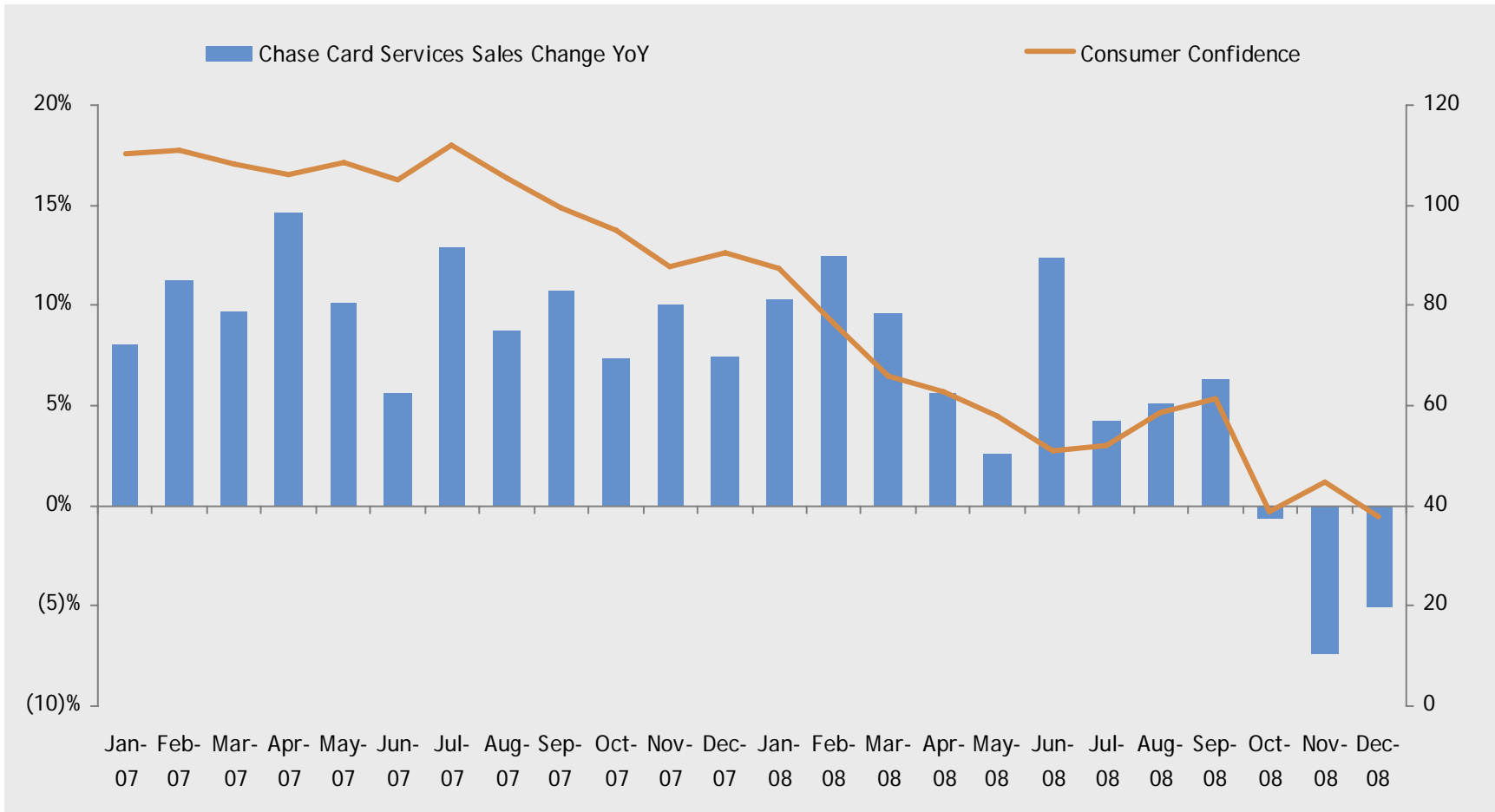
Unemployment vs. Chase Card Services Payment Rates



¹ Industry payment rates represent average of Chase, C, COF, BAC, AXP Lending, and DFS trusts
 Source: Bureau of Labor Statistics, Internal Chase data; SEC Trust Filings

Drop in consumer confidence has been accompanied by falling sales volumes

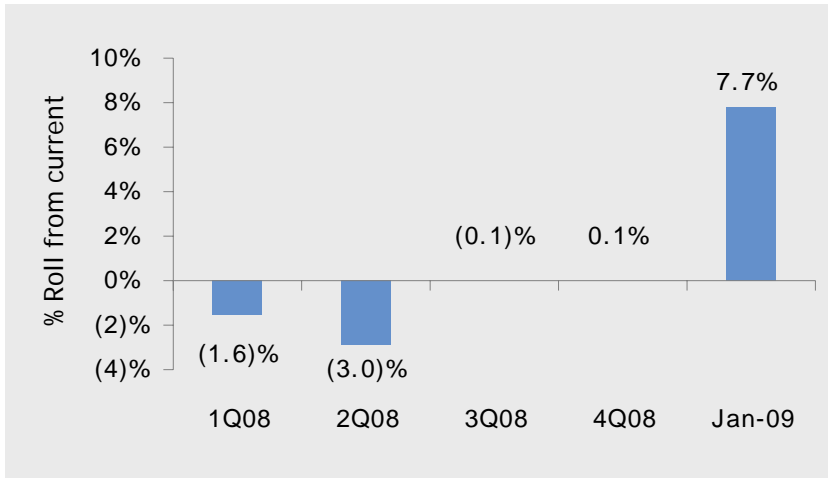
Consumer Confidence Index vs. Sales Volumes¹



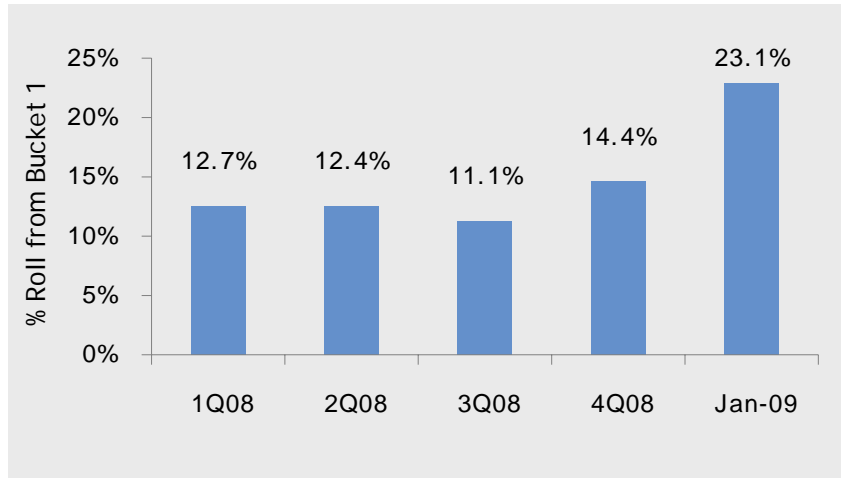
¹ Sales data excludes cash advances and balance transfers
 Source: Conference Board, Internal Chase data

Accounts are rolling forward at a quicker rate with fewer curing in the delinquency buckets

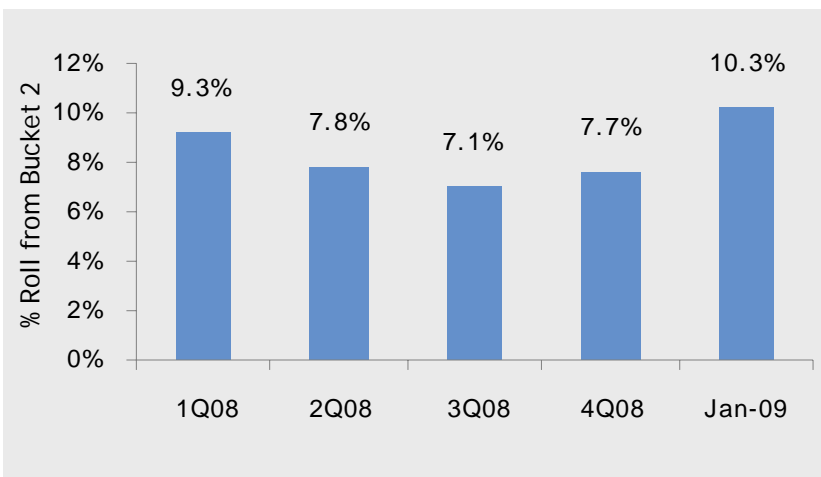
Current to 30 days – YoY % Change



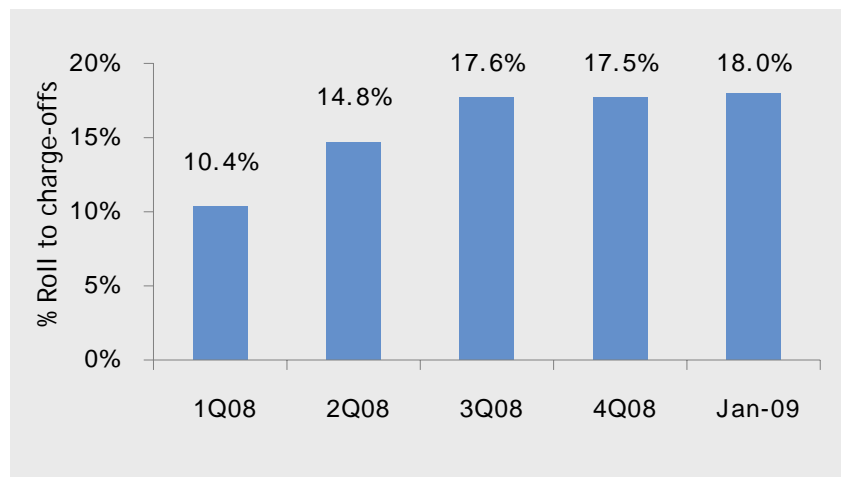
30+ days to 60 days – YoY % Change



60+ days to 90 days – YoY % Change



90+ days to Charge-Off – YoY % Change

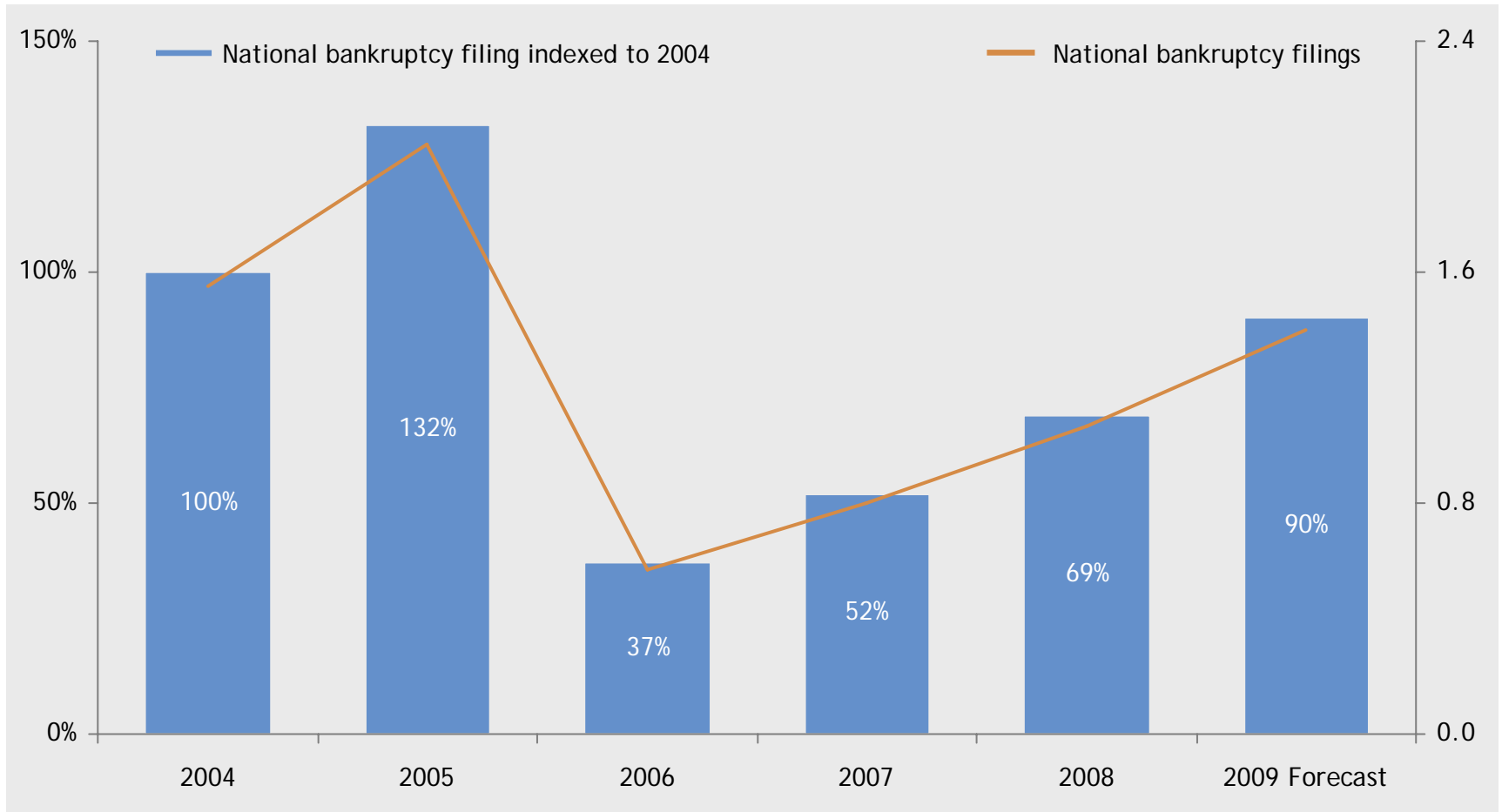


Source: Internal Chase data

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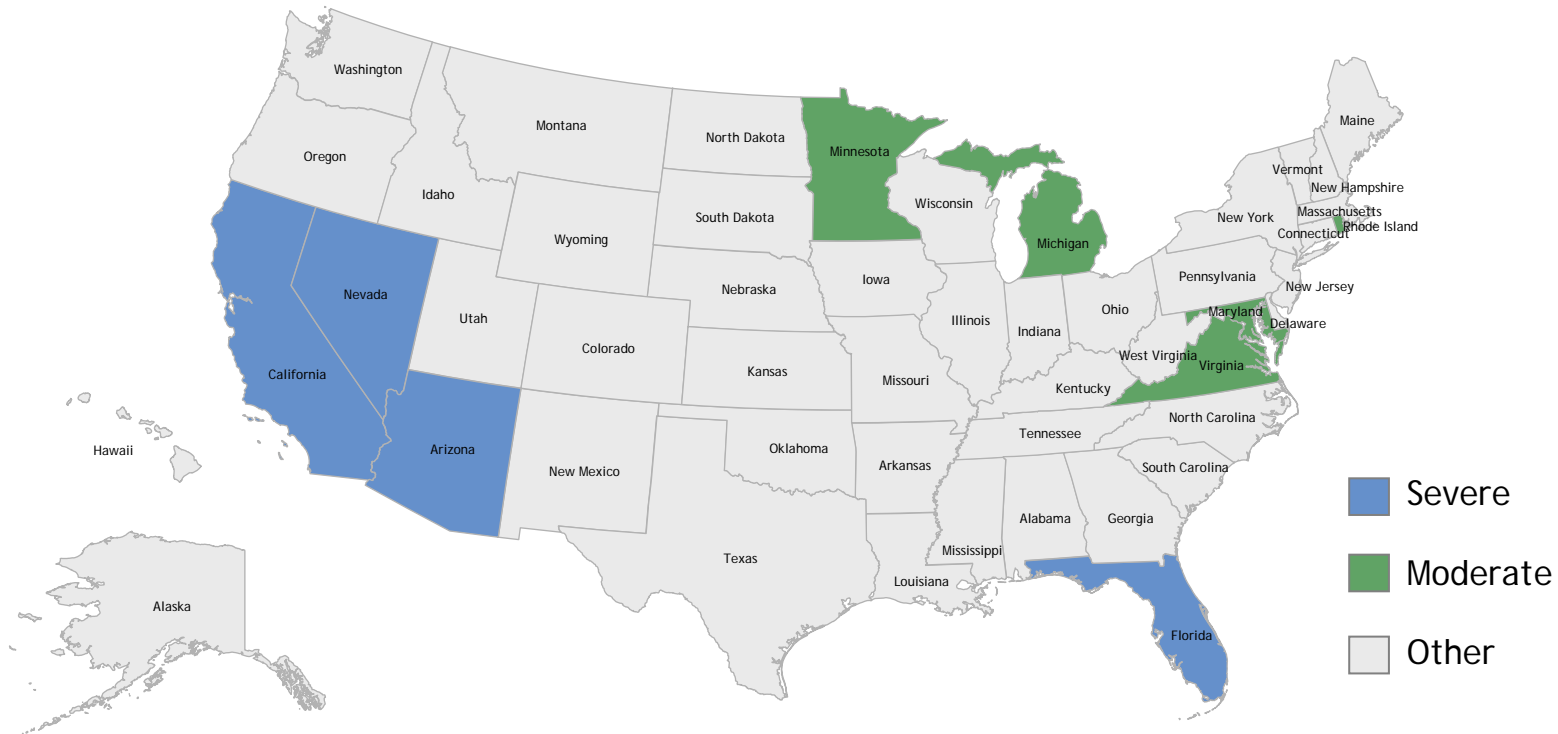
Bankruptcy filings are returning to pre-2005 levels

National Bankruptcy Filings (\$ in millions)



Source: Administrative office of the US Courts; Internal Chase forecast for 2009

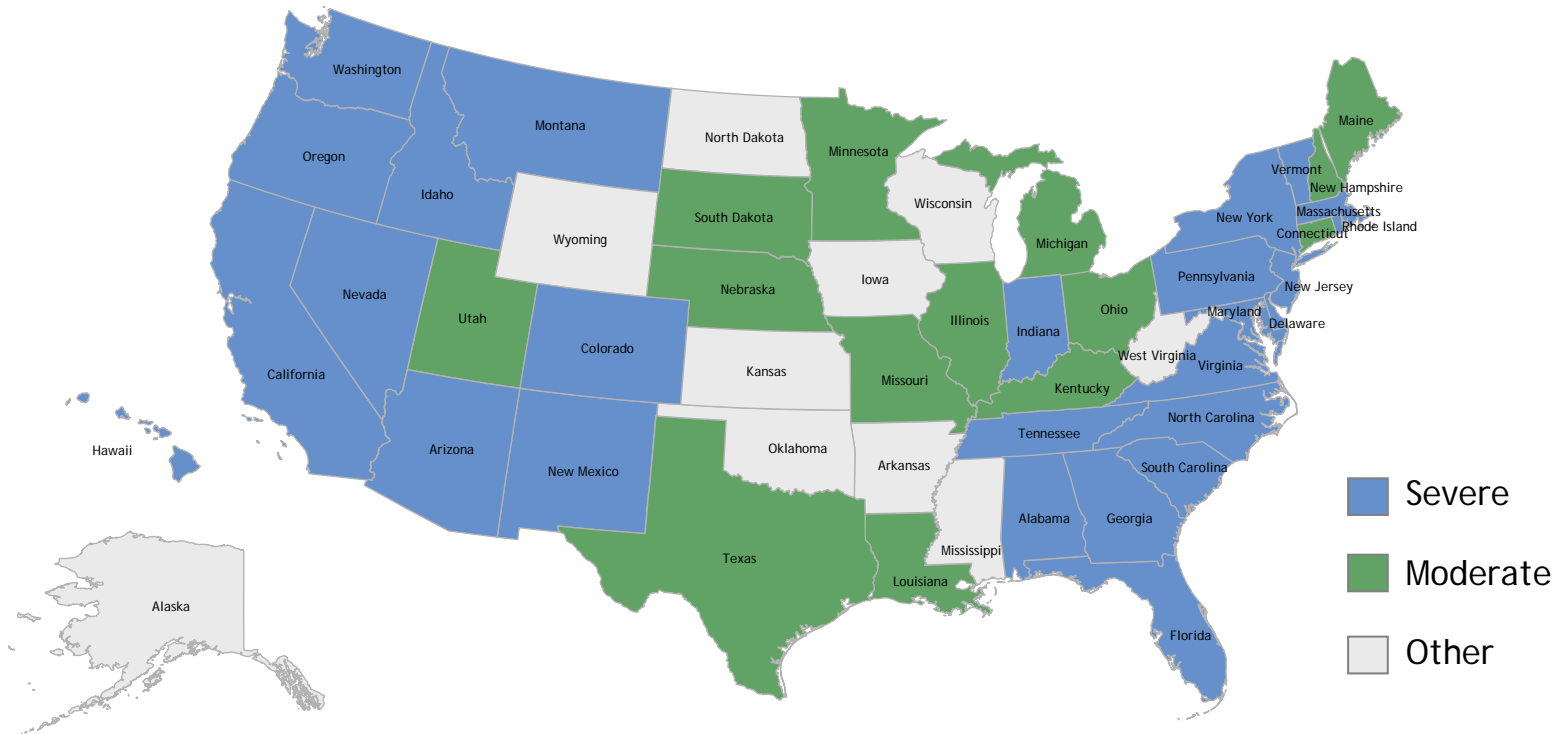
Impact of housing on credit performance



Credit Performance							
		Case Shiller 3Q08 (YoY)	Unemployment Dec. '08	30+ Delinquency Rate		Net Charge-Off Rate	
				4Q08	4Q07	4Q08	4Q07
Severe	CA, AZ, NV, FL	(29.8)%	8.7%	6.0%	4.0%	7.9%	4.5%
Moderate	VA, MI, MN, RI, MD	(14.6)%	7.7%	4.0%	3.3%	5.0%	3.8%
Other	Remaining States	(3.7)%	7.2%	3.8%	3.2%	4.3%	3.8%

Source: S&P for Case Shiller Home Price Index; based on latest state level data available for housing price change (data as of 3Q08); Internal Chase data

Impact of unemployment on credit performance



Credit Performance

		Unemployment			30+ Delinquency Rate		Net Charge-Off Rate	
		YoY Increase (%)	Dec. '07	Dec. '08	4Q08	4Q07	4Q08	4Q07
Severe	YoY U/E increase > 50%	64%	4.7%	7.7%	4.6%	3.5%	5.6%	3.8%
Moderate	YoY U/E increase 30%-50%	42%	5.1%	7.2%	3.8%	3.5%	4.5%	3.9%
Other	YoY U/E increase < 30%	22%	4.6%	5.6%	3.4%	3.2%	4.0%	3.7%

Source: Bureau of Labor Statistics for Unemployment rate; Internal Chase data

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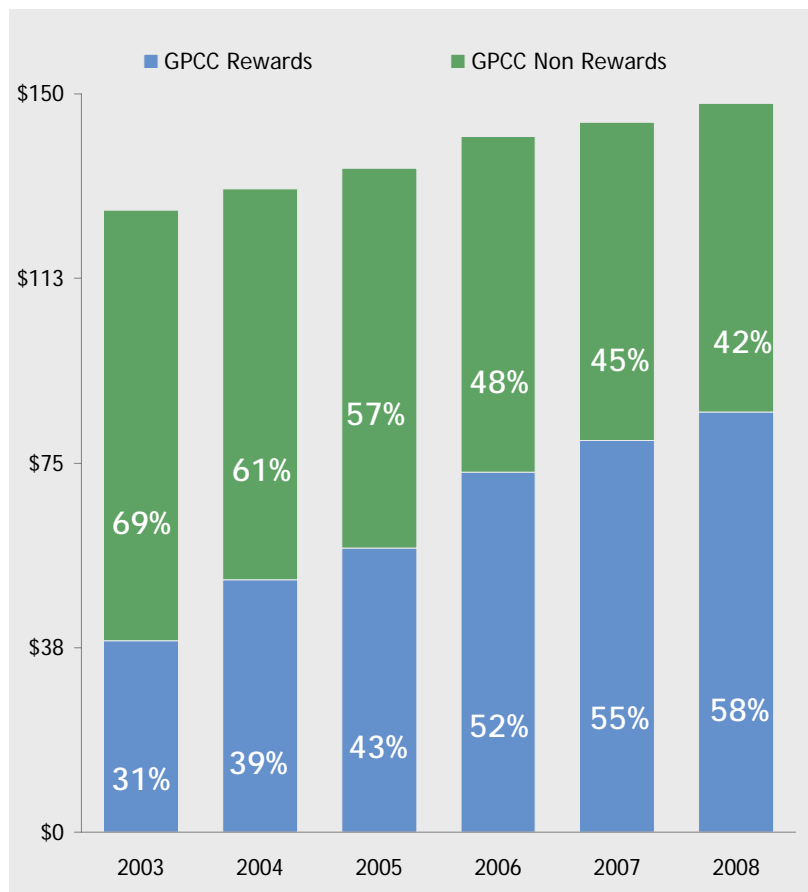
Portfolio mix and credit capabilities are an asset, but don't isolate us from current downturn

- Our increased focus on rewards and partner business has driven a positive risk selection
- Our exposure to the home price depreciation stressed areas of CA and FL is in line with peers
- We have a better risk profile relative to our peer group
- Our customers have longer credit histories relative to peer group, which translates into better credit performance
- Our portfolio has more established credit bureau profile compared to peers
- We have a higher percentage of homeowners in our portfolio relative to peers and they exhibit superior credit performance

Increased focus on rewards and partnership business drive a positive risk selection

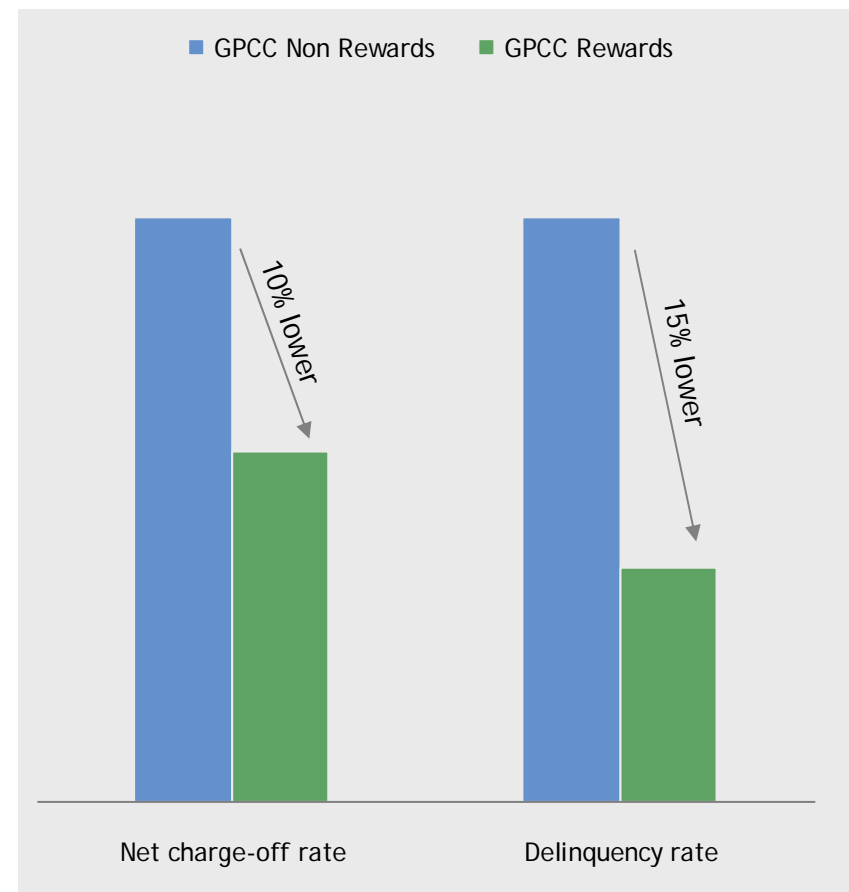
- Cards with rewards have higher level of loyalty, engagement, and superior risk performance
- Rewards represented 58% of outstandings

Rewards as % of Outstandings (\$ in billions)¹



Note: GPC = General Purpose Credit Cards
 Source: Internal Chase data
¹ Excludes Retail Partner GPC

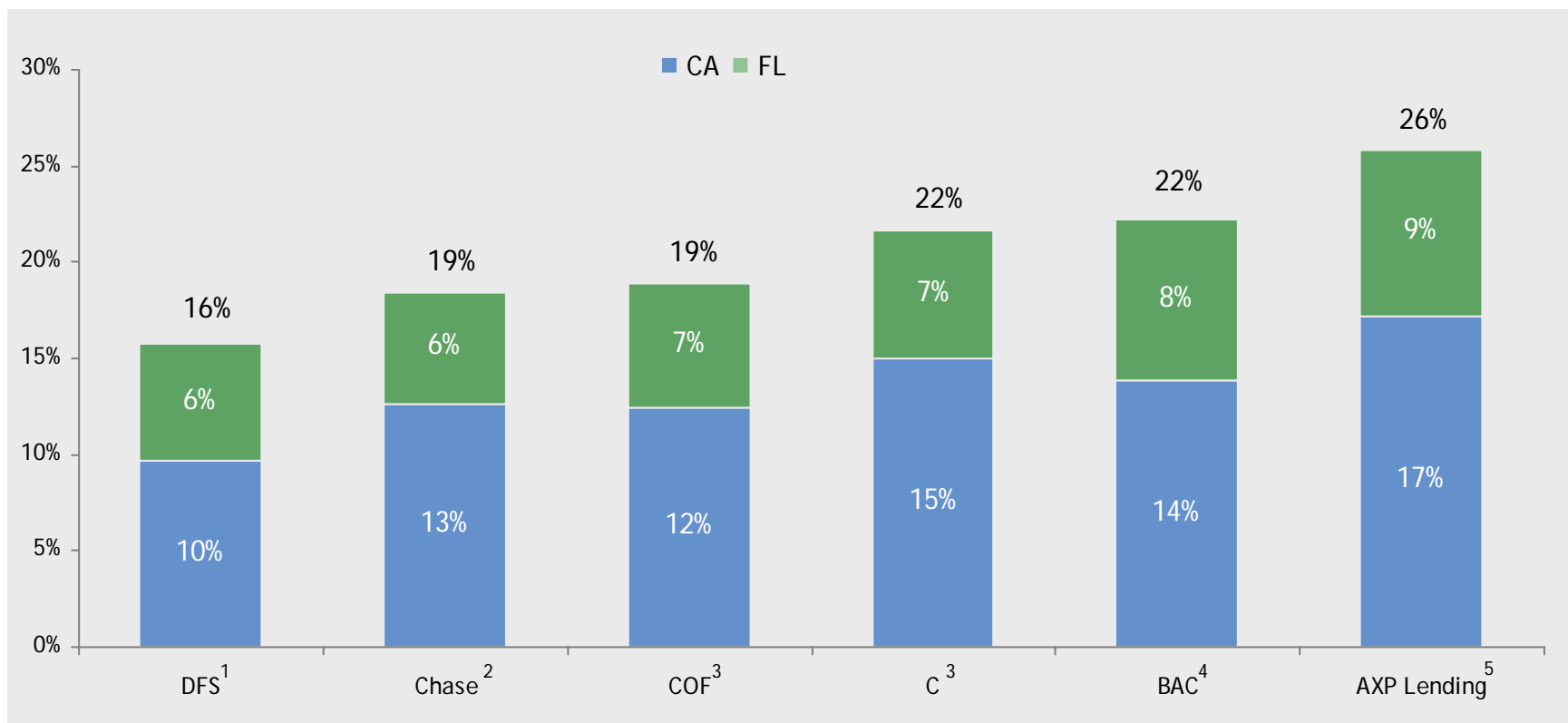
4Q08 Credit Performance¹



Portfolio positioning across peers

- Chase's exposure to home price depreciation stressed regions of CA and FL is in line with peers

Distribution of Receivables

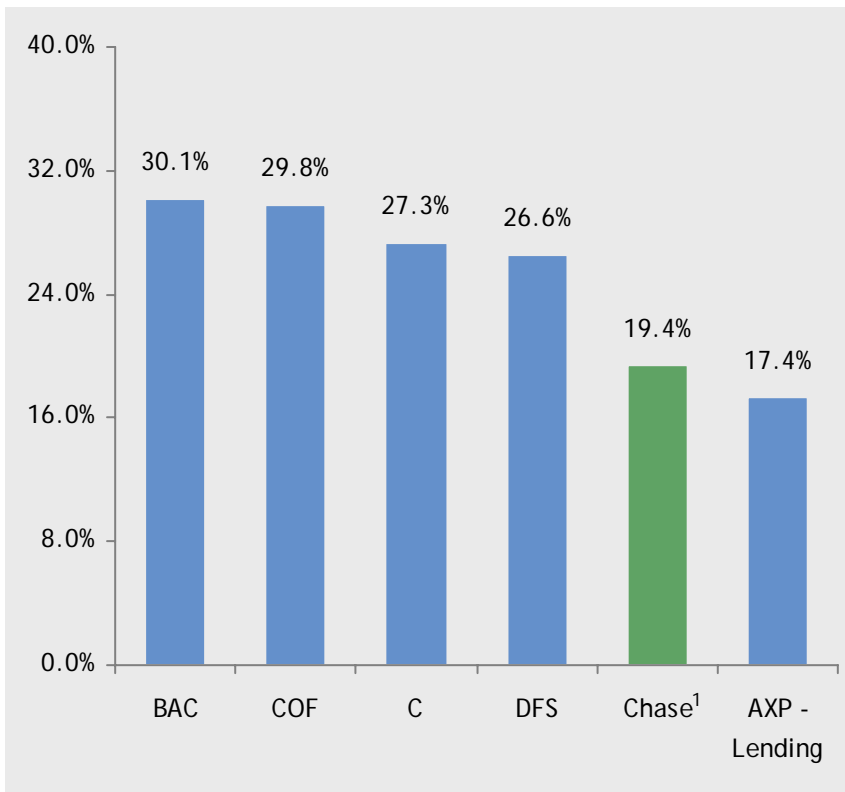


¹ DFS data as of May'08
² Chase data as of Dec'08
³ COF and C data as of Mar'08
⁴ BAC data as of Jul'08
⁵ AXP data as of Aug'08
 Source: Trust filings

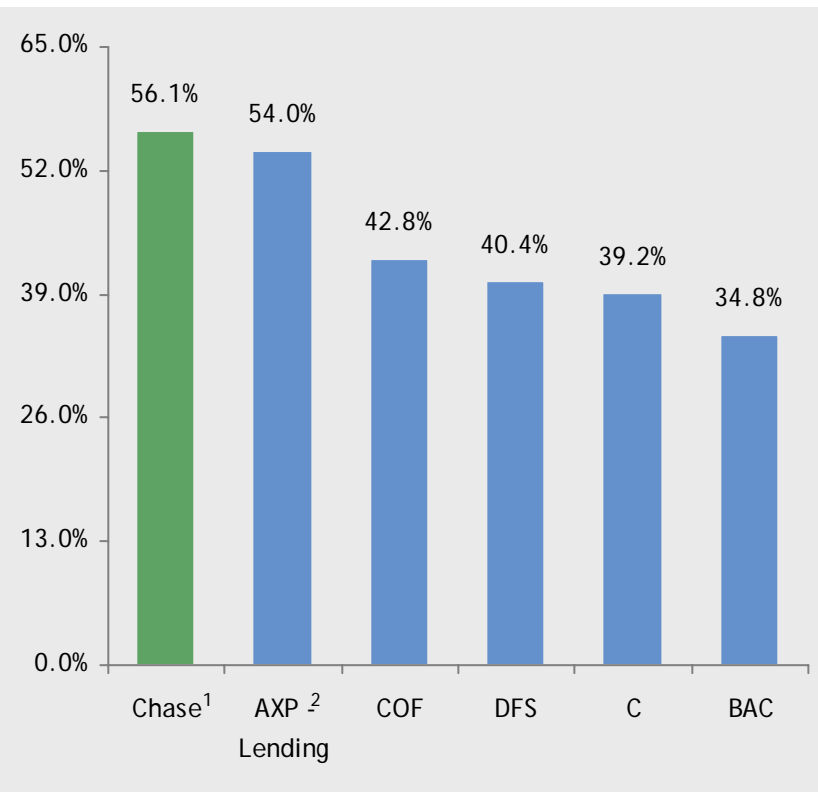
FICO distribution of securitized receivables

- Product mix, targeting and underwriting has led to a better risk profile

Trust Receivables – FICO < 660 or No FICO Score



Trust Receivables – FICO > 720



¹ Chase data as of Sep'08 represents Issuance Trust

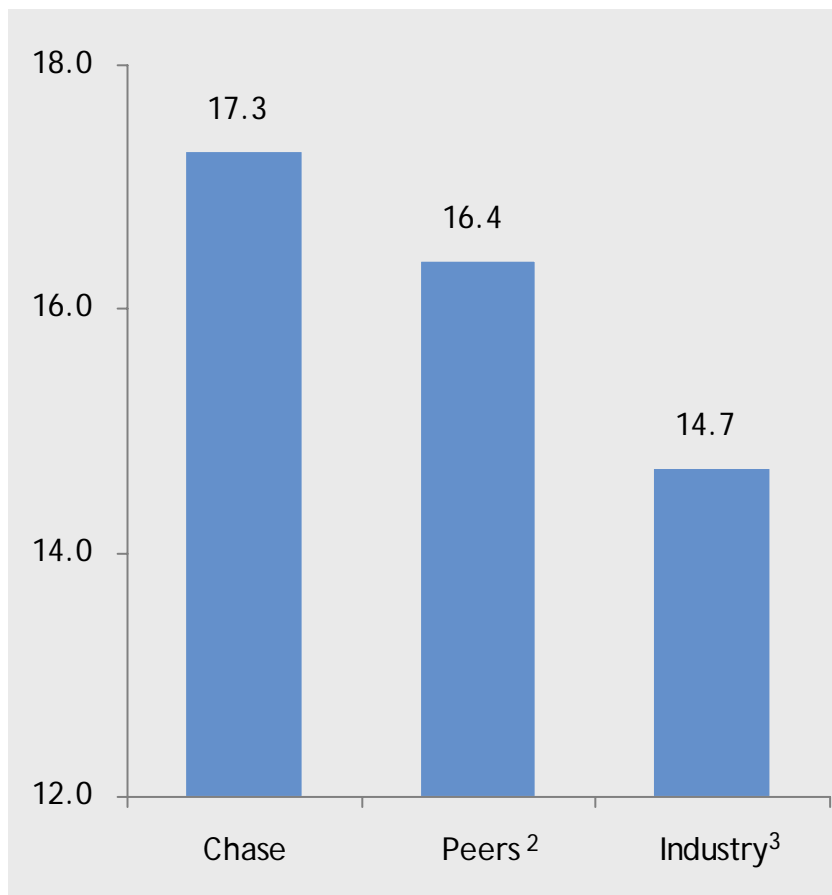
² AXP FICO > 720 is based off disclosure in Fixed Income Investor Presentation

Source: SEC Filings (C, COF - Mar'08, BAC - Jun'08; DFS - May'08; AXP - Aug'08; Chase - Sep'08); Investor Presentation

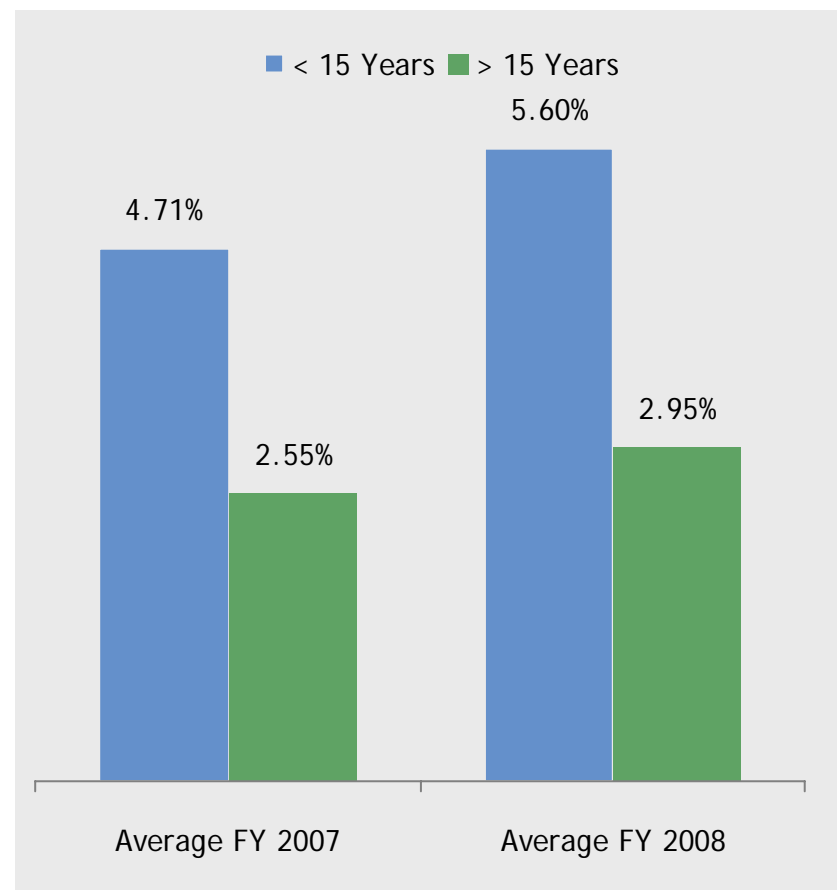
Chase profile vs. competitors and industry

■ Chase Card Services' customers have longer credit histories vs. the industry

Avg. Duration of Customer Credit Profile (in Years) ¹



Chase 30+ % by Age of Oldest Credit Account

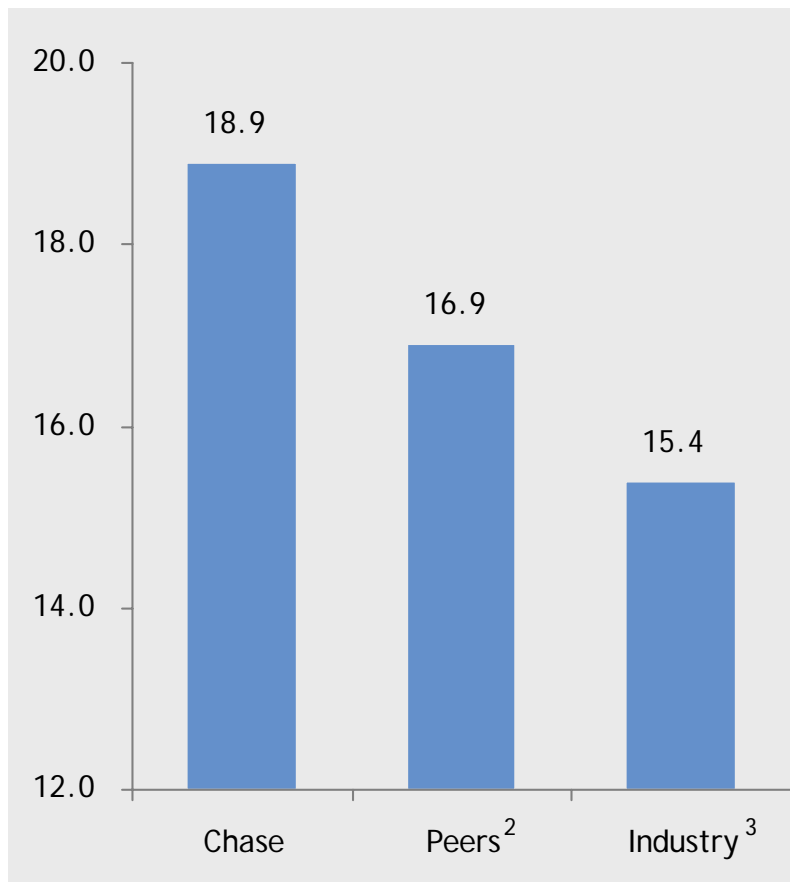


Source: Experian
¹ Based off 3Q08 data
² Peers: BAC, C, AXP, WFC, DFS
³ Industry is defined as all General Purpose Credit Card holders at Experian

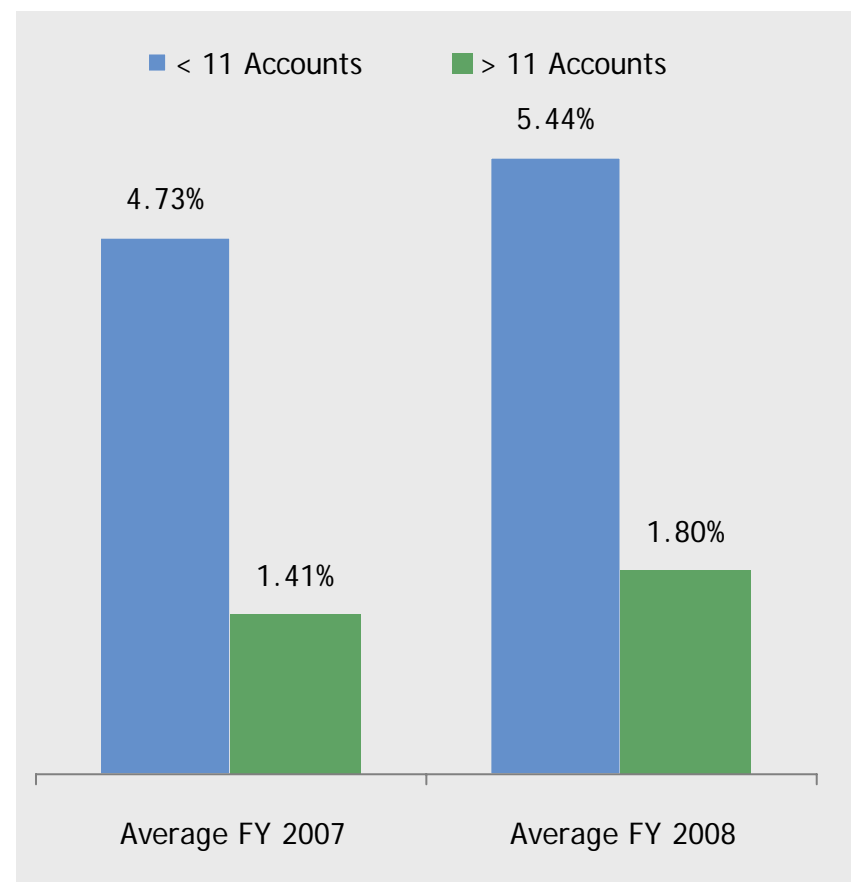
Chase profile vs. competitors and industry

- Customers have more established credit profiles vs. the industry. These customers perform better than less established customers

Avg. # of Credit Accounts in Good Standing¹



Chase 30+ % by # Credit Accounts



Source: Experian

¹ Based off 3Q08 data

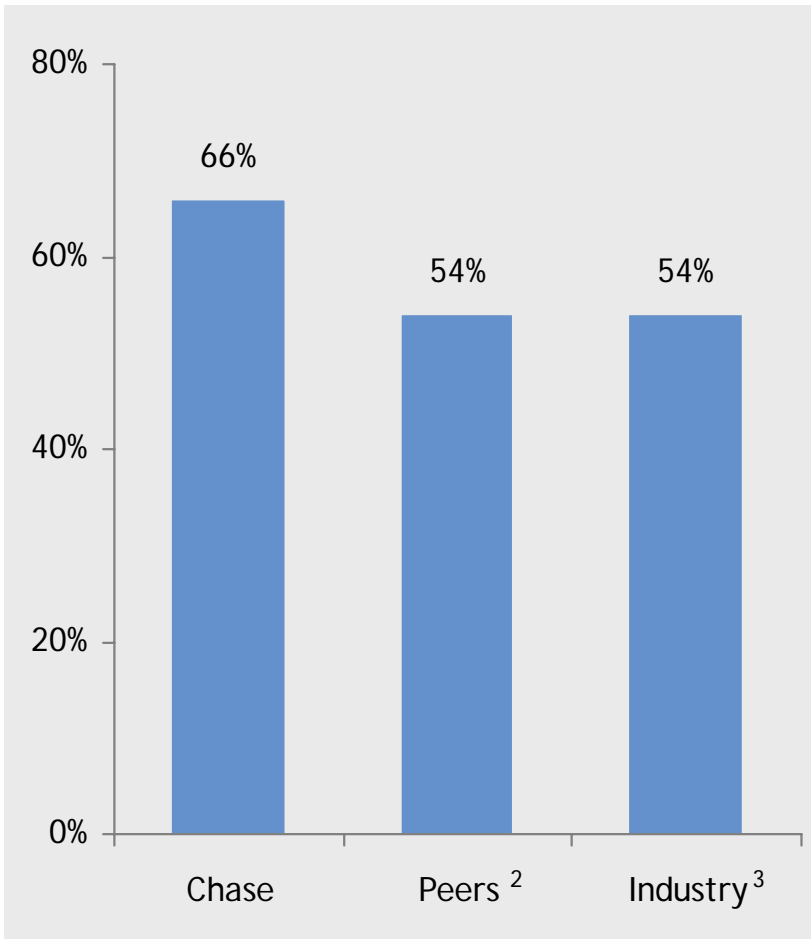
² Peers: BAC, C, AXP, WFC, DFS

³ Industry is defined as all General Purpose Credit Card holders at Experian

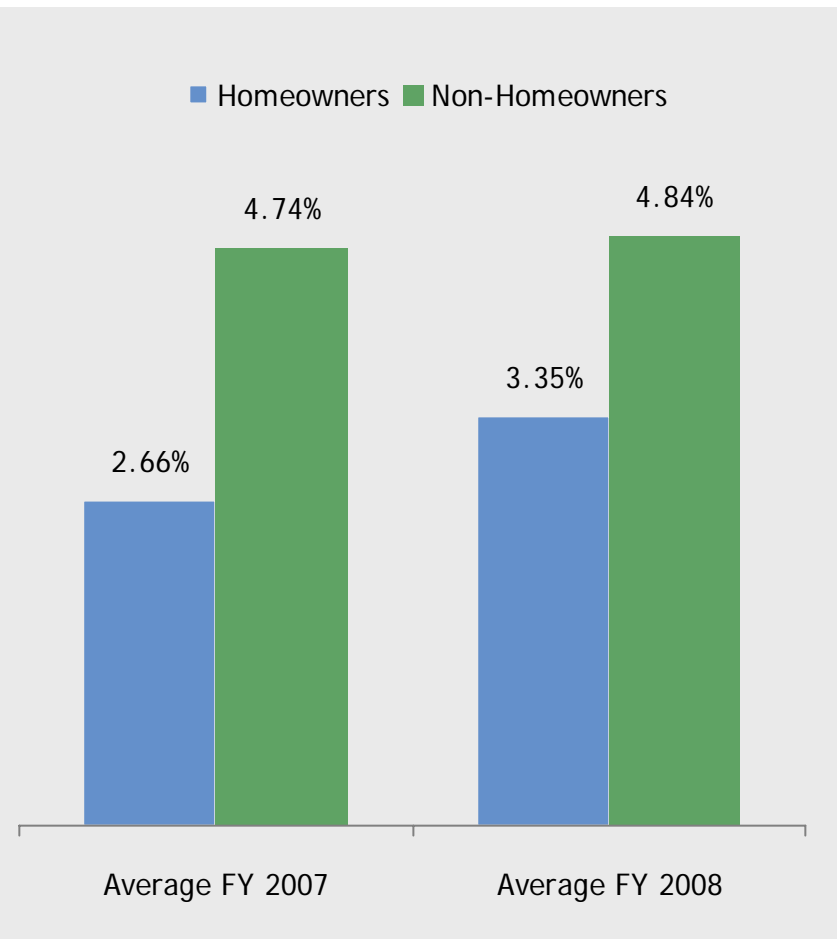
Chase profile vs. competitors and industry

■ Homeowners have better risk performance, despite price declines

Percentage of Customers that are Homeowners¹



Chase 30+ Delinquency Rate Performance



Source: Experian
¹ Based off 3Q08 data
² Peers: BAC, C, AXP, WFC, DFS
³ Industry is defined as all General Purpose Credit Card holders at Experian

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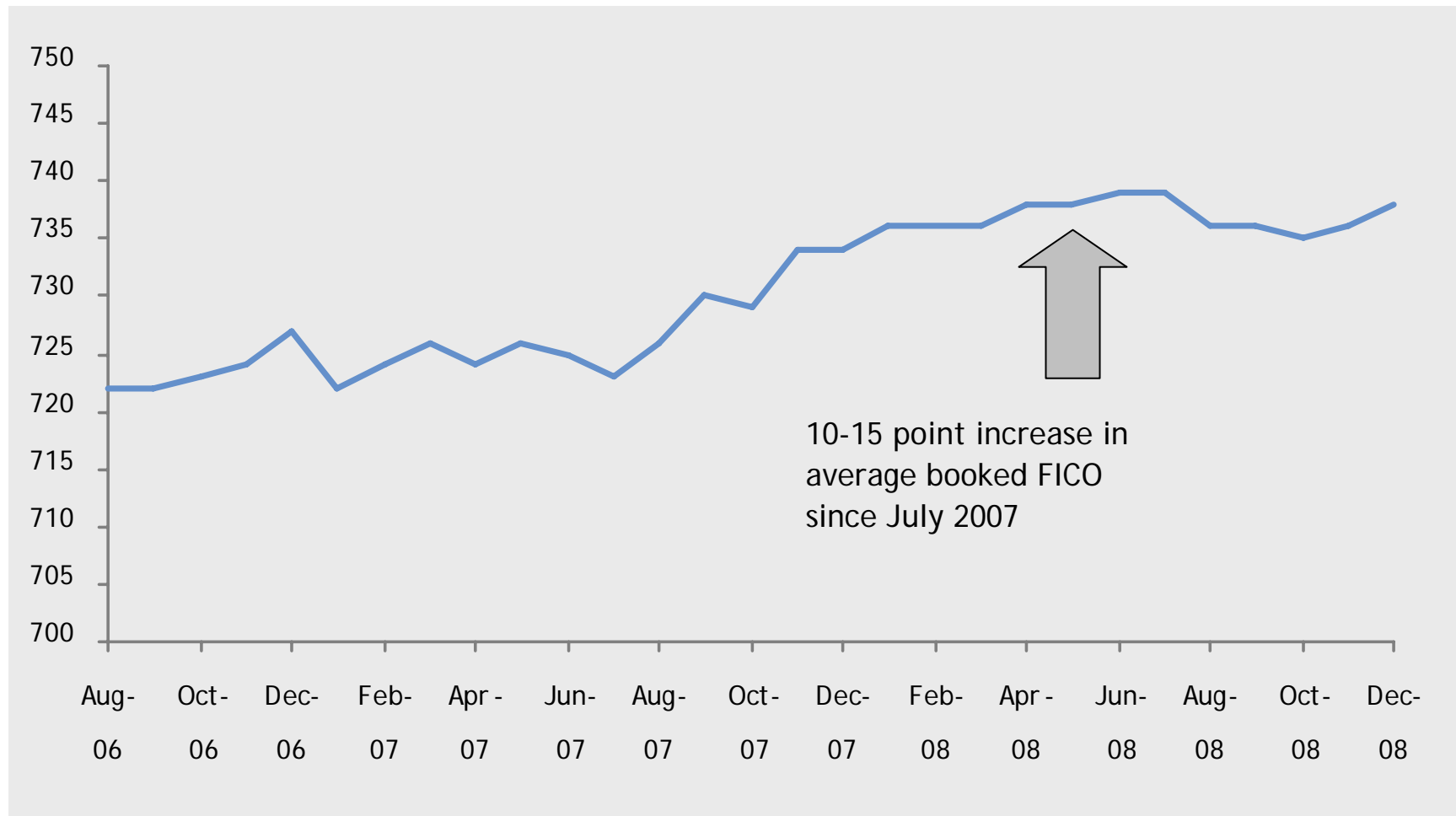
How has Chase reacted to the environment. . .

- We have tightened underwriting based on leading economic indicators, and continue to lend to creditworthy customers
- We have reduced our contingent liabilities by closing inactive accounts
- We have increased our collection efforts and intensity
 - Accelerated the start of calling efforts by 30%, while still staffing at 5-10% above capacity requirements
 - Added 850 collectors since 3Q07
- We have expanded use of flexible payment programs, with 600,000 new enrollments in 2008
 - Default performance is in line with expectations

Average FICO score of new accounts has trended upwards

■ Reflects changes in product mix, targeting and tightened underwriting

Chase Card Services Average Origination FICO



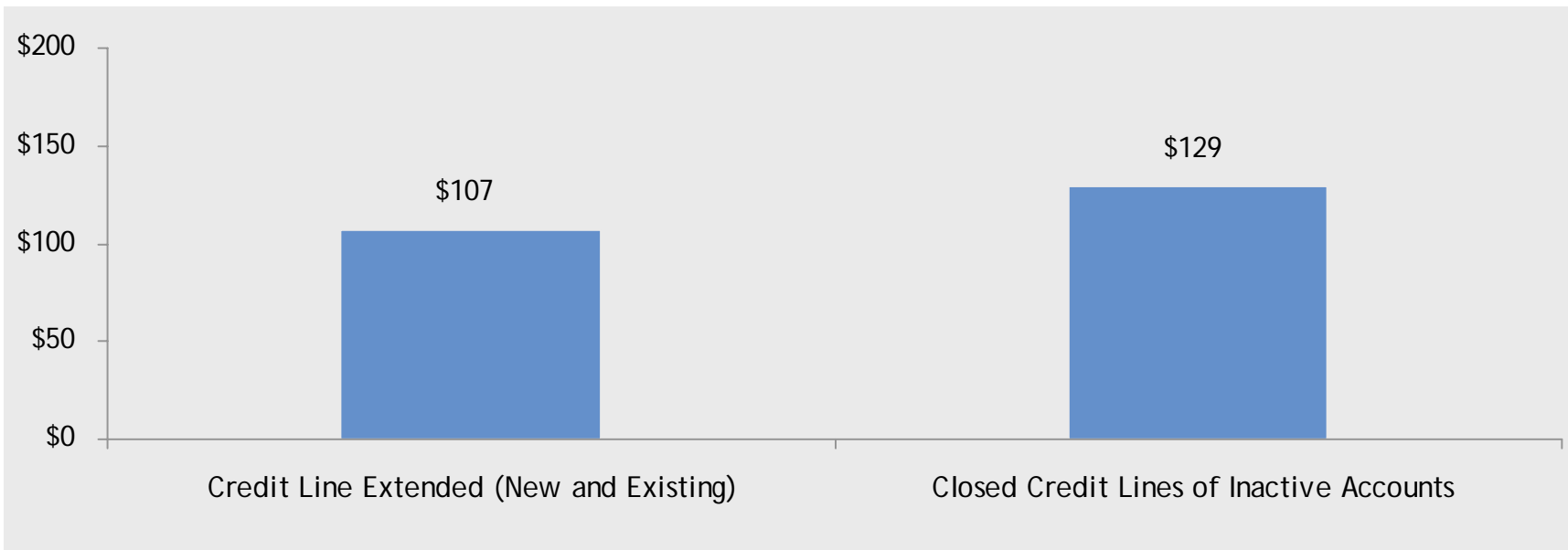
Source: Internal Chase data

HOW HAS CHASE REACTED TO THE ENVIRONMENT

Credit Line Management

- We have significantly tightened our line management practices, and continue to lend to existing and new customers
- At the same time, we have been proactive in reducing our contingent liabilities by closing inactive accounts

Credit Line Management – 2008 (\$ in billions)



Source: Internal Chase data

WaMu card portfolio

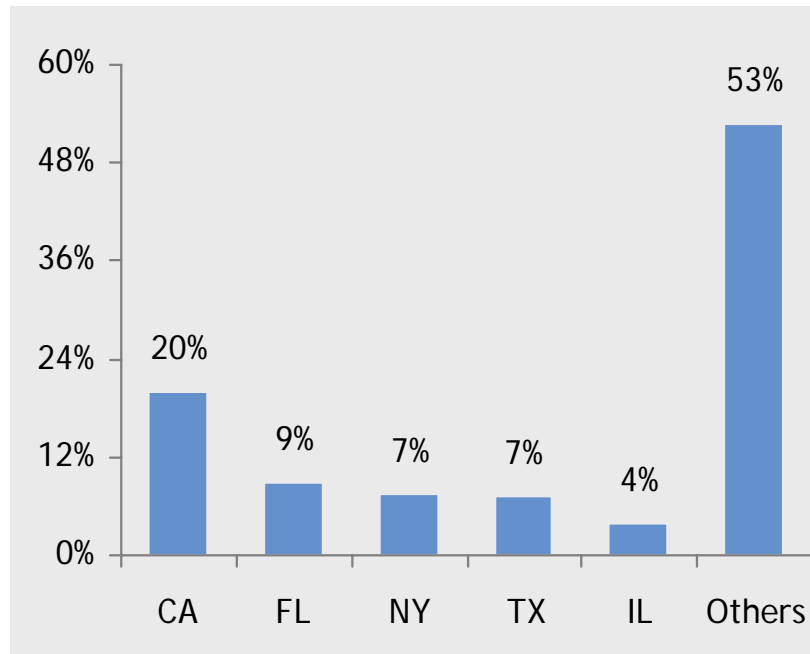
■ Portfolio overview and recent actions

- \$28B in Outstandings
- Conversion to Chase Card Services platform in March 2009
- Suspended all new accounts programs, except for branch applications
- Pulled back on balance transfer and check programs
- Reduced credit line exposure for consumer and business card programs
- Aligned risk management practices with legacy Chase portfolio

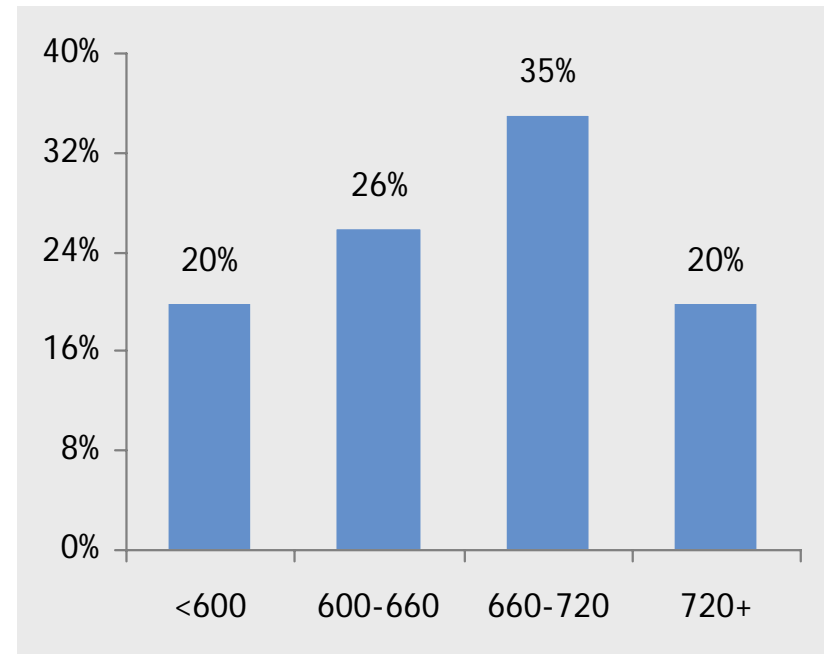
■ Loss Outlook

- Expect losses for WaMu book to approach 15% +/- in 1Q09

Geographic Distribution of Receivables

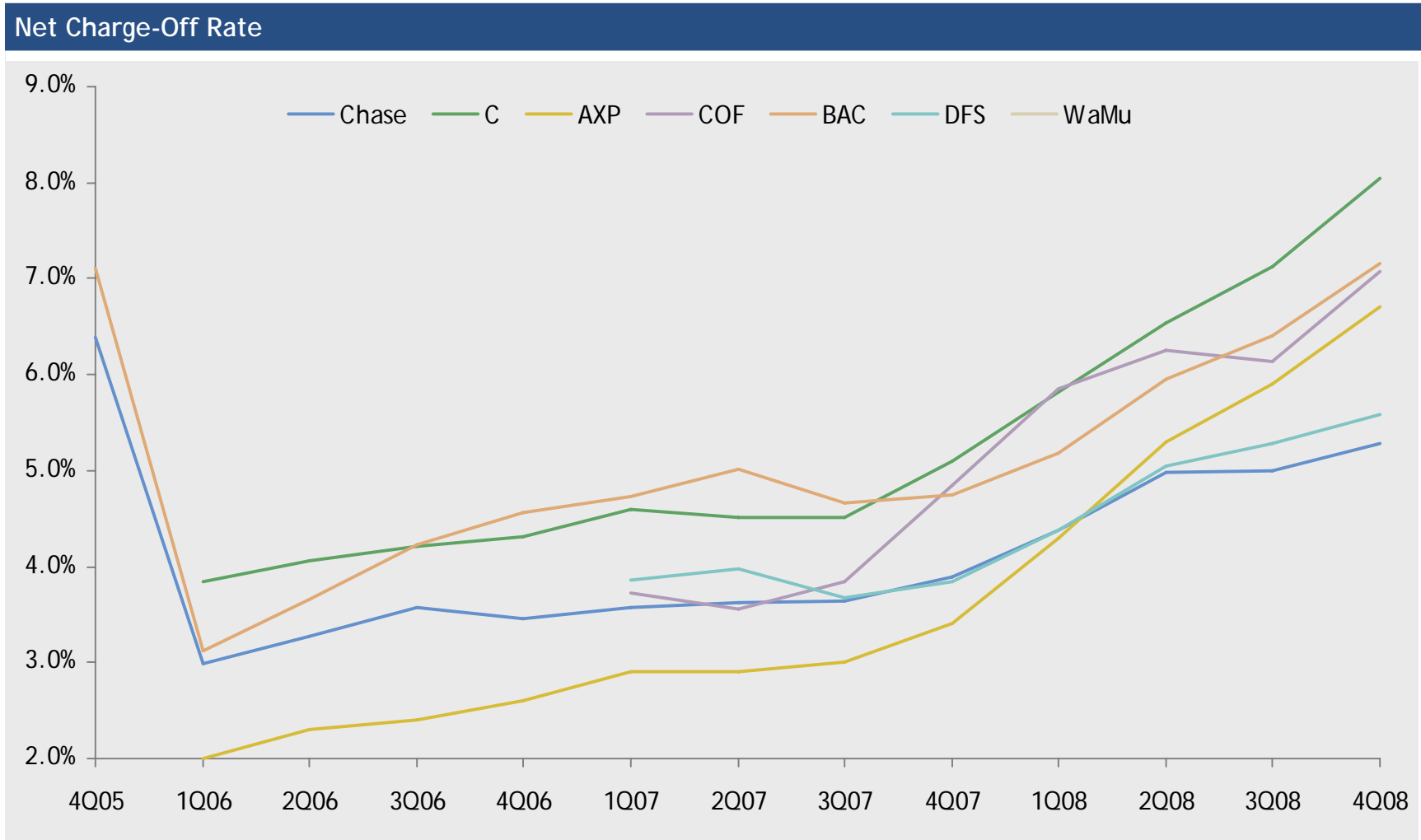


FICO Distribution of Receivables



Source: Internal Chase data

Credit trends – Chase Card Services vs. industry



Source: Earnings releases; SEC filings

Notes: BAC US Consumer credit and International Consumer credit segment, reorganized in 3Q08, excludes U.S. Small Business Card; C NA Card segment includes Canada and Puerto Rico but excludes Mexico, and includes sales finance loans formerly reflected in C Financial; COF US Card segment, reorganized in 1Q08, includes Consumer Credit Card, Small Business and Installment Loans and excludes international credit card; DFS data excludes international loans and installment lending; American Express US consumer and small business lending portfolios. WaMu excluded from Chase

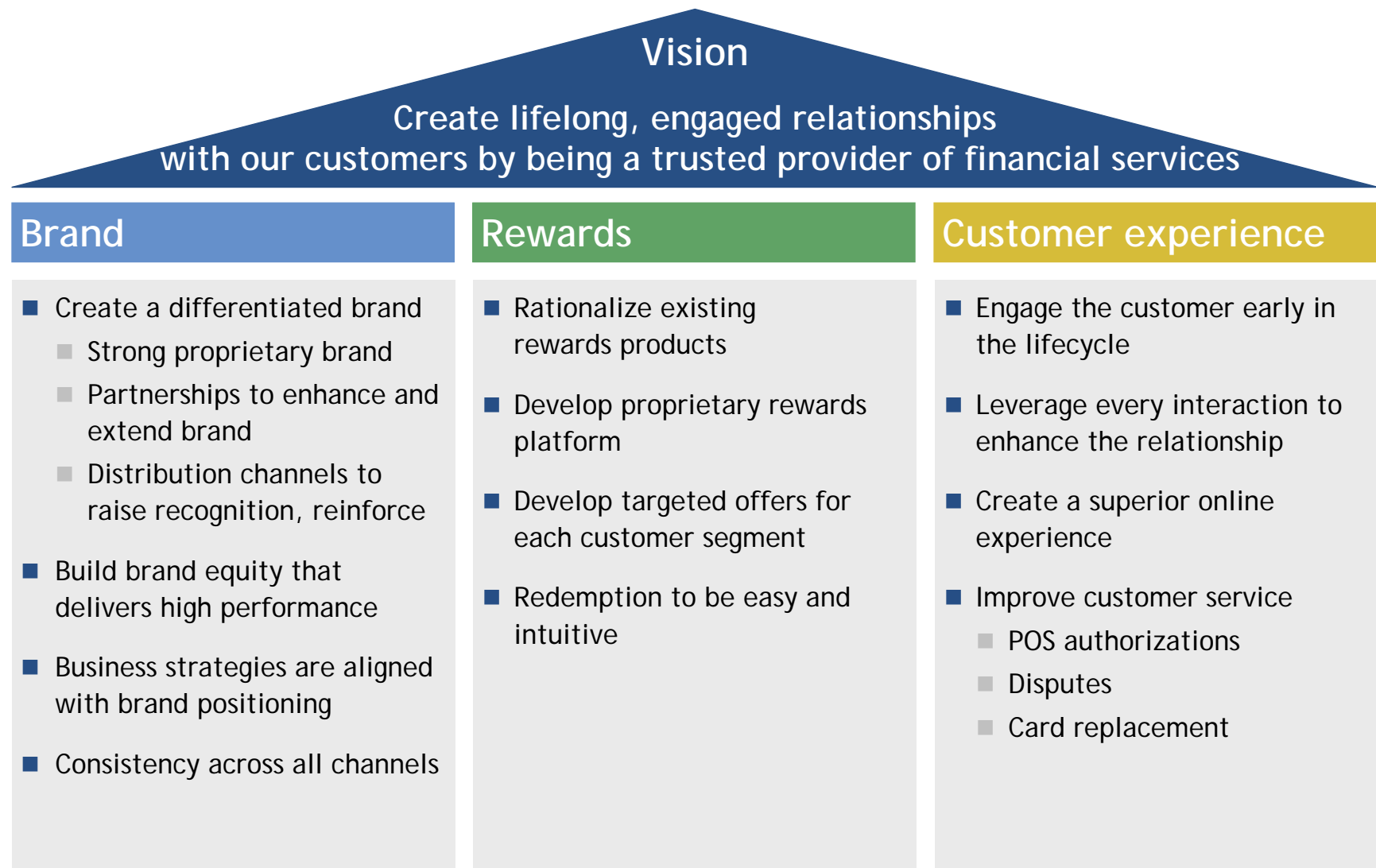
Summary

- The macroeconomic environment has generated significant headwinds for 2009 and likely into 2010
- We have been diligent with our risk management practices
 - Monthly monitoring of high risk geographies at MSA level
 - High-risk geographies defined by observed and forecasted data points for unemployment rate and home price depreciation
 - Adjustments to score cutoffs and criteria in high risk geographies
 - Explicit use of unemployment rate and home price depreciation data in loss forecasting models
- Our portfolio mix and credit capabilities have been a real advantage
- We continue to invest for growth

Agenda

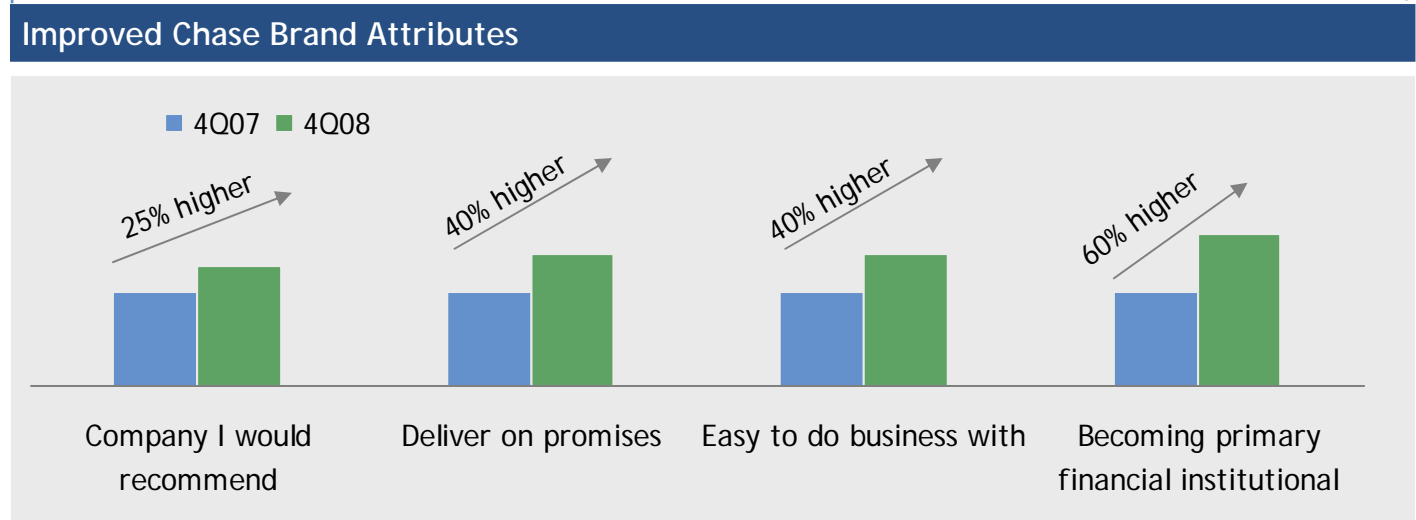
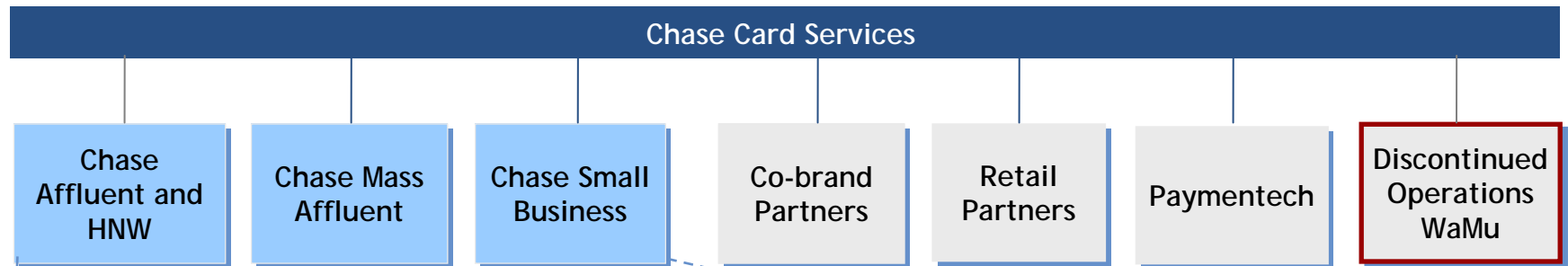
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We continue to stay focused on our core vision, despite a challenging business environment



We maintain our focus on the Chase branded business

- Completed business reorganization discussed in 2008
- Segmented marketing framework, e.g. acquisition and portfolio marketing

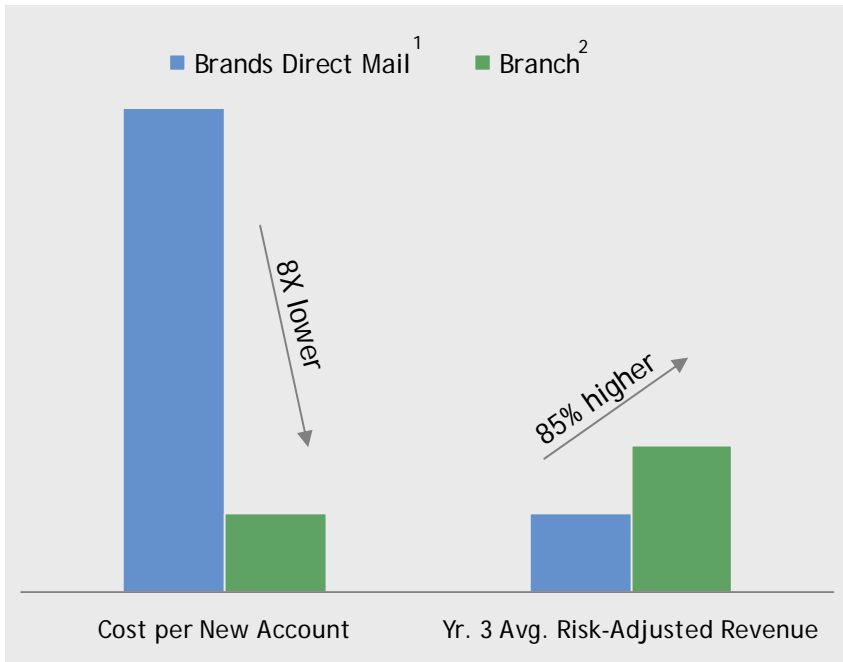


Source: Chase Card Services brand tracker survey

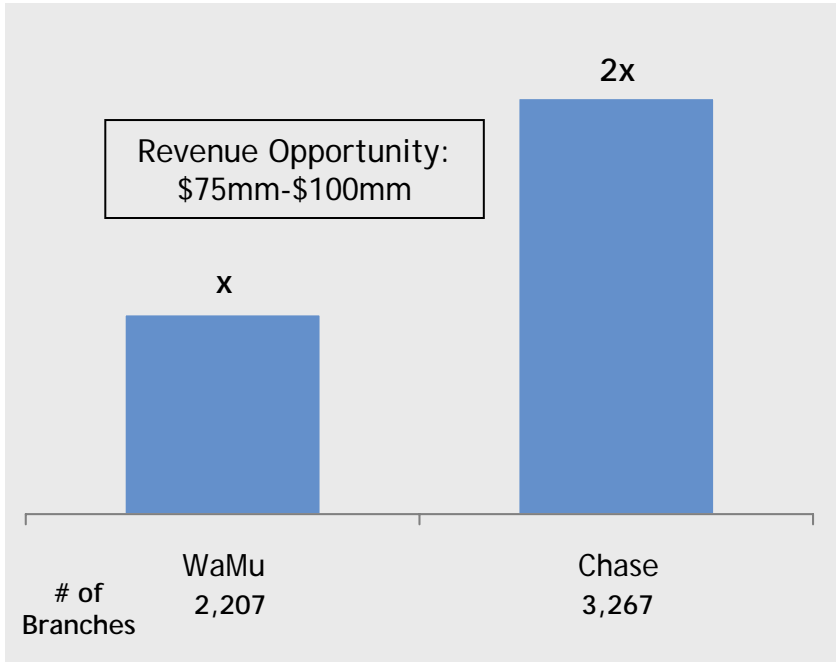
Our large distribution network will enable increase in brand awareness and customer engagement

- With the addition of 2,207 WaMu branches, Chase now has 5,474 branches across a national footprint
- Expanded retail footprint will create two significant benefits
 - In general, Chase experiences a 10%+ lift in overall acquisition rates (all channels except direct retail channels) in-footprint markets

Branch Distribution Advantages



2008 Accounts/Branch/Month

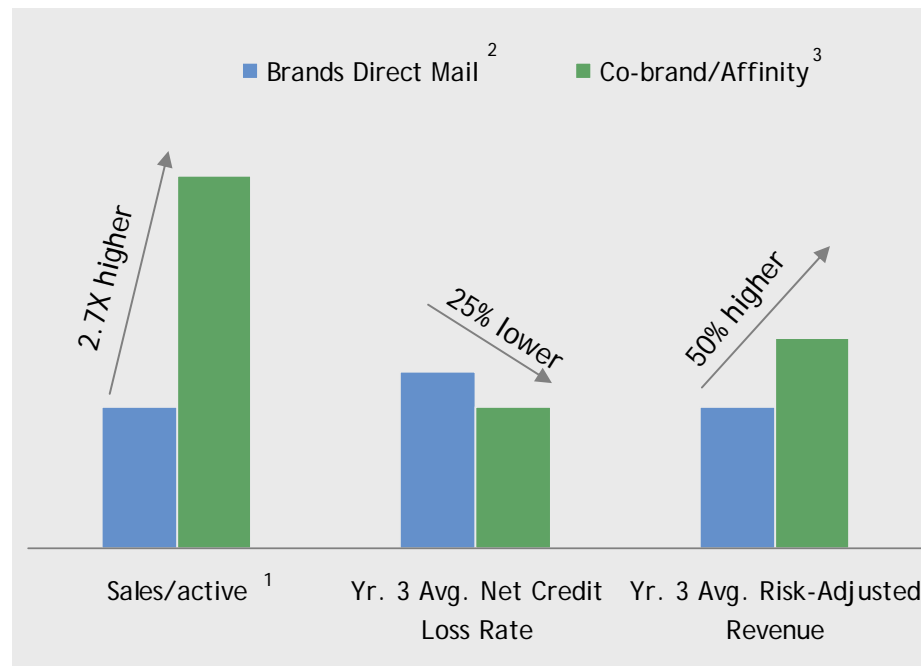


¹ Brands Direct Mail data represents Chase Brands
² Branch data represents Retail Branch Channel
 Source: Internal Chase data

Our co-brand partner business continues to perform very well and we are focused on solidifying key partnerships

- In 2007/2008 we have extended key partner contracts
- We have also begun to rationalize our existing partner portfolio with a renewed focus on scale and profitability

Co-brand vs. Chase Brand Performance



Our key co-brand partners provide us access to 80-100mm high-potential, loyal relationships

¹ Sales/active is for 2008, all vintages

² Brands Direct Mail represents Chase Brands Direct Mail Channel

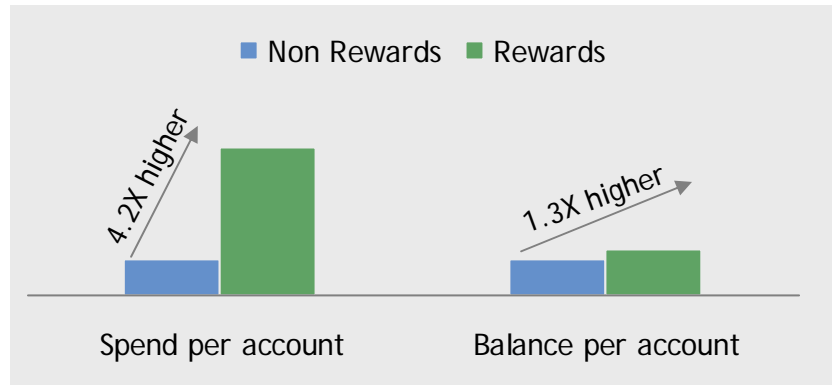
³ Cobrand/affinity data represents partner portfolio, excludes retail partner portfolio

Source: Internal Chase data

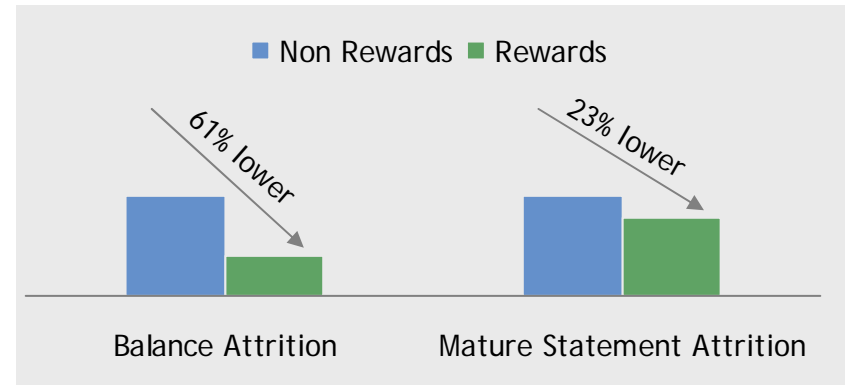
Benefits of rewards-based customer engagement

- Rewards customers have higher level of engagement which drives higher revenue
- Opportunity exists to increase level of engagement for non-rewards customers

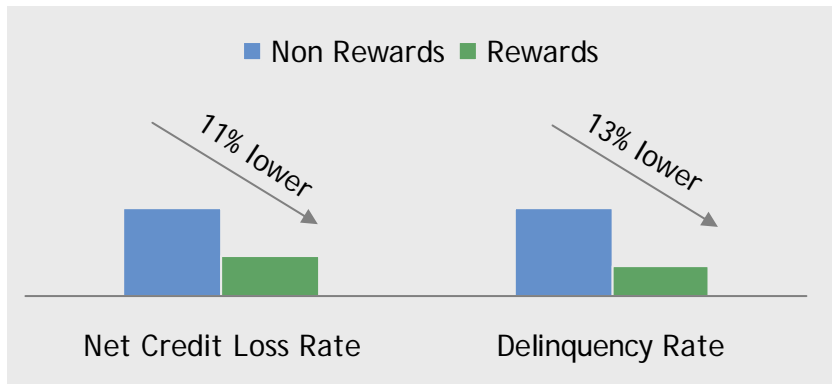
Increased Spending



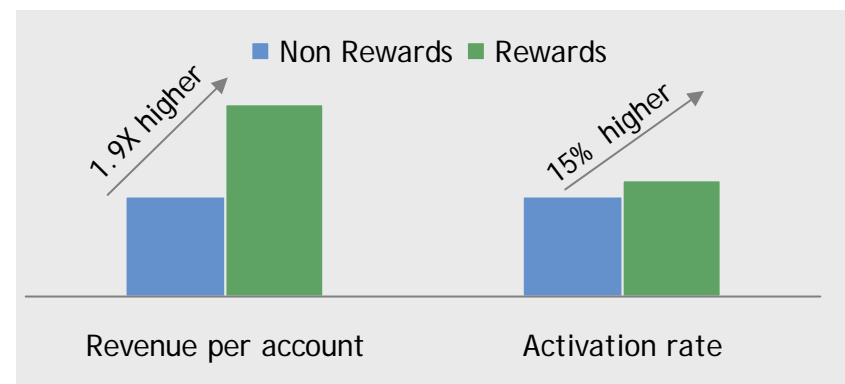
Greater Retention



Better Credit Performance

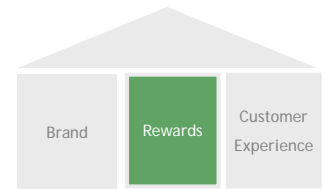


Improved Profit



Source: Internal Chase data for FY 2008

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Launching a new proprietary, Chase rewards platform

Vision Plan

- Create a differentiated, points-based rewards offering to drive spend on Chase-branded cards
 - Strong earning options with ability to earn across multiple Chase product offerings
 - Exceptional array of redemption options with strong customer value
 - Simple, user-friendly interface with fully integrated online experience
- Help drive better risk-adjusted revenue growth for the Chase-branded business
 - Enhance value proposition of products, pricing power
 - Drive customer engagement—increased share of customer spend, borrowing needs, and lower attrition
- Maintain sustainable rewards economics
 - More favorable redemption category mix
 - Better utilization of Internet channel
 - Strategic partnerships and enhanced sourcing

Graduated launch, starting in mid-2009

We continue to improve our customer experience

The Chase Promise

POS
Authorization

- Your card will be available to use when and where you want

Card
Replacement

- If your card is lost or stolen, a new card will be delivered where and when you want it
- Act as the customer's advocate when they are "stranded"

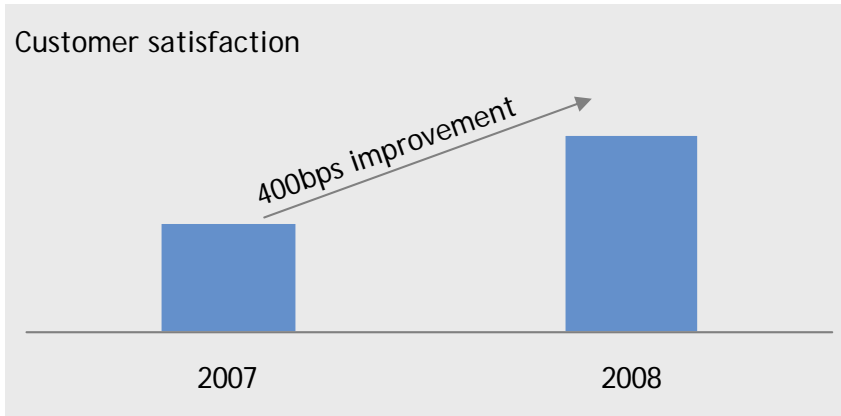
Customer Dispute
Servicing

- If a charge on your bill is wrong, a Chase advocate is in your corner

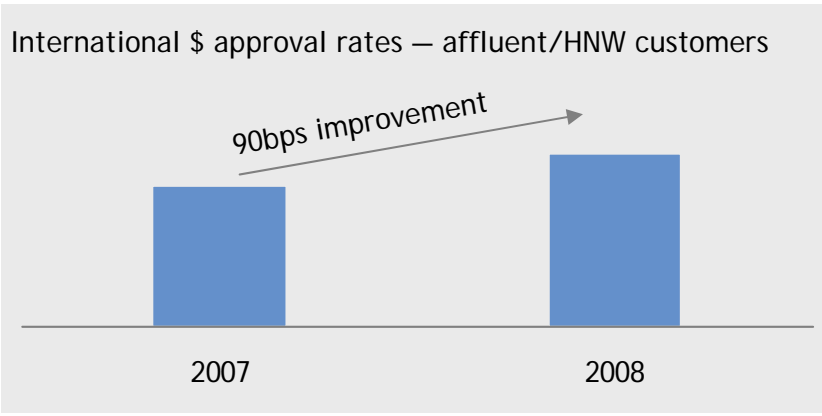
Early benefits from our renewed focus on customer experience is already evident in our performance

CORE VISION AND STRATEGY

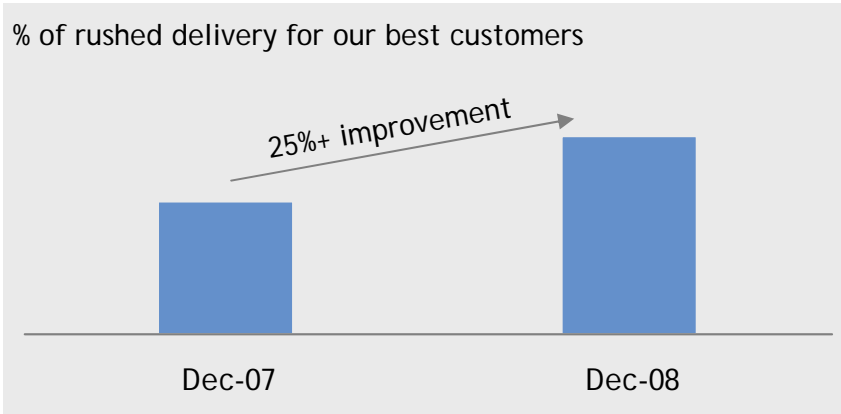
Improved Customer Satisfaction¹



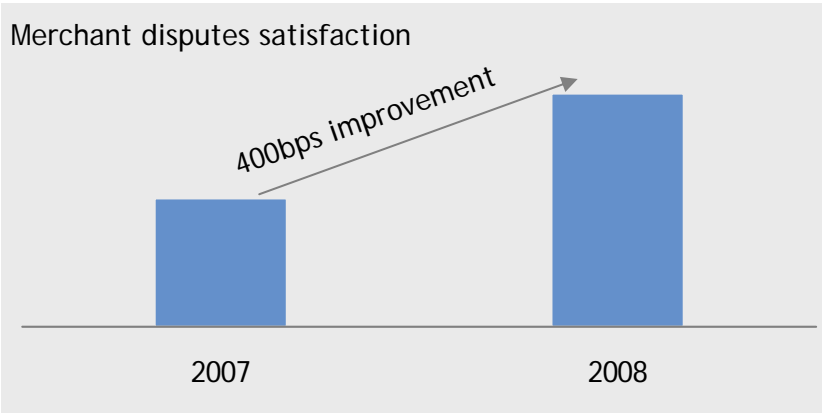
Improved POS Authorization Rates



Improved Card Replacement Strategy²



Improved Service Quality



Results in higher wallet share and longer relationships for Chase

¹ Based on Internal Chase Customer Survey
² Reflects December data for 2007 and 2008 as we introduced the metric in 2H'07
 Source: Internal Chase data

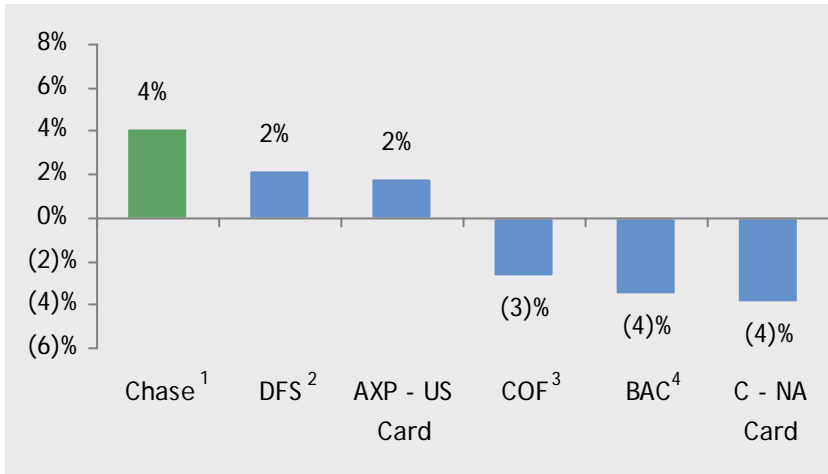
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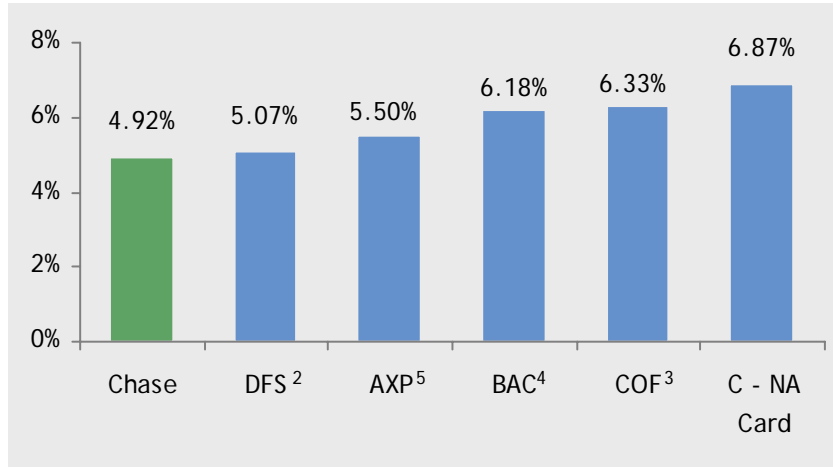
Chase led the industry in sales growth, coupled with lower credit losses

OVERCOMING MEDIUM-TERM FINANCIAL CHALLENGES

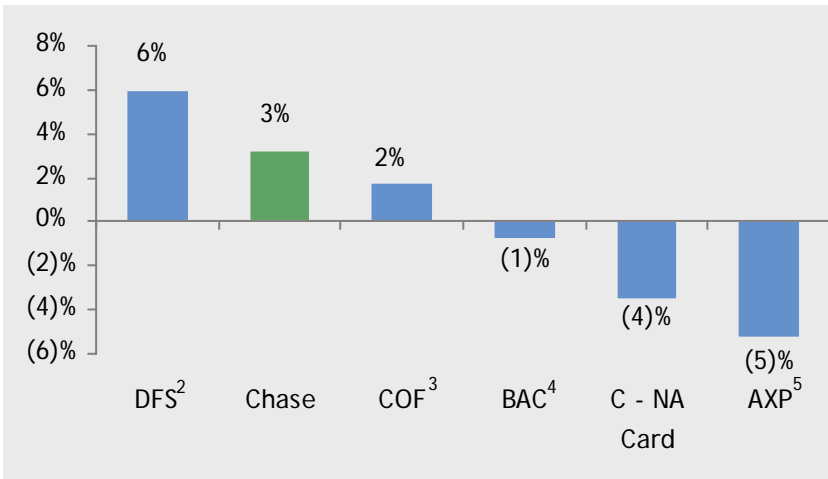
FY 2008 Sales Volume Growth YoY



FY 2008 Net Charge-Off Rate



FY 2008 Ending Receivables Growth YoY



¹ Chase purchase volumes reflect sales volume only and excludes cash advances and BT's

² DFS data represents fiscal year ending Nov'08; Purchase volume data represents sales volume only; NCO represents credit card loans only and excludes installment loans

³ COF data represents US Card segment, which includes consumer credit card, small business credit card and installment loans

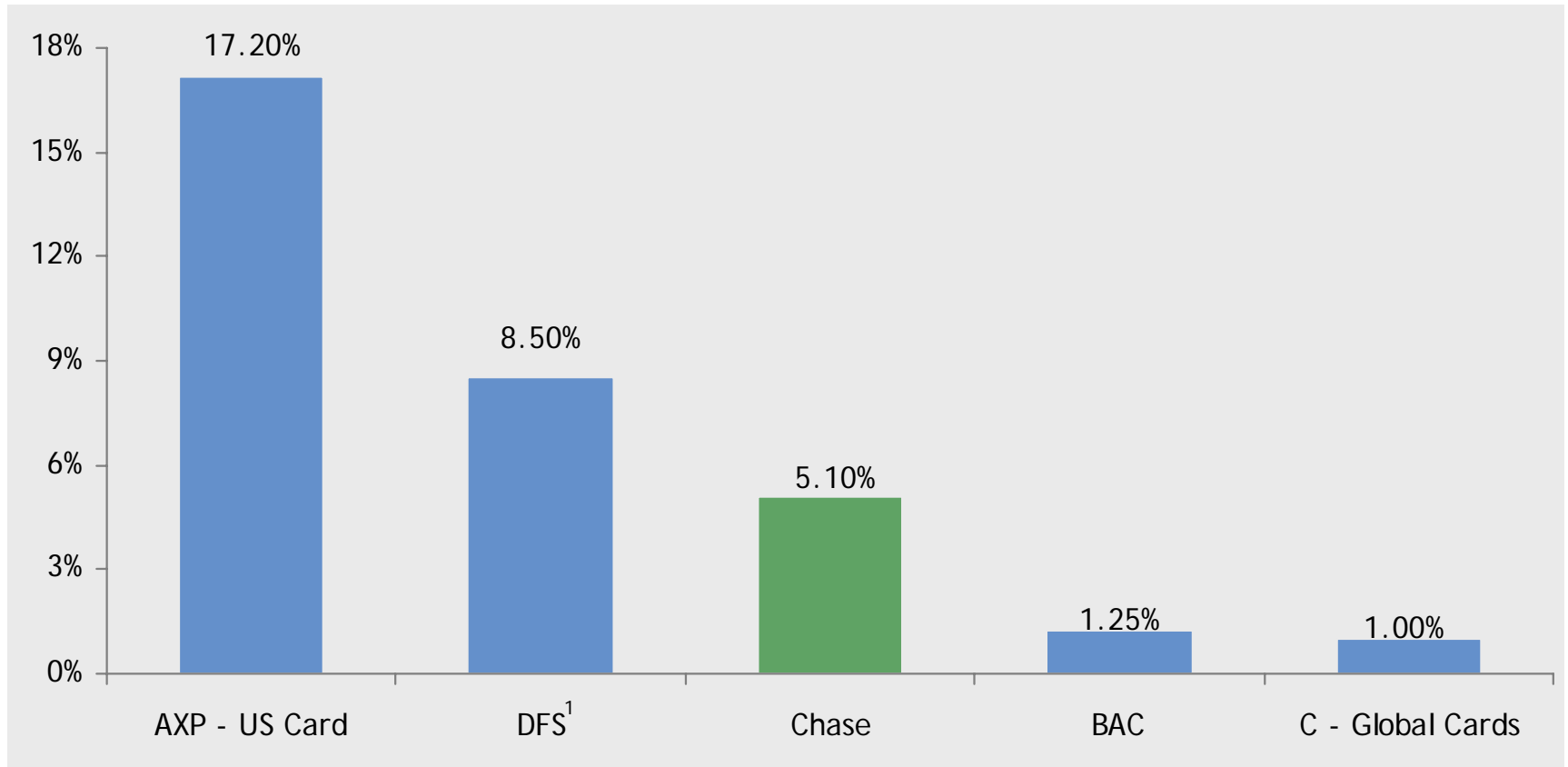
⁴ BAC data represents Consumer Credit card portfolio (including international cards); excludes small business credit card portfolio

⁵ AXP US Lending portfolio

Source: Earnings Releases and Supplements; SEC filings, Investor Presentation

However, we are in the middle of the pack in terms of profitability

FY 2008 ROE



¹ DFS's profits from continuing operations have been adjusted to exclude after tax impact of \$863mm payment from MasterCard related to litigation settlement
Source: SEC Filings; Earnings Releases and Supplements

We have focused efforts to improve aggregate portfolio returns, over time

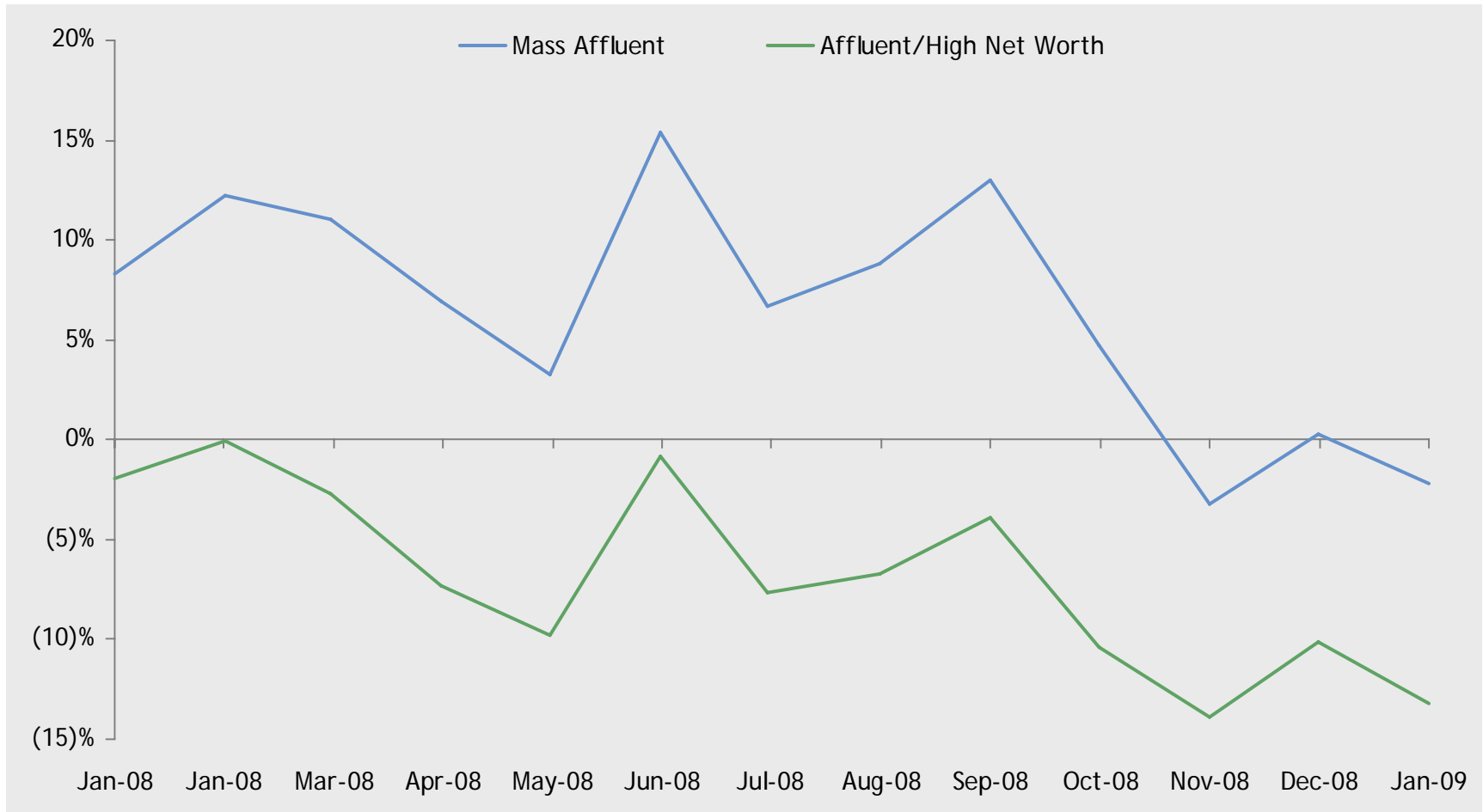
- Increased emphasis on capturing more of our existing customers' business
 - A 100bps increase in share of wallet would generate ~\$180mm in pre-tax income
- Reduce, significantly, small sub-scale partnerships
- Fewer low-rate promotional offers to customers who do no other business with us
- Strengthen our Chase Brand Rewards capabilities
- Selectively reprice customers on a segmented basis

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Spending from our more affluent customers has experienced the largest decline

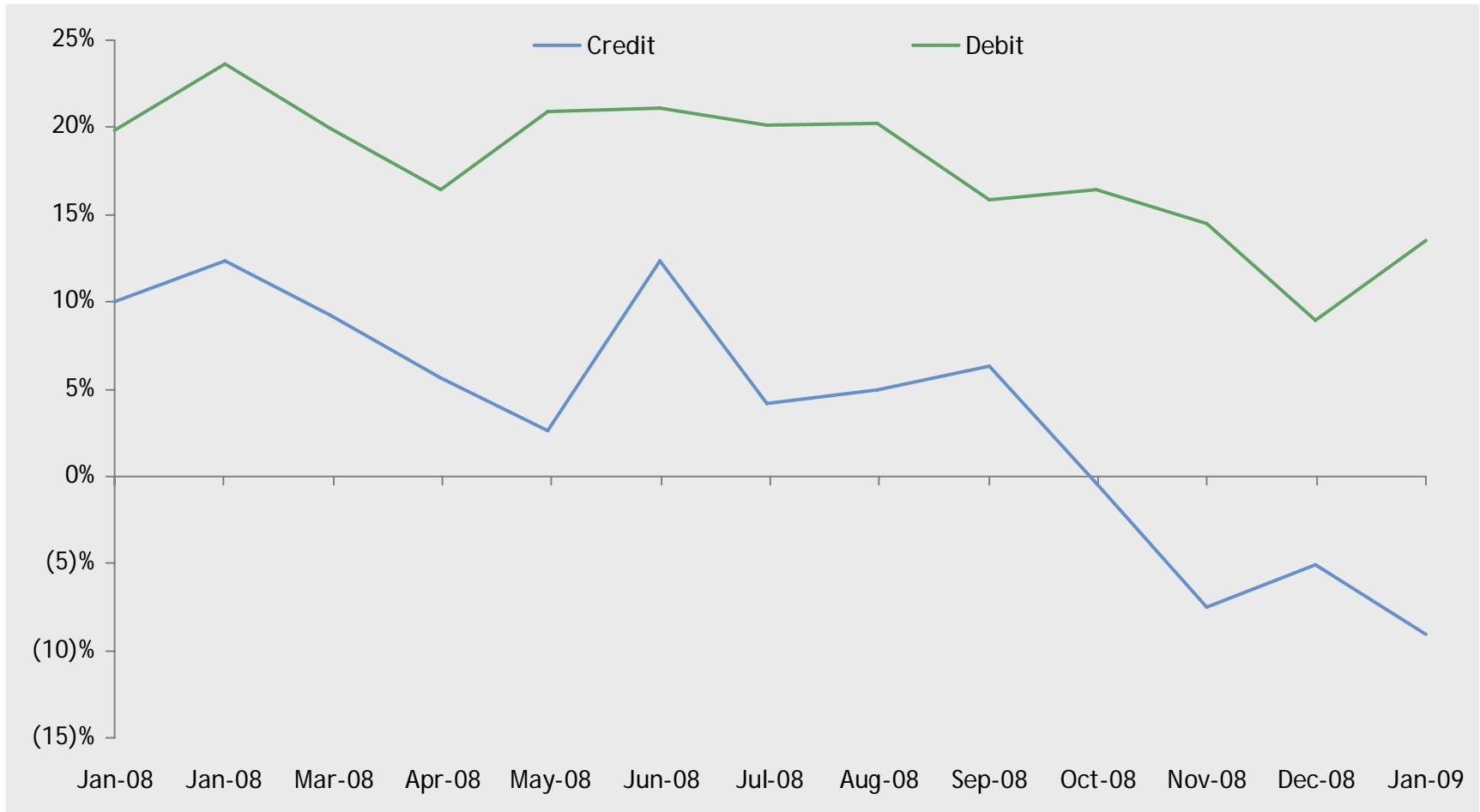
Sales Growth – YoY



Source: Internal Chase Data

Both credit and debit are experiencing a slowdown in sales

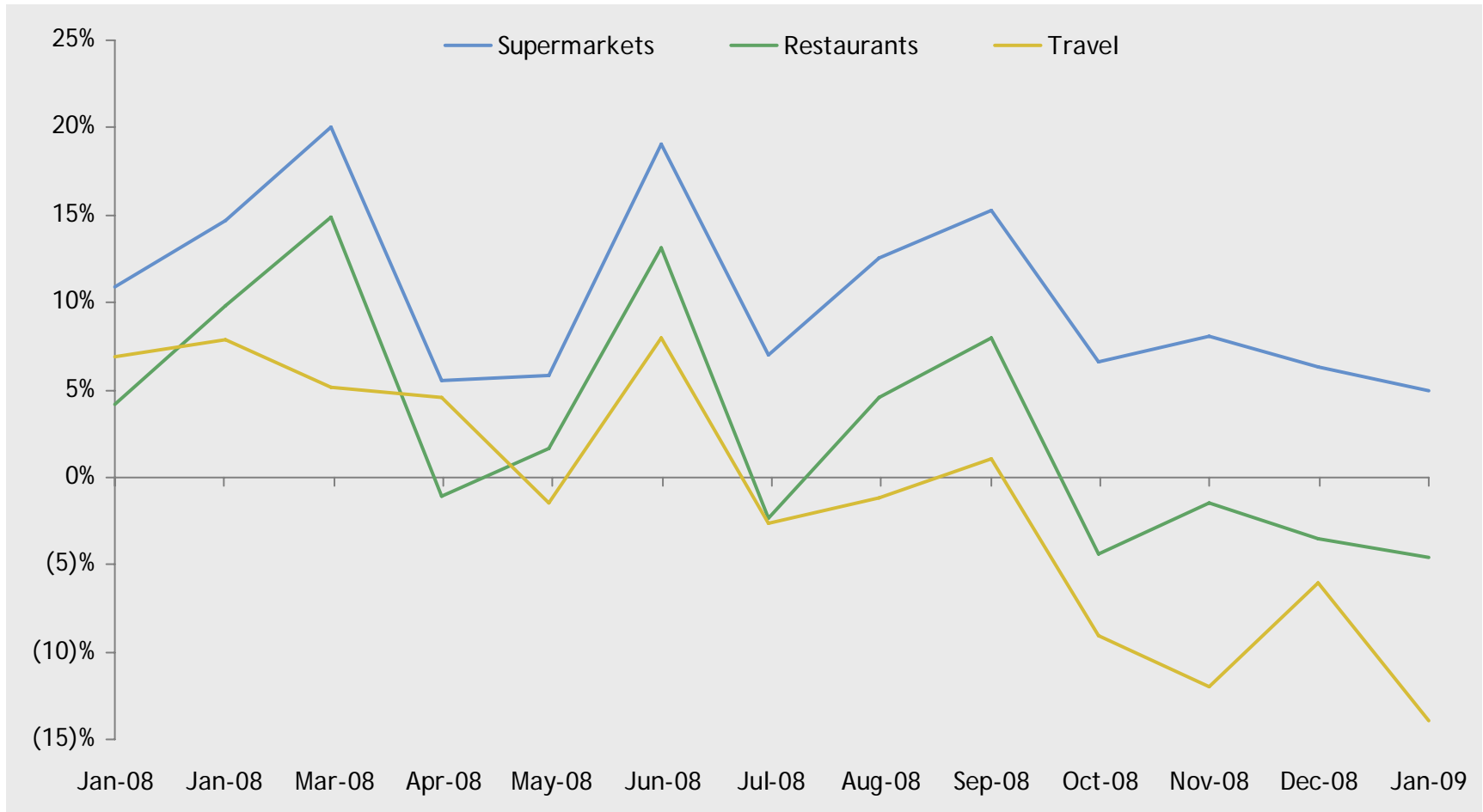
Chase Debit vs. Credit Sales Growth – YoY



Source: Internal Chase data

Consumers are spending less on discretionary items

Discretionary vs. Nondiscretionary Sales Growth – YoY

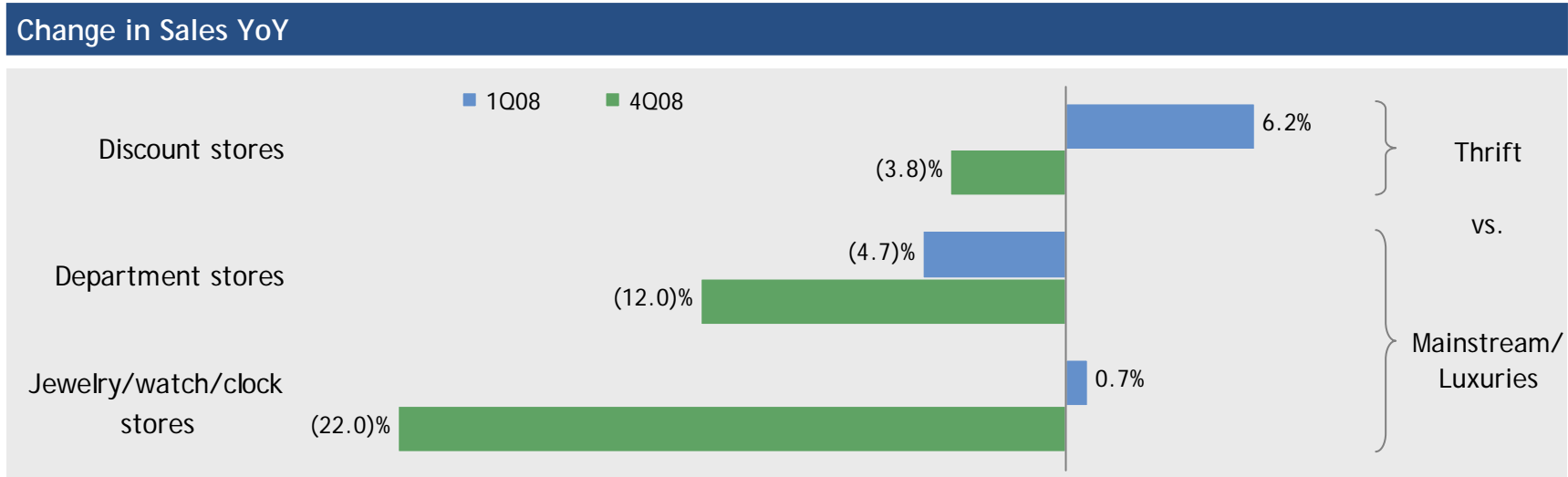
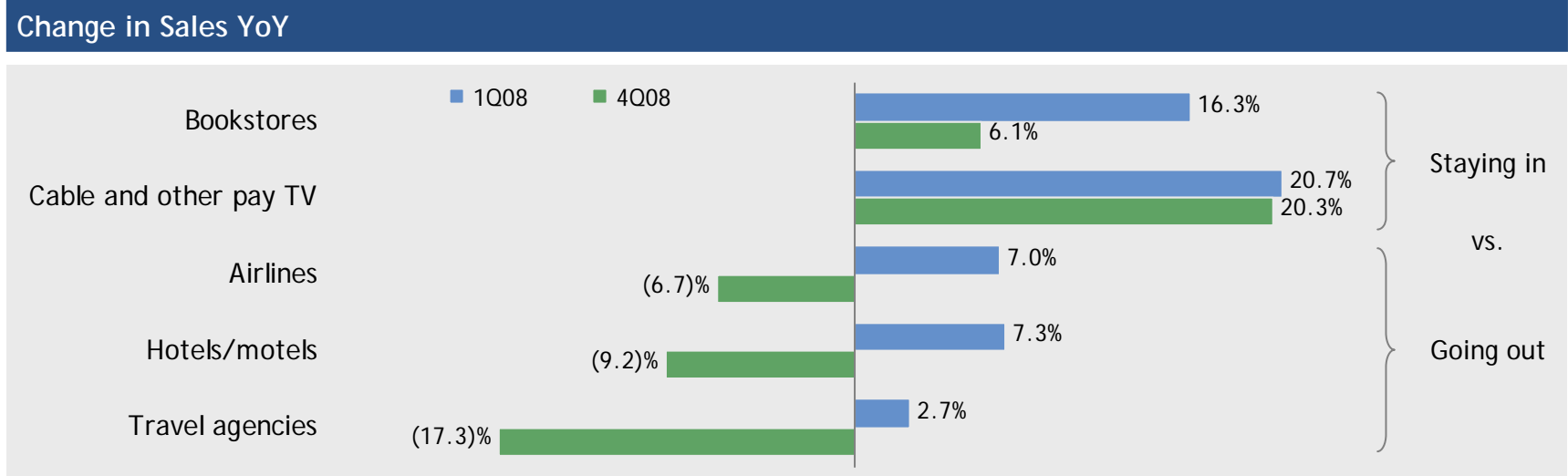


Source: Internal Chase data

MANAGING THROUGH THE DOWNTURN

Consumers are becoming more focused on the simple pleasures in life as well as “finding deals”

MANAGING THROUGH THE DOWNTURN

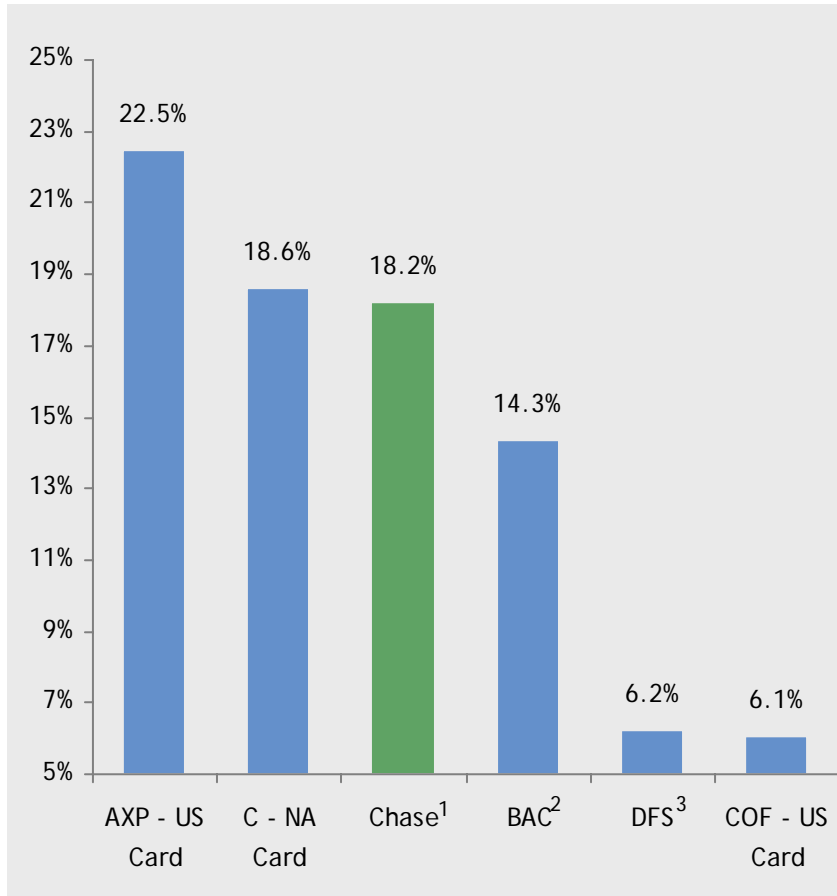


Source: Internal Chase data

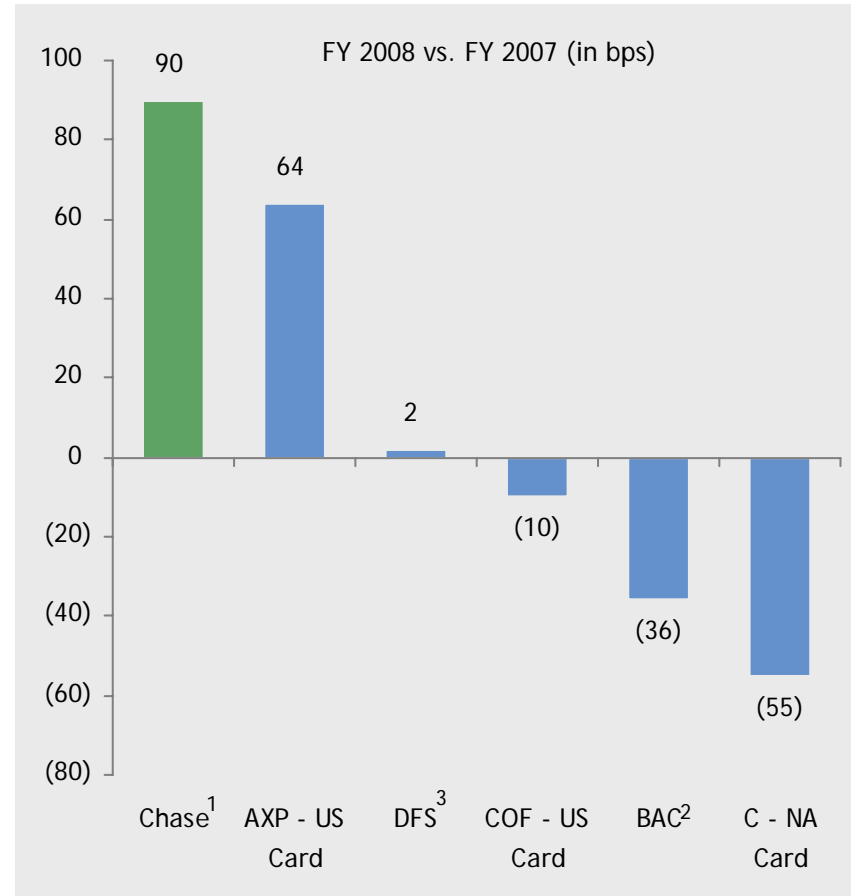
However, Chase continued to gain sales volume market share in 2008

MANAGING THROUGH THE DOWNTURN

Sales Volume Market Share – FY 2008



Change in Sales Volume Market Share



¹ Chase data for computing market share includes cash advances but excludes balance transfers

² BAC data represents consumer credit card portfolio, including international; excludes small business card portfolio

³ Discover data for computing market share includes cash advances

Source: Earnings Releases and Supplements; Nilson Report (Issue # 918)

Unfair and Deceptive Acts or Practices (UDAP) proposal

(\$ in millions)	
Description	
Summary impact	<ul style="list-style-type: none"> ■ No 2009 impact ■ Effective date July 1, 2010
Rate repricing restrictions	<ul style="list-style-type: none"> ■ Limitations on ability to price existing customer balances for risk; limited to 30+ day delinquency with 45 day notice
Payment hierarchy / allocation	<ul style="list-style-type: none"> ■ Payments will be allocated in one of two ways: <ul style="list-style-type: none"> ■ "Pro rata" to balances with different APRs ■ Highest APR balance first
Statement cycle time, payment processing	<ul style="list-style-type: none"> ■ Customers will be given approximately 7 additional days to make a payment ■ Payment cutoff time defined as 5PM on due date
Practices NOT used by Card Services	<ul style="list-style-type: none"> ■ Prohibition of double cycle billing ■ Prohibition of "universal default," or activity at another lender, to trigger a pricing change

Potential UDAP mitigation strategies

- Short term impact of 70 to 100bps on normalized pre-tax ROO
- Volatility expected through 2011 as marketplace adjusts to implementation of new rules
- Returns expected to reach existing levels on a potentially smaller base by late 2011, early 2012

Potential Mitigants

Pricing Strategy Changes

- Move all pricing to variable index prior to compliance date
- Shorten duration of acquisitions introductory rates
- Targeted higher contract APRs at acquisition
- Annual/Service Fee for low engagement/low usage customers

Policy and Universe Changes

- Bias balance build programs toward limited duration promotions targeted at customers who actively use card product for purchasing and payments
- Reduction in marketing to segments with marginal returns

Alternative Product Constructs

- Evaluate alternative product constructs that maintain low contract APRs, offset with membership fees
- Enable customers to restructure borrowing into fixed payment terms

Key overall messages

- Despite the challenging environment we remained focused on our vision to create lifelong, engaged relationships with our customers
- Our business reorganization is complete which has enabled a more refined focus on our Chase branded business
- The expanded Chase branch footprint is expected to have a significant benefit on the overall Chase branded business
- We are rationalizing our existing partnership portfolio and have taken steps to solidify and extend our key, strategic partner contracts
- Proprietary Chase rewards platform will be launched in 2009
- We remain focused on providing a superior customer experience and initial results have confirmed our early progress
- Finally, we believe that in conjunction with our credit strategies, we have positioned ourselves well to manage through the downturn and emerge well positioned at the end of this cycle