J.P. Morgan Study Highlights Importance of Escrow Accounts in M&A

Report Illustrates Benefits for Buyers and Sellers

NEW YORK, October 3, 2011 - J.P. Morgan (NYSE: JPM) Treasury Services, a full-service provider of cash management, trade finance, treasury solutions and escrow services, today released its 2011 M&A Holdback Escrow Report. The report, now in its third year, helps the M&A community better understand the dynamics of holdback escrows and their value as a risk mitigation tool. The study uses J.P. Morgan proprietary data and provides information not available elsewhere. Findings are based on analysis of a sample of active escrow transactions originated in the United States with J.P. Morgan in 2010, and terminated deals covering a slightly broader time period in which J.P. Morgan Escrow Services acted as escrow agent for the buyer and the seller.

With a holdback escrow, a percentage of the value of the M&A deal is placed in an escrow account and held until the terms of the escrow agreement have been satisfied. The agreement enables the buyer to make claims against the account and retrieve funds in the event that the seller fails to meet specific terms of the purchase agreement.

The 2011 M&A Holdback report reviewed J.P. Morgan escrow transactions with publicly available acquisition data and looks at a variety of factors, including the percentage of escrows that have claims filed against the account; the types of claims; the average size and life span of the escrows and more. A comparison of data offers the added advantage of seeing how deal terms are trending in the M&A context. Highlights from the study include:

- 28 percent of terminated deals had at least one claim
- The average size of the claim requested by the buyer was for 61 percent of the escrow
- Buyers were able to recover an average of 74 percent of the amount originally claimed for, or 45 percent of the total escrow deposit

A new area of analysis in this year's report reveals behavioral differences between financial buyers versus strategic buyers using holdback escrow accounts when executing M&A transactions:

- Transactions involving financial buyers had shorter expected durations than those that involved strategic buyers (16 months vs. 20 months respectively)
- Financial buyers never paid for the entire escrow fee compared to 21 percent of strategic buyers paying the full cost

"Going beyond its role as a leading provider of escrow services, J.P. Morgan provides clients and their legal counsel with strategic information critical to the execution of their transactions," commented Rocky Motwani, managing director and head of the J.P. Morgan Escrow business. "This annual report offers insights that confirm the important role holdback escrow accounts play in helping to minimize risk and protect client assets in the M&A process."

The report also highlights benefits that both sides to M&A transactions have experienced when including holdback escrows in their deal structures. Buyers in particular benefitted from:

- Protection from false representations and warranties and/or the dishonoring of covenants by the seller
- · Mitigation from volatility risk of purchase price adjustments that can occur during periods of economic volatility
- Minimized risk of post-closing target company devaluation
- Guarantees sellers pay the agreed-upon share of advisors' fees

J.P. Morgan provides customized end-to-end Escrow services to help customers better manage financial risk associated with a range of business transactions, such as mergers and acquisitions, capital raisings, litigation settlements, import and export payments, EB5, collateral trusts for reinsurance, construction project funding and as an alternative to letters of credit. Acting as an independent third party, J.P. Morgan holds assets in escrow until the commitments of the agreement are fulfilled. J.P. Morgan's dedicated Escrow team offers a reliable and dependable service to ensure that transactions close quickly, accurately and securely.

The company actively administers more than 5,000 escrow accounts globally with more than \$40 billion under management and continues to expand with Escrow services currently in Australia, Brazil, Canada, China, France, Hong Kong, India, Korea, , Saudi Arabia, Singapore, Switzerland, the United Kingdom and the United States.

For additional information on J.P. Morgan's 2011 M&A Holdback Escrow Report or to connect with J.P. Morgan's Escrow team

covering your market, contact Nicholas Scarabino at 212-623-1180 or Nicholas.A.Scarabino@jpmorgan.com. Also visit www.ipmorgan.com/escrow.

About J.P. Morgan Treasury Services

J.P. Morgan's Treasury Services business is a full-service provider of innovative cash management, trade, liquidity, commercial card and escrow services -- specifically developed to meet the challenges treasury professionals face today. More than 135,000 corporations, financial institutions, governments and municipalities in over 180 countries and territories entrust their business to J.P. Morgan. J.P. Morgan Treasury Services is one of the world's largest providers of treasury management services and a division of JPMorgan Chase Bank, N.A., member FDIC. More information can be found at www.jpmorgan.com/ts.

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