

J.P. Morgan Issues *M&A Holdback Escrow Report*

The report is the first to provide data on the outcome of holdback escrows

NEW YORK, September 29, 2009 - J.P. Morgan today issued a new report that provides the deal community with results from its ongoing study of data points relating to holdback escrow accounts used in merger and acquisition (M&A) transactions. J.P. Morgan's *2009 M&A Holdback Escrow Report* is designed to give M&A participants a deeper understanding of the various factors in the claims process and to provide information on year-over-year trends. The report looks at a variety of factors, including the percentage of escrows that have claims filed against the account; the types of claims; the average life span of the escrows and more.

Key findings in the report include:

- Of the deals analyzed, 40% had claims filed against the escrow.
- Of the escrows with claims presented by the buyer, some portion of the claim was paid in virtually all cases.
- The incidence of claims increased significantly from 2007 to 2008, which may be a reflection of the past year's economic environment.

In a holdback escrow, a percentage of the value of the M&A deal is placed in escrow to cover indemnification claims by the buyer.

The report findings are based on analysis of a sample of active and terminated escrow transactions originated in the United States with J.P. Morgan from January 2007 to June 2008 in which J.P. Morgan Escrow Services acted as escrow agent for the buyer and the seller.

"We believe this report is the first of its kind to provide a deeper look into the outcome of holdback escrows," said Christine Doria, head of J.P. Morgan's Escrow business. "In almost half of the transactions examined, there was a claim brought against the account. That fact alone speaks to why an escrow is such a powerful tool to mitigate risk for deal participants."

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, initial public offerings, import and export payments, collateral trusts for reinsurance, and construction project funding. 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 and offers Escrow services in Australia, Brazil, China, Hong Kong, India, Singapore, the United Kingdom and the United States.

For additional information on J.P. Morgan's *2009 M&A Holdback Escrow Report*, contact Nicholas Scarabino at 212-623-1180 or Nicholas.A.Scarabino@jpmorgan.com.

About J.P. Morgan Treasury Services

The Treasury Services business of J.P. Morgan is a top-ranked, full-service provider of innovative payment, collection, liquidity management, trade finance, commercial card and information solutions to corporations, financial services institutions, middle market companies, small businesses, governments and municipalities worldwide. With more than 50,000 clients and a presence in 39 countries, 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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