

KEY TERMS¹ OF
JPMORGAN CHASE AMENDED AND RESTATED GUARANTY AGREEMENT
DATED MARCH 16, 2008

1. **Who is the Guarantor?**

The Guarantor is JPMorgan Chase & Co.

2. **What liabilities are covered by the Guaranty?**

The Guaranty covers among other things the following:

- i) all short and long-term loans whether entered into under lines of credit, revolving credit facilities, term loan facilities or on a one-off basis and letter of credit reimbursement obligations
- ii) all contracts associated with Bear's trading businesses, including prime brokerage ("Trading Contracts")
- iii) all obligations to deliver cash, securities or other property held by Bear to customers under custody arrangements

3. **What liabilities are not covered by the Guaranty?**

The Guaranty does not cover among other things:

- i) Bear's bond debt and other debt securities issued by Bear, including structured notes
- ii) Employee and trade/vendor claims
- iii) Obligations of Bear to fund commitments to lend
- iv) Obligations of Bear under operating leases
- v) Claims for violations of law
- vi) Claims for non-contractual breach of duty

4. **What are the "Trading Contracts" covered by the Guaranty?**

Trading Contracts are broadly defined to include:

- i) contracts for the sale and purchase of a security
- ii) commodity contracts, futures contracts, forward contracts, tolling agreements, energy management agreements
- iii) securities lending and borrowing arrangements
- iv) swaps, options, other derivatives, foreign exchange

¹ Reference should be made to the Amended and Restated Guaranty for a complete understanding of the terms of the Guaranty. This document is only a summary paraphrasing certain key terms of the Guaranty.

- v) repurchase and reverse repurchase agreements
- vi) settlement and clearing contracts
- vii) prime brokerage arrangements
- viii) custody or safekeeping arrangements
- ix) margin loan agreements
- x) any guaranty of any of the foregoing
- xi) any obligation to provide margin or credit support in connection with any of the foregoing
- xii) customary brokerage commissions with respect to the above types of transactions.

5. **What happens to cash, securities and other property held by Bear after the end of the Guaranty Period?**

All obligations to deliver cash, securities or other property held by Bear to customers are covered by the Guaranty provided that instructions to deliver such property are delivered during the Guaranty Period.

6. **Does the Guaranty cover liabilities that arose before the Acquisition Agreement was signed?**

Yes.

7. **If a Trading Contract executed during the term of the Guaranty gives rise to payment obligations after such term has ended, are such payment obligations guarantied?**

Yes. The Guaranty covers obligations arising from Trading Contracts executed during the term of the Guaranty, even if such obligations and liabilities are payable after termination of the Guaranty.

8. **Is there a cap on the amount guarantied?**

There is no cap on the amount guarantied.

9. **What happens to obligations that are not guarantied?**

JPMorgan Chase fully expects that Bear will honor all of its obligations, whether or not guarantied. The guaranty is additional credit support to reassure customers and counterparties.

10. **Are the obligations of every Bear affiliate or sponsored entity covered?**

Only obligations of Bear entities listed on Schedule 1 (the "Covered BSC Entities") of the Guaranty are covered. For example, obligations of Bear-sponsored special purpose entities or structured investment vehicles are not generally covered. The Amended and Restated Guaranty added 19 additional subsidiaries of Bear, including its energy subsidiaries.

11. **What happens to the Guaranty if Bear's board recommends a competing proposal?**

If Bear's board recommends a competing proposal the Guaranty would cease to exist for all obligations then outstanding or created in the future. However, in order for a competing third-party bid to be a superior proposal which the Board could accept, the competing bid must be accompanied by an equivalent guaranty (to take effect simultaneously with the termination of the Guaranty) so that there is no gap between the Guaranty and such equivalent guaranty and the guaranty must be given by a financial institution with capital, liquidity and financial resources sufficient to enable Bear to conduct business in the ordinary course.

12. **What happens to the Guaranty if Bear's shareholders turn down the proposed acquisition by JPMorgan Chase?**

If the shareholders turn down the proposed acquisition, the Acquisition Agreement will terminate effective 120 days following the shareholder vote, unless JPMorgan Chase unilaterally agrees to extend. Upon termination of the Acquisition Agreement, the Guaranty will terminate as to new liabilities, but the guaranty of obligations guaranteed during the Guaranty Period will remain in effect.

13. **Does the Guaranty remain in effect after the closing of the merger?**

The Guaranty Period ends, and the Guaranty will be terminated as to new liabilities, 120 days after the merger is consummated (at which point Bear will become a wholly-owned subsidiary of JPMorgan Chase). Even though the Guaranty terminates as to new liabilities, the guaranty of obligations guaranteed during the Guaranty Period will remain in effect following the closing.

14. **What happens to the Guaranty upon termination of the Acquisition Agreement?**

Except in the case of a termination due to Bear's board accepting a competing proposal (see Question # 11), upon termination of the Acquisition Agreement, the Guaranty will terminate as to new liabilities, but the guaranty of obligations guaranteed during the Guaranty Period will remain in effect.

15. **Can the Guaranty be enforced directly against JPMorgan Chase by customers?**

Yes.