

INVESTMENT BANK

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Agenda

Thoughts on the IB

2010 priorities

Performance metrics

Leadership in 2009

Growth initiatives

Derivatives

2010 outlook

Thoughts on the IB

Strengths

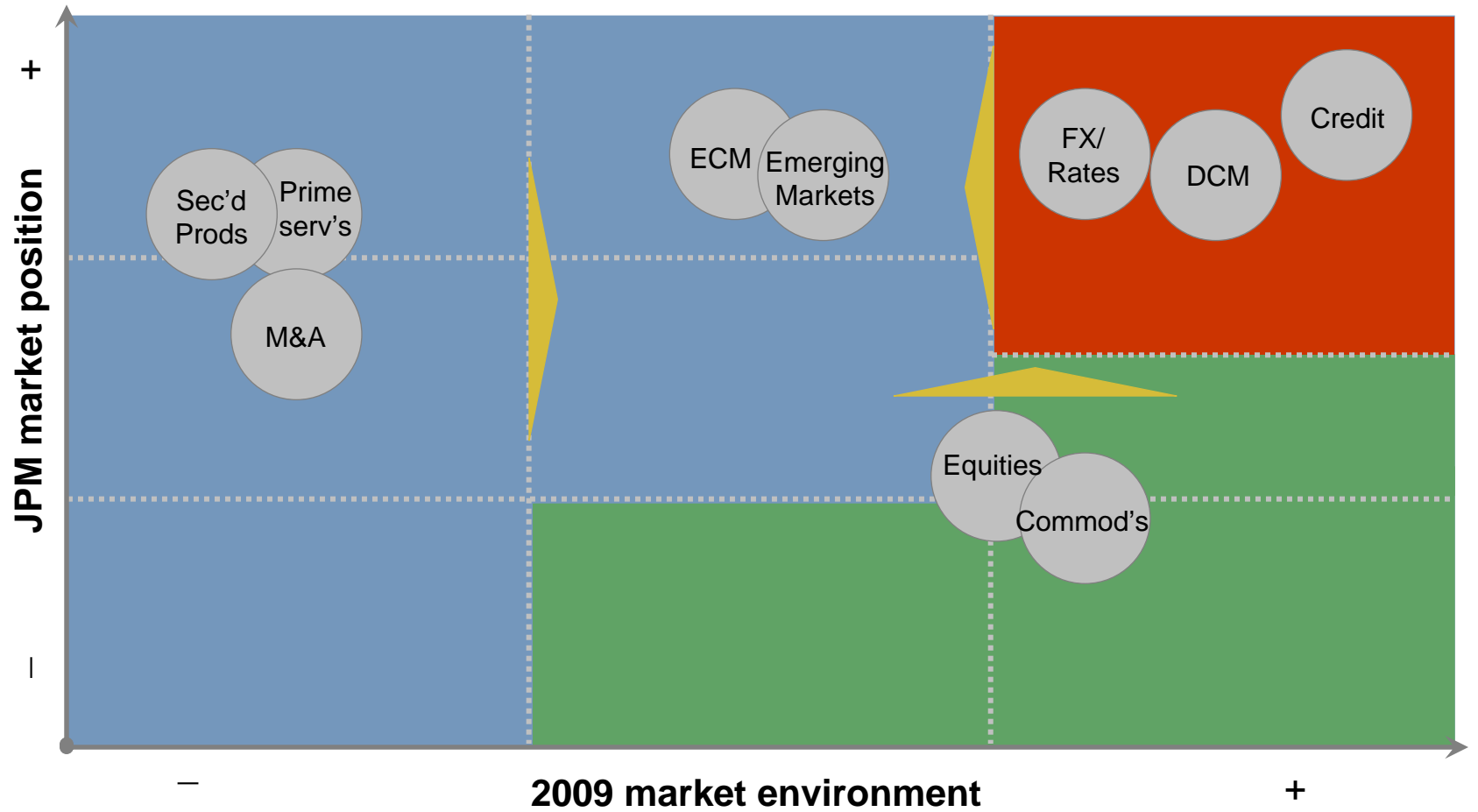
- Client franchise
 - 5,000 issuers
 - 16,000 investors
- Reputation and client trust
- Leader in capital markets
 - Highest industry market share 9.5%
- Hybrid business model – credit originator and market maker
- Proven risk manager
- Talent

Challenges

- Fixed Income margin compression
- Regulatory environment
- Maintaining price discipline
- Perception of our social contribution
- Economic environment

Thoughts on the IB

2009 Market environment and 2010 business outlook



2010 Priorities

Strategy

Clients

- Vigilant focus on clients' long-term interests

Growth

- Emerging markets: China/Brazil focus
- Commodities
- Global Corporate Bank
- Redefine markets

Investment Performance

- Efficient capital allocation
- Manage stress loss
- Management of Credit Portfolio

Technology

- Strategic Re-engineering Project
- Low-cost provider
- International location strategy

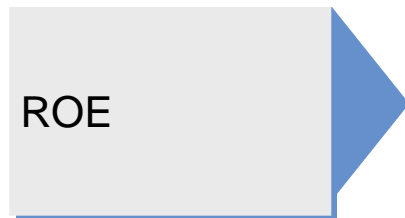
Performance

- ROE
- IB fee wallet share
- Markets revenue wallet share
- Control and discipline

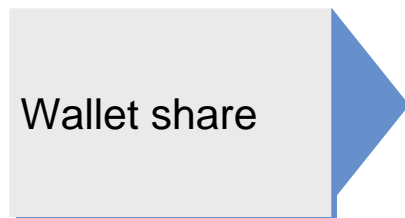
Reputation

- Role financing governments, non-profits and corporates
- Talent and diversity

Performance metrics

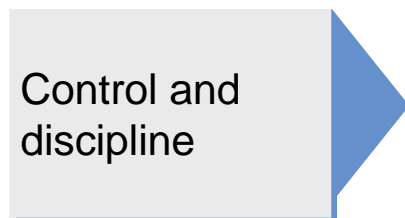


■ 17% +/-



■ 10% of Global IB fees

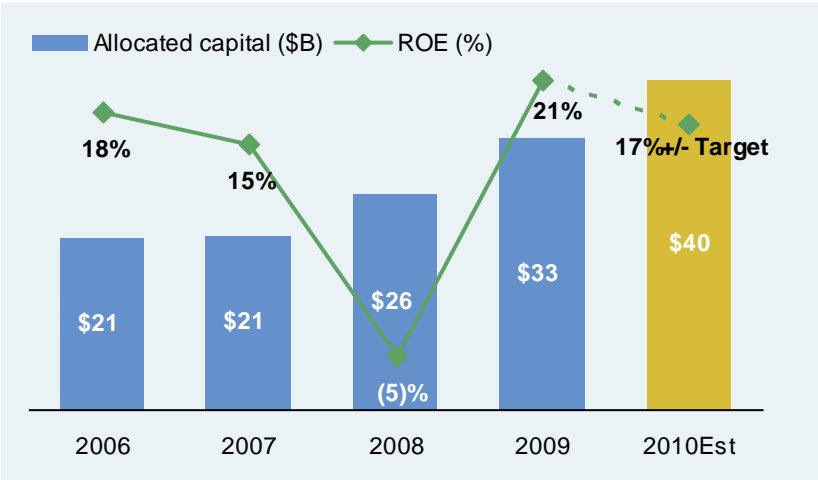
■ 15% of Market revenue



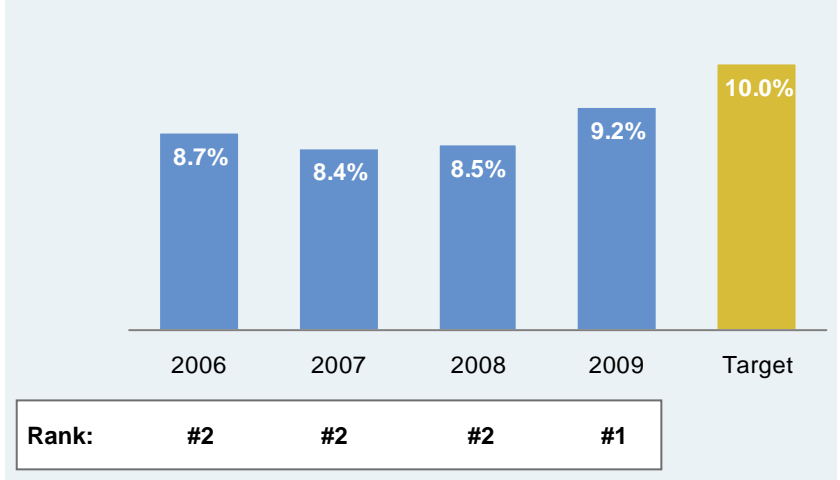
■ 15% reduction in error rate

Performance metrics

IB Return on Equity

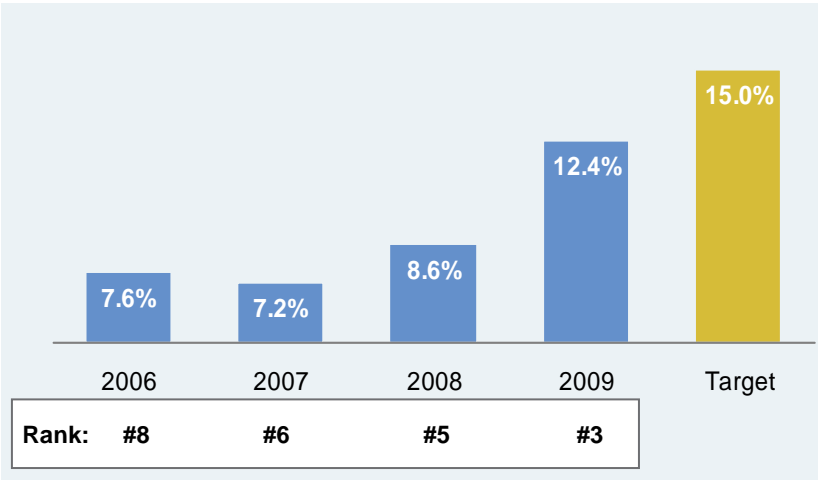


Global IB fees wallet share



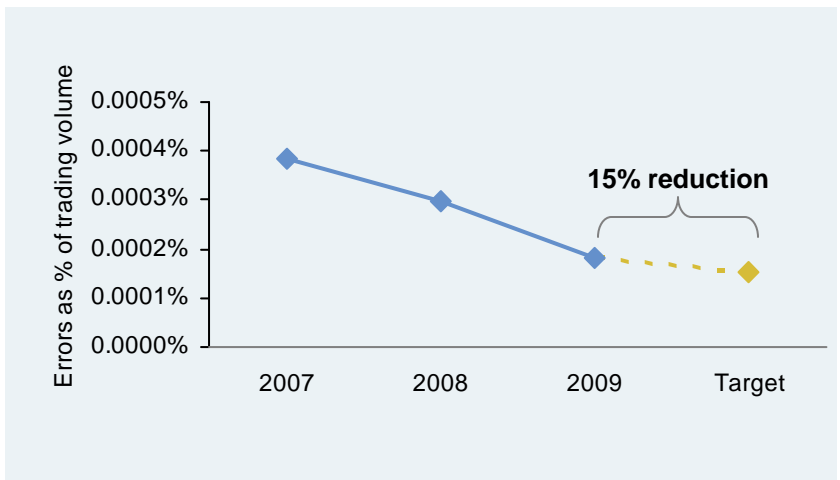
Source: Dealogic, on a pro forma basis for all industry mergers

Markets revenue wallet share



Note: Represents JPM share of top 10 competitors

Control / Discipline



Leadership in 2009

- Helped clients issue \$620B of stocks and bonds, more than any other firm¹
- Provided urgent financing for municipalities
- Advised on 322 mergers and acquisitions globally, more than any other firm¹
 - Advised on many of the largest and most complex transactions
 - 11 of the year's largest 25 deals¹
 - 119 cross-border deals, more than any firm¹
- Loaned \$204B to 295 issuers globally^{1,2}
 - Average loan size \$691mm, more than double the market average¹
 - Loans used to fund payrolls, restructure balance sheets, finance growth and create jobs

¹ Source: Dealogic

² Lead left bookrunner basis

³ Source: 2008 data is pro forma for JPM merger with Bear Stearns

⁴ Global Equity & Equity-related includes rights offerings

⁵ Global Debt & Long-term Debt includes ABS, MBS and taxable municipal securities

⁶ Global M&A for 2008 adds back transactions withdrawn since 12/31/08

League table results

	2009		2008 ³	
	Rank	Share	Rank	Share
Based on fees (per Dealogic)				
Global IB fees	#1	9.2%	#2	8.5%
Based on volumes (per Thomson Reuters)				
Global Debt, Equity & Equity-related	#1	9.5%	#1	9.4%
Global Equity & Equity-related ⁴	#1	12.6%	#1	10.3%
Global Debt ⁵	#1	9.2%	#1	9.3%
Global Long-term Debt ⁵	#1	8.5%	#3	8.8%
Global M&A Announced ⁶	#3	23.6%	#2	27.6%
Global Loan Syndications	#1	9.6%	#1	11.3%

Leadership in 2009

Financing for state and local governments

State of California



Committed **\$4B** to pay off IOUs issued during the state's cash-flow crisis

State of Illinois



Underwrote **\$1.4B** – the entire amount offered – of bonds

Helping universities and hospitals

University of Virginia



Led **\$250mm** Build America Bond issuance

Texas Children's Hospital



Raised **\$200mm** to help fund the hospital's Neurological Research Institute and a new pediatric hospital

Helping clients raise critical capital



Raised **\$12.2B** in equity, convertibles, bonds and asset-backed securities for Ford Motor Company in 2009



Raised **\$375mm** for Chinese property developer Country Garden – the first Asia high yield bond in more than a year

Supporting low carbon economy



Invested **over \$100mm** of tax equity in Horizon Wind Energy's wind power project

J.P. Morgan's total wind portfolio of 58 wind farms across 16 states



A leader in sourcing, developing and trading emission reduction credits

- ClimateCare acquired in 2008
- EcoSecurities acquired in 2009

Growth initiatives

Emerging Markets

2009 client support

- Provided critical capital raising
 - Cemex follow-on
 - Sappi refinancing
 - Petrobras bond
 - VisaNet (now Cielo), the largest Brazilian IPO ever
- Re-opened key emerging markets
 - Hong Kong IPO, Asia High Yield, LBO
- Led 8 of 10 largest Asia primary equity deals
 - Raised \$20B for corporate recapitalizations in Asia
- Sovereign debt issuance for Brazil, Mexico, Qatar and South Africa



2010 priorities

- Expand local client coverage; add onshore bankers
- Build cash equities and derivatives – Russia, Brazil, China, India, Taiwan, Korea
- Focus on local debt and Fixed Income flows
- Deliver the firm through cross-selling and Global Corporate Banking

Growth initiatives

Commodities – RBS Sempra acquisition

Transaction overview



















- Acquiring global metals, global oil and European power and gas assets of RBS Sempra Commodities
 - Closing in 2Q10, subject to regulatory approvals
 - Expected to pay \$1.7B subject to distributions prior to closing
 - Immediately profitable after closing

Rationale

- Highly complementary to our existing Global Commodities business
- Allows us to deliver more comprehensive solutions to our clients globally
- Nearly doubles the number of corporate clients
- Diversifies our Fixed Income earnings

Growth initiatives

Commodities – RBS Sempra acquisition

	EMEA Power & Gas		Base Metals		Global Oil	
	Physical	Financial	Trading	Custody	Physical	Financial
J.P. Morgan						
RBS Sempra						
Pro forma						

Growth initiatives

Technology – \$1B investment

2009 progress

- Completed Bear Stearns merger
 - Migrated 600,000 OTC Derivatives positions
 - Mapped over 14,000 clients and converted 465,000 total accounts
- Launched state-of-the-art platforms for FX Options, Brazil and Prime Services
- Consolidated infrastructure in US Cash Equities and Commodities
- Processed record volumes, up 82% from pre-merger levels

2010 priorities

- Execute three-year Strategic Reengineering Program focused on:
 - Next-generation front-end derivative and emerging market trading platforms
 - OTC clearing requirements
 - Core processing infrastructure
- Build-out electronic and algorithmic trading infrastructure for Equities
- Implement Prime Services offering globally, including Synthetic Prime Brokerage
- Implement global location strategy

Our derivatives business remains client-focused

- Derivatives widely used by corporations, governments, agencies and supra-nationals to manage risk and lower the cost of capital
- Derivative receivables, gross of collateral, declined by 45% to \$146B at year-end 2009

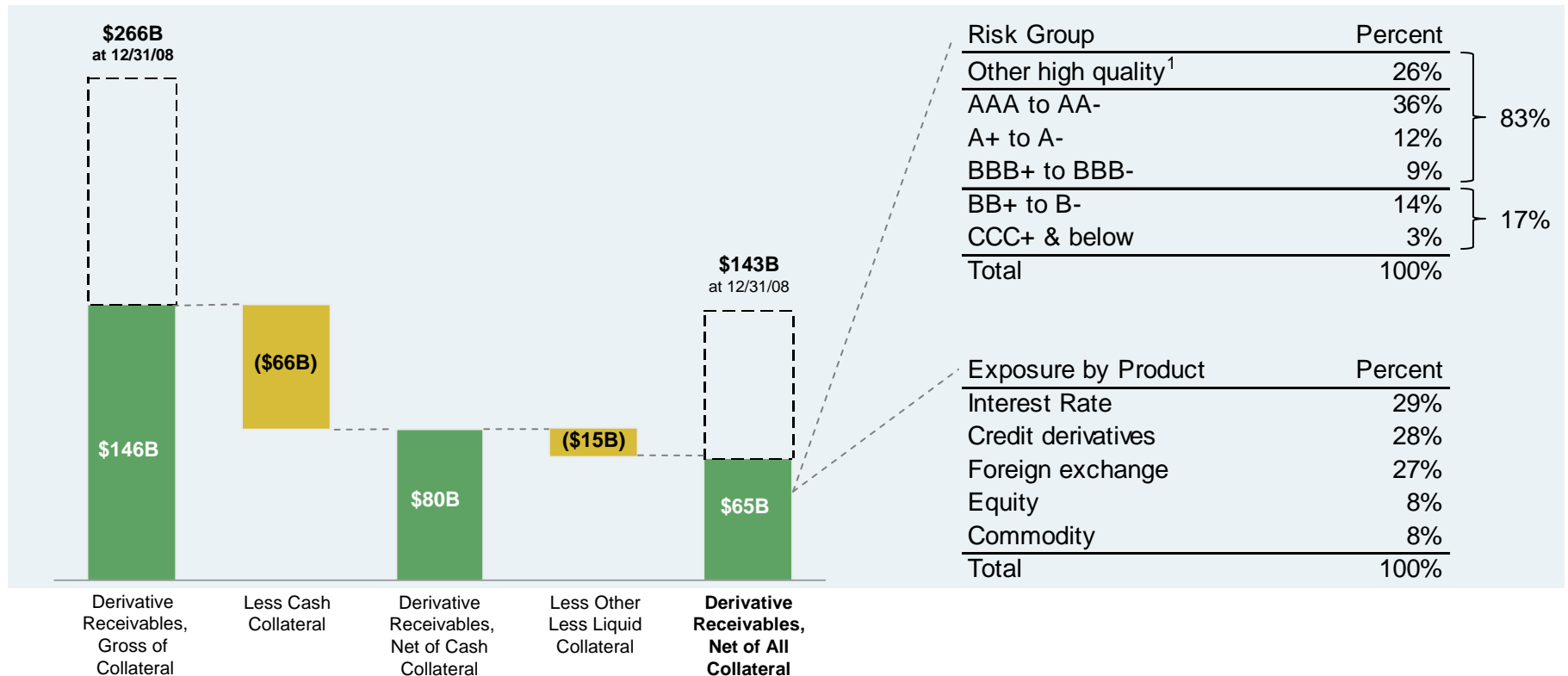
Derivative receivables, gross (as of 12/31/09)



Counterparty exposure is well managed

- Net exposure declined by 55% while revenue increased over 25% year-over-year
- Net derivative receivables represent less than 10% of IB assets at year-end 2009
- IB Level 3 assets, including derivatives, declined over 15% during 2009

Derivative receivables, net (as of 12/31/09)



¹ Other high quality includes low risk counterparties, including senior or preferred positions in special purpose entities

Leading reform of OTC derivative markets

Reform we advocate

- Comprehensive, rigorous oversight of all dealers and large market participants
- Transaction reporting for all trades to regulators
- Mandatory clearing of most standardized, highly liquid derivative contracts between dealers and major swap participants

Regulation we believe would be harmful to the economy

- Clearing for all OTC derivative:
 - Disadvantages corporates by tying up liquidity
 - Will divert funding away from job creation
- Exchange trading for all derivatives
 - Even standardized liquid contracts not amenable to exchange trading

Leading the market evolution

- Actively participating in strengthening OTC market infrastructure
- Investing in technology to provide clients superior access to liquidity

2010 Outlook

- Expect Fixed Income margin compression and reduced capital raising
- Target ROE of 17% +/-
- Focus on growth initiatives:
 - Emerging Markets
 - Commodities
 - Technology
- Maintain leading share through vigilant client focus