

J P MORGAN CHASE & CO

FORM 8-K (Current report filing)

Filed 11/07/08 for the Period Ending 11/06/08

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (date of earliest event reported): November 6, 2008

JPMORGAN CHASE & CO.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation)

1-5805
(Commission File Number)

13-2624428
(IRS Employer Identification No.)

270 Park Avenue,
New York, NY
(Address of Principal Executive Offices)

10017
(Zip Code)

Registrant's telephone number, including area code:
(212) 270-6000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 7.01 Regulation FD Disclosure

On October 31, 2008, JPMorgan Chase & Co. (“JPMorgan Chase” or the “Firm”) presented information regarding the Firm’s Retail Financial Services business at the 2008 Bancanalysts Association of Boston Conference. The associated slide presentation is included as Exhibit 99.1 hereto.

The attached exhibit is being furnished pursuant to Item 7.01, and the information contained therein shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities under that Section. Furthermore, the information contained in the exhibit shall not be deemed to be incorporated by reference into the filings of the Firm under the Securities Act of 1933.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	JPMorgan Chase & Co. Slide Presentation; Retail Financial Services

The attached exhibit contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of JPMorgan Chase’s management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that could cause JPMorgan Chase’s actual results to differ materially from those described in the forward-looking statements can be found in JPMorgan Chase’s Current Report on Form 8-K dated September 26, 2008, its Quarterly Reports on Form 10-Q for the quarters ended June 30, 2008, and March 31, 2008, and its Annual Report on Form 10-K for the year ended December 31, 2007, each of which has been filed with the Securities and Exchange Commission and is available on JPMorgan Chase’s website (www.jpmchase.com) and on the Securities and Exchange Commission’s website (www.sec.gov). JPMorgan Chase does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

JPMORGAN CHASE & CO.
(Registrant)

By: /s/ Anthony J. Horan
Anthony J. Horan
Corporate Secretary

Dated: November 6, 2008

EXHIBIT INDEX

**Exhibit
Number**

Description of Exhibit

99.1

JPMorgan Chase & Co. Slide Presentation; Retail Financial Services

NOVEMBER 6, 2008

2008 BANCALYSTS ASSOCIATION OF BOSTON CONFERENCE

Charlie Scharf
Chief Executive Officer, Retail Financial Services

JPMORGAN CHASE & Co.

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The figures reflected in this presentation refer to heritage-JPMorgan Chase figures only, except where specifically noted as being pro forma combined for the Washington Mutual transaction

Retail Financial Services results

Financial results (\$mm)

	YTD 3Q07	YTD 3Q08	\$0/(U)
Revenue	\$12,664	\$14,592	\$1,928
Credit Costs	1,559	5,502	3,943
Expense	<u>7,360</u>	<u>8,012</u>	<u>652</u>
Net Income	\$2,283	\$626	(\$1,657)
Retail Banking	\$1,684	\$1,942	\$258
Loan Portfolio/Other	\$246	(\$1,803)	(\$2,049)
Mortgage	\$107	\$251	\$144
Auto Finance	\$246	\$236	(\$10)

Credit costs (\$mm)

	YTD 3Q07	YTD 3Q08	\$0/(U)
Net Charge-offs	\$805	\$2,926	\$2,121
Increase in Allowance	<u>754</u>	<u>2,576</u>	<u>1,822</u>
Total Provision	\$1,559	\$5,502	\$3,943

Comments

- Revenue growth of 15% driven by:
 - Regional Banking up 10%
 - Mortgage Production up 37%
- Credit costs increased due to home equity and prime and subprime mortgage
- Expense growth reflects:
 - Increased mortgage production and servicing
 - Investment in retail distribution network

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Credit performance

Key credit statistics

	3Q07	4Q07	1Q08	2Q08	3Q08
<u>Home Lending Portfolio</u>					
Average Outstandings (\$B) ¹	\$134.3	\$144.5	\$153.0	\$156.4	\$155.5
Net Charge-offs (\$mm)	\$199	\$336	\$646	\$807	\$1,113
Net Charge-off Rate	0.59%	0.92%	1.70%	2.07%	2.85%
Allowance for Loan Losses (\$mm)	\$1,304	\$1,833	\$3,619	\$4,202	\$4,896

¹ Excludes loans held-for-sale

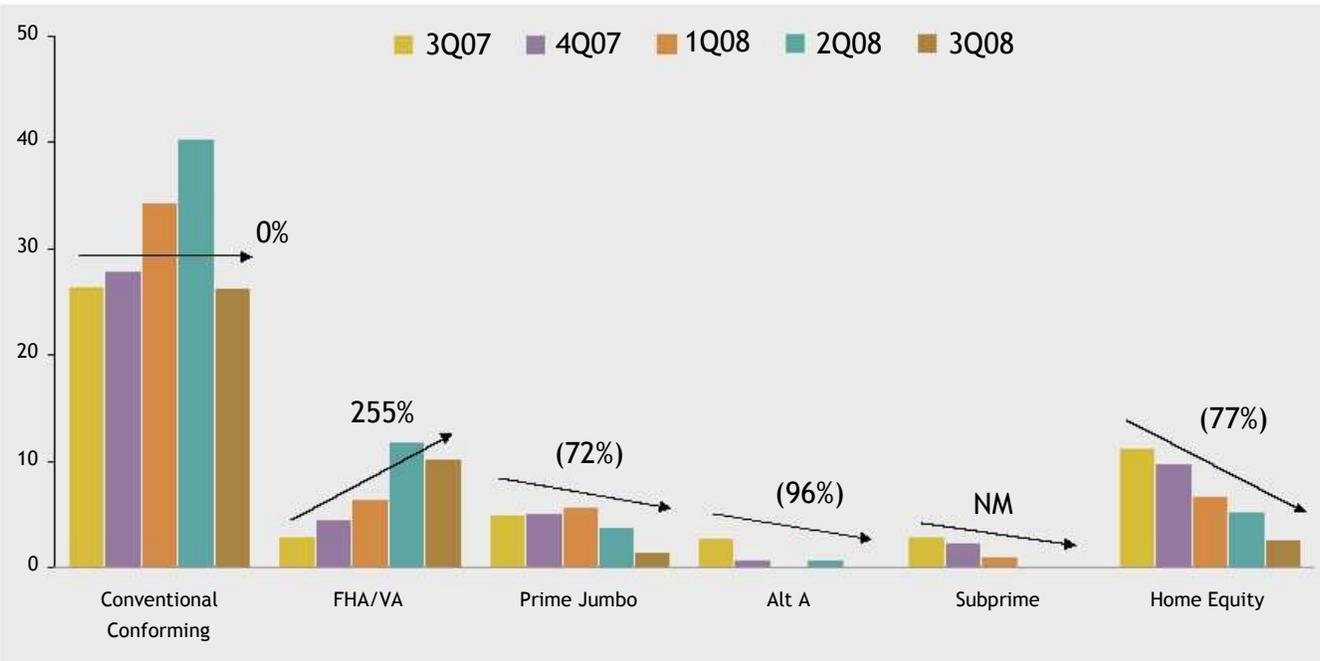
Home Lending - Significant credit actions taken

Portfolio	Significant credit policy actions	Continued business
Home Equity	<ul style="list-style-type: none"> Exited wholesale broker Eliminated Stated Docs Maximum CLTV range of 50-80% Exited Investor and Second Homes and Florida Condo Eliminated Tier 4 (~<670 FICO) 	<ul style="list-style-type: none"> Owner-occupied Retail channel Full Docs Max CLTV = 80% (50% in some) FICO = 670
Prime Mortgage - Jumbo Non-Agency	<ul style="list-style-type: none"> Exited wholesale broker Eliminated Stated/Reduced Docs Maximum CLTV of 55-85%*, implemented Declining Market Policy Exited Alt-A and Secure Flex Interest Only Affordability Product Exited Investor and Second Homes and Florida Condo Retail-tighten cash out limits from \$500K to \$250K 	<ul style="list-style-type: none"> Owner-occupied Primarily retail Full Docs Max CLTV = 85% FICO = 660 Low DTI
Prime Mortgage - Agency Loans	<ul style="list-style-type: none"> Full Documentation unless Streamlined Rate & Term Refinance Tighter underwriting standards for LTV >80% Exited Florida Wholesale Investor, Second Homes, Condo and 2-4 Units 	<ul style="list-style-type: none"> Tighter than Agency standards
Prime Mortgage - FHA/VA Loans	<ul style="list-style-type: none"> Raised FICO score cut off to 580 Seller funded down payment assistance program eliminated 	<ul style="list-style-type: none"> Tighter than FHA/VA policies
Subprime Mortgage	<ul style="list-style-type: none"> Exited 	<ul style="list-style-type: none"> None
Other	<ul style="list-style-type: none"> Eliminated 10K Brokers & 300 Correspondents 	<ul style="list-style-type: none"> Reduced

* For Prime 1st Lien Products LTV>80% covered by MI and will be underwritten by the MI Companies

Home Lending production

Home Lending production by product (\$B) and YoY % change



Note: Includes Private Banking volume which is included in ranking disclosures

- Overall Chase production has declined 17% vs. estimated market decline of 56%¹ from 1Q07 to 3Q08
- JPM increased 3Q08 market share to 13.6% and is the #3 originator¹
- Conventional conforming and FHA production have increased to 90% of volume, while other products have decreased dramatically or been eliminated

¹ Source: Inside Mortgage Finance as of October 31, 2008

Home Equity

JPM 30-day delinquency trend



Key statistics

	3Q08	2Q08	3Q07
EOP owned portfolio (\$B)	\$94.6	\$95.1	\$93.0
Net charge-offs (\$mm)	\$663	\$511	\$150
Net charge-off rate	2.78%	2.16%	0.65%
Nonperforming loans (\$mm)	\$1,142	\$1,008	\$556

Comments on home equity portfolio

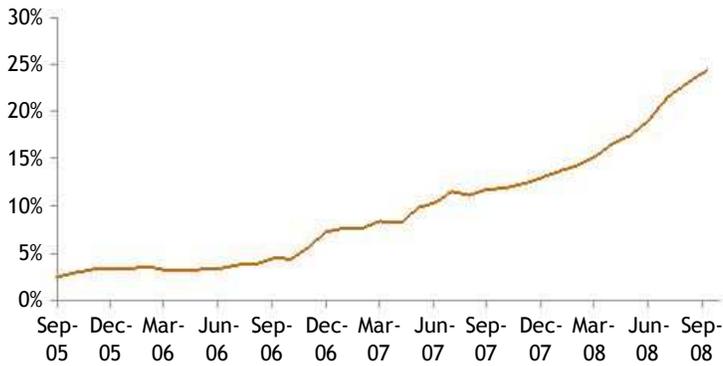
- Significant underwriting changes made over the past year include elimination of stated income loans and state/MSA based reductions in maximum CLTVs based on expected housing price trends. Maximum CLTVs now range from 50% to 80%
- New originations down significantly in 3Q08
- High CLTVs continue to perform poorly, exacerbated by housing price declines in key geographies
- Continued deterioration – quarterly losses could be as high as \$725-\$800mm over the next several quarters (net charge-offs of 3.25% to 3.50%)

Note: CLTV = Combined-Loan-to-Value. This metric represents how much equity the borrower has in the property

Subprime Mortgage

HOME LENDING CREDIT AND PERFORMANCE

JPM 30-day delinquency trend



Key statistics

	3Q08	2Q08	3Q07
EOP owned portfolio (\$B) ¹	\$13.4	\$14.8	\$12.1
Net charge-offs (\$mm)	\$273	\$192	\$40
Net charge-off rate	7.65%	4.98%	1.62%
Nonperforming loans (\$mm)	\$2,384	\$1,715	\$790

¹ Excludes mortgage loans held in the Community Development loan portfolio

Comments on subprime mortgage portfolio

- Portfolio experiencing credit deterioration as a result of risk layering and housing price declines
- Eliminated new production and portfolio is in run-off
- Continued deterioration – quarterly losses could be as high as \$375-\$425mm in early 2009

Prime Mortgage

JPM 30-day delinquency trend



Key statistics

	3Q08	2Q08	3Q07
EOP balances in Corporate (\$B)	\$42.0	\$42.6	\$32.8
EOP balances in RFS ¹ (\$B)	\$4.9	\$4.6	\$2.8
Total EOP balances (\$B)	\$46.9	\$47.2	\$35.6
Corporate net charge-offs (\$mm)	\$130	\$84	\$4
RFS net charge-offs (\$mm)	\$47	\$20	\$5
Total net charge-offs (\$mm)	\$177	\$104	\$9
Net charge-off rate (%)	1.51%	0.91%	0.11%
Nonperforming loans (\$mm)	\$1,496	\$1,232	\$282

¹ Includes Construction Loans and Loans eligible for repurchase as well as loans repurchased from GNMA pools that are insured by US government agencies

Comments on prime mortgage portfolio

- CA/ FL exhibit the highest charge-off rates and account for 80% of 3Q08 losses while only 37% of the outstanding portfolio
- The loss contribution is greatest from the 2006 and 2007 vintages
- Recent underwriting changes for non-conforming loans include:
 - Eliminated stated income
 - Reduced allowable CLTVs (all markets); set even tighter CLTV limits in markets with declining HPAs
 - Exited broker business
 - Tightened underwriting standards even further for Florida
- Quarterly losses could be as high as \$300mm in early 2009 (net charge-offs of 2.25% to 2.50%)

Impact of housing

HPA and credit statistics

	Peak to Current HPA	30+ Day Delinquency Rate		NCO Rate		% YTD Losses
		Sept '07	Sept '08	Sept '07	Sept '08	
<u>Prime</u>						
AZ, CA, FL	(33%)	2.0%	8.1%	0.1%	3.6%	81%
All Other	(6%)	1.4%	2.7%	0.0%	0.5%	19%
<u>Home Equity</u>						
AZ, CA, FL	(33%)	1.6%	3.8%	1.3%	7.5%	62%
All Other	(6%)	1.5%	2.0%	0.6%	1.5%	38%

Emerging impact of unemployment

Unemployment and credit statistics

	Sept '08 Unemployment Rate	30+ Day Delinquency Rate		% Sept '08 Balances	% YTD Losses
		Sept '07	Sept '08		
<u>Prime</u>					
AZ, CA, FL	7.2%	2.0%	8.1%	40%	81%
IN, MI, OH	7.5%	2.4%	3.3%	4%	3%
All Other	5.9%	1.4%	2.6%	56%	16%
<u>Home Equity</u>					
AZ, CA, FL	7.2%	1.6%	3.8%	27%	62%
IN, MI, OH	7.5%	2.7%	3.2%	12%	8%
All Other	5.9%	1.3%	1.9%	61%	30%

Foreclosure prevention efforts

Foreclosure prevention - total owned and securitized portfolio

Foreclosure Prevention Efforts ¹

Number of phone calls 125.5mm

“Doors knocked” 205K

Borrowers reached ¹ 6.1mm

Total foreclosures prevented ² 250K

¹ 3Q08 YTD foreclosure prevention efforts and borrowers reached

² Total foreclosures prevented since early 2007

New actions to help families stay in their homes

Chase Foreclosure Prevention Program

- Systematically review the entire mortgage portfolio to determine proactively which homeowners are most likely to require help - and try to provide it before they are unable to make payments
- Proactively reach out to homeowners to offer pre-qualified modifications
- Establish 24 new regional counseling centers to provide face-to-face help
- Add 300 more loan counselors so that delinquent homeowners can work with the same counselor throughout the process. Will add more counselors as needed
- Create an independent process within Chase to review each mortgage before it is sent into foreclosure - to validate each borrower was offered appropriate modifications
- Will not add any more Chase owned loans into the foreclosure process while implementing enhancements
- Disclose and explain in plain and simple terms the refinancing or modification alternatives for each kind of loan, including using in-language communications
- Expand the range of alternatives offered to modify pay-option ARMs
- Offer discounts on or donate 500 homes to community groups or government programs
- Use more flexible eligibility criteria and modification terms

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Branch Banking profitability and growth drivers

Net Income (\$mm)							
	3Q07	4Q07	1Q08	2Q08	3Q08	QoQ	YoY
Retail Banking (Consumer and Business)	\$591	\$561	\$545	\$674	\$723	7%	22%
Loan Portfolio/Other	20	(190)	(978)	(320)	(505)	(58%)	NM
Total	\$611	\$371	(\$433)	\$354	\$218	(38%)	(64%)

3Q08 Regional Banking key statistics

- Deposits of \$211.5 billion as of September 30, 2008, up from \$206.7 billion as of September 30, 2007
- 11.7 million checking accounts, up 1.1 million or 10% from 3Q07
- 10,201 personal bankers, up 698 or 7% from 3Q07
- 3,179 branches, up from 3,096 in 3Q07
- 9,308 ATMs, up 365 or 4% from 3Q07

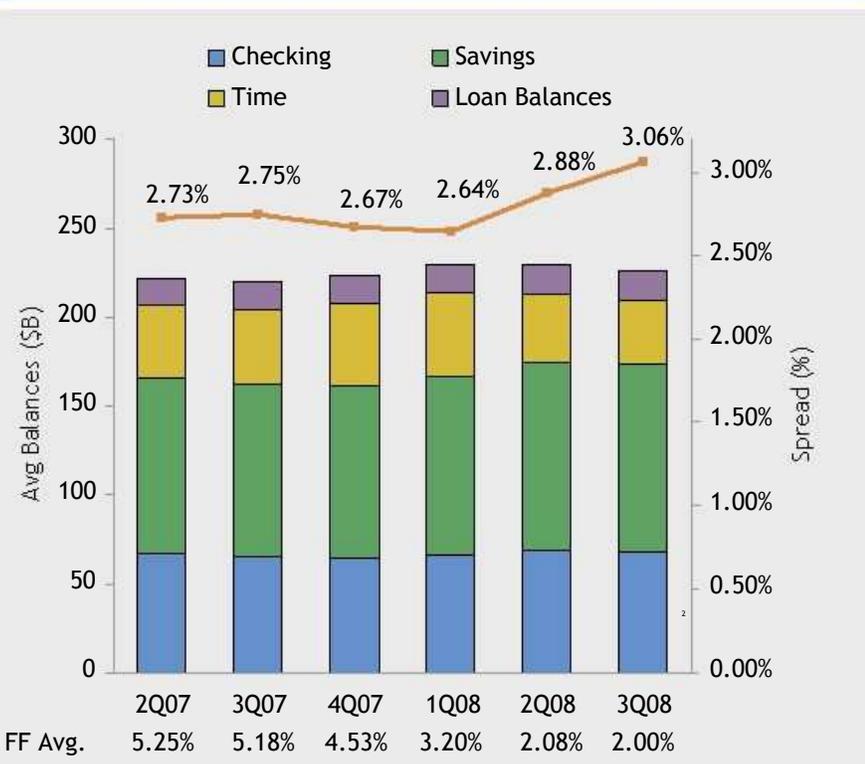
Branch Banking

Priorities

- Managing margin through the cycle
- Continue to grow branch presence
- Growth in salesforce
- Growth in production and sales
- Washington Mutual integration

Retail Banking: managing through the cycle

Balance Sheet mix and margin



Highlights

- Mix has remained fairly consistent 3Q07 thru 3Q08
- Product spreads have increased through the cycle as the Fed has reduced rates
- Objective to maximize Net Interest Margin through disciplined pricing and new product introduction

(\$mm)	
3Q07 Margin	\$1,565
Deposits	
Account Growth	\$93
Avg. Account Balance	(58)
Migration / Spreads	155
Subtotal - Deposits	\$190
Lending/Other	\$1
Total Variance	\$191
3Q08 Margin	\$1,756

Retail Banking new builds

New branches

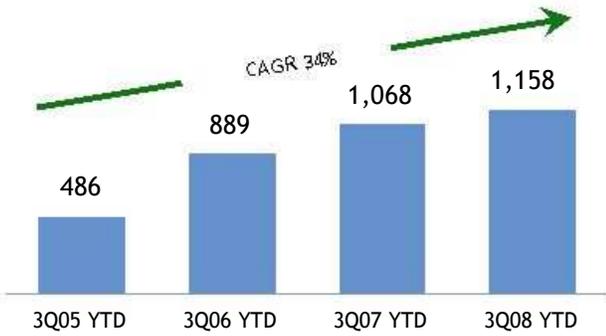
	2003	2004	2005	2006	2007	Thru Sep 2008	Total
Metro NY	-	13	51	22	28	11	125
Chicago	20	54	25	15	21	7	142
Arizona	7	10	19	11	15	9	71
Texas	17	30	26	22	35	15	145
Michigan	2	3	10	35	10	6	66
Colorado	5	2	6	12	9	4	38
Other	8	12	9	8	9	4	50
Total	59	124	146	125	127	56	637

Highlights

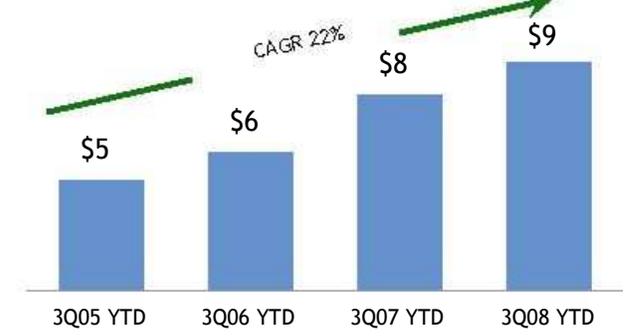
- 2008 Estimate of 100 - 125
- Focused on expansion in major footprint markets

Deepening growth in branch cross-sell

Credit Cards (# units in 000s)



Mortgage Sales (\$B)



Investment Sales (\$B)



Highlights (3Q08 vs. 3Q07)

- Credit card sales up 6%
- Investment sales up 1%

Developing and deepening customer relationships

Total core retail households

	Jan 2006	Jan 2007	Aug 2008
Total Households	8,829,843	9,232,883	10,631,487
Checking Households	81%	82%	85%
with Credit Card	48%	53%	54%
with Online Banking	42%	54%	65%
with Online Billpay	14%	25%	34%

Note: Households include only branch-based households (no credit card only or out-of-footprint lending)

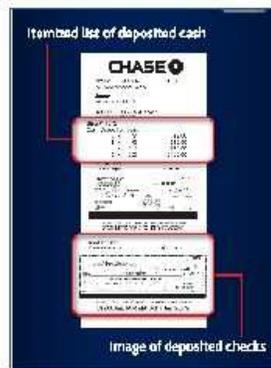
Relationship economics

- The value of a product relationship is significantly greater than the value of stand-alone products
- The relationship value is driven by improved retention and greater cross-sell

Innovate to serve customers

Innovation

- Chase Mobile
 - On-demand, real-time account information
 - Industry-first national launch of account access by texting in U.S.
- Rapid Cash
 - Free funds transfer to Mexico for Chase checking customers
- Deposit-Friendly ATMsSM
 - \$290mm investment in ATM deposit automation to allow 24/7 deposit access
 - Expect to have 45% of full function ATMs to be web-enabled by end of 2008
- Debit Rewards
 - Leisure with United & Continental
 - Chase Picks Up the TabSM
- Access Checking
 - Checking with safeguards for consumers who don't qualify for other checking products
- ATM Offers
 - Instant checking offers on receipts for non-checking customers & prospects
 - Debit upgrade offers
 - Pre-approved credit cards



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Key terms of acquisition of Washington Mutual's banks from FDIC acting as receiver

Transaction:	<p>JPMorgan Chase acquired:</p> <ul style="list-style-type: none">■ Substantially all of the assets of Washington Mutual's banks■ All of the deposits and certain liabilities of Washington Mutual's banks <p>Transaction did not include:</p> <ul style="list-style-type: none">■ Assets and liabilities of Washington Mutual Inc. (Holding Company)■ Unsecured senior debt, subordinated debt and preferred of Washington Mutual's banks
Consideration:	\$1.9 billion cash paid to FDIC

WaMu provides unique opportunity to expand retail banking franchise and generate attractive returns for JPMorgan Chase shareholders

Strategic Fit

- Greatly enhances retail banking platform in attractive markets
 - Combined deposits of \$911 billion and 5,410 branches at close ¹
 - Expanding into attractive new markets (CA + FL)
 - Increases market share in existing largest fast-growing markets (NY, TX, IL, AZ, CO, UT)

Financially Compelling

- Accretive immediately. Net income impact of approximately \$0.50 per share in 2009, largely in RFS - pro rata amount expected to impact 4Q08 results
 - Asset write-downs reduce risk to volatility in future earnings
 - Allows significant margin for error
- Opportunity to grow revenue and realize significant cost savings
 - Ability to bring expanded Chase products and services to WaMu branches
 - Drive efficiencies in branch network and back office
- JPMorgan Chase maintains strong capital and liquidity positions
 - Retail deposits add to stable funding base

Ability to execute

- Proven capabilities with success in Bank One/Chase and Bank of New York transactions
- Little overlap with Bear Stearns integration

¹ Source: SNL Financial; branch data as of September 18, 2008; deposit data as of June 30, 2008

Leader in retail banking and deposit gathering

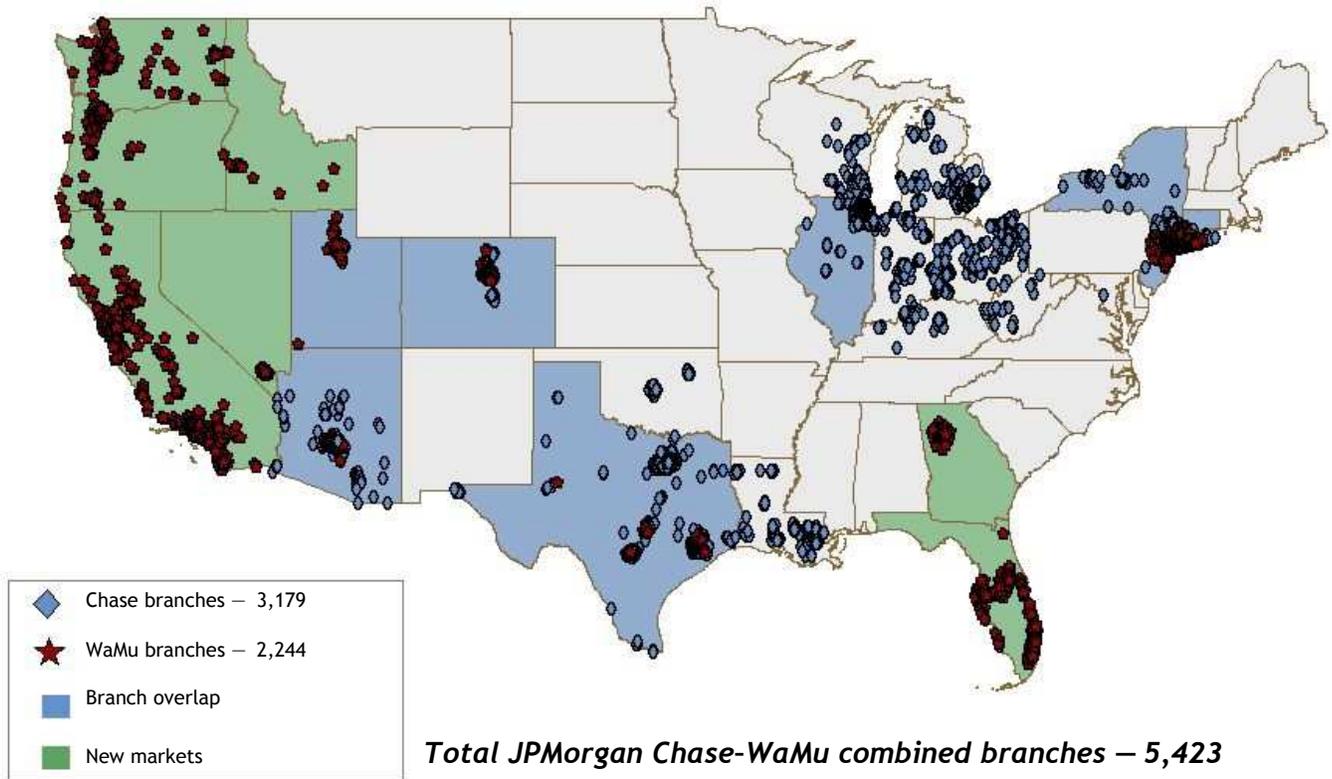
Branches		
Rank	Institution	Branches (#)
1	Pro forma Wells Fargo	6,675
2	Bank of America	6,139
3	JPMorgan Chase	5,423
4	Pro forma PNC	2,576
5	U.S. Bancorp	2,556

Deposits (\$B)		
Rank	Institution	Deposits (\$B)
1	JPMorgan Chase	\$970
2	Bank of America	874
3	Citi	780
4	Pro forma Wells Fargo	772
5	Pro forma PNC	181

Source: 3Q08 Press Releases. JPMorgan Chase branch count from 9/30/08 reporting. Pro forma Wells Fargo branches from the 10/3/08 Wells Fargo Investor Presentation
 Note: Branch count represents Retail branches only, excluding PCS

Creates broader branch network

Branch map



Source: 9/30/08 reporting

Note: Branch count represents Retail branches only, excluding PCS

Adds branch presence in new markets

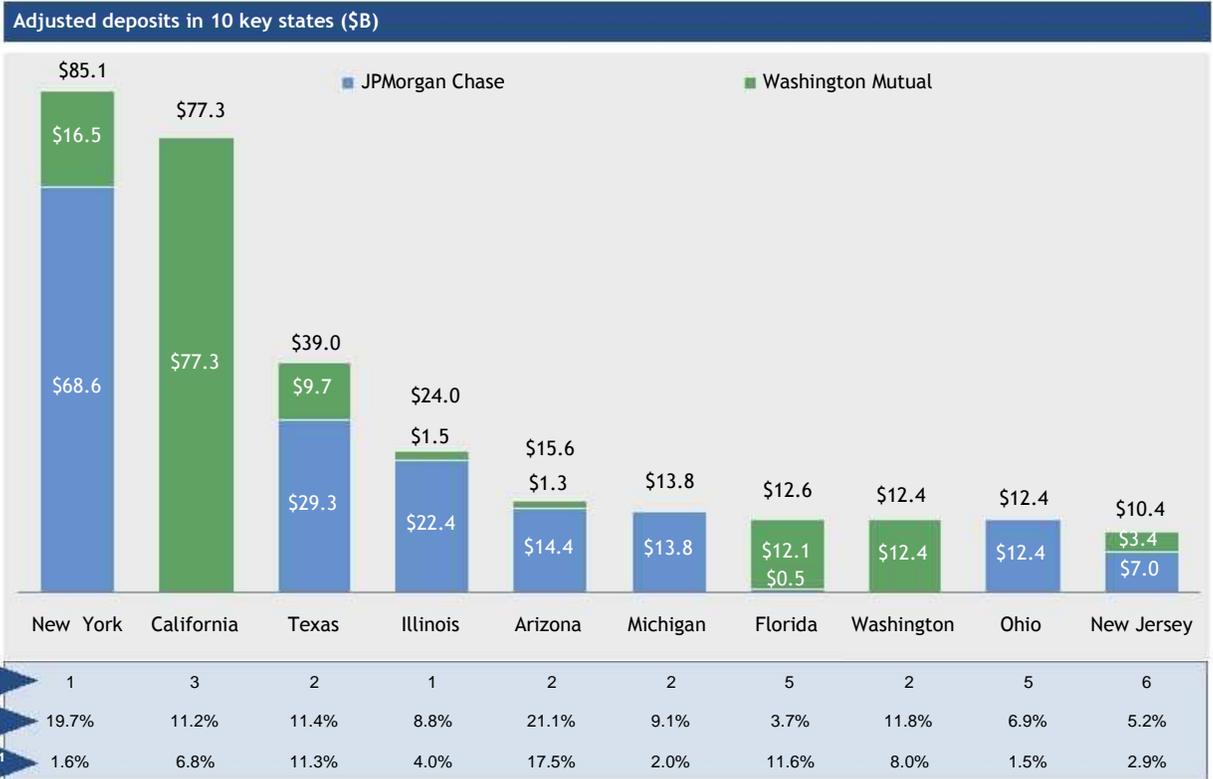
# of branches			
State	Combined	JPMorgan Chase	Washington Mutual
New York	873	629	244
Texas	732	474	258
California	709	-	709
Illinois	461	344	117
Arizona	307	242	65
Michigan	300	300	-
Ohio	282	282	-
Florida	270	8	262
New Jersey	252	165	87
Indiana	193	193	-
Washington	189	-	189
Louisiana	160	160	-
Colorado	131	91	40
Oregon	105	-	105
Wisconsin	83	83	-
Other	376	208	168
Total	5,423	3,179	2,244

Source: 9/30/08 reporting

Note: Branch count represents Retail branches only, excluding PCS

Combined retail franchise has leading market share in key states

WASHINGTON MUTUAL UPDATE



Source: SNL Financial
 Note: Deposit data as of June 30, 2008; excludes deposits greater than \$500mm in a single branch
¹ 2008-2013 projected demographic data

Top 3 ranking in the country's largest MSAs

Select MSAs by deposits (\$mm)

MSA	Deposits in market	Combined Market Share	Combined Rank	Deposit growth '07-'12	CAGR '07-'12 (%)
New York, NY	\$441,222	19.7%	1	\$36,209	2.1%
Los Angeles, CA	\$249,907	13.6%	3	\$28,970	2.9%
Chicago, IL	\$191,064	12.3%	1	\$19,377	2.6%
Miami, FL	\$117,696	7.7%	3	\$14,046	3.2%
San Francisco, CA	\$103,562	11.4%	3	\$11,803	2.4%
Dallas-Fort Worth, TX	\$78,697	17.0%	1	\$15,215	4.1%
Houston, TX	\$74,599	20.3%	1	\$13,889	3.9%
Detroit, MI	\$60,220	14.7%	3	\$5,685	2.1%
Seattle, WA	\$51,112	16.0%	2	\$7,442	3.2%
San Diego, CA	\$44,868	16.7%	3	\$7,076	3.5%
Phoenix, AZ	\$41,783	23.2%	2	\$11,845	4.9%
San Jose, CA	\$42,917	12.0%	3	\$4,263	2.1%

Source: SNL Financial; FDIC data as of June 30, 2008, with \$1B branch exclusion
 Deposit Growth and CAGR: Claritas 2007, based on CBSA Deposits

Footprint covers 46% of expected population growth – up from 18%

	Combined	JPMorgan Chase	Washington Mutual
Network Comparisons			
U.S. Households	42.3%	25.0%	30.3%
Hispanic Households	67.9%	33.9%	58.3%
Average Income	\$72,332	\$71,595	\$74,747
Businesses	45.6%	26.5%	33.0%
Total # of Branches	5,423	3,179	2,244
Population Growth (2007-12)			
U.S. Population (millions)	129.9	75.0	94.1
5 Year Growth	4.9%	3.3%	5.6%
% of Population Growth	46.2%	18.0%	37.9%
5 Year Hispanic Growth	19.3%	18.3%	18.8%
% of Hispanic Growth	63.4%	29.9%	52.8%

Source: Branch data from 9/30/08 reporting. Claritas demographic data and projections
 Note: Demographic data and projections as of 2007

Transaction further strengthens the entire franchise

	Rank	Size and metrics
Retail Banking	#2	■ 14,300 ATMs ■ 24.5mm checking accounts
Credit cards	#1	■ \$1.87B outstanding
Mortgage	#3 ¹	■ \$1,500B total mortgage loans serviced ²
Commercial Banking		■ \$113B loans ■ \$106B liabilities

¹ Source: IMF

² Source: Company estimate. Includes JPM, WM, and EMC

Note: Data as of 6/30/2008, except for Credit cards, which is as of 9/30/2008

Integration plan: invest to improve franchise, realize efficiencies and reduce risk

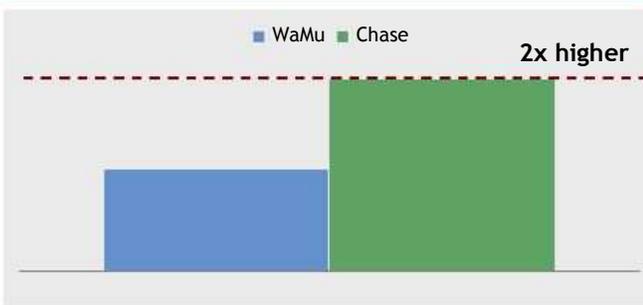
	<u>Current</u>	<u>View</u>	<u>the Same</u>
<ul style="list-style-type: none"> ■ Integrate branch system <ul style="list-style-type: none"> ■ Close fewer than 10% of combined branches ■ Optimize staffing in the branches ■ Convert Washington Mutual branches to Chase's platform ■ Bring best sales and business practices to each 			<ul style="list-style-type: none"> ✓ ✓ ✓ ✓
<ul style="list-style-type: none"> ■ Leverage Washington Mutual branch footprint for growth <ul style="list-style-type: none"> ■ Introduce enhanced product offerings ■ Build out Business Banking (for small business clients) ■ Build out Middle Market ■ Benefits Private Bank and Private Client Services 			<ul style="list-style-type: none"> ✓ ✓ ✓ ✓
<ul style="list-style-type: none"> ■ Consumer lending <ul style="list-style-type: none"> ■ Run-off existing home lending and sub-prime credit card portfolios ■ Exit all non-bank branch retail lending ■ Future originations to Chase standards 			<ul style="list-style-type: none"> ✓ ✓ ✓
<ul style="list-style-type: none"> ■ Integrate mortgage servicing 			Cautious

Integration plan generates top and bottom line growth

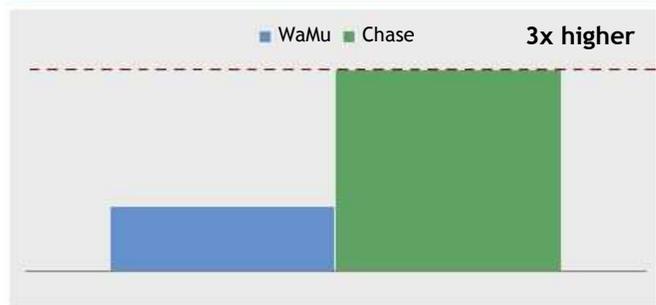
Revenue growth: credit card and investment sales

- Branch network provides opportunity to cross-sell more products, particularly credit card and investment sales:
 - Credit card
 - In 2007, Chase produced 2x the per branch credit card production of WaMu
 - Achieving this productivity from WaMu branches would generate an additional 500,000 credit cards sold annually through the branches
 - Investment sales
 - Chase's % of retail bank households that have an investment product is 2x greater than WaMu
 - Chase's Financial Advisors produce on average 60% more investment sales per year
 - Achieving Chase investment sales productivity and increasing number of Financial Advisors could lead to an additional \$8-10B in sales annually through the branches

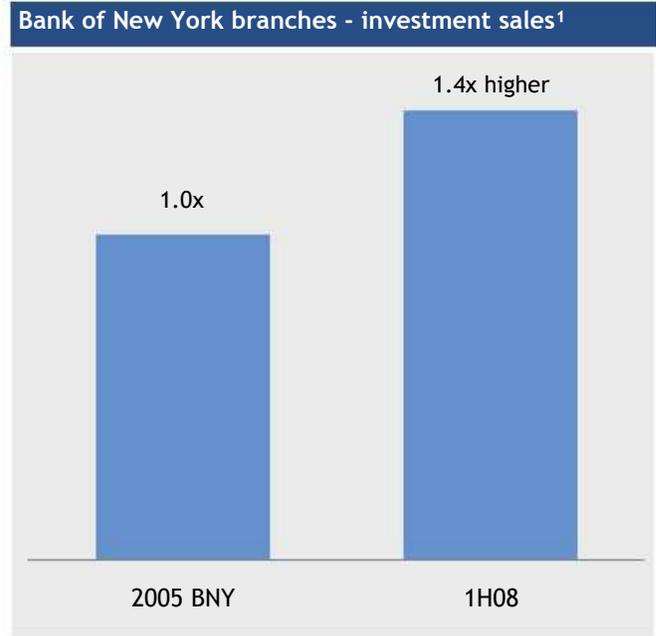
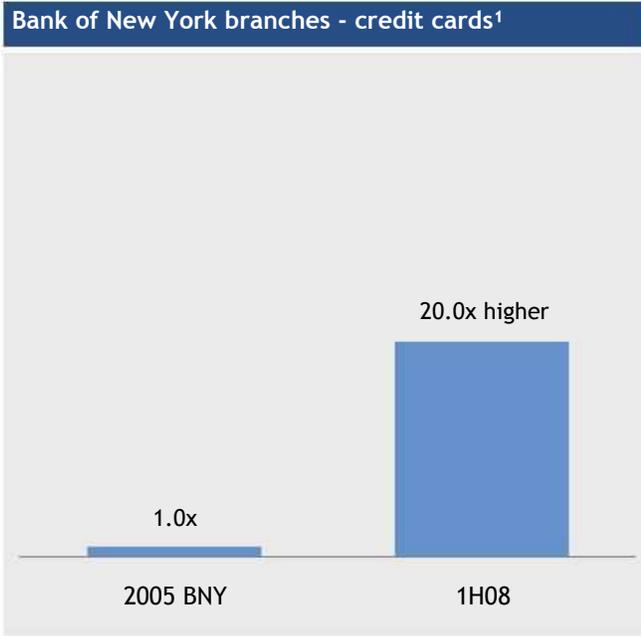
Credit card sales per branch per month - 2007



Investment sales per branch per month - 2007



Chase has a solid track record in enhancing branch productivity



Note: 1H07 and 1H08 are averages of 1Q and 2Q
¹Based on average of comparable deposit size Chase branches in NY, NJ and CT

Chase successfully increased branch productivity for credit card and investment sales after the Bank of New York branch acquisition

Branches in new markets create opportunity for Business and Commercial Banking

Business Banking

- Significant opportunity to expand Business Banking as Washington Mutual had limited market penetration
- Chase has 5x Washington Mutual's average Business Banking checking balances
- Chase has 40% more fee income per customer
- Plans include expanded product offering and build out of business bankers/relationship managers

Commercial Banking

- Retail branch presence provides the basis for a strong middle market franchise
- Washington Mutual's retail presence in select attractive markets combined with Chase's proven leadership provides significant opportunity to enhance Chase's Middle Market business
- Over 5,000 Middle Market companies for Chase to pursue as customers in Los Angeles, San Diego, San Francisco, Seattle, and Portland
- Incremental capabilities from Washington Mutual's multi-family lending business, a niche product offering with a good risk profile
- Ability to offer Treasury Services products to new customer base

Integration update – on track

People

- Senior management decisions within first 5 days
- Management teams announced across all staff and businesses
- On track for full people decisions by December 1st

Branches

- Conversion timeline to be complete by December 1st
- All major systems converted by end of 2009 - if not sooner

Business

- Deposit outflow reversed in first 5 days
- Foreclosure prevention effort announced

Allowance to loan losses coverage ratios

Rough estimates—illustrative example of WaMu impact on coverage ratios

(\$mm)

	JPMorgan Chase (excl. WaMu)			Washington Mutual			JPMorgan Chase Consolidated		
	As of 3Q08			As of 3Q08			As of 3Q08		
	Loan Balances ¹	LLR	LLR/Loans	Loan Balances ²	LLR	LLR/Loans	Loan Balances	LLR	LLR/Loans
Home Lending:									
Home Equity	\$94,587			\$22,217	\$556	2.50%	\$116,804		
Prime (incl. Corporate)	46,801			23,442	181	0.77%	70,243		
Subprime	13,437			4,725	216	4.57%	18,162		
Option ARMs	—			18,989	390	2.05%	18,989		
Total Home Lending	\$154,825	\$4,896	3.16%	\$69,373	\$1,343	1.94%	\$224,198	\$6,239	2.78%
(Incl. reserves; excl. WaMu marked loans)									

Loans excluded from LLR/Loans

WaMu home lending marked loans (\$B)

Estimated WaMu marked portfolio (net)	\$78 ²
Fair value marks	\$30
% of total marked loans	27.7%

¹ Loan balances exclude held-for-sale loans

² These are net balances which are approximate as of 10/15/08 and subject to change

Note: Consumer businesses reflect EOP balances

Anticipated cost savings and merger costs

Cost savings

- Projected cost savings of approximately \$1.5 billion, or approximately 15%-20% of Washington Mutual's non-interest expense base, net of significant investments in the business
- Majority of branch combinations to be completed by end of 2010

Merger costs

- Estimated initial transaction-related costs of approximately \$1.5 billion pre-tax
 - Severance
 - Technology and systems
 - Real estate and facilities
- Additional merger costs of approximately \$500 million (after-tax), with approximately \$100 million (after-tax) of expense recognized in 4Q08 and the remainder incurred through 2011

Summary / Outlook

- Washington Mutual integration underway
 - A great strategic fit and a unique opportunity to expand retail banking franchise
- Cautious about economic environment and braced for increasing loan losses going forward
- Opportunity to gain share

Forward-looking statements and additional information

Forward-looking statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of JPMorgan Chase's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. Factors that could cause JPMorgan Chase's actual results to differ materially from those described in the forward-looking statements can be found in JPMorgan Chase's current report on Form 8-K dated September 26, 2008, its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008, and its Annual Report on Form 10-K for the year ended December 31, 2007, each of which has been filed with the Securities and Exchange Commission and available on JPMorgan Chase's website (www.jpmorganchase.com) and on the Securities and Exchange Commission's website (www.sec.gov). JPMorgan Chase does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.

Additional information

The figures reflected in this presentation refer to heritage-JPMorgan Chase figures only, except where specifically noted as being pro forma combined for the Washington Mutual transaction