**IN THE UNITED STATES BANKRUPTCY COURT**
**DISTRICT OF DELAWARE**

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US BANKRUPTCY COURT
DISTRICT OF DELAWARE

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|---|---|
| **In re:** | **Chapter 11** |
| **WASHINGTON MUTUAL, INC., et al.,** | **Case No. 08-12229 (MFW)** |
| | **Jointly Administered** |
| **Debtors.** | **Related Dkt. Nos. : 9178, 9179** |

# POST-CONFIRMATION STATEMENT BY JAMES BERG

TO: THE HONORABLE MARY F. WALRATH,
UNITED STATES BANKRUPTCY JUDGE

I am James Berg, a Series R preferred and common shareholder of Washington Mutual Inc. ("**WMI**"), appearing *Pro Se*. With this statement, I intend to clarify the record for WMI's February 2012 confirmation hearing. I respectfully represent as follows:

1. WMI and WMI Investment Corp. are debtors and debtors in possession (the "**Debtors**")[1] in these cases. On December 12, 2011, the Debtors filed their *Seventh Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the United States Bankruptcy Code* [D.I. 9178] (as was further amended or modified, the "**Plan**")[2]. After a plan confirmation hearing on February 16-17, 2012, (the "**Plan Confirmation Hearing**"), this Court announced in a ruling from the bench that it would be, "...happy to confirm this plan."

2. On January 7, 2011, this Court denied confirmation of the earlier Sixth Amended Plan (the "**January Opinion**") [D.I. 6528], citing, *inter alia*, the risk of failure of JP Morgan Chase ("**JPMC**") if WMI were to obtain a significant award. On September 13, 2011 this Court also denied confirmation of the Modified Sixth Amended Plan, (the "**September Opinion**") [D.I. 8612],

1 The Debtors in these chapter 11 cases along with the last four digits of each Debtor's federal tax identification number are: (i) Washington Mutual, Inc. (3725); and (ii) WMI Investment Corp. (5395). The Debtors' principal offices are located at 1201 Third Avenue, Suite 3000, Seattle, Washington 98101.

2 Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Disclosure Statement or, if not defined in the Disclosure Statement, in the Plan.

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ruling, *inter alia*, that it would not reconsider the Global Settlement Agreement (the "**GSA**") without new information.

3. At the Plan Confirmation Hearing on February 16, 2012, I submitted excerpts of three JPMC SEC filings, namely JPMC's 2010 10-K filed February 28, 2011, JPMC's 2011 3rd Quarter 10-Q filed November 4, 2011, and JPMC's 4th Quarter 8-K filed January 13, 2012. Though much of the information in these excerpts had been included as attachments in the James Berg Objection to the Seventh Amended Plan, [D.I. 9569], I made it clear that the 4th Quarter 8-K was entirely new information which had not been raised before. After JPMC objected, this Court ultimately took judicial notice of all three of these JPMC SEC documents in their entirety.

4. In ruling that it would confirm the Seventh Amended Plan, this Court gave no indication that it even considered any of the three JPMC SEC filings which were admitted into the record. In fact, this Court went so far as to suggest that no new information had been provided, when in fact that was the entire purpose of admitting these JPMC SEC documents. The JPMC 2010 10-K provided a complete breakdown of the Washington Mutual transaction, detailing the gains which JPMC had realized through December 31, 2010. <u>This breakdown was published for the first time nearly two months after the January Opinion</u> where it was first determined that the GSA was "fair and reasonable". Emboldened by this Court's ruling, JPMC disclosed the following information in their 2010 10-K:

- On page 52, JPMC's record 2010 net income of $17.370 billion;
- On page 166, Negative Goodwill of $10.058 billion for the Washington Mutual Transaction (before writing down all non-financial assets to zero);
- On page 233, a description of the pool of off-balance sheet Purchased Credit Impaired ("PCI") loans which provide interest which accrues over time (in effect, a "stealth" write-up of the value of those PCI loans over time), confirming that any remaining balance will accrete to JPMC's balance sheet over the next seven years;
- On page 236, Accreted interest of $1.292 billion (2008), $4.363 billion (2009), and $3.232 billion (2010), which, due to the purchase accounting used, were not reflected as additional negative goodwill, though the benefit flowed directly to JPMC's bottom line; and
- On page 236, a $19.097 billion accretable yield balance (as of December 31, 2010) which is projected to flow directly to JPMC's balance sheet over the remaining 7-year life of this off-balance sheet pool of PCI loans.

5. JPMC's 3rd Quarter 10-Q was filed November 4, 2011. Page 154 of this 10-Q disclosed an additional $2.095 billion which has been accreted to JPMC's balance sheet through September 30, 2011. Due to adjustments in expected cash flows, the remaining accretable yield balance was $18.452 billion at the end of that period. The data from the second and third quarters of 2011 were published too late to be considered in the July 2011 confirmation hearings, so this was truly "new" information, which could not have been introduced earlier.

6. On January 13, 2012, JPMC published additional new information in a Form 8-K, for the period ending December 31, 2011. When I introduced the excerpts of this 8-K, I expected the Court to review this information as I made it very clear that I hadn't provided it before. Rather than belabor the point by arguing it in open court, I believed that the excerpts I provided of this 8-K spoke volumes, and that this Court would immediately recognize their importance. Given that this Court didn't even make mention of this 8-K or the other SEC documents, I believe that this Court may have mistakenly underestimated their importance, or worse, not considered them at all.

7. Reading page 1 of Exhibit 99.1 of the 8-K excerpts provided, the first thing that jumps out at you is the bold heading, "**FULL-YEAR 2011 RECORD NET INCOME OF $19.0 BILLION**". Much of this is due to the addition of WMB's assets. When added to the 2010 results, JPMC has earned record net income in excess of $36.3 billion within the last two years.

8. Naturally, if one were concerned about JPMC's viability, one might think that all of this income would be used to shore up JPMC's capital reserves. But this was not the case, as page 3 of Exhibit 99.1 of that 8-K confirms. Further emboldened by this Court's reiteration of the Court's "fair and reasonable" determination in the September Opinion, JPMC's CEO states:

> Commenting on the balance sheet, Dimon said "We maintained our fortress balance sheet, ending the year with a strong Basel 1 Tier 1 Common ratio of 10.0%. **Our capital position allowed us to repurchase $9 billion of common stock during 2011, including $950 million during the fourth quarter...**"

9. A review of JPMC's 3rd Quarter 10-Q (which in its entirety was admitted to the record) and other 2011 quarterly reports confirms the repurchases, with $3.4 billion in the Second Quarter, $4.4 billion in the Third Quarter, and $0.95 billion in the Fourth Quarter. The $9 billion in common stock repurchases were all published by JPMC following WMI's July 2011 confirmation hearings. As such, they could not have been introduced in the July 2011 confirmation hearings. Following those hearings this Court again ruled the GSA "fair and reasonable" in the September Opinion, with this Court's continued expressed goal to avoid JPMC's potential failure.

10. This record profit by JPMC of $36.3 billion over the last two years, and the $9 billion stock repurchase in 2011 are not the signs one would expect of an institution so imperiled that even the threat of the withdrawal of WMI's $4 billion deposit could cause it to fail. Instead, the $9 billion in funds which JPMC may have had set aside with an eye toward a possible settlement have gone to repurchase their own common stock. This treasury stock could easily have been used (and could still be used) to fund a settlement between JPMC and WMI, without any additional monies coming from JPMC's pocket. Given this, it is inexplicable for this Court to favor JPMC (who has benefited by receiving over $46.22 billion in WMB's assets, as has been thoroughly documented in my Plan objection) over WMI's Creditors and Shareholders (who receive a pittance from WMI's Creditors and nothing directly from JPMC for their mandatory releases if one wishes to get a distribution).

12. With all due respect, as this Court has behaved logically in the past, I can only conclude that this Court did not fully consider the import of the JPMC SEC filings which I offered and which were admitted by this Court into the confirmation record. Sincerely,

Dated: February 24, 2011

James Berg, *Pro Se*
429 4th Street South #5
Moorhead, MN 56560

# Exhibit 1

## Selected Excerpts:

## JPMC 2010 10-K
**Published 02/28/2011**

## JPMC 2011 3Q 10-Q
**Published 11/04/2011**

## JPMC 2010 4Q 8-K
**Published 01/13/2012**

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

# FORM 10-K

**Annual report pursuant to section 13 or 15(d) of The Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2010

Commission file number 1-5805

# JPMorgan Chase & Co.

(Exact name of registrant as specified in its charter)

**Delaware**
(State or other jurisdiction of incorporation or organization)

**13-2624428**
(I.R.S. 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**
**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common stock | The New York Stock Exchange<br>The London Stock Exchange<br>The Tokyo Stock Exchange |
| Warrants, each to purchase one share of Common Stock | The New York Stock Exchange |
| Depositary Shares, each representing a one-four hundredth interest in a share of 8.625% Non-Cumulative Preferred Stock, Series J | The New York Stock Exchange |
| Guarantee of 7.00% Capital Securities, Series J, of J.P. Morgan Chase Capital X | The New York Stock Exchange |
| Guarantee of 5.875% Capital Securities, Series K, of J.P. Morgan Chase Capital XI | The New York Stock Exchange |
| Guarantee of 6.25% Capital Securities, Series L, of J.P. Morgan Chase Capital XII | The New York Stock Exchange |
| Guarantee of 6.20% Capital Securities, Series N, of JPMorgan Chase Capital XIV | The New York Stock Exchange |
| Guarantee of 6.35% Capital Securities, Series P, of JPMorgan Chase Capital XVI | The New York Stock Exchange |
| Guarantee of 6.625% Capital Securities, Series S, of JPMorgan Chase Capital XIX | The New York Stock Exchange |
| Guarantee of 6.875% Capital Securities, Series X, of JPMorgan Chase Capital XXIV | The New York Stock Exchange |
| Guarantee of Fixed-to-Floating Rate Capital Securities, Series Z, of JPMorgan Chase Capital XXVI | The New York Stock Exchange |
| Guarantee of Fixed-to-Floating Rate Capital Securities, Series BB, of JPMorgan Chase Capital XXVIII | The New York Stock Exchange |
| Guarantee of 6.70% Capital Securities, Series CC, of JPMorgan Chase Capital XXIX | The New York Stock Exchange |
| Guarantee of 7.20% Preferred Securities of BANK ONE Capital VI | The New York Stock Exchange |
| KEYnotes Exchange Traded Notes Linked to the First Trust Enhanced 130/30 Large Cap Index | The New York Stock Exchange |
| Alerian MLP Index ETNs due May 24, 2024 | NYSE Arca, Inc. |
| JPMorgan Double Short US 10 Year Treasury Futures ETNs due September 30, 2025 | NYSE Arca, Inc. |
| JPMorgan Double Short US 10 Long Bond Treasury Futures ETNs due September 30, 2025 | NYSE Arca, Inc. |
| Euro Floating Rate Global Notes due July 27, 2012 | The NYSE Alternext U.S. LLC |
| Principal Protected Notes Linked to the Dow Jones Industrial Average SM due March 23, 2011 | The NYSE Alternext U.S. LLC |

**Securities registered pursuant to Section 12(g) of the Act: none**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K . ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
☒ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer (Do not check if a smaller reporting company) ☐ Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The aggregate market value of JPMorgan Chase & Co. common stock held by non-affiliates of JPMorgan Chase & Co. on June 30, 2010 was approximately $144,824,681,723.

## Financial

# Five-year summary of consolidated financial highlights

(unaudited)
(in millions, except per share, headcount and ratio data)

| As of or for the year ended December 31, | 2010 | 2009 | 2008 (d) | 2007 | 2006 |
|---|---|---|---|---|---|
| **Selected income statement data** | | | | | |
| Total net revenue | $ 102,694 | $ 100,434 | $ 67,252 | $ 71,372 | $ 61,999 |
| Total noninterest expense | 61,196 | 52,352 | 43,500 | 41,703 | 38,843 |
| **Pre-provision profit** (a) | 41,498 | 48,082 | 23,752 | 29,669 | 23,156 |
| Provision for credit losses | 16,639 | 32,015 | 19,445 | 6,864 | 3,270 |
| Provision for credit losses – accounting conformity (b) | — | — | 1,534 | — | — |
| **Income from continuing operations before income tax expense/(benefit) and extraordinary gain** | 24,859 | 16,067 | 2,773 | 22,805 | 19,886 |
| Income tax expense/(benefit) | 7,489 | 4,415 | (926) | 7,440 | 6,237 |
| **Income from continuing operations** | 17,370 | 11,652 | 3,699 | 15,365 | 13,649 |
| Income from discontinued operations (c) | — | — | — | — | 795 |
| **Income before extraordinary gain** | 17,370 | 11,652 | 3,699 | 15,365 | 14,444 |
| Extraordinary gain (d) | — | 76 | 1,906 | — | — |
| **Net income** | $ 17,370 | $ 11,728 | $ 5,605 | $ 15,365 | $ 14,444 |
| **Per common share data** | | | | | |
| **Basic earnings** | | | | | |
| Income from continuing operations | $ 3.98 | $ 2.25 | $ 0.81 | $ 4.38 | $ 3.83 |
| Net income | 3.98 | 2.27 | 1.35 | 4.38 | 4.05 |
| **Diluted earnings** (e) | | | | | |
| Income from continuing operations | $ 3.96 | $ 2.24 | $ 0.81 | $ 4.33 | $ 3.78 |
| Net income | 3.96 | 2.26 | 1.35 | 4.33 | 4.00 |
| Cash dividends declared per share | 0.20 | 0.20 | 1.52 | 1.48 | 1.36 |
| Book value per share | 43.04 | 39.88 | 36.15 | 36.59 | 33.45 |
| **Common shares outstanding** | | | | | |
| Average: Basic | 3,956.3 | 3,862.8 | 3,501.1 | 3,403.6 | 3,470.1 |
| Diluted | 3,976.9 | 3,879.7 | 3,521.8 | 3,445.3 | 3,516.1 |
| Common shares at period-end | 3,910.3 | 3,942.0 | 3,732.8 | 3,367.4 | 3,461.7 |
| **Share price** (f) | | | | | |
| High | $ 48.20 | $ 47.47 | $ 50.63 | $ 53.25 | $ 49.00 |
| Low | 35.16 | 14.96 | 19.69 | 40.15 | 37.88 |
| Close | 42.42 | 41.67 | 31.53 | 43.65 | 48.30 |
| Market capitalization | 165,875 | 164,261 | 117,695 | 146,986 | 167,199 |
| **Selected ratios** | | | | | |
| Return on common equity ("ROE") (e) | | | | | |
| Income from continuing operations | 10% | 6% | 2% | 13% | 12% |
| Net income | 10 | 6 | 4 | 13 | 13 |
| Return on tangible common equity ("ROTCE") (e) | | | | | |
| Income from continuing operations | 15 | 10 | 4 | 22 | 24 |
| Net income | 15 | 10 | 6 | 22 | 24 |
| Return on assets ("ROA") | | | | | |
| Income from continuing operations | 0.85 | 0.58 | 0.21 | 1.06 | 1.04 |
| Net income | 0.85 | 0.58 | 0.31 | 1.06 | 1.10 |
| Overhead ratio | 60 | 52 | 65 | 58 | 63 |
| Deposits-to-loans ratio | 134 | 148 | 135 | 143 | 132 |
| Tier 1 capital ratio (g) | 12.1 | 11.1 | 10.9 | 8.4 | 8.7 |
| Total capital ratio | 15.5 | 14.8 | 14.8 | 12.6 | 12.3 |
| Tier 1 leverage ratio | 7.0 | 6.9 | 6.9 | 6.0 | 6.2 |
| Tier 1 common capital ratio (h) | 9.8 | 8.8 | 7.0 | 7.0 | 7.3 |
| **Selected balance sheet data (period-end)** (g) | | | | | |
| Trading assets | $ 489,892 | $ 411,128 | $ 509,983 | $ 491,409 | $ 365,738 |
| Securities | 316,336 | 360,390 | 205,943 | 85,450 | 91,975 |
| Loans | 692,927 | 633,458 | 744,898 | 519,374 | 483,127 |
| Total assets | 2,117,605 | 2,031,989 | 2,175,052 | 1,562,147 | 1,351,520 |
| Deposits | 930,369 | 938,367 | 1,009,277 | 740,728 | 638,788 |
| Long-term debt | 247,669 | 266,318 | 270,683 | 199,010 | 145,630 |
| Common stockholders' equity | 168,306 | 157,213 | 134,945 | 123,221 | 115,790 |
| Total stockholders' equity | 176,106 | 165,365 | 166,884 | 123,221 | 115,790 |
| **Headcount** | 239,831 | 222,316 | 224,961 | 180,667 | 174,360 |

(a) Pre-provision profit is total net revenue less noninterest expense. The Firm believes that this financial measure is useful in assessing the ability of a lending institution to generate income in excess of its provision for credit losses.

(b) Results for 2008 included an accounting conformity loan loss reserve provision related to the acquisition of Washington Mutual Bank's ("Washington banking operations.

(c) On October 1, 2006, JPMorgan Chase & Co. completed the exchange of selected corporate trust businesses for the consumer, business banking and middle-market banking businesses of The Bank of New York Company Inc. The results of operations of these corporate trust businesses were reported as discontinued operations.

(d) On September 25, 2008, JPMorgan Chase acquired the banking operations of Washington Mutual. On May 30, 2008, a wholly-owned subsidiary of JPMorgan Chase merged with and into The Bear Stearns Companies Inc. ("Bear Stearns"), and Bear Stearns became a wholly-owned subsidiary of JPMorgan Chase. The Washington Mutual acquisition resulted in negative goodwill, and accordingly, the Firm recorded an extraordinary gain. A preliminary gain of $1.9 billion was recognized at December 31, 2008. The final total extraordinary gain that resulted from the Washington Mutual transaction was $2.0 billion. For additional information on these transactions, see Note 2 on pages 166–170 of this Annual Report.

(e) The calculation of 2009 earnings per share ("EPS") and net income applicable to common equity includes a one-time, noncash reduction of $1.1 billion, or $0.27 per share, resulting from repayment of U.S. Troubled Asset Relief Program ("TARP") preferred capital in the second quarter of 2009. Excluding this

# Notes to consolidated financial statements

## Note 2 – Business changes and developments

### Decrease in common stock dividend

On February 23, 2009, the Board of Directors reduced the Firm's quarterly common stock dividend from $0.38 to $0.05 per share, effective with the dividend paid on April 30, 2009, to shareholders of record on April 6, 2009.

### Acquisition of the banking operations of Washington Mutual Bank

On September 25, 2008, JPMorgan Chase acquired the banking operations of Washington Mutual Bank ("Washington Mutual") from the FDIC for $1.9 billion. The acquisition expanded JPMorgan Chase's consumer branch network into several states, including California, Florida Washington, Georgia, Idaho, Nevada and Oregon and created the third largest branch network in the U.S. The acquisition also extended the reach of the Firm's business banking, commercial banking, credit card, consumer lending and wealth management businesses.

The acquisition was accounted for under the purchase method of accounting, which requires that the assets and liabilities of Washington Mutual be initially reported at fair value.

In 2008, the $1.9 billion purchase price was preliminarily allocated to the Washington Mutual assets acquired and liabilities assumed, which resulted in negative goodwill. In accordance with U.S. GAAP for business combinations that was in effect at the time of the acquisition, noncurrent nonfinancial assets acquired in the Washington Mutual transaction that were not held-for-sale, such as the premises and equipment and other intangibles, were written down against the negative goodwill. The negative goodwill that remained after writing down the nonfinancial assets was recognized as an extraordinary gain of $1.9 billion at December 31, 2008. The final total extraordinary gain that resulted from the Washington Mutual transaction was $2.0 billion.

The final summary computation of the purchase price and the allocation of the final total purchase price of $1.9 billion to the net assets acquired of Washington Mutual, based on their respective fair values as of September 25, 2008, and the resulting final negative goodwill of $2.0 billion are presented below.

| September 25, 2008 (in millions) | | |
|---|---|---|
| **Purchase price** | | |
| Purchase price | | $ 1,938 |
| Direct acquisition costs | | 3 |
| **Total purchase price** | | 1,941 |
| **Net assets acquired:** | | |
| Washington Mutual's net assets before fair value adjustments | $ 39,186 | |
| Washington Mutual's goodwill and other intangible assets | (7,566) | |
| **Subtotal** | 31,620 | |
| **Adjustments to reflect assets acquired at fair value:** | | |
| Securities | (16) | |
| Trading assets | (591) | |
| Loans | (30,998) | |
| Allowance for loan losses | 8,216 | |
| Premises and equipment | 680 | |
| Accrued interest and accounts receivable | (243) | |
| Other assets | 4,010 | |
| **Adjustments to reflect liabilities assumed at fair value:** | | |
| Deposits | (686) | |
| Other borrowed funds | 68 | |
| Accounts payable, accrued expense and other liabilities | (1,124) | |
| Long-term debt | 1,063 | |
| **Fair value of net assets acquired** | | 11,999 |
| Negative goodwill before allocation to nonfinancial assets | | (10,058) |
| Negative goodwill allocated to nonfinancial assets [(a)] | | 8,076 |
| **Negative goodwill resulting from the acquisition** [(b)] | | $ (1,982) |

(a) The acquisition was accounted for as a purchase business combination, which requires the assets (including identifiable intangible assets) and liabilities (including executory contracts and other commitments) of an acquired business to be recorded at their respective fair values as of the effective date of the acquisition and consolidated with those of JPMorgan Chase. The fair value of the net assets of Washington Mutual's banking operations exceeded the $1.9 billion purchase price, resulting in negative goodwill. Noncurrent, nonfinancial assets not held-for-sale, such as premises and equipment and other intangibles, were written down against the negative goodwill. The negative goodwill that remained after writing down transaction-related core deposit intangibles of approximately $4.9 billion and premises and equipment of approximately $3.2 billion was recognized as an extraordinary gain of $2.0 billion.

(b) The extraordinary gain was recorded net of tax expense in Corporate/Private Equity.

## Condensed statement of net assets acquired

The following condensed statement of net assets acquired reflects the final value assigned to the Washington Mutual net assets as of September 25, 2008.

| (in millions) | | September 25, 2008 |
|---|---|---|
| **Assets** | | |
| Cash and due from banks | $ | 3,680 |
| Deposits with banks | | 3,517 |
| Federal funds sold and securities purchased under resale agreements | | 1,700 |
| Trading assets | | 5,691 |
| Securities | | 17,224 |
| Loans (net of allowance for loan losses) | | 206,456 |
| Accrued interest and accounts receivable | | 3,253 |
| Mortgage servicing rights | | 5,874 |
| All other assets | | 16,596 |
| **Total assets** | $ | 263,991 |
| **Liabilities** | | |
| Deposits | $ | 159,872 |
| Federal funds purchased and securities loaned or sold under repurchase agreements | | 4,549 |
| Other borrowed funds | | 81,636 |
| Trading liabilities | | 585 |
| Accounts payable, accrued expense and other liabilities | | 6,708 |
| Long-term debt | | 6,718 |
| **Total liabilities** | | 260,068 |
| **Washington Mutual net assets acquired** | $ | 3,923 |

## Merger with The Bear Stearns Companies Inc.

Effective May 30, 2008, BSC Merger Corporation, a wholly owned subsidiary of JPMorgan Chase, merged with The Bear Stearns Companies Inc. ("Bear Stearns") pursuant to the Agreement and Plan of Merger, dated as of March 16, 2008, as amended March 24, 2008, and Bear Stearns became a wholly owned subsidiary of JPMorgan Chase. The merger provided the Firm with a leading global prime brokerage platform; strengthened the Firm's equities and asset management businesses; enhanced capabilities in mortgage origination, securitization and servicing; and expanded the platform of the Firm's energy business. The merger was accounted for under the purchase method of accounting, which requires that the assets and liabilities of Bear Stearns be fair valued. The final total purchase price to complete the merger was $1.5 billion.

The merger with Bear Stearns was accomplished through a series of transactions that were reflected as step acquisitions. On April 8, 2008, pursuant to a share exchange agreement, JPMorgan Chase acquired 95 million newly issued shares of Bear Stearns common stock (or 39.5% of Bear Stearns common stock after giving effect to the issuance) for 20.7 million shares of JPMorgan Chase common stock. Further, between March 24, 2008, and May 12, 2008, JPMorgan Chase acquired approximately 24 million shares of Bear Stearns common stock in the open market at an average purchase price of $12.37 per share. The share exchange and cash purchase transactions resulted in JPMorgan Chase owning approximately 49.4% of Bear Stearns common stock immediately prior to consummation of the merger. Finally, on May 30, 2008, JPMorgan Chase completed the merger. As a result of the merger, each outstanding share of Bear Stearns common stock (other than shares then held by JPMorgan Chase) was converted into the right to receive 0.21753 shares of common stock of JPMorgan Chase. Also, on May 30, 2008, the shares of common stock that JPMorgan Chase and Bear Stearns acquired from each other in the share exchange transaction were cancelled. From April 8, 2008, through May 30, 2008, JPMorgan Chase accounted for the investment in Bear Stearns under the equity method of accounting. During this period, JPMorgan Chase recorded reductions to its investment in Bear Stearns representing its share of Bear Stearns net losses, which was recorded in other income and accumulated other comprehensive income. The difference between the net assets acquired and the fair value of the net assets acquired (including goodwill), presented in the tables below, represent JPMorgan Chase's net losses recorded under the equity method of accounting.

In conjunction with the Bear Stearns merger, in June 2008, the Federal Reserve Bank of New York (the "FRBNY") took control, through a limited liability company ("LLC") formed for this purpose, of a portfolio of $30 billion in assets acquired from Bear Stearns, based on the value of the portfolio as of March 14, 2008. The assets of the LLC were funded by a $28.85 billion term loan from the FRBNY, and a $1.15 billion subordinated loan from JPMorgan Chase. The JPMorgan Chase loan is subordinated to the FRBNY loan and will bear the first $1.15 billion of any losses of the portfolio. Any remaining assets in the portfolio after repayment of the FRBNY loan, the JPMorgan Chase note and the expense of the LLC will be for the account of the FRBNY.

**Purchased credit-impaired ("PCI") loans**

PCI loans were determined to be credit-impaired upon acquisition based on specific risk characteristics of the loan, including product type, loan-to-value ratios, FICO scores, and past-due status. Upon acquisition, credit-impaired loans acquired in the same fiscal quarter may be aggregated into one or more pools, provided that the loans have common risk characteristics. A pool is then accounted for as a single asset with a single composite interest rate and an aggregate expectation of cash flows. With respect to the Washington Mutual transaction, all of the consumer loans were aggregated into pools of loans with common risk characteristics.

PCI loans are initially recorded at fair value upon acquisition. For each PCI loan, or pool of loans, the Firm is required to estimate the total cash flows (both principal and interest) expected to be collected over the remaining life of the loan or pool. These estimates incorporate assumptions regarding default rates, loss severities, the amounts and timing of prepayments and other factors that reflect then-current market conditions.

The excess of cash flows expected to be collected over the carrying value of the underlying loans is referred to as the accretable yield. This amount is not reported on the Firm's Consolidated Balance Sheets but is accreted into interest income at a level rate of return over the remaining estimated lives of the underlying pools of loans. For variable-rate loans, expected future cash flows were initially based on the rate in effect at acquisition; expected future cash flows are recalculated as rates change over the lives of the loans.

On a quarterly basis, the Firm updates the amount of loan principal and interest cash flows expected to be collected. Probable decreases in expected loan principal cash flows trigger the recognition of impairment, which is then measured as the present value of the expected principal loss plus any related foregone interest cash flows, discounted at the pool's effective interest rate. Impairments are recognized through the provision and allowance for loan losses. Probable and significant increases in expected cash flows (e.g., decreased principal credit losses, the net benefit of modifications) would first reverse any previously recorded allowance for loan losses with any remaining increases recognized prospectively as a yield adjustment over the remaining estimated lives of the underlying loans. The impacts of (i) prepayments, (ii) changes in variable interest rates, and (iii) any other changes in the timing of expected cash flows are recognized prospectively as adjustments to interest income. Disposals of loans – which may include sales of loans, receipt of payments in full by the borrower, or foreclosure – result in removal of the loan from the PCI portfolio.

If the timing and/or amounts of expected cash flows on PCI loans were determined not to be reasonably estimable, no interest would be accreted and the loans would be reported as nonaccrual loans; however, since the timing and amounts of expected cash flows for the Firm's PCI consumer loans are reasonably estimable, interest is being accreted and the loans are being reported as performing loans.

Charge-offs are not recorded on PCI loans until actual losses exceed the estimated losses that were recorded as purchase accounting adjustments at acquisition date. To date, no charge-offs have been recorded for these consumer loans.

The PCI portfolio affects the Firm's results of operations primarily through: (i) contribution to net interest margin; (ii) expense related to defaults and servicing resulting from the liquidation of the loans; and (iii) any provision for loan losses. The PCI loans acquired in the Washington Mutual transaction were funded based on the interest rate characteristics of the loans. For example, variable-rate loans were funded with variable-rate liabilities and fixed-rate loans were funded with fixed-rate liabilities with a similar maturity profile. A net spread will be earned on the declining balance of the portfolio, which is estimated as of December 31, 2010, to have a remaining weighted-average life of 7.0 years.

The Firm continues to modify certain PCI loans. The impact of these modifications is incorporated into the Firm's quarterly assessment of whether a probable and significant change in expected cash flows has occurred, and the loans continue to be accounted for and reported as PCI loans. The impact of modifications on expected cash flows is estimated using the Firm's experience with previously modified loans and other relevant data. Additionally, the Firm monitors the performance of modifications and updates and/or refines assumptions as experience and changes in circumstances or data warrant.

## Notes to consolidated financial statements

The table below sets forth the accretable yield activity for the Firm's PCI consumer loans for the years ended December 31, 2010, 2009 and 2008.

| Year ended December 31, (in millions, except ratios) | Total PCI 2010 | 2009 | 2008 |
|---|---|---|---|
| **Balance, January 1** | **$ 25,544** | $ 32,619 | $ — |
| Washington Mutual acquisition | **—** | — | 39,454 |
| Accretion into interest income | **(3,232)** | (4,363) | (1,292) |
| Changes in interest rates on variable rate loans | **(819)** | (4,849) | (5,543) |
| Other changes in expected cash flows [(a)] | **(2,396)** | 2,137 | — |
| **Balance, December 31** | **$ 19,097** | $ 25,544 | $ 32,619 |
| Accretable yield percentage | **4.35%** | 5.14% | 5.81% |

(a) Other changes in expected cash flows may vary from period to period as the Firm continues to refine its cash flow model and periodically updates model assumptions. For the years ended December 31, 2010 and 2009, other changes in expected cash flows were principally driven by changes in prepayment assumptions, as well as reclassification to the nonaccretable difference. Such changes are expected to have an insignificant impact on the accretable yield percentage.

The factors that most significantly affect estimates of gross cash flows expected to be collected, and accordingly the accretable yield balance, include: (i) changes in the benchmark interest rate indices for variable rate products such as option ARM and home equity loans; and (ii) changes in prepayment assumptions.

To date, the decrease in the accretable yield percentage has been primarily related to a decrease in interest rates on variable-rate loans and, to a lesser extent, extended loan liquidation periods. Certain events, such as extended loan liquidation periods, affect the timing of expected cash flows but not the amount of cash expected to be received (i.e., the accretable yield balance). Extended loan liquidation periods reduce the accretable yield percentage because the same accretable yield balance is recognized against a higher-than-expected loan balance over a longer-than-expected period of time.

**Exhibit 31.1**
JPMorgan Chase & Co.

CERTIFICATION

I, James Dimon, certify that:

1. I have reviewed this annual report on Form 10-K of JPMorgan Chase & Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2011

/s/ James Dimon
James Dimon
Chairman and Chief Executive Officer

**Exhibit 31.2**
JPMorgan Chase & Co.

CERTIFICATION

I, Douglas L. Braunstein, certify that:

1. I have reviewed this annual report on Form 10-K of JPMorgan Chase & Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2011

/s/ Douglas L. Braunstein
Douglas L. Braunstein
Executive Vice President and Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

# FORM 10-Q

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

For the quarterly period ended September 30, 2011 Commission file number 1-5805

## JPMORGAN CHASE & CO.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware<br>(State or other jurisdiction of incorporation or organization) | 13-2624428<br>(I.R.S. Employer Identification No.) |
| 270 Park Avenue, New York, New York<br>(Address of principal executive offices) | 10017<br>(Zip Code) |

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer (Do not check if a smaller reporting company) ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

Number of shares of common stock outstanding as of October 31, 2011: 3,799,765,675

Approximately 20% of the PCI home equity portfolio are senior lien loans; the remaining balance are junior lien HELOANs or HELOCs. The following table represents delinquency statistics for junior lien home equity loans based on unpaid principal balance as of September 30, 2011, and December 31, 2010.

| **September 30, 2011** (in millions, except ratios) | Delinquencies: 30–89 days past due | Delinquencies: 90–149 days past due | Delinquencies: 150+ days past due | Total loans | Total 30+ day delinquency rate |
|---|---|---|---|---|---|
| HELOCs:[a] | | | | | |
| Within the revolving period[b] | **$ 525** | **$ 293** | **$ 506** | **$ 18,885** | **7.01%** |
| Within the required amortization period[c] | **14** | **6** | **2** | **337** | **6.53** |
| HELOANs | **56** | **33** | **47** | **1,389** | **9.79** |
| **Total** | **$ 595** | **$ 332** | **$ 555** | **$ 20,611** | **7.19%** |

| December 31, 2010 (in millions, except ratios) | Delinquencies: 30–89 days past due | Delinquencies: 90–149 days past due | Delinquencies: 150+ days past due | Total loans | Total 30+ day delinquency rate |
|---|---|---|---|---|---|
| HELOCs:[a] | | | | | |
| Within the revolving period[b] | $ 601 | $ 404 | $ 428 | $ 21,172 | 6.77% |
| Within the required amortization period[c] | 1 | — | 1 | 37 | 5.41 |
| HELOANs | 79 | 49 | 46 | 1,573 | 11.06 |
| **Total** | $ 681 | $ 453 | $ 475 | $ 22,782 | 7.06% |

(a) *In general, HELOCs are open-ended, revolving loans for a 10-year period, after which time the HELOC converts to a loan with a 20-year amortization period.*

(b) *Substantially all undrawn HELOCs within the revolving period have been closed.*

(c) *Predominantly all of these loans have been modified to provide a more affordable payment to the borrower.*

The table below sets forth the accretable yield activity for the Firm's PCI consumer loans for the three and nine months ended September 30, 2011 and 2010, and represents the Firm's estimate of gross interest income expected to be earned over the remaining life of the PCI loan portfolios. This table excludes the cost to fund the PCI portfolios, and therefore does not represent net interest income expected to be earned on these portfolios.

| | Total PCI | | | |
|---|---|---|---|---|
| | Three months ended September 30, | | Nine months ended September 30, | |
| (in millions, except rates) | **2011** | 2010 | **2011** | 2010 |
| **Beginning balance** | **$ 18,083** | $ 19,621 | **$ 19,097** | $ 25,544 |
| Accretion into interest income | **(685)** | (772) | **(2,095)** | (2,445) |
| Changes in interest rates on variable-rate loans | **(159)** | (57) | **(372)** | (784) |
| Other changes in expected cash flows[a] | **1,213** | 2,864 | **1,822** | (659) |
| **Balance at September 30** | **$ 18,452** | $ 21,656 | **$ 18,452** | $ 21,656 |
| Accretable yield percentage | **4.31%** | 4.20% | **4.32%** | 4.33% |

(a) *Other changes in expected cash flows may vary from period to period as the Firm continues to refine its cash flow model and periodically updates model assumptions. For the three months ended September 30, 2011, other changes in expected cash flows were predominately driven by the impact of modifications. For the nine months ended September 30, 2011, other changes in expected cash flows were largely driven by the impact of modifications, but also related to changes in prepayment assumptions. For the three months ended September 30, 2010, other changes in expected cash flows were principally driven by changes in prepayment assumptions and modeling refinements related to modified loans. For the nine months ended September 30, 2010, other changes in expected cash flows were principally driven by changes in prepayment assumptions, as well as reclassification to the nonaccretable difference. Changes to prepayment assumptions change the expected remaining life of the portfolio, which drives changes in expected future interest cash collections. Such changes do not have a significant impact on the accretable yield percentage.*

The factors that most significantly affect estimates of gross cash flows expected to be collected, and accordingly the accretable yield balance, include: (i) changes in the benchmark interest rate indices for variable-rate products such as option ARM and home equity loans; and (ii) changes in prepayment assumptions.

Since the date of acquisition, the decrease in the accretable yield percentage has been primarily related to a decrease in interest rates on variable-rate loans and, to a lesser extent, extended loan liquidation periods. Certain events, such as extended loan liquidation periods, affect the timing of expected cash flows but not the amount of cash expected to be received (i.e., the accretable yield balance). Extended loan liquidation periods reduce the accretable yield percentage because the same accretable yield balance is recognized against a higher-than-expected loan balance over a longer-than-expected period of time.

**Exhibit 31.1**
**JPMorgan Chase & Co.**

# CERTIFICATION

I, James Dimon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of JPMorgan Chase & Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2011

/s/ James Dimon

James Dimon
Chairman and Chief Executive Officer

**Exhibit 31.2**
**JPMorgan Chase & Co.**

# CERTIFICATION

I, Douglas L. Braunstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of JPMorgan Chase & Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2011

/s/ Douglas L. Braunstein

Douglas L. Braunstein
Executive Vice President and Chief Financial Officer

**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): **January 13, 2012**

**JPMORGAN CHASE & CO.**
(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| **Delaware**<br>(State or Other Jurisdiction of Incorporation) | **1-5805**<br>(Commission File Number) | **13-2624428**<br>(IRS Employer Identification No.) |

| | |
|---|---|
| **270 Park Avenue, New York, NY**<br>(Address of Principal Executive Offices) | **10017**<br>(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:

[ ] 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))

Exhibit 99.1

JPMorgan Chase & Co.
270 Park Avenue, New York, NY 10017-2070
NYSE symbol: JPM
www.jpmorganchase.com

JPMORGAN CHASE & CO.

News release: IMMEDIATE RELEASE

# JPMORGAN CHASE REPORTS FOURTH-QUARTER 2011 NET INCOME OF $3.7 BILLION, OR $0.90 PER SHARE, ON REVENUE [1] OF $22.2 BILLION

## FULL-YEAR 2011 RECORD NET INCOME OF $19.0 BILLION, OR $4.48 PER SHARE, ON REVENUE [1] OF $99.8 BILLION

## JPMORGAN CHASE SUPPORTED CONSUMERS, BUSINESSES AND COMMUNITIES

- **Supported consumers**
  - **Provided $252 billion of credit [2] to consumers in 2011**
  - **Provided new credit cards to 8.5 million people in 2011**
  - **Originated over 765,000 mortgages in 2011**
  - **Offered over 1.2 million mortgage modifications and completed 452,000 since 2009**
- **Supported businesses**
  - **Provided $545 billion of credit [2] to businesses in 2011, up 28%, including**
    - **$257 billion [2] for Investment Bank clients, up 29%**
    - **$106 billion [2] for Commercial Banking clients, up 18%**
    - **$65 billion [2] for Treasury & Securities Services clients, up 14%**
    - **$100 billion [2] for Asset Management clients, up 48%**
    - **$17 billion [2] to U.S. small businesses, up 52%**
  - **Raised $1.0 trillion of capital for clients in 2011, up 23%**
- **Supported our communities**
  - **$68 billion of capital raised for and credit [2] provided to over 1,200 nonprofit and government entities, including states, municipalities, hospitals and universities in 2011**
  - **Donated $275 million to nonprofits in our communities worldwide in 2011**
  - **Hired 3,000 U.S. military veterans in 2011**

## INVESTED IN THE FIRM'S FUTURE

- **Consumer & Business Banking opened 260 new branches, added 3,800 salespeople in 2011**
- **Global Corporate Bank expanded to 250 bankers, covering 3,500 corporate clients around the world**
- **Opened more than 20 new offices outside the U.S. over the last two years**
- **Asset Management added 160 private bank client advisors in 2011**
- **Added more than 17,000 jobs in the U.S. in 2011**

*Investor Contact:* Sarah Youngwood (212) 270-7325 *Media Contact:* Joe Evangelisti (212) 270-7438

[1] Presented on a managed basis. For notes on managed basis and other non-GAAP measures, see page 14.
[2] For notes on financial measures, see pages 14 and 15.

## BUSINESS RESULTS

- **#1 ranking for Global Investment Banking Fees for 2011**
- **Credit card sales volume [2] up 10% for 2011; net charge-offs improved**
- **Commercial Banking reported record revenue and net income for 2011; strong loan growth, up 13%, record deposit [2] balances, up 26%**
- **Treasury & Securities Services reported record deposit [2] balances, up 28% for 2011**
- **Asset Management reported record revenue for 2011**
- **Fourth-quarter results included the following significant items:**
  - **$567 million pretax ($0.09 per share after-tax reduction in earnings) loss from debit valuation adjustments ("DVA") in the Investment Bank**
  - **$528 million pretax ($0.08 per share after-tax reduction in earnings) expense for additional litigation reserves, predominantly for mortgage-related matters, in Corporate**
  - **$730 million pretax ($0.11 per share after-tax increase in earnings) benefit from reduced loan loss reserves, primarily related to credit card**
- **Fortress balance sheet maintained:**
  - **Basel I Tier 1 Common [1] of $123 billion, or 10.0%, and estimated Basel III Tier 1 Common [1] of 7.9%**
  - **Credit reserves at $28.3 billion, with loan loss coverage ratio at 3.35% of total loans [1]**
  - **Total deposits of $1.1 trillion, up 21% from prior year**

**New York, January 13, 2012** — Jamie Dimon, Chairman and Chief Executive Officer of JPMorgan Chase & Co. (NYSE: JPM), commented: "Every day, we put the Firm's resources to work to help our customers, corporate clients and the communities where we do business. During 2011, the Firm provided credit [2] and raised capital of over $1.8 trillion for our commercial and consumer clients, up 18% from the prior year. We provided more than $17 billion of credit [2] to U.S. small businesses, up 52% over prior year. We raised capital or provided credit [2] of $68 billion for more than 1,200 not-for-profit and government entities, including states, municipalities, hospitals and universities. We also provided new credit cards to 8.5 million people and originated more than 765,000 mortgages. In order to help struggling homeowners, the Firm has offered more than 1.2 million mortgage modifications since 2009, of which 452,000 were completed."

JPMorgan Chase reported net income of $3.7 billion for the fourth quarter of 2011, compared with $4.8 billion for the fourth quarter of 2010. Earnings per share were $0.90 for the fourth quarter of 2011, compared with $1.12 for the fourth quarter of 2010. Full-year 2011 net income was a record $19.0 billion, compared with $17.4 billion for the prior year. Earnings per share were $4.48 for 2011, compared with $3.96 for 2010.

Commenting on financial results, Dimon said: "The Firm's returns on tangible common equity [1] for the fourth quarter of 2011 and the full year 2011 were 11% and 15%, respectively. We believe these returns were reasonable given the environment, although the return for the fourth quarter was modestly disappointing. Several significant items affected the Firm's fourth-quarter results, including a $567 million pretax DVA loss which reflected the tightening of the Firm's credit spreads. As we have consistently said, whether positive or negative, we do not consider DVA reflective of the underlying operations of the company."

"We were pleased that the Investment Bank continued to rank #1 in Global Investment Banking Fees for 2011. Consumer & Business Banking opened 260 new branches and increased deposits by 8% in 2011. In our Card business, credit card sales volume [2] was up 10% for 2011. Treasury & Securities Services reported record deposits [2], up 28% for 2011. Commercial Banking reported record deposit [2] balances, up 26%, and record net income for 2011."

Dimon added: "As the economy continues to recover, we are gratified to see signs of improvement in loan demand and credit quality. Commercial Banking had its sixth consecutive quarter of loan growth, including a 17% increase in middle-market loans over the prior year. In Treasury & Securities Services, trade loans were up 73% over the prior year. Business Banking loans were up 5% over the prior year reflecting a 24% increase in origination volume during 2011. Mortgage originations through the Firm's retail channel were strong. Finally, the Card business had continued loan growth in the fourth quarter as the Chase credit card portfolio [1] ended the year with outstandings of $120.0 billion."

"Firmwide, net charge-offs were $2.9 billion in the fourth quarter, down 43% compared with the prior year, and nonperforming assets declined by 33%. Mortgage net charge-offs and delinquencies modestly improved, but both remained at elevated levels. With respect to our credit card portfolio, the net charge-off rate [1] improved to 3.93%, down from 4.34% in the prior quarter and 7.08% in the prior year. Wholesale credit performance remained stable."

Commenting on the balance sheet, Dimon said "We maintained our fortress balance sheet, ending the year with a strong Basel I Tier 1 Common [1] ratio of 10.0%. Our capital position allowed us to repurchase $9 billion of common stock [2] during 2011, including $950 million during the fourth quarter. We estimate that our Basel III Tier 1 Common [1] ratio was approximately 7.9% at the end of the fourth quarter. Our total firmwide credit reserves were $28.3 billion, resulting in a firmwide coverage ratio of 3.35% of total loans [1]. The Firm's total deposits increased to $1.1 trillion, up 21% compared with the prior year."

Dimon concluded: "I am proud of the work our 260,000 employees have done this past year to continue the Firm's 200-year tradition of showing leadership and responsibility during challenging times. JPMorgan Chase has a positive impact on the lives of millions of people and the communities in which they live. All of the Firm's accomplishments and our success in the future rest on a foundation of capital strength and careful stewardship of the Firm through this challenging economy and a new, complex regulatory environment. We are working hard to help our clients thrive, economies grow and communities prosper."

*In the discussion below of the business segments and of JPMorgan Chase as a Firm, information is presented on a managed basis. For more information about managed basis, as well as other non-GAAP financial measures used by management to evaluate the performance of each line of business, see page 14. The following discussion compares the fourth quarters of 2011 and 2010 unless otherwise noted.*

**JPMORGAN CHASE & CO.**
**CONSOLIDATED FINANCIAL HIGHLIGHTS**
**(in millions, except per share, ratio and headcount data)**

JPMORGAN CHASE & CO.

| | QUARTERLY TRENDS | | | | | FULL YEAR | | |
|---|---|---|---|---|---|---|---|---|
| | | | | 4Q11 Change | | | | 2011 Change |
| | 4Q11 | 3Q11 | 4Q10 | 3Q11 | 4Q10 | 2011 | 2010 | 2010 |
| **SELECTED INCOME STATEMENT DATA** | | | | | | | | |
| **Reported Basis** | | | | | | | | |
| Total net revenue | $ 21,471 | $ 23,763 | $ 26,098 | (10)% | (18)% | $ 97,234 | $ 102,694 | (5)% |
| Total noninterest expense | 14,540 | 15,534 | 16,043 | (6) | (9) | 62,911 | 61,196 | 3 |
| Pre-provision profit | 6,931 | 8,229 | 10,055 | (16) | (31) | 34,323 | 41,498 | (17) |
| Provision for credit losses | 2,184 | 2,411 | 3,043 | (9) | (28) | 7,574 | 16,639 | (54) |
| **NET INCOME** | 3,728 | 4,262 | 4,831 | (13) | (23) | 18,976 | 17,370 | 9 |
| **Managed Basis (a)** | | | | | | | | |
| Total net revenue | 22,198 | 24,368 | 26,722 | (9) | (17) | 99,767 | 104,842 | (5) |
| Total noninterest expense | 14,540 | 15,534 | 16,043 | (6) | (9) | 62,911 | 61,196 | 3 |
| Pre-provision profit | 7,658 | 8,834 | 10,679 | (13) | (28) | 36,856 | 43,646 | (16) |
| Provision for credit losses | 2,184 | 2,411 | 3,043 | (9) | (28) | 7,574 | 16,639 | (54) |
| **NET INCOME** | 3,728 | 4,262 | 4,831 | (13) | (23) | 18,976 | 17,370 | 9 |
| **PER COMMON SHARE DATA** | | | | | | | | |
| Basic earnings | 0.90 | 1.02 | 1.13 | (12) | (20) | 4.50 | 3.98 | 13 |
| Diluted earnings | 0.90 | 1.02 | 1.12 | (12) | (20) | 4.48 | 3.96 | 13 |
| Cash dividends declared (b) | 0.25 | 0.25 | 0.05 | — | 400 | 1.00 | 0.20 | 400 |
| Book value | 46.59 | 45.93 | 43.04 | 1 | 8 | 46.59 | 43.04 | 8 |
| Closing share price (c) | 33.25 | 30.12 | 42.42 | 10 | (22) | 33.25 | 42.42 | (22) |
| Market capitalization | 125,442 | 114,422 | 165,875 | 10 | (24) | 125,442 | 165,875 | (24) |
| **COMMON SHARES OUTSTANDING** | | | | | | | | |
| Average: Basic | 3,801.9 | 3,859.6 | 3,917.0 | (1) | (3) | 3,900.4 | 3,956.3 | (1) |
| Diluted | 3,811.7 | 3,872.2 | 3,935.2 | (2) | (3) | 3,920.3 | 3,976.9 | (1) |
| Common shares at period-end | 3,772.7 | 3,798.9 | 3,910.3 | (1) | (4) | 3,772.7 | 3,910.3 | (4) |
| **FINANCIAL RATIOS (d)** | | | | | | | | |
| Return on common equity ("ROE") | 8% | 9% | 11% | | | 11% | 10% | |
| Return on tangible common equity ("ROTCE") (e) | 11 | 13 | 16 | | | 15 | 15 | |
| Return on assets ("ROA") | 0.65 | 0.76 | 0.92 | | | 0.86 | 0.85 | |
| **CAPITAL RATIOS** | | | | | | | | |
| Tier 1 capital ratio | 12.3(g) | 12.1 | 12.1 | | | | | |
| Total capital ratio | 15.4(g) | 15.3 | 15.5 | | | | | |
| Tier 1 common capital ratio (f) | 10.0(g) | 9.9 | 9.8 | | | | | |
| **SELECTED BALANCE SHEET DATA (Period-end)** | | | | | | | | |
| Total assets | $2,265,792 | $2,289,240 | $2,117,605 | (1) | 7 | $2,265,792 | $2,117,605 | 7 |
| Wholesale loans | 283,016 | 259,483 | 227,633 | 9 | 24 | 283,016 | 227,633 | 24 |
| Consumer, excluding credit card loans | 308,427 | 310,235 | 327,618 | (1) | (6) | 308,427 | 327,618 | (6) |
| Credit card loans | 132,277 | 127,135 | 137,676 | 4 | (4) | 132,277 | 137,676 | (4) |
| Total Loans | 723,720 | 696,853 | 692,927 | 4 | 4 | 723,720 | 692,927 | 4 |
| Deposits | 1,127,806 | 1,092,708 | 930,369 | 3 | 21 | 1,127,806 | 930,369 | 21 |
| Common stockholders' equity | 175,773 | 174,487 | 168,306 | 1 | 4 | 175,773 | 168,306 | 4 |
| Total stockholders' equity | 183,573 | 182,287 | 176,106 | 1 | 4 | 183,573 | 176,106 | 4 |
| Deposits-to-loans ratio | 156% | 157% | 134% | | | 156% | 134% | |
| **Headcount** | 260,157 | 256,663 | 239,831 | 1 | 8 | 260,157 | 239,831 | 8 |
| **LINE OF BUSINESS NET INCOME/(LOSS)** | | | | | | | | |
| Investment Bank | $ 726 | $ 1,636 | $ 1,501 | (56) | (52) | $ 6,789 | $ 6,639 | 2 |
| Retail Financial Services | 533 | 1,161 | 459 | (54) | 16 | 1,678 | 1,728 | (3) |
| Card Services & Auto | 1,051 | 849 | 1,548 | 24 | (32) | 4,544 | 2,872 | 58 |
| Commercial Banking | 643 | 571 | 530 | 13 | 21 | 2,367 | 2,084 | 14 |
| Treasury & Securities Services | 250 | 305 | 257 | (18) | (3) | 1,204 | 1,079 | 12 |
| Asset Management | 302 | 385 | 507 | (22) | (40) | 1,592 | 1,710 | (7) |
| Corporate/Private Equity | 223 | (645) | 29 | NM | NM | 802 | 1,258 | (36) |
| **NET INCOME** | $ 3,728 | $ 4,262 | $ 4,831 | (13) | (23) | $ 18,976 | $ 17,370 | 9 |

(a) For further discussion of managed basis, see Note (a) on page 14.

(b) On March 18, 2011, the Board of Directors increased the Firm's quarterly common stock dividend from $0.05 to $0.25 per share.

(c) Share prices shown for JPMorgan Chase's common stock are from the New York Stock Exchange. JPMorgan Chase's common stock is also listed and traded on the London Stock Exchange and the Tokyo Stock Exchange.

(d) Quarterly ratios are based upon annualized amounts.

(e) ROTCE, a non-GAAP financial ratio, measures the Firm's earnings as a percentage of tangible common equity. In management's view, this measure is meaningful to the Firm, as well as analysts and investors in assessing the Firm's use of equity and in facilitating comparisons