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**Chase extends modification efforts to include the \$1.1 trillion
of investor-owned mortgages it services**

**Previously announced foreclosure prevention program now operational; key
tools in place to help more customers stay in their homes**

NEW YORK, January 16, 2009 -- Chase announced today that it has extended its mortgage modification efforts to the investor-owned loans that it services -- about \$1.1 trillion of loans -- significantly expanding the reach and effectiveness of its previously announced mortgage modification efforts. This effort includes investor-owned mortgages held in securitizations.

Based on the company's review of investor agreements and its experience with investors and trustees to date, Chase believes it can legally modify the vast majority of mortgages owned by investors consistent with the relevant investor agreements and the best interests of investors, and intends to make modifications where appropriate. Chase will continue to seek investor approval in the small number of situations where investor agreements contain specific terms that may limit modification actions Chase can take.

"Building on our modification efforts for Chase-owned loans, we have reviewed closely the terms of our investor agreements and have worked with investors, trustees, government officials and other interested parties to fashion an approach to foreclosure prevention efforts that will work for investors and homeowners," said Charles W. Scharf, Chief Executive Officer for Retail Financial Services at Chase.

"When homes are foreclosed, everybody suffers, so working aggressively to modify all loans --whether owned by Chase or owned by others -- on terms that should work for the borrower, makes good sense for everyone," he said. "Our experience at Chase has shown that when mortgages are properly modified, using income verification and other appropriate criteria, they perform very well over time."

Update on foreclosure prevention program

Chase announced enhanced foreclosure prevention efforts on October 31, and the company now has in place the people, programs and tools to help more borrowers stay in their homes. And since early 2007, Chase has prevented about 330,000 foreclosures, primarily by modifying loan terms. Since its October announcement covering Chase-owned loans, Chase has:

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- Delayed starting foreclosure on over \$22 billion of Chase-owned mortgages of more than 80,000 homeowners so that Chase could review those mortgages for possible modification under the enhanced program.
- Implemented the previously-announced, more attractive package of modification offers for delinquent borrowers.
- Finalized for mailing in early February proactive modification offers to borrowers of Chase-owned loans at imminent risk of default.
- Selected sites for 24 Chase Homeownership Centers in areas with high mortgage delinquencies where counselors can work face-to-face with struggling homeowners. Two of the centers are now open; 12 are expected to be open by Feb. 28; and the remaining 10 are scheduled to open by mid-March.
- Added 300 new loan counselors in the last 11 weeks to provide better help to troubled borrowers, bringing the total number of counselors to more than 2,500.
- Initiated an independent review process to ensure each borrower was contacted properly and offered modification prior to foreclosure, if appropriate.
- Developed a robust financial modeling tool to analyze and compare the net present value of a home in foreclosure to the net present value of a proposed loan modification; use of this tool will allow Chase to determine that it is acting in the best interests of investors when making loan modifications.
- Worked to help establish a non-profit clearinghouse to join Chase and other lenders who want to donate or discount their owned real estate with the non-profit and government agencies that can use these properties. Chase is continuing to work with individual non-profit and government agencies; to date, Chase has completed five donations and has 47 discounted sales pending.
- Worked with Fannie Mae and Freddie Mac to implement their new Streamlined Modification Program for borrowers at least 90 days delinquent; 19,000 letters were mailed in the last week of 2008.

Chase has been working with Fannie Mae to implement Fannie Mae's previously announced program to assist borrowers facing imminent risk of default. Through the initiative, Chase believes it will be able to meaningfully increase the number of homeowners it can help.

This announcement reflects Chase's continuing commitment to proactively keep as many borrowers out of foreclosure as possible and to explore other steps that can help further this crucial goal.

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Chase is the U.S. consumer and commercial banking business of JPMorgan Chase & Co. (NYSE: JPM), which operates more than 5,000 branches and 14,000 ATMs nationally under the Chase and WaMu brands. Chase has 157 million credit cards issued and serves consumers and small businesses through bank branches, ATMs and mortgage offices as well as through relationships with auto dealerships and schools and universities. It also serves more than 30,000 commercial banking clients, including corporations, municipalities, financial institutions and not-for-profit entities. More information about Chase is available at www.chase.com.

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