

Several new conduits funded with ABCP will convert eligible unsecured assets to ABCP and thereby ameliorate current market stress

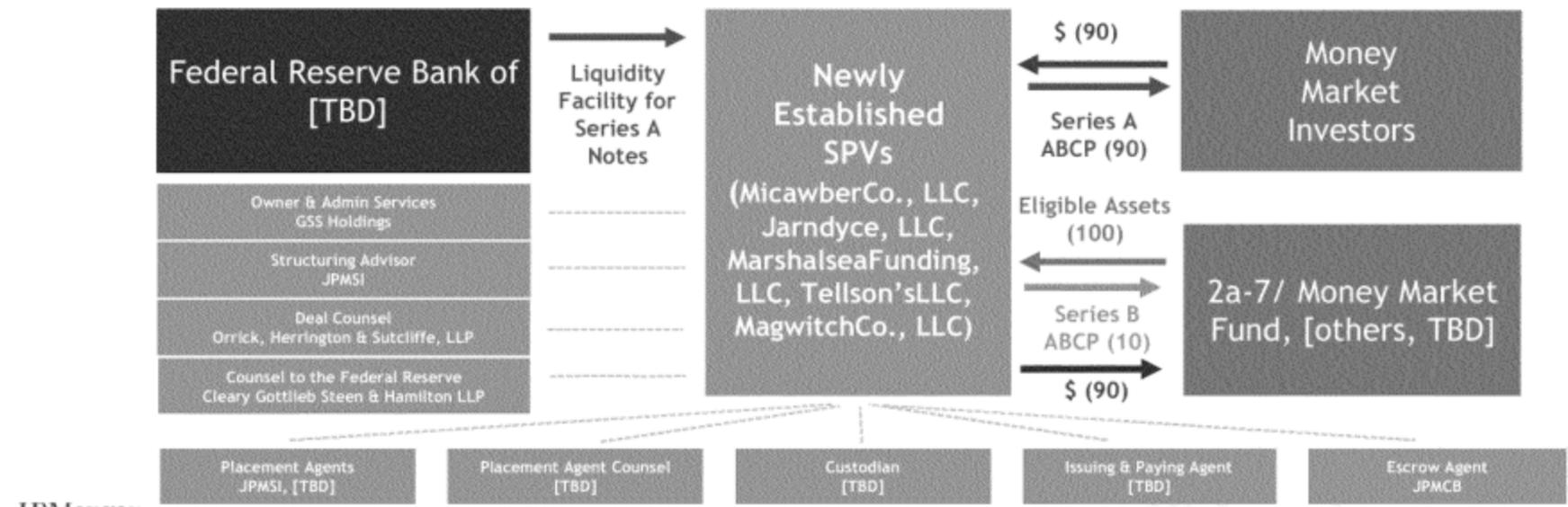
Transaction Overview

- J.P. Morgan will establish [five] new SPVs that will purchase eligible assets at amortized cost from eligible sellers of such assets, and finance such purchases via the issuance of two series of ABCP.
 - Series A (90%) will benefit from a liquidity backstop facility provided by the Federal Reserve Bank of [TBD]. The Federal Reserve will have a senior secured claim on the assets of the SPVs. Borrowings under the backstop facility will be at the primary credit rate (1.75%)
 - Series B (10%) ABCP will be maturity matched against the assets purchased from the eligible investors, and Series B ABCP will be retained by the eligible investors. [The eligible investors may elect to sell the Series B ABCP in the secondary market.]
 - Yield on the newly issued ABCP will in all cases be lower than the assets financed in order to generate income for the SPV.
 - Both series will have an undivided interest in the assets of the SPV; however, Series B will be junior to Series A.
- Eligible assets will be limited to a pre-defined list of short-term debt in the form of CP or CDs. Captive Finance commercial paper will also be eligible.
- Money Market Funds will retain risk through the ownership of Series B ABCP.
- The net spread, less fees and expenses, will be trapped in a cash collateral account held in trust for the benefit of secured creditors.

NewCoBalance Sheet

Assets	Liabilities and Equity
<ul style="list-style-type: none"> Limited to 10 different credits Unsecured Bank or Bank Hold Co. CP, Captive Finance companies Certificates of Deposit A-1/P-1/F1 or better ratings Remaining days to maturity < 90 U.S. Dollar denominated Subject to rating agency pre-approval Limit to largest obligor [20%] Limit to two largest obligors [35%] [limit grid based on ratings?] 	<ul style="list-style-type: none"> Series A ABCP <ul style="list-style-type: none"> [A-1+/P-1/F1+] Initially [90%] Backed by Federal Reserve Liquidity Facility Series B ABCP <ul style="list-style-type: none"> [A-1/P-1/F1] Initially [10%] Maturity matched to A-1/P-1/F1 asset Cash Collateral Nominal Equity

A two-tiered liability structure will provide the Federal Reserve with appropriate security should it need to provide liquidity



J.P.Morgan

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 SPV Structure v8.ppt
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