EXECUTION COPY

Summary of Terms and Conditions

March 28, 2008

Concurrently with, and subject to the consummation of the merger (the "Merger") in all material respects on the terms described in the Agreement and Plan of Merger, dated as of March 16, 2008 (as amended, the "Merger Agreement"), between The Bear Stearns Companies Inc. ("Bear Stearns") and JPMorgan Chase & Co., a newly formed Delaware limited liability company (the "Borrower") will enter into an agreement with Bear Stearns and/or certain of its subsidiaries and/or affiliates (collectively, the "Seller") pursuant to which the Borrower will acquire (whether directly or through participations) the Portfolio (as defined below) and the Pre-Closing Date Proceeds Amount (as defined below) from the Seller pursuant to an asset acquisition agreement (the "Asset Acquisition Agreement") in consideration of the payment of a cash Purchase Price (as defined below) and the assumption of certain liabilities, the source of the funding of which shall be the proceeds of (a) borrowings under a Tranche A senior secured loan facility (the "Tranche A Loan Facility") provided by the Federal Reserve Bank of New York (the "NY Fed") in an aggregate principal amount, not to exceed $29,000,000,000, equal to the Purchase Price plus the par value of the Unfunded Forward Commitments (as defined below) less $1,000,000,000 and (b) borrowings under a Tranche B subordinated secured loan facility (the "Tranche B Loan Facility" and, together with the Tranche A Loan Facility, the "Loan Facilities") provided by JPMorgan Chase Bank, N.A (the "JPMC") in an aggregate principal amount equal to $1 billion. In addition, the NY Fed will be entitled to a residual interest in the Portfolio (such interest, the "Residual Interest"). Set forth below is a summary of the terms and conditions for the Loan Facilities.

1. PARTIES

Borrower:	The Borrower (as defined above).
Administrative Agent, Collateral Agent and Depositary Bank:	An entity (or entities) to be determined by the NY Fed (in such capacities, the "Agent").
Tranche A Lender:	The NY Fed (the "Tranche A Lender").
Tranche B Lender:	JPMC (the "Tranche B Lender" and, together with the Tranche A Lender, the "Lenders").
Asset Manager:	Blackrock Financial Management, Inc. and its affiliates (in such capacity, the "Asset Manager"). The Asset Manager will be solely the agent of the NY Fed, but will owe the other Secured Parties (as defined below) and the Borrower a duty of good faith and fair dealing. The Asset Manager shall be paid fees as determined by the NY Fed and notified to JPMC.

2. DESCRIPTION OF ASSET ACQUISITION AGREEMENT

Seller:	The Seller.
Buyer:	The Borrower.

Asset Acquisition Agreement:	Pursuant to the Asset Acquisition Agreement, the Seller will sell to the Buyer (whether directly or through participations) without recourse (but subject to, and with full recourse for the breach of, representations and warranties relating to good title and authority to transfer) the assets identified by JPMC, the NY Fed and the Asset Manager as described on Schedule A hereto (the "Scheduled Collateral Pool"), together with the hedges identified by JPMC, the NY Fed and the Asset Manager as described on Schedule B hereto (the "Related Hedges") and including the Pre-Closing Date Proceeds Amount. For the avoidance of doubt, the Related Hedges include the amount that the Borrower would have to pay to, or the amount that the Borrower would receive from, the applicable counterparty if the Borrower had entered into an identical transaction on March 14, 2008 based on the Bear Stearns marks as of such date (the "Transfer Value"), as well as all accumulated mark to market gains or losses thereafter and any cash proceeds as a result of Related Hedges' being unwound.
Purchase Price:	The purchase price (the "Purchase Price") for the Scheduled Collateral Pool and the Related Hedges (including the Pre-Closing Date Proceeds Amount) is an amount, not to exceed $30 billion, determined as provided in "Pricing of the Scheduled Collateral Pool and Related Hedges" below minus the par value of the total unfunded forward commitments, whether contingent or non-contingent (the "Unfunded Forward Commitments") included in the Scheduled Collateral Pool.
Seller Payment:	On the Closing Date, the Seller will pay (the "Seller Payment") to the Borrower, in consideration of the Borrower's assumption of the Seller's liabilities under the Unfunded Forward Commitments, an amount equal to the difference (if positive) between (x) the par value of such commitments and (y) the market value of such commitments as of March 14, 2008 or, if such market value is unavailable, the market value shall be determined by reference to the market value of the related funded portion of any such commitment as of March 14, 2008, but, if no related funded portion exists and there is otherwise no market value associated with such commitment, the market value shall be determined based on "haircuts" to par as shall be mutually agreed between the NY Fed, JPMC and the Asset Manager. Such amount will be deposited into the Reserve Account.
Related Hedges:	As of the Closing Date, the Borrower will assume as an economic matter the obligations under the Related Hedges and receive the benefits thereof by entering into a total return swap with the Seller, such total return swap having an initial fair value as of the Closing Date equal to the fair value of the Related Hedges as of the Closing Date. The Controlling Party (as defined below) shall have the right to make all

determinations related to the underlying hedges (e.g., whether and when to terminate) that are subject to the total return swap. At the request of the NY Fed, the Seller will use its commercially reasonable efforts to replace the total return swap with direct hedges with underlying counterparties through novation.

Guaranty:	JPMC will irrevocably and unconditionally guaranty the obligations of the Seller under the Asset Acquisition Agreement and the total return swap.

3. AGREEMENTS IN EFFECT PRIOR TO THE CLOSING DATE

Pricing of the Scheduled Collateral Pool and Related Hedges:	The price of the Scheduled Collateral Pool shall equal the sum of (i) the value of such collateral pool on the books of the Seller as of March 14, 2008 (including with respect to the assumption of liabilities for Unfunded Forward Commitments), irrespective of any mark-downs or mark-ups in such collateral after March 14, 2008 and irrespective of when such collateral pool is actually pledged to secure the Loan Facilities and (ii) the Transfer Value of the Related Hedges.
Management of Scheduled Collateral Pool and Related Hedges:	Prior to the Closing Date and upon final determination of each particular asset or hedge comprising a part of the Scheduled Collateral Pool or the Related Hedges, JPMC will delegate management rights with respect to such assets or hedges to the NY Fed which in turn will delegate such rights to the Asset Manager, and the NY Fed and the Asset Manager will have the right to liquidate assets in the Scheduled Collateral Pool and Related Hedges or both in their discretion at any time.
Pre-Closing Date Proceeds Amount:	On the Closing Date, the Pre-Closing Date Proceeds Amount (to the extent such amount is positive) will be deposited into the Reserve Account. The "Pre-Closing Date Proceeds Amount" means an amount, determined as of the Closing Date, equal to the sum (without duplication) of the following amounts paid or received in respect of the assets and liabilities in the Portfolio during the period from March 14, 2008 to the Closing Date: (i) the cash proceeds from the sale of assets comprising a portion of the Scheduled Collateral Pool; plus (ii) all amounts received from the amortization or prepayment of principal on any assets comprising a portion of the Scheduled Collateral Pool; plus (iii) the interest payments on the Scheduled Collateral Pool; plus (iv) all periodic, termination and other payments (excluding the

posting of margin) received from counterparties on the Related Hedges; minus

(v) all periodic, termination and other payments (excluding the posting of margin) made to counterparties on the Related Hedges; minus

(vi) allocated funding costs (at the Primary Credit Rate (as defined below)).

It is understood that prior to the Closing Date, the NY Fed has no responsibility to provide any margin or other credit support for any hedge.

Guaranty: JPMC will enter into, and keep in full force and effect, the Guarantee, dated as of March 23, 2008, in favor of the NY Fed.

NY Fed Commitment: The NY Fed commits to provide the financing described herein in connection with JPMC's acquisition of Bear Stearns to address the extraordinary circumstances in the market on March 14, 2008 and the surrounding days. The NY Fed has not committed to make a similar facility to any other party or under any different circumstances.

Confidentiality: The transactions contemplated by this Summary of Terms and Conditions and all other materials, information, documents and discussions regarding this Summary of Terms and Conditions and the transactions contemplated hereby shall be kept confidential by JPMC.

4. TYPES AND AMOUNTS OF LOAN FACILITIES

Loan Facilities: The Lenders hereby agree to provide financing to the Borrower as follows:

Type and Amount: Loan Facilities (the loans thereunder, the "Loans") as follows:

Tranche A Loan Facility: A ten-year term loan facility (subject to extension as provided below) provided by the Tranche A Lender to the Borrower in a principal amount equal to the Purchase Price plus the par value of the Unfunded Forward Commitments minus $1,000,000,000, but in any case not to exceed $29,000,000,000 (the loan thereunder, the "Tranche A Loan"). The Tranche A Loan shall be repayable or be terminated in the manner described under the section below entitled "Cash Flow Waterfall".

Tranche B Loan Facility: A ten-year term loan facility (subject to extension as provided below) provided by the Tranche B Lender to the Borrower in a principal amount of $1,000,000,000 (the loan thereunder, the "Tranche B Loan"). The Tranche B

Loan will be subordinate in right of payment to the Tranche A Loan and shall be repayable or be terminated in the manner described under the section below entitled "Cash Flow Waterfall".

Availability: The Loans shall be made in a single drawing on the Closing Date (as defined below).

Maturity Date: The Loans will mature on the tenth anniversary of the Closing Date; *provided* that the NY Fed may in its sole discretion at any time and from time to time extend the maturity date of either or both of the Loan Facilities; *provided, further*, that the NY Fed may not extend the maturity date of the Tranche B Loan after the Tranche A Loan is paid in full or to a maturity date later than the maturity date of the Tranche A Loan without the consent of the Tranche B Lender.

Purpose: The proceeds of the Loans shall be used to finance the acquisition of the Portfolio and the Pre-Closing Date Proceeds Amount from the Seller and to fund the Delayed Draw Account (as defined below).

5. INTEREST PAYMENT PROVISIONS

Interest Rates: The Tranche A Loans shall bear interest at a rate per annum equal to the Primary Credit Rate in effect from time to time.

The Tranche B Loans shall bear interest at a rate per annum equal to the Primary Credit Rate plus 450 bps in effect from time to time.

As used herein, the "Primary Credit Rate" means the discount rate charged by the NY Fed for loans under its primary credit program from time to time in effect.

Interest Payment Dates: Interest shall accrue and be compounded on a quarterly basis and be payable on payment dates as set forth under the section below entitled "Cash Flow Waterfall".

6. COLLATERAL, RESERVE ACCOUNT AND DELAYED DRAW ACCOUNT

Collateral: The obligations of the Borrower in respect of the Loan Facilities and the hedge agreements entered into by the Borrower shall be secured by a first priority perfected security interest in (a) all of its assets including the Scheduled Collateral Pool and the Related Hedges (collectively, the "Portfolio"), (b) the Reserve Account (as defined below) and related investments, (c) the Delayed Draw Account and related investments and (d) all proceeds of the foregoing (collectively, the "Collateral"). The

Lenders and the counterparties under the hedge agreements shall collectively be referred to herein as the "Secured Parties".

All of the above described security interests will be created on terms, and pursuant to documentation (including custody and control agreements), satisfactory to the NY Fed, and none of the Collateral will be subject to any other pledges, liens or security interests.

Reserve Account:

On the Closing Date, the Pre-Closing Date Proceeds Amount (to the extent such amount is positive) and the proceeds of the Seller Payment, if any, will be deposited into the Reserve Account. On and after the Closing Date, all cash flow generated by the Collateral and any other income or proceeds earned or received by the Borrower shall be deposited with the Agent and credited to a reserve account (the "Reserve Account") and held in such Reserve Account for the benefit of the Secured Parties pending distribution to the Secured Parties in accordance with the Cash Flow Waterfall as hereinafter provided. Notwithstanding the foregoing, except to the extent funds are required to make a Seller Distribution (as defined below) or to pay any Operating Expenses that were accrued on or prior to the Closing Date and remain unpaid, amounts on deposit in the Reserve Account may not be distributed (other than in respect of payments required under the hedge agreements) to the extent that the amount on deposit therein will be less than the Unfunded Swap Exposure (the "Minimum Balance Requirement"). "Unfunded Swap Exposure" means the maximum total liability of the Borrower under all hedge agreements minus all amounts posted as collateral to the related hedge counterparties.

Amounts on deposit in the Reserve Account shall be invested in certain eligible investments at the discretion of the Controlling Party (as defined below).

Subject to the Minimum Balance Requirement, the Controlling Party (and its agents, including the Asset Manager) shall control in its sole discretion all decisions regarding the Collateral, the proceeds on deposit in the Reserve Account and decisions as to timing and amounts of distributions from the Reserve Account.

Delayed Draw Account:

On the Closing Date, a portion of the proceeds from the Loans equal to the amount of Unfunded Forward Commitments shall be deposited with the Agent and credited to a delayed draw account (the "Delayed Draw Account").

Amounts on deposit in the Delayed Draw Account shall be withdrawn from time to time by the Agent in order to satisfy any payment obligations of the Borrower in respect of any such

commitments when and as such obligations become due.

Amounts on deposit in the Delayed Draw Account shall be invested in certain eligible investments at the discretion of the Controlling Party (as defined below).

To the extent any such Unfunded Forward Commitments expire or amounts remain on deposit in the Delayed Draw Account in excess of any remaining Unfunded Forward Commitments, the Agent shall transfer such amounts from the Delayed Draw Account to the Reserve Account.

7. CASH FLOW WATERFALL

Funds in the Reserve Account shall be paid on any business day as determined by the Controlling Party in its sole discretion in the following order of priority, subject, except as set forth in the last paragraph of "Waterfall Priority", to the Minimum Balance Requirement:

Waterfall Priority:

(a) First, to pay Operating Expenses that are then due and payable.

"Operating Expenses" mean all costs and expenses of administering the Portfolio, the Reserve Account, the other Collateral, the Loan Facilities and Loan Documentation (as defined below) and the Borrower, including all fixed fees and expenses of the Asset Manager and the Agent, all legal, accounting and other professional fees and expenses and other administrative costs and expenses of the Borrower, all legal, accounting and other professional fees and expenses and other administrative costs and expenses (other than those of the Tranche B Lender, the Seller or any of their respective advisors or agents) associated with the negotiation, preparation, execution and delivery of this term sheet and the Loan Documentation (as defined below) and with the administration of the Loan Documentation and any amendment or waiver or enforcement action with respect thereto (including the fees, disbursements and other charges of counsel), taxes that are determined to be payable from time to time, all amounts payable in respect of hedges (including, without limitation, periodic payments and termination payments), the costs of entering into any additional hedges as may be determined to be necessary or appropriate by the Controlling Party and any indemnity claims.

(b) Second, beginning on or after the second anniversary of the Closing Date or such earlier date as shall be determined by the Controlling Party (the period from the Closing Date until the second anniversary of the Closing Date or such earlier date the "Accumulation Period"), to pay all or any portion of the

outstanding principal amount of the Tranche A Loan Facility; *provided* that, if the Controlling Party elects to pay any of the outstanding principal amount of the Tranche A Loan Facility prior to the second anniversary of the Closing Date, the full outstanding principal amount of the Tranche B Loan Facility, together with all accrued and unpaid interest thereon, shall be simultaneously repaid.

(c) Third, after the Accumulation Period, but so long as the entire outstanding principal amount of the Tranche A Loan Facility has been repaid in full, to pay all or any portion of the accrued but unpaid interest outstanding under the Tranche A Loan Facility.

(d) Fourth, after the Accumulation Period, but so long as the entire outstanding principal amount, all accrued and unpaid interest and all other outstanding amounts, in each case under the Tranche A Loan Facility have been repaid in full, to pay all or any portion of the outstanding principal amount of the Tranche B Loan Facility.

(e) Fifth, after the Accumulation Period, but so long as the entire outstanding principal amount, all accrued and unpaid interest and all other outstanding amounts, in each case under the Tranche A Loan Facility have been paid in full and so long as the entire outstanding principal amount of the Tranche B Loan Facility has been repaid in full, to pay all or any portion of the accrued but unpaid interest outstanding under the Tranche B Loan Facility.

(f) Sixth, after the Accumulation Period, but so long as the entire outstanding principal amount, all accrued and unpaid interest and all other outstanding amounts, in each case under both the Tranche A Loan Facility and the Tranche B Loan Facility have been paid in full, all hedges have been terminated and all amounts payable under the hedges have been paid in full, to pay any fees and expenses or other amounts owing to the extent not constituting Operating Expenses.

(g) Seventh, after the Accumulation Period, but so long as the entire outstanding principal amount, all accrued and unpaid interest and all other outstanding amounts, in each case under both the Tranche A Loan Facility and the Tranche B Loan Facility have been paid in full, all hedges have been terminated and all amounts payable under the hedges have been paid in full, and any fees and expenses or other amounts owing to the extent not constituting Operating Expenses have been paid in full, to pay all remaining amounts to the NY Fed as holder of the Residual Interest.

Notwithstanding the foregoing on any business day (including the Closing Date) as determined in the sole discretion by the Controlling Party, (i) to the extent that the Pre-Closing Date Proceeds Amount is negative, funds in the Reserve Account shall be withdrawn, from time to time if necessary, to make a payment or payments to the Seller in an amount equal to the absolute value of the Pre-Closing Date Proceeds Amount (the "Seller Distribution") and (ii) after giving effect to all payments required by clause (i), funds in the Reserve Account shall be withdrawn, from time to time if necessary, and used to pay all Operating Expenses that accrued on or prior to the Closing Date and remain unpaid.

Once prepaid, Loans may not be reborrowed.

Termination: Regardless of whether any amounts remain outstanding thereunder, each of the Loan Facilities and the Residual Interest shall be terminated on the date on which the entire Portfolio has been fully liquidated and all proceeds thereof, including all amounts on deposit in the Reserve Account and the Delayed Draw Account, have been distributed in the manner set forth above.

8. CERTAIN CONDITIONS

Initial Conditions: The availability of the Loan Facilities shall be conditioned upon the satisfaction of the following conditions (the date upon which all such conditions precedent shall be satisfied, the "Closing Date"): the execution and delivery by the Agent, the Lenders, the Borrower and the Asset Manager of Loan Documentation satisfactory to the NY Fed, the closing of the Merger in all material respects on the terms set forth in the Merger Agreement, the consummation of the sale of the Portfolio (including the Pre-Closing Date Proceeds Amount) on the terms set forth in the Asset Acquisition Agreement and the creation and perfection of security interests in the Collateral pursuant to arrangements satisfactory to the NY Fed.

9. CERTAIN DOCUMENTATION MATTERS

The documentation for the Facilities (the "Loan Documentation") shall contain representations, warranties, covenants and events of default (in each case, applicable to the Borrower) customary for financings involving special, limited purpose borrowers and with other terms deemed appropriate by the NY Fed.

Voting and Control: The NY Fed shall be the "Controlling Party" on and after the Closing Date and shall be permitted to make all decisions regarding the Collateral, the Reserve Account, the Delayed Draw Account and the Loan Documentation, including the timing and amounts of distributions and whether or not a default

or event of default has occurred and whether or not to begin the exercise of remedies.

In addition the Controlling Party will have complete discretion with respect to all decisions regarding the management of the Collateral (which it may elect to delegate to the Asset Manager), including decisions as to when to liquidate Collateral and as to when or if to terminate hedges or enter into hedges. In exercising such control the Controlling Party and its agents shall have no duty to maximize returns on the Collateral or to take into account the interests of the Tranche B Lender.

Notwithstanding the foregoing, the consent of (i) each Lender directly affected thereby shall be required with respect to (a) reductions in the outstanding principal amount of any Loan (except as otherwise expressly permitted above) and (b) any amendment to the Loan Documentation or any other transaction document that is materially adverse to such Lender and (ii) each Secured Party directly affected thereby shall be required with respect to any materially adverse change in such Secured Party's position in the cash flow waterfall.

Assignments and Participations:

The Tranche B Lender shall not be permitted to assign all or a portion of its Tranche B Loan or sell participations in its Tranche B Loan except to its affiliates.

Indemnification and Exculpation:

The Agent, the Asset Manager, the Controlling Party and the Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified by the Borrower and held harmless against, any losses, claims, damages, liabilities or expenses (collectively, "Liabilities") incurred in respect of, or arising out of, or in connection with, the financing contemplated hereby (including in connection with the management of the Portfolio and other Collateral) or the use or the proposed use of proceeds thereof, except to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the gross negligence, bad faith or willful misconduct of such person.

Each Secured Party agrees not to assert or claim that the Agent, the Asset Manager, the Controlling Party or any other Secured Party (and their affiliates and their respective officers, directors, employees, advisors and agents) has any liability for any Liabilities incurred in respect of, or arising out of, or in connection with, the financing contemplated hereby (including in connection with the management of the Portfolio and other Collateral) or the use or the proposed use of proceeds thereof, except to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the gross negligence, bad faith or willful misconduct of such

person.

Governing Law and Forum: State of New York.

Accepted and agreed to as of
March 28, 2008:

This Summary of Terms and Conditions may be executed in counterparts.

THE FEDERAL RESERVE BANK OF NEW YORK

By: _____
Name: Timothy F. Geithner
Title: President

JPMORGAN CHASE & CO.

By: _____
Name:
Title:

Accepted and agreed to as of
March 28, 2008:

This Summary of Terms and Conditions may be executed in counterparts.

THE FEDERAL RESERVE BANK OF NEW YORK

By: _____
Name:
Title:

JPMORGAN CHASE & CO.

By: _____
Name: James Dimon
Title: Chairman and Chief Executive Officer