OPPENHEIMER

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Consolidated Lending Market Poses Risk to Overall Consumer Liquidity

SUMMARY

Much of our research revolves around the common theme of liquidity, as, after all, liquidity is the life blood of the financial system. Over the past 18 months, we have witnessed liquidity collapse primarily in the asset-backed issuance market, but we are now beginning to see evidence of broad-based declines in overall consumer liquidity. We believe we are now entering a new era in the financial landscape that will be characterized by expanded forced consumer de-leveraging, with a pronounced downshift in consumer spending. Pulling credit when job losses are increasing by over 50% YoY in most key states is a dangerous and unprecedented combination, in our view.

KEY POINTS

- This credit cycle is unique in that the market has consolidated so much in the past 20 years that a small group of lenders now dominates the majority of liquidity to US consumers. Mortgages and credit cards are now dominated by 5 players that are all pulling back liquidity, making reductions in consumer liquidity seem unavoidable.

- Here lies the problem: When the top 5 players decide to dial back credit, everyone feels the effects. As of 3Q08, the top 4 players in the mortgage market had articulated strategies to reduce mortgage exposure. Further, credit lines (commitments) to consumers through home equity and credit card lines have been cut back from 2Q08 levels.

- Reduced liquidity has driven home prices down 23% from their peak; given current liquidity trends, we expect prices to fall another 20%. All of this makes for an unprecedented challenge for banks, but what we believe will be of far greater importance will be the protracted and intense impact this will have on consumer spending.

- Specific to the credit card industry, we believe that well over $2 trillion of lines will be pulled over the next 18 months, the result of risk aversion and funding challenges, but also regulatory and accounting changes. We view the credit card as the second key source of consumer liquidity, the first being jobs.

- There are solutions, of course, but they will take considerable time to work through the system; most involve government intervention, and all require more dilutive capital to existing lenders. Accordingly, we continue to be cautious on our outlook on US banks.

Meredith Whitney
212-667-6897
Meredith.Whitney@opco.com

Joseph Mack
212 667-7285
Joseph.Mack@opco.com

Kaimon Chung, CFA
212 667-5366
Kaimon.Chung@opco.com

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See "Price Target Calculation" and "Key Risks to Price Target" sections at the end of this report, where applicable.

Consolidated Lending Market Poses Risk to Overall Consumer Liquidity

Much of our research revolves around the common theme of liquidity; after all, liquidity is the life blood of the financial system. Over the past 18 months, we have witnessed liquidity collapse primarily in the asset-backed issuance market, but we are now beginning to see evidence of broad-based declines in overall consumer liquidity. We believe we are now entering a new era within the financial landscape that will be characterized by expanded forced consumer de-leveraging with a pronounced downshift in consumer spending.

This credit cycle is unique to the extent that the market has consolidated so much in the past 20 years; a small group of lenders now dominates the majority of liquidity to US consumers. What had traditionally been a business rooted in “knowing your customer” and local lending has grown into an industry heavily reliant on what have proven to be unreliable FICO scores and centralized lending. Two of the major bank products, mortgages and credit cards, are now dominated by 5 players. In a country that offers hundreds of cereal and soda pop choices, the banking industry has become one that offers very few choices. Negative trends in consumer liquidity seem unavoidable at this point; as we outline herein, all of the 5 dominant players in these product offerings are pulling back liquidity.

Already, we have witnessed the entire mortgage market hit a wall, and we believe it will, for the first time ever, show actual shrinkage over the next few months. Worth repeating is that this has never happened before in US history. We believe that the credit card market will be 18 months behind the mortgage market and will begin to shrink by mid-2010. All of this makes for an unprecedented challenge for the banks, but what we believe will be of far greater importance will be the protracted and intense impact this will have on consumer spending.

Here lies the problem: When the top 5 players decide to dial back on credit, everyone feels the effects. As of 3Q08, the top 4 dominant players in the mortgage market had articulated strategies to reduce their mortgage exposure. Further, the credit lines (commitments) extended to consumers through products like home equity and credit card lines have all been cut back from 2Q08 levels. The shutdown of the securitization market has already reduced mortgage liquidity by over $1 trillion, but the top 4 banks have also reduced originations by over $300 billion from last year as well. While this may seem like a low number, remember that banks only funded 15% of the entire mortgage market in this decade.

Lower liquidity will continue to translate into lower home prices. Reduced liquidity has driven home prices down over 23% from the peak, and given the current liquidity trends, we expect prices to fall another 20% from current levels.

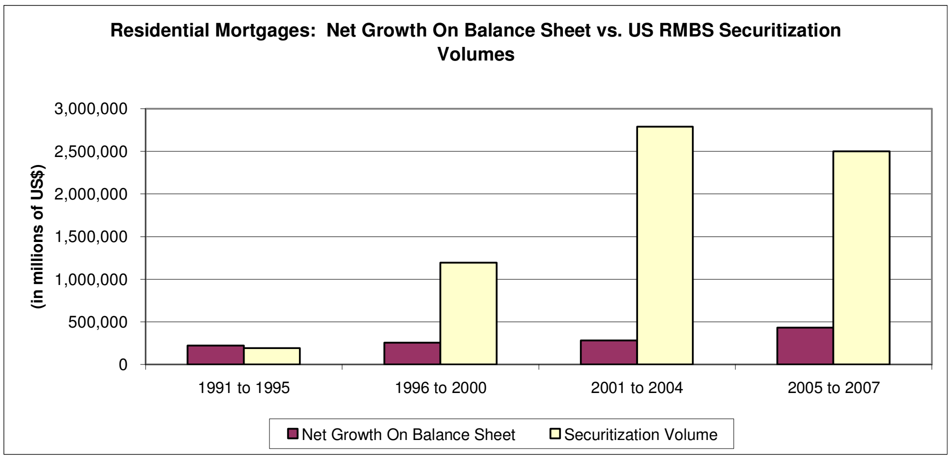
Specific to the credit card industry, we believe that well over $2 trillion of credit lines will be pulled over the next 18 months. This will be the result of risk aversion and funding challenges, but also of regulatory and accounting changes. The severe consequence of this cannot be overstated. While just over 70% of US households have credit cards, over 90% of those households revolve credit at some point during the year, or in other words use credit card lines as a cash management vehicle. Note about half of credit card users revolve every month. We view the credit card as the second key source of consumer liquidity, the first being their jobs. Pulling credit at a time when job losses are increasing by over 50% year on year in most key states is a dangerous and unprecedented combination, in our view.

There are solutions, of course, but they will take considerable time to work through the system; most involve government intervention, and all require more dilutive capital to existing lenders. Accordingly, we continue to be cautious on our outlook on US banks.

Liquidity in the Mortgage Market Began to Dry Up in 2006, But the Reduction in Liquidity Continues, as Will the Decline in Home Prices

Since the 1980s, mortgage-backed securities have funded an increasing percentage of the US mortgage market. However, from 2000 to 2007, the securitization market dominated 85% of the funding of the mortgage market. Since July 2007, almost 100% of that market has vanished, and home price declines have accelerated. The significance of the shutdown in such a key source of liquidity cannot be overstated. Over $5 trillion in mortgages were funded through the securitization market from 2000 to 2007. In comparison, banks grew their own balance sheet mortgage exposure by under $1 trillion during the same time period. It will be difficult to near impossible for the banking industry to quickly replace the void of liquidity left by the securitization market.

Exhibit 1. The Great Enabler



Quarterly Average Securitization Volume ($m)	
1991 to 1995	9,796
1996 to 2000	59,681
2001 to 2004	174,408
2005 to 2007	208,283
2008 (as of 3Q08)	49,483

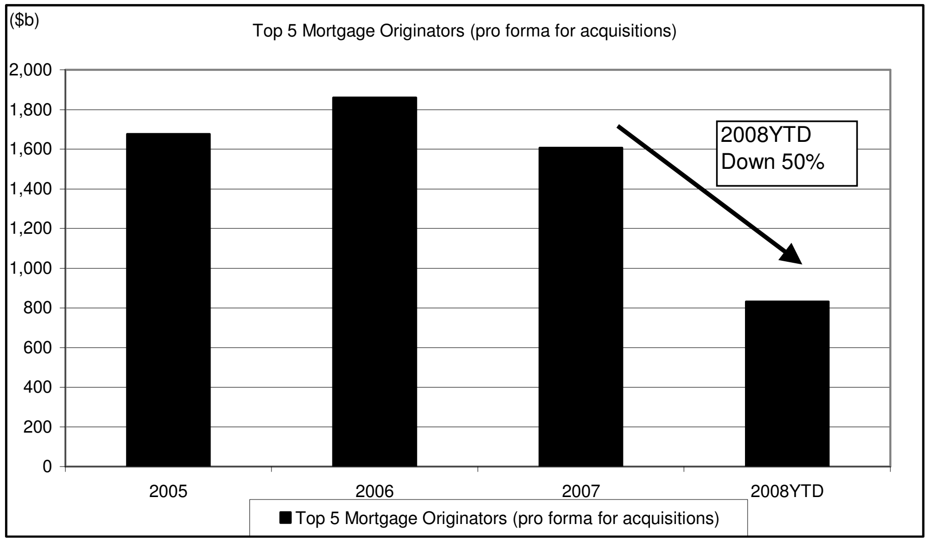
	Level ($M)		Period Change ($M)		Period Change		
Year	Net Growth On Balance Sheet	US RMBS Securitization Volume	Net Growth On Balance Sheet	US RMBS Securitization Volume	Net Growth On Balance Sheet	US RMBS Securitization Volume	Securitization as X Balance Sheet
1991 to 1995	222,157	195,915	NA	NA	NA	NA	0.9x
1996 to 2000	255,514	1,193,629	33,357	997,714	15%	509%	4.7x
2001 to 2004	283,899	2,790,527	28,386	1,596,898	11%	134%	9.8x
2005 to 2007	431,374	2,499,402	147,475	(291,125)	52%	-10%	5.8x
2008	(93,761)	148,449	(94,413)	(452,680)	-78%	-75%	NM
1Q08	(33,175)	52,309	5,721	(194,381)	-15%	-79%	NM
2Q08	(60,587)	61,930	(100,134)	(198,658)	-253%	-76%	NM
3Q08		34,210	NA	(59,641)	NA	-64%	NM

Net Growth on balance sheet is for all commercial and savings institutions per SNL Financial.

Source: Dealogic, SNL Financial, and Oppenheimer & Co. Inc.

Unfortunately for home prices, the bank lending market is also in retracement. For example, originations for the top 5 lenders are already down 50% from last year.

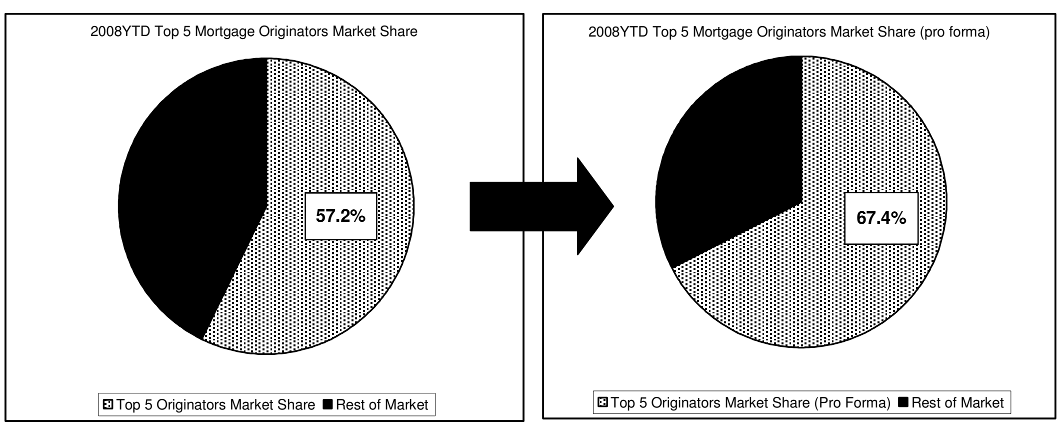
Exhibit 2. Originations by Top 5 Originators (pro forma for acquisitions)



Sources: Inside Mortgage Finance and Oppenheimer & Co. Inc.

As a result of industry consolidation over the past 20 years, the top 5 banks control over 67% of bank-originated mortgages. Further, there has been significant consolidation in the mortgage origination industry in 2008, so the consolidated market increased from 57% to 67% in just the past year alone. As a result of the shutdown in the securitization market, as well as the rapid reduction in originations from such a meaningful portion of the market, we now expect the actual mortgage market to shrink over a sustained period. This has never happened before in the US. While the government's role as a quasi-direct lender will inevitably increase over the coming months, we do not believe this will be enough to offset the overriding pressures of a declining overall market. Accordingly, we believe home price declines will continue at an accelerated pace.

Exhibit 3. Top 5 Mortgage Originators



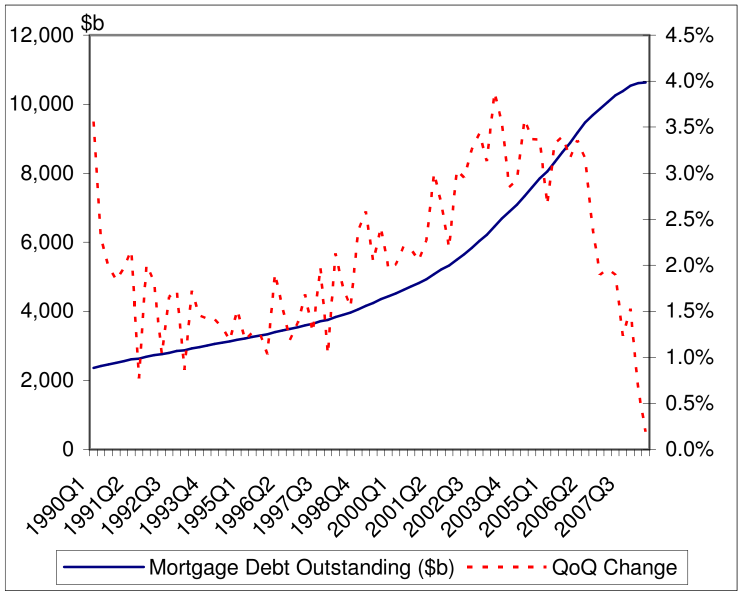
Sources: Inside Mortgage Finance and Oppenheimer & Co. Inc.

In addition, the top 5 originators are running off parts of their portfolios. Originations for the top 5 originators (pro forma) are down almost 50% from 2007.

Mortgage originations are not keeping pace with the vacuum created by the closure of the securitization market. 2007 originations were down 18% for the industry from 2006 levels. Subprime lending volume dropped 10% in 2006 and fell 68% in 2007.

Below we present mortgage debt outstanding by quarter dating back to 1990. 2Q08 (the most recent data available) indicates that mortgage debt in the quarter grew at the slowest rate of the past 25 years. Further, with the declining home values and lower originations, we believe that mortgage debt declined in 3Q08 (data is released on a lagged basis, next release is in December). While the fact that the aggregate mortgage market will go negative may be intuitively clear, we argue that when it does, few will be able to argue that home prices are at or near a bottom. Rather, we believe when the mortgage market begins to actually shrink, it will become increasingly clear that structurally the entire housing market will be poised for a material shift lower.

Exhibit 4. Quarterly Mortgage Debt Outstanding



Sources: Federal Reserve and Oppenheimer & Co. Inc.

Simple household formation cannot explain the meteoric rise in home prices since 1990. In the 18 years from 1990 to 2007, household formation grew by 24%, while mortgage debt grew by 320% or by over 4X. However, in just 8 years, from 2000 to 2007, household formation was just under 11%, while total mortgage debt outstanding grew by 119% or over 2X. Much of this was enabled by the securitization market. However, since the securitization market has been closed for over a year now, mortgage debt has grown at its slowest rate since 1990, at 3.7% in 2Q08, YoY from 2Q07. We expect 2008 levels to be lower than 2007, and we believe that for the first time in US history the total mortgage market will actually shrink. Less available credit, few buyers, and still lower home prices will be the paramount continuing themes throughout 2009 and likely into 2010. Important to note is that in view of the sheer size of the mortgage securitization market during this decade and its dominate role in providing liquidity to the housing industry, it is difficult to see how bank on-balance-sheet lending or an increasing direct lending role by the US government could replace the $5 trillion gap left behind from the shutdown of the mortgage securitization market.

Exhibit 5. Households, Mortgage Debt Outstanding, and Homeownership Rate

	Households (000s)	YoY Change	Actual Mortgage Debt Outstanding ($b)	YoY Change	Homeownership Rate
1990	93,347		2,506	10.0%	64.1%
1991	94,312	1.0%	2,683	7.1%	64.2%
1992	95,669	1.4%	2,854	6.4%	64.4%
1993	96,426	0.8%	3,013	5.6%	64.2%
1994	97,107	0.7%	3,180	5.6%	64.2%
1995	98,990	1.9%	3,334	4.8%	65.1%
1996	99,627	0.6%	3,540	6.2%	65.4%
1997	101,018	1.4%	3,756	6.1%	65.7%
1998	102,528	1.5%	4,058	8.0%	66.4%
1999	103,874	1.3%	4,435	9.3%	66.9%
2000	104,705	0.8%	4,821	8.7%	67.5%
2001	108,209	3.3%	5,328	10.5%	68.0%
2002	109,297	1.0%	6,036	13.3%	68.3%
2003	111,278	1.8%	6,887	14.1%	68.6%
2004	112,000	0.6%	7,845	13.9%	69.2%
2005	113,343	1.2%	8,876	13.1%	69.0%
2006	114,384	0.9%	9,873	11.2%	68.9%
2007	116,011	1.4%	10,543	6.8%	67.8%
2008 YTD	NA	NA	10,640	3.7%	67.9%

Mortgage Debt for 2008 is as of 2Q08 (most recent available). Mortgage YoY change for 2008 is YoY change from 2Q07 to 2Q08. Homeownership rate for 2008 is as of 3Q08 (most recent available).

Sources: Federal Reserve, Census Bureau, and Oppenheimer & Co. Inc.

Mortgage Originations Are Declining at an Accelerated Pace

As we have argued, the fact that over 65% of bank mortgage originations are dominated by the top 5 players in the industry drives even greater weight to the lending strategies of these dominant banks. Originations of the top 5 lenders are already down almost 50% from 2007. What's more, four of the top lenders have already articulated plans to run off portions of their portfolios. For example:

- BAC has exited the subprime and option ARM origination businesses it acquired through the CFC transaction. According to estimates by Inside Mortgage Finance, in 2007 CFC was the top Alt-A originator, with originations of $41.5B and also $68B in originations in 2006. In 2007 CFC originated $17B in subprime loans and in 2006 originated $40.6B.

- On the 4Q07 earnings call, C noted that it had exited the second mortgage correspondent business, and reduced the brokers it works with to those who produced high-quality and profitable volume. C has eliminated mortgage loans on 3-4 family investment properties, and also increased documentation and verification requirements. Per C's investor/analyst day in May, 35% of the company's ~$500B in legacy assets are in real estate, including prime real estate assets, which C expects will roll off. According to estimates by Inside Mortgage Finance, in 2007 C originated $19.7B in subprime loans and in 2006 originated $38B.

- JPM has exited the subprime mortgage and wholesale prime broker non-agency business (including WM). According to Inside Mortgage Finance, in 2007 and JPM originated $11.5B and $11.6B in subprime loans, respectively. WM originated $5.5B and $26.6B in subprime loans in 2007 and 2006. EMC Mortgage (a subsidiary of Bear Stearns) made $7.9B of subprime loans in 2007 and $9.5B in 2006. JPM has also exited Alt-A and Secure Flex Interest Only Affordability Product. In 2007, JPM originated $9.9B of Alt-A and in 2006 originated $9.4B. WM originated $14.7B of Alt-A loans in 2007 and $25.3B in 2006. In 2007, EMC originated $9.4B of Alt-A loans and in 2006 made $28.3B of Alt-A loans.

- On WFC's conference call to discuss the common stock offering on 11/05/08, WFC noted that the company would be exiting the Option ARM business that originated the Pick-A-Pay portfolio. WB previously stated it ceased origination of negative amortization mortgages and eliminated its general bank wholesale origination channel.

We note that the top 4 originators of 2008 have eliminated a number of origination channels and are intentionally shrinking their mortgage portfolios.

Exhibit 6. 2008 Mortgage Originations

Pro Forma For Acquisitions ($b)	2007	2008YTD	% Change YoY	Market Share 2008YTD
BAC (incl. CFC)	598.33	265.86	-55.6%	21.5%
WFC (incl. WB)	369.03	232.75	-36.9%	18.8%
JPM (incl. WM)	348.02	190.10	-45.4%	15.4%
C	197.96	97.28	-50.9%	7.9%
Residential Capital LLC	93.94	46.33	-50.7%	3.8%
Top 5 Subtotal	1607.28	832.32	-48.2%	67.4%
STI	59.40	29.94	-49.6%	2.4%
PHH Mortgage	39.55	29.70	-24.9%	2.4%
USB	27.00	25.95	-3.9%	2.1%
Taylor, Bean, & Whitaker Mortgage Corp	35.35	25.01	-29.3%	2.0%
Flagstar Bank	25.87	22.90	-11.5%	1.9%
Top 10 Subtotal	187.17	965.82	416.0%	78.2%
AmTrust Bank	25.04	19.19	-23.4%	1.6%
FHN	30.56	18.07	-40.9%	1.5%
ING	23.14	17.53	-24.2%	1.4%
PNC (prev. NCC)	46.35	16.27	-64.9%	1.3%
IMB	76.98	15.42	-80.0%	1.2%
BBT	15.75	15.08	-4.3%	1.2%
Franklin American Mortgage	11.95	13.98	17.0%	1.1%
Provident Funding	21.14	10.96	-48.2%	0.9%
USAA Federal Savings Bank	20.37	10.26	-49.6%	0.8%
FITB	11.90	9.58	-19.5%	0.8%
HSBC	30.78	9.46	-69.3%	0.8%
Quicken Loans	18.45	9.02	-51.1%	0.7%
Subtotal Top 22	2126.86	1130.64	-46.8%	91.5%
Total Originations	2430.00	1235.00	-49.2%	

Sources: Inside Mortgage Finance and Oppenheimer & Co. Inc.

Exhibit 7. Mortgage Originations and Subprime Originations

	Mortgage Originations ($b)	2005	2006	2007	2008 YTD
1	WFC	392.33	397.64	271.94	186.27
2	JPM	183.49	172.90	210.10	157.10
3	BAC	158.82	168.50	190.10	133.84
4	CFC	490.95	462.50	408.23	132.02
5	C	124.29	183.48	197.96	97.28
	Top 5 Subtotal	1349.88	1385.02	1278.33	706.51
6	WB	57.71	118.47	97.09	46.48
7	Residential Capital LLC	73.29	161.56	93.94	46.33
8	WM	195.70	195.70	137.92	33.00
9	STI	47.66	56.45	59.40	29.94
10	PHH Mortgage	48.18	41.26	39.55	29.70
	Top 10 Subtotal	1772.42	1958.46	1706.23	891.96
11	USB	23.08	22.29	27.00	25.95
12	Taylor, Bean, & Whitaker Mortgage Corp	19.16	25.49	35.35	25.01
13	Flagstar Bank	29.21	19.35	25.87	22.90
14	AmTrust Bank	NA	21.67	25.04	19.19
15	FHN	43.03	31.21	30.56	18.07
16	ING	NA	12.51	23.14	17.53
17	NCC	59.03	43.12	46.35	16.27
18	IMB	60.77	89.95	76.98	15.42
19	BBT	10.53	14.73	15.75	15.08
20	Franklin American Mortgage	NA	8.11	11.95	13.98
21	Provident Funding	NA	12.64	21.14	10.96
22	USAA Federal Savings Bank	16.27	15.78	20.37	10.26
23	FITB	NA	9.40	11.90	9.58
24	HSBC	74.98	65.35	30.78	9.46
25	Quicken Loans	15.95	16.71	18.45	9.02
	Top 25	2124.43	2366.77	2126.86	1130.64
	Total Originations	3120.00	2980.00	2430.00	1235.00
	YoY Change	*7%*	*-4%*	*-18%*	*-49%*

	Subprime Lenders ($b)	2005	2006	2007
1	HSBC	58.61	52.80	17.99
2	New Century	52.70	51.60	4.70
3	CFC	44.64	40.60	16.99
4	C	20.51	38.04	19.70
5	WMC Mortgage	31.80	33.16	5.00
	Top 5 Subtotal	208.25	216.19	64.39
6	Fremont Investment & Loan	36.24	32.30	NA
7	Ameriquest	75.56	29.50	6.40
8	Option One	40.33	28.79	11.18
9	WFC	30.34	27.87	15.42
10	First Franklin	29.33	27.67	13.48
	Top 10 Subtotal	420.06	362.32	110.86
11	WM	33.90	26.60	5.50
12	Residential Funding Corp	25.26	21.20	NA
13	Aegis Mortgage	17.84	17.00	4.30
14	American General Finance	15.43	15.07	4.50
15	Accredited Home Lenders	16.58	15.77	4.00
16	BNC Mortgage	15.00	14.50	6.10
17	JPM	9.65	11.55	11.52
18	Equifirst	8.84	10.75	4.35
19	NovaStar Financial	9.28	10.23	NA
20	Ownit Mortgage Solutions	8.29	9.50	NA
21	ResMae Mortgage Corp	6.86	7.66	NA
22	Mortgage Lenders Network USA	3.00	6.00	NA
23	ECC Capital Corp	1.40	5.48	NA
24	Fieldstone Mortgage Company	7.53	4.99	NA
25	Nationstar Mortgage	6.00	4.62	NA
	Top 25	604.93	543.24	151.13
	Total Originations	665.00	600.00	192.50
	YoY Change		*-10%*	*-68%*

Sources: Inside Mortgage Finance and Oppenheimer & Co. Inc.

Our banks are also focusing on originating mortgages that fall under agency and government programs. In 3Q08, over 90% of JPM's mortgage originations were in this category. As types of mortgages available shrink and originations become largely limited to government/agency loans, we expect originations to continue to fall. We expect that originators outside the top 5-6 will follow the largest players in the industry.

For our universe, annual originations recently peaked at $1,041B in 2006, and fell 7% in 2007 to $967.1B. We note that the current 2008 pace, assuming 4Q08 originations do not continue to fall and rebound to an average of the 3 quarters YTD, is 14% below 2007's total.

Exhibit 8. Annual Mortgage Originations

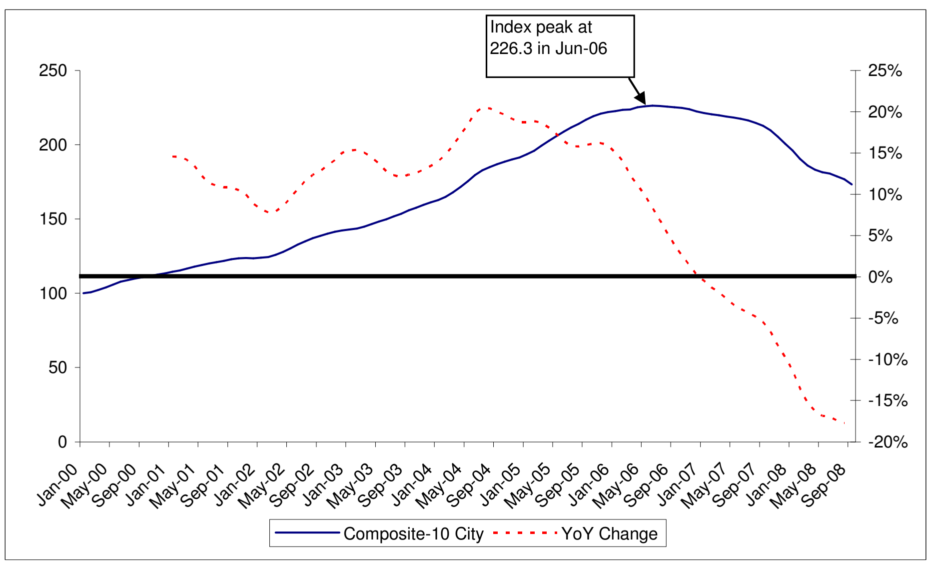
Mortgage Originations ($b)	2000	2001	2002	2003	2004	2005	2006	2007	2008 YTD
WFC	76.46	202.00	333.39	470.12	298.46	392.33	397.64	271.94	186.27
JPM	76.01	184.20	155.68	307.56	197.35	183.49	172.90	210.10	157.10
BAC	51.82	82.39	87.99	151.76	146.63	158.82	168.50	190.10	133.84
C	19.65	34.57	52.52	108.43	103.21	124.29	183.48	197.96	97.28
WB	11.16	21.80	21.61	25.42	52.83	57.71	118.47	97.09	46.48
Subtotal	235.10	524.96	651.19	1063.29	798.48	916.64	1040.99	967.19	620.97
YoY Change		*123%*	*24%*	*63%*	*-25%*	*15%*	*14%*	*-7%*	*-36%*

Sources: Inside Mortgage Finance and Oppenheimer & Co. Inc.

Home Price Declines Set to Continue at an Accelerated Pace

Beginning in 2006, home prices began declining and by 2007 were declining at an accelerating pace. As shown below, the Case-Shiller Composite 10-City Index peaked at 226.3 in June 2006. Through September 2008 (the most recent data available), the index has declined by 23.4%.

Exhibit 9. Case-Shiller 10-City Index

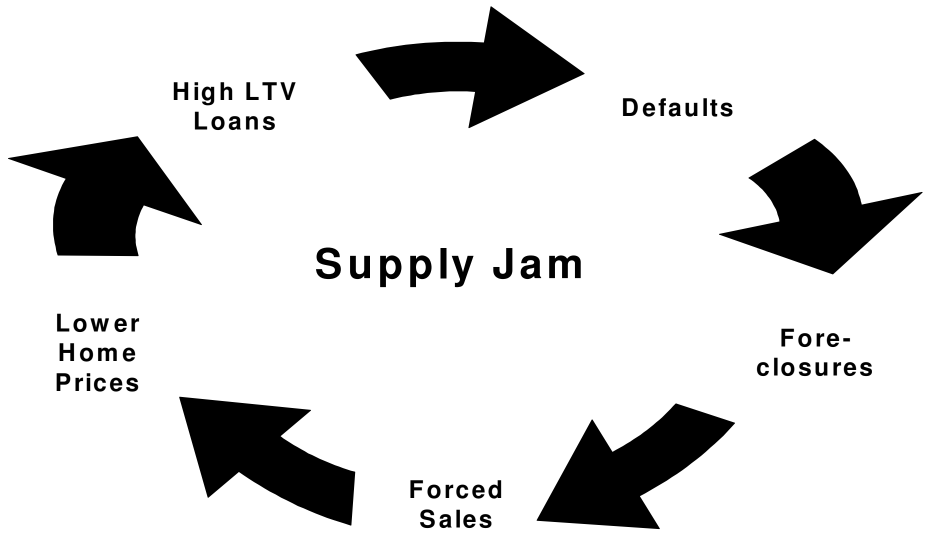


The national decline in home prices and the more severe decline in states like California, Nevada, Arizona, and Florida have created a repeating cycle of asset deflation. Lower home prices lead to higher loan-to-value ratios for mortgages (as the denominator, the value of the home declines). In turn, higher loan-to-value ratios lead to defaults, as more homeowners have negative equity in their homes. Loan defaults lead to foreclosures and forced sales, which lead to lower overall home prices due to the lower prices of defaulted homes.

We view home price declines as part of a multi-phase process. Beginning in 2006, subprime liquidity began to decline, triggering declines in home prices primarily in sub-prime-dominant regions like California, Florida, Nevada, and Arizona. Less liquidity triggered fewer buyers, lower home prices, higher loan to values, and ultimately higher defaults. This set off a daisy chain reaction through the highly structured market of mortgage-backed securities and CDOs, and major write-downs by those holding such securities ensued. Today, banks are holding onto mortgage loans with rising defaults causing assets to be worthless, earnings to be lower as a result of higher reserve provisioning, and less capital flowing out the door to fund new loans.

Phase I

Exhibit 10. When Home Prices Began to Decline in 2006, Many Were Pushed into Negative Equity Positions in Homes, Which Triggered Higher Defaults, Foreclosures, and Forced Sales. This Vicious Cycle Continues.

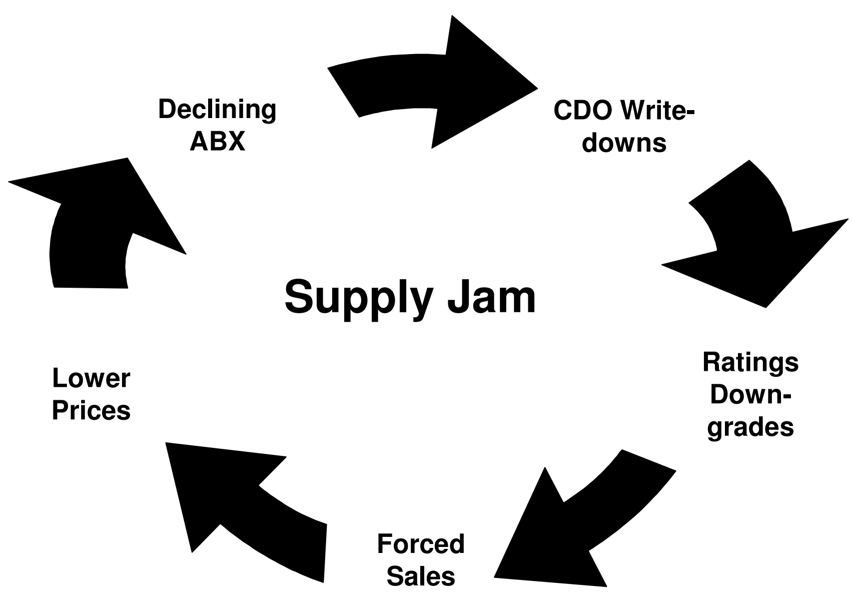


Sources: Oppenheimer & Co. Inc.

Phase II

Lower prices lead to a declining ABX index, which in turn results in CDO write-downs and ratings downgrades. This creates a supply jam, leading to forced sales and lower prices.

Exhibit 11. CDO Price Declines Have Thus Far Caused the Greatest Capital Destruction at Banks, as Few Sales Have Actually Occurred; We Expect Prices To Go Still Lower

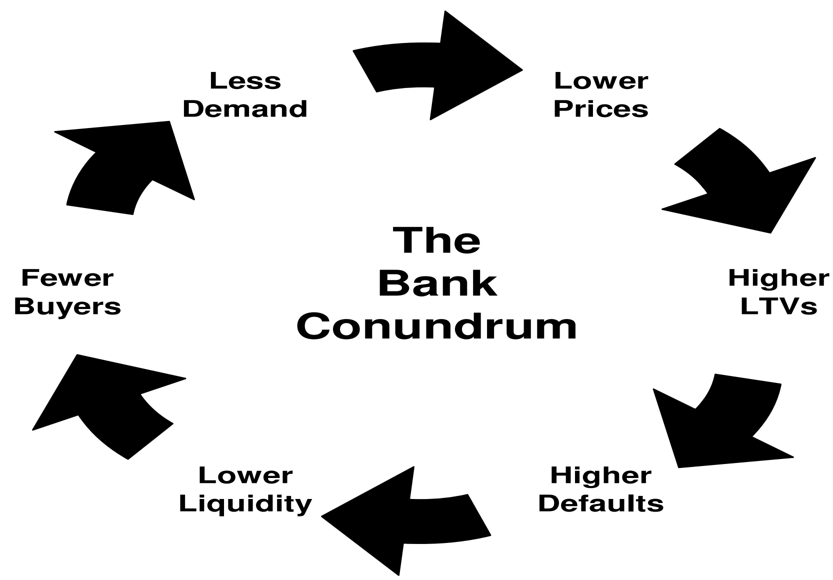


Sources: Oppenheimer & Co. Inc.

As defaults increase, lower liquidity and fewer buyers follow. With inventories near historical highs, fewer buyers leads to less demand and in turn lower prices. As prices continue to decrease, loan-to-value ratios rise, leading to higher defaults.

Phase III

Exhibit 12. The Bank Conundrum: Banks Holding "Sludgy Assets" Are Reluctant and Often Unable To Lend. As a Result of Less Liquidity, Home Prices Are Driven Lower Still



Sources: Oppenheimer & Co. Inc.

Constrained Liquidity in the Credit Card Market Will Lead to Further Sharp Declines in Consumer Spending

Similar to the mortgage market, the credit card industry is equally consolidated or dominated by 5 banks. Based on 3Q08 credit card outstandings and economic data from the Federal Reserve, the top 5 credit card issuers accounted for roughly of 68% of the total US credit card debt outstanding. In other words, 2 out of every 3 cards in the US are provided by 5 banks. The obvious problem here is that when these players decide to dial back on credit cards lines, as all 5 have articulated, 2 out of 3 Americans with a credit card feel the effects. Already, the top 5 lenders have reduced their lines outstanding to consumers; however, as a result of impending regulatory changes, we believe more than $2 trillion of additional liquidity will be expunged from the industry.

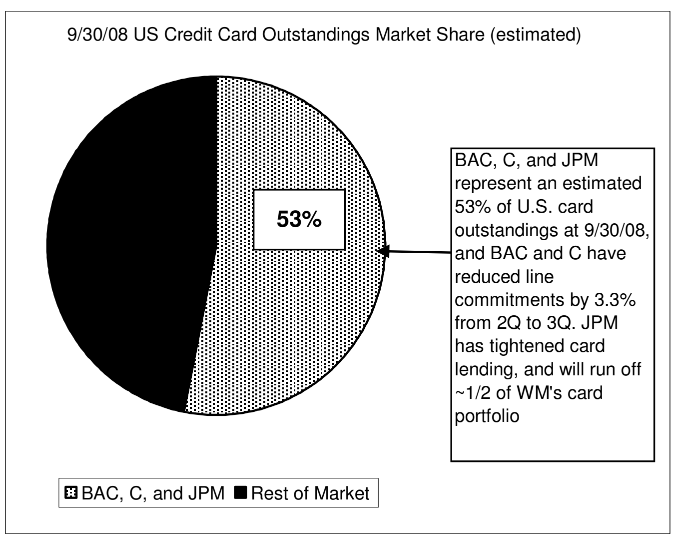
Exhibit 13. Card Rankings by Credit Card Outstandings

Top US Credit Card Issuers As of 9/30/08			
Rank	Issuer	Outstandings ($b's)	Mkt Share % of Total
1	JP Morgan Chase	186.5	20.2%
2	Bank of America	151.1	16.4%
3	Citigroup	150.6	16.3%
4	Capital One	69.4	7.5%
5	American Express	64.4	7.0%
Top Five Total CC outstandings		**622.0**	**67.5%**
Estimated Total US CC Outstandings		**922.0**	

Total US CC outstandings estimation based on 95% of Federal Reserve Revolving Credit from G.19, JPM includes WM purchase. Sources: Federal Reserve, company filings, and Oppenheimer & Co. Inc.

BAC, C, and JPM represent over half of estimated U.S. card outstandings at 9/30/08, and each company has discussed reducing card exposure or slowing growth. From 2Q08 to 3Q08, BAC and C reduced line commitments by 3.3%. JPM saw an increase due to the WM acquisition, but will run off half of the WM portfolio. Note, COF and American Express have both articulated strategies to dial back lending, but because they only report credit line commitments once a year, we have left them out of the example.

Exhibit 14. Top Card Lenders



Sources: Federal Reserve, company filings, and Oppenheimer & Co. Inc.

Tightening Consumer Credit

Since the credit card industry is significantly concentrated in the top 5 players, we believe that when the top 5 pull back credit card exposure due to risk aversion, the rest of the industry will follow.

During third-quarter earnings presentations, the top 5 credit card lenders articulated strategies of tightened consumer lending behavior. Most companies noted strengthened underwriting standards and judicious line reductions reflecting an overall reduction in risk appetite in the deteriorating economic environment. In other words, these companies are reducing their risk profiles by cutting lines. Some strategies have including pulling lines from certain perceived high-risk zip codes or areas of weakened home values; others have pulled more uniformly. We believe this is only the first phase of reducing credit card lines and that funding challenges and regulatory changes will characterize the next phases.

Companies under our coverage elaborated on their credit card lending practices as follows:

- JPM has tightened consumer lending, but credit card loans were up sequentially excluding the WM acquisition. The WM purchase included a $28B managed card portfolio composed of mainly sub-prime and near-prime loans. JPM intends to let the sub-prime portfolio, approximately half, run off, while retaining the near-prime loans from the acquisition.
- C has tightened underwriting and reduced credit lines, “tightening underwriting criteria such as initial line assignments, particularly in certain geographies where we can use mortgage data to enhance our decision-making capabilities.” When C’s client accounts come up for renewal, the company does “an active evaluation; and in some cases we size them down; in some cases we eliminate them altogether, in some cases we stay where we are.”
- BAC is cutting lines on a risk-weighted basis. Average managed credit card loans were approximately flat, and EOP loans were down sequentially reflecting tightened credit availability.
- COF has taken measures to tighten credit and reduce loan growth while selectively reducing credit lines and close inactive accounts.
- AXP has also reduced line size and slowed loan growth by implementing “proactive credit actions and tighter standards”. They have increased credit scoring measurements and “over the past year seen many more reductions in line size than we have in the past,” while “the number of line increases have been more moderate.”

BAC, C, and JPM release card commitment data on a quarterly basis. BAC and C saw line commitments decrease 3.6% and 3.0%, respectively, in 3Q08. JPM saw commitments increase due to the WM acquisition, but we highlight JPM’s slowing commitment growth in 1Q08 and 2Q08, which saw commitments rise 2.2% and 0.8%, respectively; the larger 3Q08 increase was solely due to the acquisition of Washington Mutual in the third quarter.

As of 3Q, BAC has $183.4B in managed card outstandings, $880.5B of card commitments, with outstandings 17.2% of total commitments. C has the largest managed card commitments at $1,095.9B as of 3Q08, with $197.3B of outstandings, representing 15.3% of total commitments. JPM has $186.5B of managed card outstandings, including ~$28B from the WM acquisition. Excluding WM, as of 3Q08 JPM had ~$159.4B of managed card outstandings. Including the WM acquisition, JPM had $784.9B of card commitments, with outstandings representing 19.2% of total commitments. WFC had $20.4B of card outstandings as of 3Q08, with commitments of $62.7B as of 4Q07. WFC’s outstandings were 23% of total commitments at 4Q07. As of 3Q08, COF and AXP had $61.6B and $75.6B of credit cards outstanding, respectively, while as of 4Q07 COF and AXP’s outstandings were 24% and 20% of total commitments, respectively.

Exhibit 15. Lines Outstanding and Commitments

	Outstanding						Commitments						Outstanding / (Outstanding + Commitments)					
	4Q05	4Q06	4Q07	1Q08	2Q08	3Q08	4Q05	4Q06	4Q07	1Q08	2Q08	3Q08	4Q05	4Q06	4Q07	1Q08	2Q08	3Q08
BAC ($b)	60.8	170.5	184.7	183.8	187.2	183.4	193.0	853.6	894.3	902.0	913.8	880.5	24.0%	16.6%	17.1%	16.9%	17.0%	17.2%
QoQ Growth		*180.4%*	*8.3%*	*-0.5%*	*1.9%*	*-2.0%*		*342.3%*	*4.8%*	*0.9%*	*1.3%*	*-3.6%*		*-30.5%*	*2.8%*	*-1.1%*	*0.4%*	*1.4%*
C ($b)	165.7	174.7	203.2	200.3	201.8	197.3	859.5	987.4	1,103.5	1,119.7	1,130.0	1,095.9	16.2%	15.0%	15.6%	15.2%	15.2%	15.3%
QoQ Growth		*5.4%*	*16.3%*	*-1.4%*	*0.7%*	*-2.2%*		*14.9%*	*11.8%*	*1.5%*	*0.9%*	*-3.0%*		*-7.0%*	*3.4%*	*-2.4%*	*-0.1%*	*0.7%*
JPM ($b)	142.2	152.8	157.1	151.0	155.4	186.5	579.3	657.1	714.8	730.5	736.4	784.9	19.7%	18.9%	18.0%	17.1%	17.4%	19.2%
QoQ Growth		*7.5%*	*2.8%*	*-3.9%*	*2.9%*	*20.0%*		*13.4%*	*8.8%*	*2.2%*	*0.8%*	*6.6%*		*-4.3%*	*-4.5%*	*-4.9%*	*1.7%*	*10.2%*
WFC ($b)	12.0	13.7	18.8	18.7	19.4	20.4	45.3	55.0	62.7	NA	NA	NA	20.9%	20.0%	23.0%	NA	NA	NA
QoQ Growth		*14.5%*	*36.6%*	*-0.5%*	*4.0%*	*4.8%*		*21.4%*	*13.9%*	NA	NA	NA		*-4.6%*	*15.3%*	*NA*	*NA*	*NA*
COF ($b's)	59.5	64.6	63.3	60.3	60.6	61.6	156.8	179.0	198.0	NA	NA	NA	27.5%	26.5%	24.2%	NA	NA	NA
QoQ Growth		*8.6%*	*-2.0%*	*-4.8%*	*0.5%*	*1.6%*		*14.2%*	*10.6%*	NA	NA	NA		*-3.6%*	*-8.7%*	*NA*	*NA*	*NA*
AXP ($b's)	46	53.8	66	75.2	76.6	75.6	213	220	265	NA	NA	NA	17.8%	19.6%	19.9%	NA	NA	NA
QoQ Growth		*17.0%*	*22.7%*	*13.9%*	*1.9%*	*-1.3%*		*3.3%*	*20.5%*	NA	NA	NA		*10.6%*	*1.5%*	*NA*	*NA*	*NA*
Total Cards	**486.2**	**630.2**	**693.1**	**689.2**	**701.0**	**724.7**	**2,046.9**	**2,952.1**	**3,238.3**	**2,752.2**	**2,780.2**	**2,761.3**						
QoQ Growth		***29.6%***	***10.0%***	***-0.6%***	***1.7%***	***3.4%***		***44.2%***	***9.7%***	***-15.0%***	***1.0%***	***-0.7%***						

Sources: Company Filings, SNL Financial, and Oppenheimer & Co. Inc.

Credit spreads on card securitizations have widened dramatically, forcing card lenders to rely on on-balance sheet lending, and resulting in lower securitization revenues. For example, C saw a $243M loan loss reserve increase in 3Q08 due to an increase in reported receivables as maturing securitizations resulted in on-balance sheet funding. We believe that higher funding costs will become a big issue for private-label issuers.

Regulatory Changes Loom on Horizon, and If Left "As Is," Will Strain Consumer Liquidity Even Further

The financial industry is facing sweeping regulatory and accounting changes as both the Federal Reserve and the Financial Accounting Standards Board (FASB) target banks and credit card companies in the wake of the ongoing collapse in the financial industry. The aggregate effects of these regulatory proposals come at a critical time for banking and credit card institutions and will surely compound current economic challenges caused by the deterioration in the capital markets and consumer credit environment.

While we believe the Federal Reserve is well-meaning with their intention of stomping out abusive lending practices, certain elements of the proposal on Unfair and Deceptive Acts or Practices (UDAP) threatens to eliminate even more liquidity out of the consumer lending market. In our opinion, certain provisions of this regulatory shift will have unintended consequences similar to the Grey Zone impact in Japan post-2006. We believe that by restricting a lender's ability to price for risk and significantly altering the economics of the credit card industry, lenders will ultimately choose to provide fewer credit lines to fewer customers. In fact, as we have stated before, we expect over $2 trillion in outstanding lines to be reduced over the next 18 months. In other words, we expect available consumer liquidity in the form or credit card lines to decline by 45%.

Credit Card Liquidity Squeeze

While just over 70% of US households have credit cards, and over 90% of those households revolve credit at least one time during the year. In other words, 90% of households with credit cards use cards as a cash flow management vehicle. About 45% of cardholders revolve on a regular basis. We view the credit card as the second key source of consumer liquidity, the first being their jobs. Pulling credit at a time when job losses are increasing by over 50% year on year in most key states is a dangerous and unprecedented combination, in our view.

As measured by Nilson, the US Credit Card Debt per households with credit cards has increased ~80% since 1995 at an average rate of ~6.5% per year. Total card debt has more than doubled since 1995. During this time, there was considerable consolidation within the credit card industry. Notably, MBNA (now owned by BAC) bought up many regional bank portfolios and became the "private-label" servicer to the regional banking industry. The problem this now creates is that even if regional banks wanted to begin making credit card loans to fill the void left by the top 5 players, they lack the processing and servicing capabilities for such products selling such capabilities years ago.

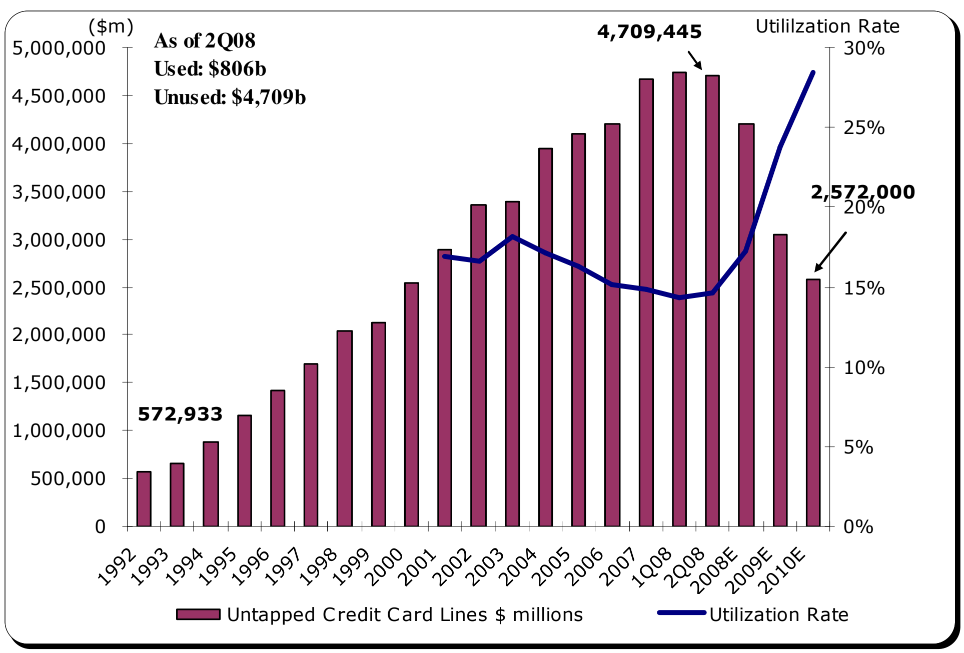
Exhibit 16. US Household Credit Card Outstandings

Year	U.S Credit Card Debt per Household Debt per household w/cards	YoY Change	# house w/cards (millions)	YoY Change	Total Debt ($m)	YoY Change
1995	5,800		79.2		459,360	
1996	6,535	12.7%	79.7	0.6%	520,709	13.4%
1997	6,811	4.2%	80.8	1.4%	550,329	5.7%
1998	6,885	1.1%	82.0	1.5%	564,570	2.6%
1999	7,342	6.6%	83.1	1.4%	610,267	8.1%
2000	8,114	10.5%	83.8	0.8%	679,629	11.4%
2001	8,288	2.1%	86.6	3.3%	717,409	5.6%
2002	8,724	5.3%	87.4	1.0%	762,827	6.3%
2003	8,664	-0.7%	89.0	1.8%	771,443	1.1%
2004	8,918	2.9%	89.6	0.6%	799,053	3.6%
2005	9,184	3.0%	90.6	1.2%	832,438	4.2%
2006	9,686	5.5%	91.5	1.0%	886,463	6.5%
2007	10,385	7.2%	92.5	1.0%	960,405	8.3%

Sources: Nilson reports and Oppenheimer & Co. Inc

As we see it today, banks will soon pull more lines in anticipation of impending regulatory change. Currently, as measured by the FDIC for FDIC-insured institutions, there are roughly $5.5 trillion in credit card lines outstanding, with over $800 billion actually used and $4.7 trillion unused. As a result of the proposed regulatory changes, we believe deteriorating economics for the lenders will cause them to pull over $2 trillion in outstanding lines over the next 18 months. In other words, we expect available consumer liquidity in the form of credit card lines to decline by 45% over the next 18 months.

Exhibit 17. Credit Card Utilization Data



Data from FDIC-insured institutions. Sources: FDIC and Oppenheimer & Co. Inc.

The Proposal on Unfair and Deceptive Acts or Practices (UDAP)

UDAP, a fully endorsed proposal by a consortium of the three governing bodies of the credit card industry, sets out to right some of the wrongs of the regulatory gaffes from the US housing debacle and abusive lending practices. After suffering endless blame for their role in the greatest housing bubble in this country's history, regulators are mindful of past mistakes and actively trying to prevent new ones. A clear example of this is the speedy and united support of The Proposal on Unfair and Deceptive Lending Practices. With such a proposal, we believe that the regulators believe they are actually doing what is best for the consumer, but we argue that the "unintended consequences" of such actions will at least do a commensurate amount of harm to the economy by stifling consumer spending.

In our opinion, while it is no doubt well intentioned, this regulation will result in unintended consequences by reducing the current economics of the credit card industry to a level in which lenders will ultimately choose to provide fewer credit lines to fewer customers, similar to what occurred in Japan in 2006. Due to an inability to maintain pricing flexibility on unsecured loans, we believe there will be a dramatic reduction of risk taking and therefore credit lines outstanding. This line reduction will strain credit quality not just for credit card loans but, in our opinion, for all consumer loans.

The chart below outlines the basics of the proposal and the corresponding effects on the credit card industry.

Ex. 18. Summary of UDAP Proposal

Summary of Proposal	Explanation	Impact
Unfair time periods for making payments →	Minimum of 21 days to make a payment →	Lower late fees
Unfair payment allocations →	Highest interest rate balances paid first →	Elimination of teaser programs leads to slower account growth
Unfair interest rate increases on outstanding balances →	Limited repricing ability →	Lack of pricing power will cause higher rates and fewer lines available to consumers
Elimination of two-cycle billing →	Bans banks from applying finance changes on balances of two periods →	Lower Finance Charges
Elimination of over limit fees →	→	Lower Fees

Sources: Federal Reserve, Oppenheimer & Co. Inc.

Some of the changes make a lot of sense. For instance, UDAP requires lenders to have reasonable billing and payment standards in place to curb miscommunication and unethical billing practices. The proposal stipulates a billing statement must be mailed at least 21 days before the payment due date. The standardization of payment procedures will lead to an increased time for payment and therefore fee income will surely be reduced, putting pressure on non-interest revenue. In general, our companies will need to increase the number of days they allow for payment, only by a few days in most cases. We see the minimum days for payment requirement leading to lower late fees, and potentially fewer delinquent accounts.

Timeline of Events

The president of the Federal Reserve Board announced that a final draft of UDAP will be released by year-end. Such releases typically occur during a board meeting.

Exhibit 19. UDAP Timeline of Developments

2007

June: The Federal Reserve Board of Governor's seeks public comment for amendments to the open-ended credit provisions of Regulatory Z which implements the Truth in Lending Act

August: OTS seeks to expand its current provision on unfair and deceptive lending

2008

April: During a forum the Board of Governor's expressed plans to issue a proposal aggregating the concerns expressed by the June and August proposals.

May: As a collaborative effort from the Federal Reserve, OTS, and NCUA, Federal bank regulators post proposed revisions to the Unfair and Deceptive Acts or Practices (UDAP) and open a 75 day comment period

August: The UDAP comment period closed and comments are currently being considered. A final decision is expected to be announced by year-end.

2009

Sources: Federal Reserve and Oppenheimer & Co. Inc.

Below we present estimates for both unused lines and used lines for 2008, 2009, and 2010. For the next three years, we increase used lines at a rate of 8% year, which gives increases from 2007 of 8%, 17%, and 26%. For unused lines, we estimate reductions from 2007 levels of 10% in 2008, 35% in 2009, and 45% in 2010.

Exhibit 20. Credit Card Lines and Top US Card Issuers

Credit Card Lines ($b)	2007	2008E	2009E	2010E
Used Lines	812	877	947	1,023
Unused Lines	4,676	4,209	3,040	2,572
Utilization Rate	15%	17%	24%	28%
% Change from 2007				
Used Lines		8%	17%	26%
Unused Lines		-10%	-35%	-45%
Total Liquidity Removed From System ($b)		467	1,636	2,104

Credit Card Lines ($b)	3Q06	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08	2Q08
Used Lines	807	748	722	745	764	812	795	806
Unused Lines	4,428	4,200	4,320	4,443	4,572	4,676	4,748	4,709
Utilization Rate	15%	15%	14%	14%	14%	15%	14%	15%
% Change YoY								
Used Lines					-5%	9%	10%	8%
Unused Lines					3%	11%	10%	6%

Data from FDIC-insured institutions. Sources: FDIC and Oppenheimer & Co. Inc.

Consequences of Reduced Credit Lines

In the event of a material reduction in credit lines, there is also a decrease in the receivables for credit card companies. Therefore, as credit card lending becomes less profitable due to the reduction in accrued interest, we believe receivables will shrink.

Card receivables have accounted for a significant percent of total managed receivables, not just for our credit card companies but also for our bank universe. As of 3Q08, cards comprised 20% of total receivables for BAC, 23% for C, 28% for JPM, 57% for AXP, and 47% for COF.

Below we present managed receivables for our banks and card lenders.

Exhibit 21. Card Managed Receivables

	Cards Managed Receivables ($b)						YoY Growth	
	2005	2006	2007	1Q08	2Q08	3Q08	2006	2007
BAC	165	170	184	184	187	183	*3%*	*8%*
C US /N. AM	142	144	152	149	147	145	*1%*	*5%*
JPM	142	153	157	151	155	159	*7%*	*3%*
AXP US	46	54	60	64	65	64	*17%*	*12%*
COF US	49	54	70	67	68	69	*8%*	*30%*

Sources: Company Filings, SNL Financial and Oppenheimer & Co. Inc.

Exhibit 22. Managed Receivables as % of Total Receivables

	Cards Managed Receivables % of Total Receivables						YoY Growth	
	2005	2006	2007	1Q08	2Q08	3Q08	2006	2007
BAC	28.8%	24.1%	21.0%	21.0%	21.5%	19.5%	*-16%*	*-13%*
C US /N. AM	26.0%	23.6%	21.8%	21.1%	22.2%	22.5%	*-9%*	*-8%*
JPM	42.0%	41.7%	41.4%	39.6%	40.1%	28.1%	*-1%*	*-1%*
AXP US	52.0%	53.3%	51.2%	55.8%	55.5%	56.9%	*3%*	*-4%*
COF US	46.9%	36.7%	46.1%	45.5%	46.2%	47.1%	*-22%*	*26%*

Sources: Company Filings, SNL Financial and Oppenheimer & Co. Inc.

We Use Japan Grey Zone Laws as Informative Proxy for What We Expect to Happen in US Market

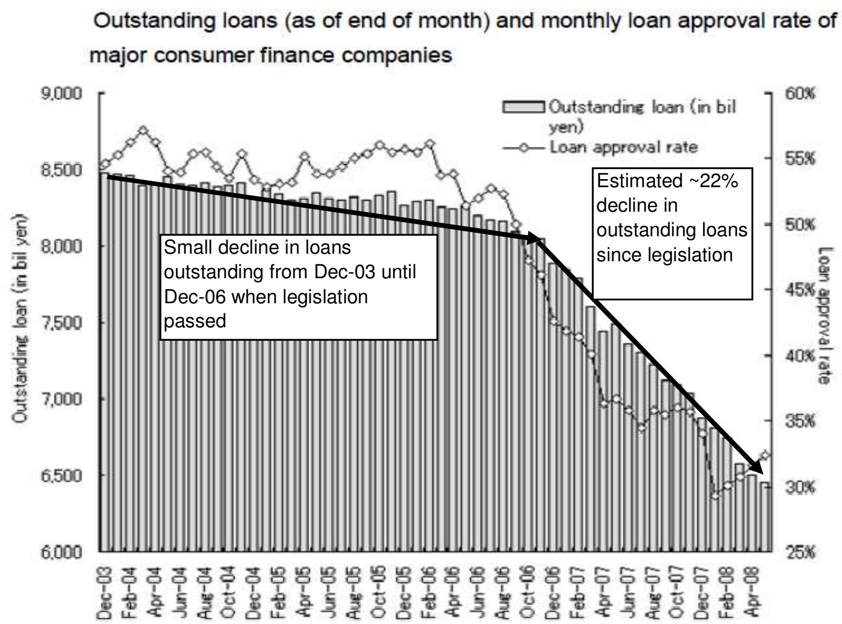
We believe what happened in Japan related to the change in Grey Zone laws provides an informative proxy of what to expect in the US if our regulatory timetable remains "as is."

In December 2006, Japan passed a series of laws setting the maximum interest rate lenders can charge to a range of 15% to 20%, down from what had been over 29%. In addition to these restrictions, moneylenders could face criminal sanctions if they charge rates over 29.2%. What happened as a result of the reduction in lenders' ability to set their own prices (however unfair they may or may not have been) was a dramatic contraction in lending by those lenders.

Below we highlight the amount of outstanding loans and loan approval rates for seven major consumer finance companies in Japan, as compiled by Hiroshi Domoto, a professor at Tokyo University of Information Sciences, in an October 2008 working paper from the Institute for Research on Consumer Financial Services, Waseda University, entitled "New Challenges after the Amendment of 3 Money Lending Related Laws."

The key takeaway from the chart below is the reduction in liquidity for the Japanese consumer. Loans outstanding have fallen 25% to 6.4 trillion yen from 8.4 trillion yen.

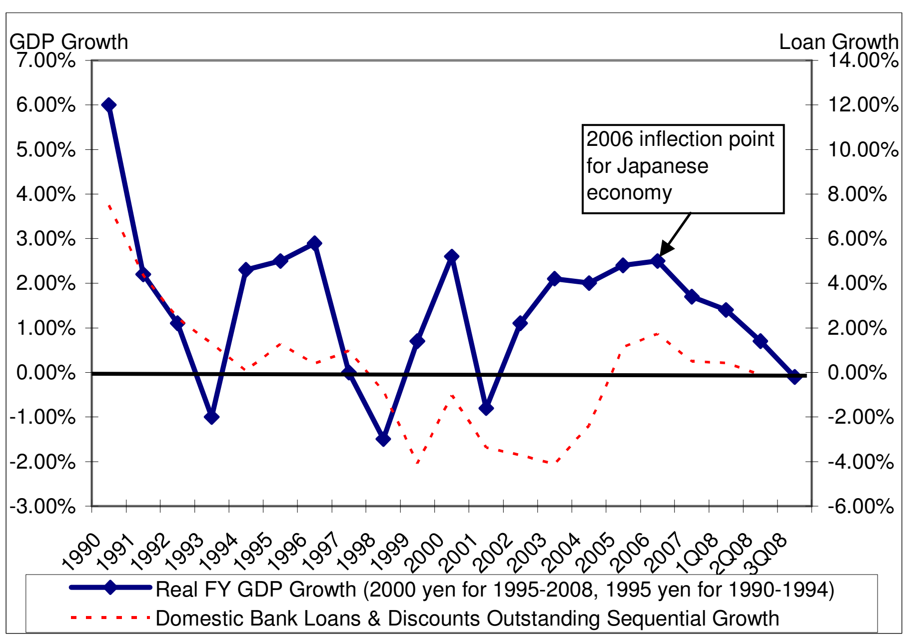
Exhibit 23. Japan Consumer Finance



Sources: "New Challenges after the Amendment of 3 Money Lending Related Laws," a working paper by Hiroshi Dimoto published in October 2008 from the Institute for Research on Consumer Financial Services Waseda University, and Oppenheimer & Co. Inc.

As is evidenced from the data below, 2006 proved to be an inflection point for the Japanese economy which reversed growth trends and resulted ultimately in what is now a recession in Japan. Below we present Japan's real FY GDP growth vs. domestically licensed bank loans & discounts outstanding growth. GDP growth is based on 2000 yen for 1995-2008, and 1995 yen for 1990-1994. When loan growth was negative from 1998 to 2004, GDP growth was negative in 1998 and 2001. Loan growth was negative sequentially for 2Q08, and preliminary 3Q08 GDP growth was also negative at -0.10%.

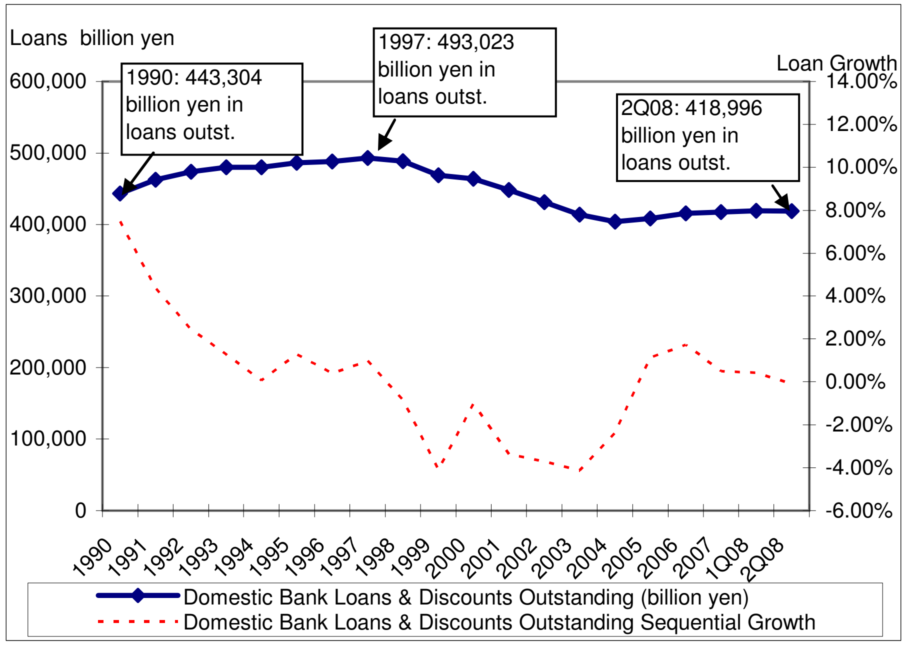
Exhibit 24. Japan Real FY GDP Growth vs. Domestic Bank Loan Outstanding Growth



Sources: Bank of Japan and Oppenheimer & Co. Inc.

Why we believe the change in Grey Zone laws was so significant is that the consumer finance market was the one growing lending market in Japan. As shown below, Japan's domestically licensed bank loans & discounts outstanding from 1990 to 2Q08 didn't grow. In fact, loans outstanding decreased each year from 1998 to 2004. From 2005 to 2007 loan growth was positive, but barely, before declining 0.10% sequentially in 2Q08 (YoY growth was positive 2% in 2Q08). 2Q08 loans outstanding have risen 1.2% from 2003 levels.

Exhibit 25. Japan Domestic Bank Loans Outstanding and Sequential Growth



Sources: Bank of Japan and Oppenheimer & Co. Inc.

We believe the systematic reduction in liquidity in the US system is having a similar effect on the US economy. As credit card lending becomes less profitable via limited repricing and other changes, as in Japan, US lenders will reduce exposure by cutting credit lines and reducing outstanding card loans.

The less clear effect, and perhaps the unintended consequence of the change, was that a number of lenders went bankrupt and some firms exited the business in Japan after the change in lending laws in 2006. As a result of fewer lenders, and the less favorable terms for lenders, there was a reduction of liquidity in the system. In sum, the net effect of the rate restrictions has been a reduction in liquidity for the Japanese consumer, under the pretense of improving consumer conditions.

Proposed Changes to FASB 140 and FIN 46 (R): "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities"

In September, the Financial Accounting Standards Board (FASB) issued three separate but related exposure drafts for public comment 1) amendments to FASB Statement No. 140, 2) amendments to FASB Interpretation No. 46R, and 3) proposed FSP FAS 140e and FIN 46R-e.

The first two exposure drafts address key amendments on several issues regarding the treatment of QSPEs and VIEs: how to account for transfers, servicing, and extinguishment of financial assets and liabilities, and the consolidation of Variable Interest Entities. The third exposure draft addresses related disclosure requirements for public entities.

The effects of these amendments will lead to a consolidation of certain QSPEs and VIEs moving on balance sheet previously securitized facilities. This reassessment will likely result in an increase of outstanding loans and on-balance sheet funding, higher provision and allowance for credit losses and changes in the timing of recognition and location of items on the income statement and balance sheet. Additionally, regulatory capital amounts and ratios may be negatively impacted.

Summary of Key Changes:

- Effectively eliminates QSPEs
- Establishes conditions and clarifies reporting of transfers and sales of financial assets
- Change who has the primary power of the entity and who has rights to any benefits or obligations for loss.
- Requires continuous consolidation assessment of VIE and Primary Beneficiary designations.
- Increases disclosure requirements for transferors and VIE participants

Which securitization structures could be impacted?

Depending on the structures of the specific securitization vehicles possible consolidation could apply to collateralized MBS, RMBS with agency guarantees, CDOs, SIVs, securitizations of credit card, student loans and auto loans, and other various securitizations.

Acronym Soup: SPE, QSPE, VIE

Special Purpose Entities (SPE) are legal vehicles such as a trust, partnership, or corporations that are used to facilitate a specific purpose for the organizing institution. In recent years, financial institutions have increasingly relied on SPEs for valuable liquidity, off balance sheet funding mechanisms and favorable access to the capital markets.

During the securitization process assets are transferred to a SPE, which in turn converts these assets into cash for the originator by issuing bonds or other securities to outside investors. A wide variety of assets can be securitized including but not limited to auto loans, student loans, mortgages, credit card, receivables, lease payments, accounts receivables, corporate and sovereign debt.

The transfer is either treated as a sale or financing under accounting rules which determines whether an SPE must be consolidated on the originators financial statements or classified off balance sheet. When a transfer to a SPE is considered a sale under accounting standards, this entity is called a “qualified” SPE or QSPE. The underlying portfolio of assets is transferred off the books the originator and onto the books of the SPE.

Variable Interest Entities (VIE) are entities that either do not have the normal characteristics of a controlling financial party or contain insufficient equity to permit financing without additional outside investment from “variable interest holders”. VIEs can be formed for several reasons: to help finance particular assets while keeping the associated debt off-balance sheet, provide a liquidity mechanism allowing transformation of assets like receivables into liquid securitizations, tax benefits on asset exchanges, and liability shelters.

With an ambiguous controlling party, consolidation under the current guidelines of FIN 46R is based on expected losses and residual gains. If a variable interest holder is expected to absorb a majority of losses or residual gain based on calculated scenarios, this party must consolidate the VIE. The new proposals in FIN 46R change the consideration methods on a VIE from the current risk/reward-based system to a qualitative control-based method. Additionally, which entity consolidates a VIE will be evaluated quarterly. The proposal most directly affects revolving securitization entities, credit card securitizations, and commercial paper conduits.

Ex. 26. Current Off-balance Sheet SPE Analysis

(in millions)	Citigroup			JPMorgan			Bank of America		
September 30, 2008	**QSPE assets**	**Signficant unconsolidated VIE assets**	**Total**	**QSPE Assets (company sponsored)**	**Nonconsolidated VIE**	**Total**	**Unconsolidated VIEs**	**Unconsolidated QSPEs**	**Total**
Total	819,563	324,279	1,143,842	645,300	82,400	727,700	54,966	18,050	73,016
Of which:									
Credit Card	122,490	-	122,490	128,600		128,600			
Mortgage Related	666,994	-	666,994	344,000		344,000	-	13,315	13,315
Commercial				170,600		170,600			
Auto				1,000		1,000			
Education loans				1,100		1,100			
Municipal Bond Vehicles	8,795	33,136	41,931		10,600	10,600	4,714	4,735	9,449
Conduits	-	86,766	86,766		60,800	60,800	42,440		42,440
CDOs and CLOs	-	42,520	42,520		900	900	1,051		1,051
Asset-based financing	-	-	-			-	5,619		5,619
Other	21,284	161,857	183,141	-	10,100	10,100	1,142	-	1,142

Sources: Company filings and Oppenheimer & Co. Inc.

The FASB has been discussing amendments and changes to the way special purpose entities are handled for over five years, since the most previous revisions in 2003. However, the process was expedited in the 2H07 due to rapid deterioration in the securitization markets and mounting pressure from various market and political participants.

Important Upcoming Events and Effective Dates:

The comment period pertaining to the exposure on FAS 140 and 46R were closed on November 14, 2008. After consideration, final exposure drafts on FAS 140 and 46R are expected to be finalized by year-end. The proposed amendments outlined in FAS 140 and 46R are expected to be adopted and to affect fiscal reporting periods after November 2009, while the expanded disclosure recommendations are expected to be adopted a year earlier for filings after November 2008.

Ex. 27. Timeline for FAS 140 and 46R Developments

2000

September 2000: FASB released FAS 140 which replaced FAS 125 and established the current requirements defining a QSPE

2008

June: FASB decides to seek amendments to FAS140 and FIN 46R, not limited but including the elimination of the QSPE and opens a 75 day public comment period. Sets a proposed effective date and transition for proposed amendments for fiscal years after 11/15/08

July The FASB cancels Jan 09' deadline for proposed changes to FAS 140 delaying the effective date for the FAS 140 to 2010. However, the board proposes the disclosure enhancements proposed be effective for fiscal years beginning after 11/08

9/15/08: FASB announces three exposure drafts amending both the FAS 140 and FIN 46R. The proposal related to additional disclosure has a 30 day comment period and is expected to be effective by year end and would apply to reporting methodologies for accounting periods after November 2008. The comment window is currently open for the final two drafts related to reclassification of off balance sheet QSPE's.

10/15/08 Comments were due for FSP requiring additional disclosure until FAS140 and 46R are effective. Adoption date applicable for fiscal periods after 4Q08

11/05/08: FASB to host discussion on FIN 46(R) and FAS 140 disclosure requirements and discuss comments received on proposed FSP FAS 140-e and FIN 46(R)-e, Disclosures about Transfers of Financial Assets and Interests in Variable Interest Entities. A final decision is expected to be announced by year-end.

11/14/08: Comments due for Exposure Draft FASB No. 140 and 46R

2009

11/15/09: Adoption Date for amended FAS 140 and FIN 46R

2010

Sources: FASB and Oppenheimer & Co. Inc.

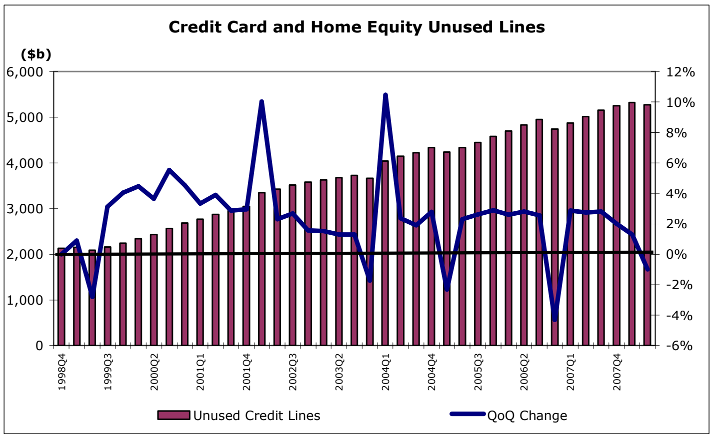
The most straightforward consolidations changes will apply to the reporting of credit card securitizations. These card securitizations currently held off-balance sheet as QSPEs will now be consolidated on-balance sheet after the amendments become adopted.

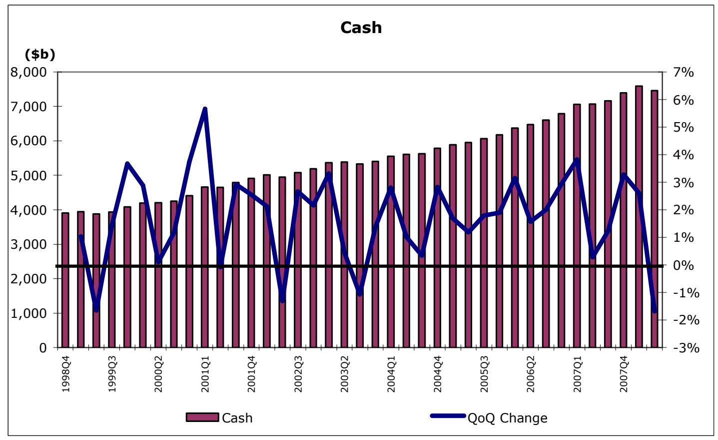
Consumer Liquidity Base Drops 1.4% QoQ in 2Q08, Up 5.4% YoY

According to 2Q08 data, consumers have $7.5 trillion in cash and $5.3 trillion in untapped credit lines amounting to $12.7 trillion in liquidity, up 5% from a year ago. However, overall liquidity decreased to $12.7B in 2Q08 from $12.9B in 1Q08. Cash levels decreased for the first time since 3Q03.

Unused credit card and home equity lines declined by 1% QoQ in 2Q08, decreasing for the first time since a 4.3% QoQ decline in 4Q06. Currently, unused lines stand at $5,272B, up 5.2% YoY from $5,011B at 2Q07. We note that over the past ten years, decreases in unused lines were only for a single quarter before rebounding to positive growth.

Exhibit 28. Unused Lines and Cash





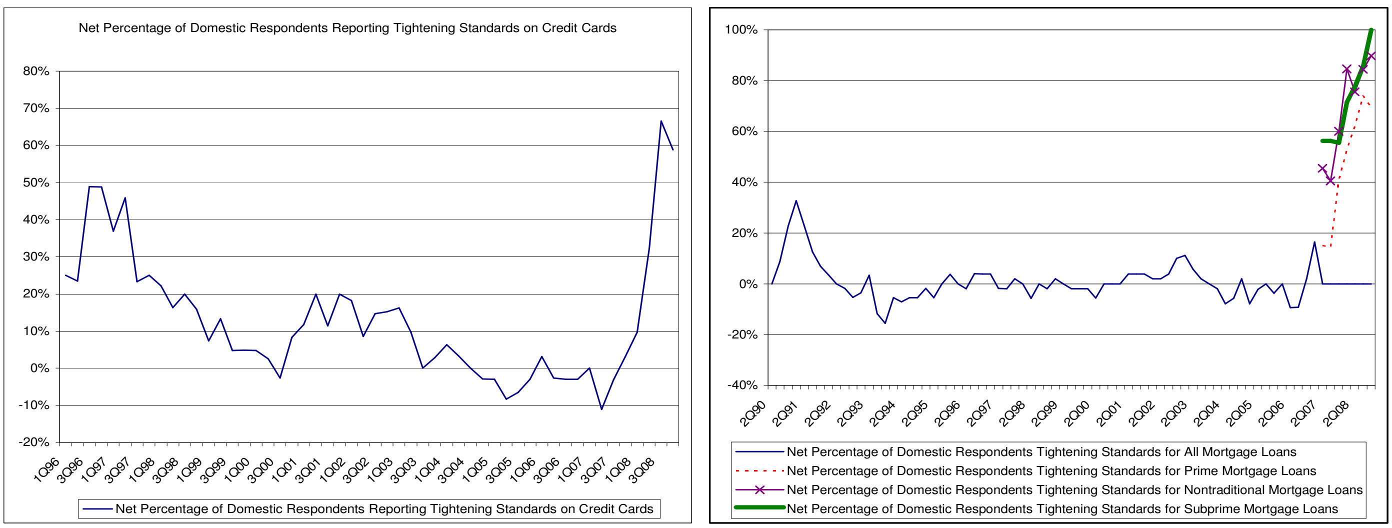
Credit card lines are from FDIC-insured institutions. Sources: FDIC, SNL Financial and Oppenheimer & Co.

Fed Survey Shows Tightening Across Products

Below we highlight the Fed Senior Loan Officer's survey, which shows increasingly tightened standards for residential mortgages and credit cards. The net percentage of tightened credit card standards spiked to 66% of respondents in 2Q08 before declining slightly to 59% in 3Q08. We believe card lenders continue to actively tighten standards as well as reduce lines. For mortgages, standards have tightened across the board, ranging from 69% of respondents tightening standards for prime mortgages to 100% of subprime lenders tightening standards (the Fed began breaking mortgage products into buckets in 2Q07).

Not surprisingly, with tighter lending standards come lower loan origination levels, which we believe will be reflected through shrinking mortgage debt outstanding.

Exhibit 29. Senior Fed Loan Officer Survey Consistent with Declining Origination Data

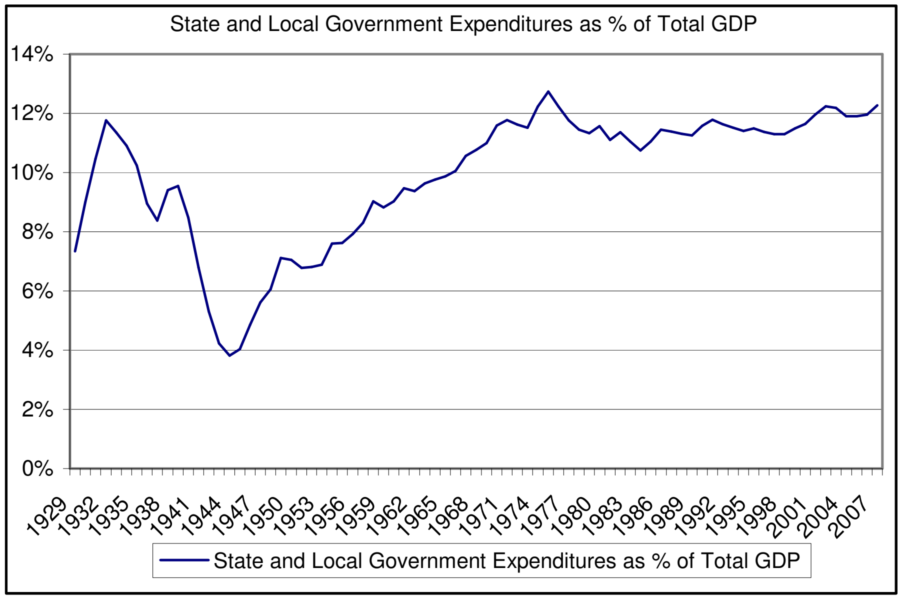


Sources: Federal Reserve and Oppenheimer & Co. Inc.

Constrained Credit and Higher Job Losses Create Dangerous Combination: State and Local Government Spending Constitutes a Significant % of GDP

Below we present state and local government spending, as a percent of total GDP. In 2007, state and local government expenditures represented 12.3% of total GDP, a 2.7% increase from the 12.0% in 2006. The 2.7% increase in 2007 was the largest since 2001, where state and local government expenditures were 12.0% of GDP, rising 2.9% from 11.6% in 2000.

Exhibit 30. State and Local Government Spending as % of Total GDP



Sources: Bureau of Economic Analysis and Oppenheimer & Co. Inc.

State Budgets Face Sharp Budget Gaps as of June 2008

We expect underfunded state budgets to increasingly weigh on unemployment and GDP. National economic conditions are now being reflected in state budgets, as the downturn reduces revenues and creates budget shortfalls for the upcoming fiscal year 2009. As of June 2008 (a November update is expected in mid-December), 31 states and Puerto Rico reported FY 2009 budget gaps. Many states have reduced their revenue expectations, with the exception being states with revenues tied to natural resources.

Looking back into FY2008, budget gaps evolved as revenues fell short of expectations, with five states seeing shortfalls of at least 5%: Arizona (14.1%), Nevada (11.4), Puerto Rico (7.9%), Tennessee (5.1%), and Kentucky (5%).

As of June 2008, 31 states and Puerto Rico have projected FY2009 budget gaps, up from 23 states and Puerto Rico as of April 2008. In California, Arizona, and Nevada, the projected FY2009 budget shortfall has increased since April, with California rising to $15.2B from $11.5B, Arizona to $2.1B from $1.9B, and Nevada to $79Mm from $596M. In total, 17 states had budget gaps 5% or more of their general fund budgets.

Historically since the early 1990s, in order to close budget gaps, lawmakers have reduced spending rather than raising taxes. To date, ten states have reported across-the-board budget cuts, and others have reported targeted spending reductions.

Below we present state budget analysis, including FY2009 budget gaps and sources of revenue. We note the common trend in budget gaps for FY2009: revenues coming in below expectations, and expectations being lowered for future revenues.

In terms of percent budget gap, Nevada has the largest at 21%, followed by Arizona at 19.3%, California at 15%, and Florida at 6.3%. In dollar terms, California has the largest FY2009 budget gap at $15.2B, followed by Arizona at $2.1B, Florida at $1.8B, and Nevada at $0.8B.

Arizona and California have lowered revenue expectations across all major categories, and in some cases revenues are falling short of these lower expectations. Florida and Nevada are also seeing weakness in revenues and have turned to other sources of funding to make up for revenue shortfalls.

Exhibit 31. State FY2009 Budget Analysis

	FY 2009 Budget Gap ($b)	% of Total Budget	Major Sources of Tax Revenue: Personal Income	Corporate Income Tax	Sales Tax	Other	Tapped Rainy Day or Other Funds for FY2009 Budget	Comments
Arizona	2.1	19.3%	Forecast revised down, actual performance below revised forecast	Forecast revised down, actual performance below revised forecast	Forecast revised down, actual performance below revised forecast	N/A	N/A	No Response
California	15.2	15.0%	Revenue expectations revised downward, currently above revised target	Forecast revised down, actual performance below revised forecast	Forecast revised down, actual performance below revised forecast (reflects effect of soft housing market on taxable sales)	N/A	N/A	N/A
Florida	1.8	6.3%	N/A	2.1% below estimate, continued weakness seen	0.6% below estimate, continued weakness seen	Insurance premium tax is 13.9% below estimate, may be partially due to data availability	Transferred $468.6 million in non-recurring balances to general revenue and made $346 million in permanent transfers from trust funds to general revenue.	Delayed FY2009 capital projects. Planned $1.7b support from other funds if revenue shortfalls for FY2009 emerge
Nevada	0.8	21.0%	N/A	N/A	Forecast revised, revenue expectations are now lower YoY	Real property transfer tax revenue expectations revised down to 30% lower YoY	$267m in rainy day fund and not reported amount in other funds	Delayed FY2009 capital projects. FY2008 and FY2009 budget gaps have largely exhausted rainy day fund and one-time solutions. Lack of new revenues will make FY2010 and FY2011 budgets more difficult to develop

Sources: National Conference of State Legislatures June 2008 State Budget Update and Oppenheimer & Co. Inc.

Unemployment Rates Continue to Rise

National and state unemployment levels are rising and are expected to continue to rise into 2009. National unemployment was 6.5% in October, up 35% from 4.8% in October 2007. State unemployment data is available through September, and the states that have seen the greatest home price depreciation (Florida, Arizona, Nevada, and California) all have seen unemployment rise 34% to 63% from a year prior. Below we present current state unemployment rates vs. one year ago, as well as versus the highs/lows of state unemployment since 1980.

Florida's (the 4th most populous state) unemployment rate was 7.0% in October 2008, up 62.8% from 4.2% in October 2007. This is 75% of the high of 9.3% since 1980. Arizona's (the 16th most populous state) unemployment rate was 6.1% in October 2008, up 56.4% from 3.9% in October 2007. This is 53% of the high of 11.5% since 1980. Nevada's (the 33rd most populous state) unemployment rate was 7.6% in October 2008, up 49.0% from 5.1% in October 2007. This is 71% of the high of 10.7% since 1980. California's (the most populous state) unemployment rate was 8.2% in October 2008, up 43.9% from 5.8% in October 2007. This is 75% of the high of 11.0% since 1980.

Exhibit 32. State Unemployment Data

State	Oct-08	Sep-08	Oct-07	YoY Change %	High Since 1980	Low Since 1980	Current as % of High Since 1980
Rhode Island	9.3%	8.8%	5.1%	**82.4%**	9.7%	2.9%	96%
Florida	7.0%	6.6%	4.3%	**62.8%**	9.3%	3.3%	75%
Arizona	6.1%	5.9%	3.9%	**56.4%**	11.5%	3.6%	53%
North Carolina	7.0%	6.9%	4.7%	**48.9%**	10.2%	3.1%	69%
Nevada	7.6%	7.2%	5.1%	**49.0%**	10.7%	4.1%	71%
California	8.2%	7.7%	5.7%	**43.9%**	11.0%	4.7%	75%
New York	5.7%	5.8%	4.6%	**23.9%**	9.2%	4.0%	62%
Michigan	9.3%	8.7%	7.5%	**24.0%**	16.9%	3.2%	55%
U.S.	6.5%	6.1%	4.8%	**35.4%**	10.8%	3.8%	60%

Sources: Bureau of Labor Statistics and Oppenheimer & Co. Inc

Exhibit 33. Total Consumer Lines Outstanding and Commitments by Company

	Outstanding						Commitments						Outstanding / (Outstanding + Commitments)					
($b)	4Q05	4Q06	4Q07	1Q08	2Q08	3Q08	4Q05	4Q06	4Q07	1Q08	2Q08	3Q08	4Q05	4Q06	4Q07	1Q08	2Q08	3Q08
BAC																		
Cards	60.8	170.5	184.7	183.8	187.2	183.4	193.0	853.6	894.3	902.0	913.8	880.5	24.0%	16.6%	17.1%	16.9%	17.0%	17.2%
Commercial	310.8	344.3	452.7	474.2	485.3	484.4	253.3	275.6	335.1	331.8	331.1	315.9	55.1%	55.5%	57.5%	58.8%	59.4%	60.5%
Home Equity	62.5	87.9	115.0	118.5	121.5	151.9	78.6	98.2	120.1	120.3	114.3	118.5	44.3%	47.2%	48.9%	49.6%	51.5%	56.2%
YoY (or QoQ) Growth																		
Cards		*180.5%*	*8.3%*	*-0.5%*	*1.9%*	*-2.0%*		*342.4%*	*4.8%*	*0.9%*	*1.3%*	*-3.6%*		*-30.5%*	*2.8%*	*-1.1%*	*0.4%*	*1.4%*
Commercial		*10.8%*	*31.5%*	*4.7%*	*2.3%*	*-0.2%*		*8.8%*	*21.6%*	*-1.0%*	*-0.2%*	*-4.6%*		*0.8%*	*3.5%*	*2.4%*	*1.0%*	*1.8%*
Home Equity		*40.5%*	*30.8%*	*3.1%*	*2.5%*	*25.0%*		*24.9%*	*22.3%*	*0.1%*	*-5.0%*	*3.6%*		*6.6%*	*3.6%*	*1.5%*	*3.8%*	*9.0%*
C																		
Cards	165.7	174.7	203.2	200.3	201.8	197.3	859.5	987.4	1,103.5	1,119.7	1,130.0	1,095.9	16.2%	15.0%	15.6%	15.2%	15.2%	15.3%
Commerical and similar LOC	NA	NA	NA	NA	NA	NA	5.8	7.9	9.2	9.7	10.4	9.7	NA	NA	NA	NA	NA	NA
1-4 Family Residential Mortg	NA	NA	151.4	154.6	145.2	141.1	3.3	3.5	4.6	6.7	2.3	1.2	NA	NA	97.1%	95.9%	98.4%	99.2%
CRE, construction and land development	NA	NA	23.5	21.2	20.7	19.8	2.3	4.0	4.8	4.1	3.6	3.2	NA	NA	79.4%	80.6%	82.5%	83.9%
Commercial & Other Consumer	NA	NA	NA	NA	NA	NA	346.4	439.9	473.6	456.5	429.7	400.7	NA	NA	NA	NA	NA	NA
Home Equity	NA	NA	63.0	62.5	61.5	60.7	25.1	32.4	35.2	33.6	30.7	28.1	NA	NA	64.2%	65.0%	66.7%	68.3%
YoY (or QoQ) Growth																		
Cards		*5.4%*	*16.3%*	*-1.4%*	*0.7%*	*-2.2%*		*14.9%*	*11.8%*	*1.5%*	*0.9%*	*-3.0%*		*-7.0%*	*3.4%*	*-2.4%*	*-0.1%*	*0.7%*
Commerical and similar LOC		*NA*	*NA*	*NA*	*NA*	*NA*		*35.8%*	*16.7%*	*6.3%*	*6.8%*	*-6.9%*		*NA*	*NA*	*NA*	*NA*	*NA*
1-4 Family Residential Mortg		*NA*	*NA*	*2.1%*	*-6.1%*	*-2.8%*		*3.4%*	*32.7%*	*45.1%*	*-65.4%*	*-48.1%*		*NA*	*NA*	*-1.2%*	*2.7%*	*0.7%*
CRE, construction and land development		*NA*	*NA*	*-9.8%*	*-2.4%*	*-4.3%*		*75.5%*	*20.6%*	*-15.1%*	*-11.7%*	*-11.8%*		*NA*	*NA*	*NA*	*NA*	*NA*
Commercial & Other Consumer		*NA*	*NA*	*NA*	*NA*	*NA*		*27.0%*	*7.7%*	*-3.6%*	*-5.9%*	*-6.7%*		*NA*	*NA*	*NA*	*NA*	*NA*
Home Equity		*NA*	*NA*	*-0.8%*	*-1.6%*	*-1.3%*		*29.3%*	*8.4%*	*-4.5%*	*-8.8%*	*-8.3%*		*NA*	*NA*	*1.3%*	*2.6%*	*2.4%*
JPM																		
Cards	142.2	152.8	157.1	151.0	155.4	186.5	579.3	657.1	714.8	730.5	736.4	784.9	19.7%	18.9%	18.0%	17.1%	17.4%	19.2%
Wholesale	150.1	183.7	213.3	229.4	288.4	288.4	321.1	391.4	446.7	438.4	430.0	407.8	31.9%	31.9%	32.3%	34.3%	40.1%	41.4%
Home Equity	73.9	85.7	94.8	95.0	95.1	143.3	58.3	69.6	74.2	73.0	66.7	97.1	55.9%	55.2%	56.1%	56.5%	58.8%	59.6%
YoY (or QoQ) Growth																		
Cards		*7.5%*	*2.8%*	*-3.9%*	*2.9%*	*20.0%*		*13.4%*	*8.8%*	*2.2%*	*0.8%*	*6.6%*		*-4.3%*	*-4.5%*	*-4.9%*	*1.7%*	*10.2%*
Wholesale		*22.4%*	*16.1%*	*7.5%*	*25.8%*	*0.0%*		*21.9%*	*14.1%*	*-1.8%*	*-1.9%*	*-5.2%*		*0.3%*	*1.2%*	*6.3%*	*16.9%*	*3.2%*
Home Equity		*16.0%*	*10.6%*	*0.2%*	*0.1%*	*50.7%*		*19.4%*	*6.6%*	*-1.6%*	*-8.6%*	*45.6%*		*-1.3%*	*1.7%*	*0.8%*	*3.9%*	*1.4%*
WFC																		
Cards	12.0	14.7	18.8	18.7	19.4	20.4	45.3	55.0	62.7	NA	NA	NA	21.0%	21.1%	23.0%	NA	NA	NA
Commercial	61.6	70.4	90.5	92.6	99.2	104.3	71.5	79.9	89.5	NA	NA	NA	46.2%	46.8%	50.3%	NA	NA	NA
Commercial Other Real Estate Mortgage	28.5	30.1	36.7	38.4	41.8	44.7	2.4	2.6	2.9	NA	NA	NA	92.3%	92.0%	92.7%	NA	NA	NA
Real Estate Construction	13.4	15.9	18.9	18.9	19.5	19.7	9.4	9.6	10.0	NA	NA	NA	58.9%	62.4%	65.4%	NA	NA	NA
Home Equity	NA	79.0	84.2	83.6	83.8	83.9	37.9	44.2	47.8	NA	NA	NA	NA	64.1%	63.8%	NA	NA	NA
YoY (or QoQ) Growth																		
Cards		*22.4%*	*27.7%*	*-0.5%*	*4.0%*	*4.8%*		*21.5%*	*13.9%*	*NA*	*NA*	*NA*		*0.6%*	*9.3%*	NA	NA	NA
Commercial		*14.4%*	*28.5%*	*2.3%*	*7.1%*	*5.1%*		*11.6%*	*12.0%*	*NA*	*NA*	*NA*		*1.3%*	*7.3%*	NA	NA	NA
Commercial Other Real Estate Mortgage		*5.5%*	*22.0%*	*4.5%*	*8.7%*	*7.2%*		*8.9%*	*11.4%*	*NA*	*NA*	*NA*		*-0.3%*	*0.7%*	NA	NA	NA
Real Estate Construction		*18.9%*	*18.3%*	*0.2%*	*3.4%*	*0.8%*		*2.5%*	*4.0%*	*NA*	*NA*	*NA*		*6.0%*	*4.8%*	NA	NA	NA
Home Equity		*NA*	*6.6%*	*-0.8%*	*0.3%*	*0.1%*		*16.5%*	*8.1%*	*NA*	*NA*	*NA*		*NA*	*-0.5%*	NA	NA	NA
WB																		
Commercial	156.9	171.3	208.4	221.4	226.2	230.3	135.8	139.4	144.8	NA	NA	NA	53.6%	55.1%	59.0%	NA	NA	NA
YoY (or QoQ) Growth																		
Commercial		*9.2%*	*21.6%*	*6.3%*	*2.2%*	*1.8%*			*3.8%*	*NA*	*NA*	*NA*		*2.8%*	*7.0%*	NA	NA	NA
AXP																		
Cards	46.0	53.8	66.0	75.2	76.6	75.6	213.0	220.0	265.0	NA	NA	NA	17.8%	19.6%	19.9%	NA	NA	NA
YoY (or QoQ) Growth																		
Cards		*9.2%*	*21.6%*	*6.3%*	*2.2%*	*1.8%*		*3.8%*	*3.8%*	*NA*	*NA*	*NA*		*2.8%*	*7.0%*	NA	NA	NA
COF																		
Cards	59.5	64.6	63.3	60.3	60.6	61.6	156.8	179.0	198.0	NA	NA	NA	27.5%	26.5%	24.2%	NA	NA	NA
YoY (or QoQ) Growth																		
Cards		*9.2%*	*21.6%*	*6.3%*	*2.2%*	*1.8%*		*3.8%*	*3.8%*	*NA*	*NA*	*NA*		*2.8%*	*7.0%*	NA	NA	NA

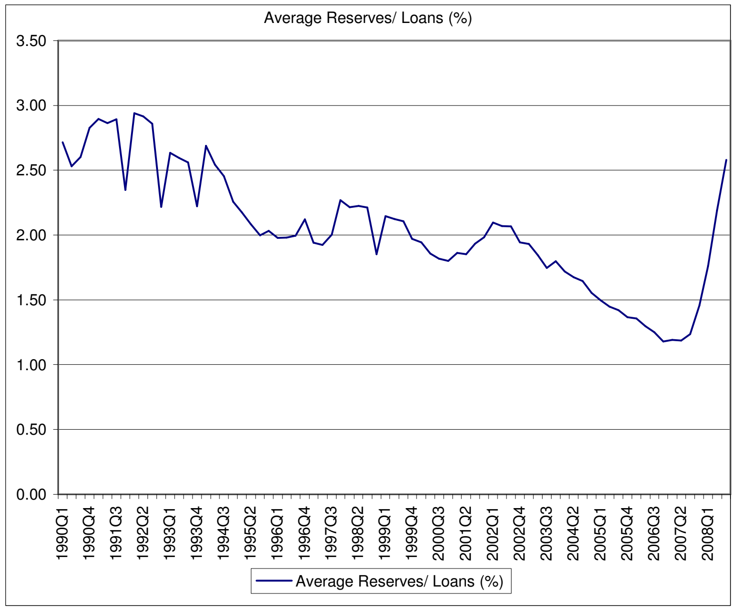
Sources: Company reports and Oppenheimer & Co. Inc.

BAC has $183.4B in managed card outstandings, $880.5B of card commitments, with outstandings 17% of total commitments. BAC has home equity outstandings of $151.9B, commitments of $118.5B, with outstandings at 56.2% of total commitments. C has the largest managed card commitments at $1,096B as of 2Q08, with $197.3B of outstandings representing 15% of total commitments. C has $60.7B of home equity outstandings and $28.1B of home equity commitments, with outstandings representing 68.3% of total commitments. JPM has $186.5B of managed card outstandings, including ~$28B from the WM acquisition. Excluding WM, as of 3Q08 JPM had ~$159.4B of managed card outstandings at 3Q08. JPM has $784.9B of card commitments, with outstandings representing 19.2% of total commitments. JPM has $143.3B of home equity outstandings, and $97.1B of home equity commitments, with outstandings representing 59.6% of total commitments. WFC has $20.4B of card outstandings as of 3Q08, with commitments of $55.0B as of 4Q07. WFC's outstandings were 22% of total commitments at 4Q07. WFC had $84.2B of home equity outstandings as of 4Q07, and $47.8B of commitments, with outstandings representing 63.8% of total commitments. At 4Q07, AXP had $265.0B of commitments and $66.0B of outstanding, with outstandings representing 19.9% of total commitments. At 4Q07, COF had $63.3B of outstandings with $198.0B of commitments, with outstandings representing 24.2% of total commitments.

Loan Loss Provisions and Reserves

Below we present average reserves/gross loans for our bank universe of BAC, C, JPM, WB, and WFC, going back to 1990. The ratio peaked in 1Q92 at 2.94% and bottomed at 1.18% in 4Q06, before increasing slightly to 1.19% in both 1Q07 and 2Q07. Since the onset of the credit crisis, the ratio has risen sharply to 2.58%, but is still below most quarters from the 1990-1992 credit cycle, which saw reserves/loans approaching 3%.

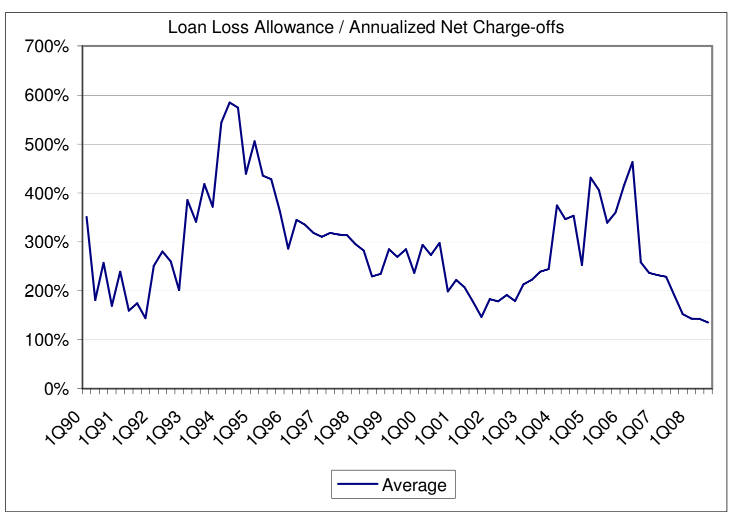
Exhibit 34. Average Reserves/Loans %



Sources: SNL Financial and Oppenheimer & Co. Inc.

Below we present average reserves/NCOs for our bank universe of BAC, C, JPM, WB, and WFC, going back to 1990. The ratio peaked at 585% in 2Q94. The more recent peak was in 2Q06 at 464%. The current ratio of 135% is the low for the past 18 years. While most banks have been aggressively building reserves, net charge-offs have risen just as quickly.

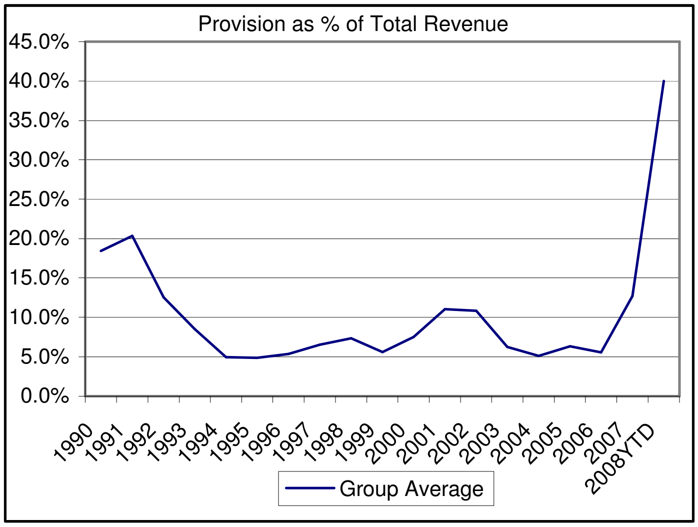
Exhibit 35. Average Reserves/NCOs %



Sources: SNL Financial and Oppenheimer & Co. Inc.

Below we present our bank group average loan loss provision as a percentage of total revenue. In 2006, provisions were 5.5% of total revenues. This ratio increased to 12.7% in 2007, and for 2008 YTD provisions on average have been 40% of total revenue.

Exhibit 36. Provision and Total Revenue



Sources: SNL Financial and Oppenheimer & Co. Inc.

For the group, the 12.7% ratio in 2007 marked a 129% increase from 5.5% in 2006. 2008 YTD has seen a further 215% increase to 40%.

Exhibit 37. Provision as % of Total Revenue

Provision as % of Total Revenue	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008YTD
BAC	19.4%	26.4%	11.4%	6.3%	4.0%	4.5%	6.2%	6.3%	9.3%	5.6%	7.7%	12.2%	10.5%	7.3%	5.5%	7.0%	6.9%	12.5%	32.0%
C							5.0%	4.6%	7.7%	7.2%	7.2%	10.1%	14.0%	10.4%	7.2%	10.0%	7.9%	21.6%	44.9%
JPM	18.3%	19.5%	19.1%	18.2%	7.0%	5.1%	5.7%	4.8%	5.6%	4.7%	4.2%	10.8%	14.6%	4.6%	5.9%	6.4%	5.3%	9.6%	27.3%
WB	17.5%	21.7%	11.8%	5.6%	5.2%	3.9%	6.1%	9.1%	5.0%	4.8%	12.3%	13.8%	8.3%	2.9%	1.1%	1.0%	1.5%	7.1%	72.6%
WFC	18.7%	13.8%	7.8%	3.9%	3.7%	6.1%	3.8%	7.9%	9.1%	5.7%	6.2%	8.2%	6.7%	6.1%	5.7%	7.2%	6.2%	12.5%	23.2%
Group Average	18.5%	20.4%	12.5%	8.5%	5.0%	4.9%	5.3%	6.5%	7.3%	5.6%	7.5%	11.0%	10.8%	6.3%	5.1%	6.3%	5.5%	12.7%	40.0%
YoY Change		*10%*	*-39%*	*-32%*	*-42%*	*-2%*	*10%*	*22%*	*13%*	*-24%*	*34%*	*47%*	*-2%*	*-42%*	*-19%*	*24%*	*-12%*	*129%*	*215%*

Sources: SNL Financial and Oppenheimer & Co. Inc.

Below we present total equity / total assets, leverage (total assets / total equity), and tangible equity / tangible assets for our bank universe as of 3Q08. At 3Q08, total equity / total assets ratios were 8.8% for BAC, 6.1% for C, 6.5% for JPM, 6.5% for WB, and 7.5% for WFC. At 3Q08, leverage (defined as total assets / total equity) was 11.4x for BAC, 16.3x for C, 15.4x for JPM, 15.3x for WB, and 13.3x for WFC. At 3Q08, tangible equity / tangible assets ratios were 4.0% for BAC, 3.5% for C, 4.3% for JPM, 4.0% for WB, and 5.4% for WFC.

Exhibit 38. 3Q08 Ratios

As of 3Q08	BAC	C	JPM	WB	WFC
Total Equity / Total Assets	8.8%	6.1%	6.5%	6.5%	7.5%
Leverage (Total Assets / Total Equity)	11.4x	16.3x	15.4x	15.3x	13.3x
Tangible Equity/Tangible Assets	4.0%	3.5%	4.3%	4.0%	5.4%

Sources: SNL Financial and Oppenheimer & Co. Inc.

Below we present a comp table for our banks. On a price / book basis, WFC is the most expensive, trading at 2.0x, followed by JPM at 0.9x, BAC and C at 0.5x, and WB at 0.3x. On a price / tangible book basis, WFC is the most expensive, trading at 2.9x, followed by BAC at 1.5x, JPM at 1.3x, C at 0.9x, and WB at 0.6x.

Exhibit 39. Comp Table

	BAC	C	JPM	WB	WFC
Stock Price	16.25	8.29	31.66	5.62	28.89
Opco FY2008E EPS	1.18	-3.02	1.11	NA	1.72
Opco FY2009E EPS	1.75	-3.25	1.55	NA	1.50
Opco FY2010E EPS	1.85	-1.45	1.55	NA	1.50
P / Opco FY2008E	13.8x	nm	28.5x	nm	16.8x
P / Opco FY2009E	9.3x	nm	20.4x	nm	19.3x
P / Opco FY2010E	8.8x	nm	20.4x	nm	19.3x
Consensus FY2008E EPS	1.55	-2.58	1.59	-2.46	2.05
Consensus FY2009E EPS	2.56	0.08	2.83	1.10	2.05
Consensus FY2010E EPS	3.51	1.51	4.03	2.18	2.98
P / Consensus FY2008E	10.5x	nm	19.9x	-2.3x	14.1x
P / Consensus FY2009E	6.3x	103.6x	11.2x	5.1x	14.1x
P / Consensus FY2010E	4.6x	5.5x	7.9x	2.6x	9.7x
Book Value	30.01	18.10	36.95	18.59	14.14
Price / Book	0.5x	0.5x	0.9x	0.3x	2.0x
Tangible Book Value	11.10	8.82	23.59	9.24	9.88
Price / Tangible Book	1.5x	0.9x	1.3x	0.6x	2.9x

Sources: Reuters, SNL Financial, FactSet, company reports and Oppenheimer & Co. Inc.

Exhibit 40. Exposures

(in billions of $) As of	MER 9/26/2008	GS 8/31/2008	MS 8/31/2008	UBS 6/30/2008	BAC 9/30/2008	C 9/30/2008	JPM 9/30/2008	WB 9/30/2008
Residential Mortgages								
U.S.								
Prime	37.1 [2]	7.0	3.5	6.1			2.3 [9]	
Alt-A	3.5 [3]	3.6	4.0	6.4		13.6	5.8 [9]	
Subprime/Second Lien	3.0 [4]	1.4	(0.7)	3.1	1.9 [#]	19.6 [8]	1.2 [9]	5.0 [10]
Other U.S.			(1.0)					
Subtotal	*43.7* [1]	*12.0*	*5.8*	*15.6*		*33.2*	*9.3*	
Non U.S.	3.3							
Other								
Total Gross Residential Mortgages			*11.2*			*33.2*	*9.3*	*5.0*
Total Net Residential Mortgage	*46.9* [1]	*12.0*	*5.8*	*15.6*	*1.9*	*33.2*		*1.9* [7]
U.S. ABS CDOs								
Gross	6.4	0.3			13.4 [5]	25.7		3.4
Net	1.1		0.7	3.7	7.4 [5]	16.3		0.4
Commercial Mortgage and Real Estate Related								
Whole loans	6.1	12.4	6.5	2.9				
Securities	5.6 [1]	2.3	1.2	5.3				
Subtotal	11.7 [1]	14.7	7.7	8.2				
Real Estate	6.1							
Other	2.9							
Total Gross Commercial Mortgage and Real Estate Related		*14.7*	*19.5*		*8.2*	*16.9*	*9.3*	
Total Net Commercial Mortgage and Real Estate Related	*20.8*		*7.7*					*0.6* [16]
Other Asset-Backed	1.9 [1]							
Leveraged Finance	< 7.0	9.5	9.3	6.1	6.6	22.9	12.9 [#]	2.3 [15]
Financial Guarantors Exposure	1.4		2.7	4.0		2.0 [13]		2.0 [6]

1 Includes MER's U.S. Bank Investment Securities Portfolio Holdings.
2 As of September 26, 2008, net exposures include approximately $31 billion of prime loans originated with GWM clients (of which $14.5 billion were originated by First Republic Bank). Also includes MER's U.S. Bank Investment Securities Portfolio Holdings prime exposure of $2.5B.
3 MER Alt-A exposure consists of $25M Alt-As and $3.498B Alt-As in the U.S. Bank investment portfolio.
4 MER subprime exposure consists of $1.1B subprime and $2.702B subprime in the U.S. Bank investment portfolio.
5 Gross Exposure is after writedowns and before hedges. Includes $1.75b in retained securities from CDOs that have been liquidated
6 $2.0b with highly rated monoline financial guarantors, $0.9b with AA-rated large European Bank, and $1.0b with AIG, both under margin agreements
7 Includes $1.5b Subprime RMBS, AAA-rated, and net exposure to CDO of $0.4b
8 Net Subprime Exposure (Includes CDOs, warehousing, loans, etc.) from 3Q08 presentation
9 Investment Bank Exposures. Subprime exposure actively hedged.
10 Includes Gross CDO exposure and Subprime RMBS, AAA-rated, minus $235m in ABS CDO charges in 3Q08
11 Includes Prime and Alt-A.
12 Gross exposure. Net exposure is $9.1b.
13 Net financial guarantor exposure.
14 Acquired in CFC transaction
15 CMBS reflects 2Q08 balance minus 3Q08 charge of $347m, leveraged finance reflect gain of $22m in 3Q08

Sources: Company reports and Oppenheimer & Co. Inc.

Exhibit 41. Loan Portfolios

Consumer Loans

Home Equity	Portfolio ($b)	% of Total Portfolio	NCOs	Delinquencies
BAC	152	15%	2.53%	1.33%
C	61	7%	2.03%	4.03%
JPM	95	11%	2.78%	NA
WB	62	13%	0.87%	1.17%
WFC	84	20%	3.09%	2.11%

Mortgage	Portfolio ($b)	% of Total Portfolio	NCO	Delinquencies
BAC	257	25%	0.37%	1.74%
C	141	17%	2.16%	4.61%
JPM Prime	47	5%	1.51%	3.13%
JPM Subprime	13	2%	7.65%	NA
WB Traditional	42	9%	0.47%	1.43%
WB Pick-A-Pay	119	25%	2.69%	7.57%
WFC	76	19%	0.73%	0.56%

Managed Cards	Portfolio ($b)	% of Total Portfolio	NCO	Delinquencies	Delinq. Days
BAC	183	18%	6.40%	2.88%	90-day
C North America	151	18%	7.13%	2.11%	90-day
C Total Global (avg)	199	24%	7.05%	2.22%	90-day
JPM	187	22%	5.00%	1.74%	90-day
WFC	20	5%	6.95%	2.17%	90-day

Auto	Portfolio ($b)	% of Total Portfolio	NCO	Delinquencies
C	20	2%	5.13%	1.76%
JPM	46	5%	1.12%	1.82%
WB (managed)	28	6%	2.82%	0.34%

Commercial Loans

CRE	Portfolio ($b)	% of Total Portfolio	NCO	Delinquencies
BAC	64	6%	1.65%	0.32%
WB	48	10%	2.73%	6.39%
WFC	61	15%	0.18%	0.19%

C&I (mix varies by company)	Portfolio ($b)	% of Total Portfolio	NCOs	Delinquencies
BAC	233	22%	0.28%	0.11%
JPM[1]	72	8%	0.22%	0.79%
WB	171	35%	0.54%	0.66%
WFC	104	25%	1.10%	0.04%

[1]JPM: Includes Middle Market Banking, Mid-Corporate Banking, and Real Estate Banking, and is average loans

Small Biz	Portfolio ($b)	% of Total Portfolio	NCO	Delinquencies
BAC	19	2%	10.64%	0.94%

Commercial Lease	Portfolio ($b)	% of Total Portfolio	NCO	Delinquencies
BAC	22	2%	0.45%	0.16%
WFC	7	2%	0.88%	NA

Sources: Company reports and Oppenheimer & Co. Inc.

Oppenheimer & Co. Inc.
BANK OF AMERICA
Income Statement & Balance Sheet

(In Millions, Except Per Share Data)	2006A	2007A	2008E	2009E	2010E	2007 1QA	2007 2QA	2007 3QA	2007 4QA	2008 1QA	2008 2QA	2008 3QA	2008 4QE	2009 1QE	2009 2QE	2009 3QE	2009 4QE	2010 1QE	2010 2QE	2010 3QE	2010 4QE
GAAP Earnings Per Share	$4.59	$3.30	$1.15	$1.75	$1.85	$1.16	$1.28	$0.82	$0.05	$0.23	$0.72	$0.15	$0.07	$0.50	$0.47	$0.41	$0.36	$0.51	$0.49	$0.42	$0.41
GAAP EPS Growth	14%	-28%	-65%	52%	6%	9%	7%	-31%	-96%	-80%	-43%	-81%	49%	118%	-35%	169%	409%	3%	6%	2%	13%
Operating Earnings Per Share	$4.71	$3.33	$1.15	$1.75	$1.85	$1.17	$1.29	$0.82	$0.05	$0.23	$0.72	$0.15	$0.07	$0.50	$0.47	$0.41	$0.36	$0.51	$0.49	$0.42	$0.41
Operating EPS Growth	15%	-29%	-65%	52%	6%	9%	6%	-33%	-96%	-81%	-44%	-81%	49%	118%	-35%	169%	409%	3%	6%	2%	13%
KEY RATIOS (Income Statement)																					
Interest Income/Average Earning Assets	6.73%	6.77%	5.96%	6.00%	6.00%	6.68%	6.72%	6.79%	6.87%	6.15%	5.61%	6.06%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Interest Expense/Average Earning Liabilities	3.53%	3.86%	2.76%	2.79%	2.79%	3.76%	3.83%	3.92%	3.94%	3.13%	2.50%	2.73%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Net Interest Spread	3.20%	2.90%	3.19%	3.21%	3.21%	2.92%	2.89%	2.88%	2.93%	3.01%	3.11%	3.34%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%
Total Service Charges/Deposits	1.2%	1.1%	1.2%	1.2%	1.2%	1.2%	1.3%	1.3%	1.2%	1.2%	1.3%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Card Income/Avg. Card Portfolio	12.36%	7.95%	7.17%	6.68%	6.68%	8.06%	8.49%	8.37%	8.04%	7.92%	7.44%	6.74%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
Mortgage Income/Avg. Servicing Portfolio	0.65%	1.39%	0.81%	1.40%	1.60%	0.25%	0.16%	0.25%	0.60%	0.67%	0.60%	0.40%	0.20%	0.35%	0.35%	0.35%	0.35%	0.40%	0.40%	0.40%	0.40%
Investment Banking Fee Growth	24.84%	1.21%	-12.45%	-13.10%	0.00%	27.35%	26.47%	-23.73%	-21.61%	-25.39%	-10.21%	21.85%	-25.00%	-20.00%	-25.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Investment & Brokerage Srvs/Net Client Assets	0.57%	0.54%	0.65%	0.60%	0.60%	0.58%	0.59%	0.55%	0.60%	0.60%	0.61%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Compensation Expense/Revenues	24.94%	28.20%	25.59%	24.00%	23.00%	27.77%	24.14%	25.91%	37.98%	28.05%	21.79%	26.51%	26.50%	24.00%	24.00%	24.00%	24.00%	23.00%	23.00%	23.00%	23.00%
Noncompensation Expense/Revenues	23.81%	28.00%	29.76%	28.00%	27.50%	22.51%	22.51%	28.23%	44.01%	26.93%	25.83%	32.95%	32.00%	28.00%	28.00%	28.00%	28.00%	27.00%	27.00%	28.00%	28.00%
Noninterest Income/Net Revenues	52.63%	48.21%	42.55%	44.88%	47.02%	54.30%	57.25%	46.44%	27.81%	40.69%	47.64%	40.64%	40.79%	44.19%	44.83%	45.27%	45.23%	46.33%	47.30%	47.24%	47.21%
Tax Rate	33.90%	28.40%	29.23%	27.00%	27.00%	32.83%	33.48%	30.96%	129.29%	32.70%	30.71%	22.10%	27.00%	27.00%	27.00%	27.00%	27.00%	27.00%	27.00%	27.00%	27.00%
INCOME STATEMENT																					
Interest and Fees on Loans and Leases	48,274	55,681	41,797	-	-	12,884	13,323	14,111	15,363	14,415	13,121	14,261	-	-	-	-	-	-	-	-	-
Interest and Dividends on Securities	11,655	9,784	9,295	-	-	2,380	2,332	2,334	2,738	2,774	2,900	3,621	-	-	-	-	-	-	-	-	-
Fed. Funds Sold & Securities Purchased for Resell	7,823	7,722	2,920	-	-	1,979	2,156	1,839	1,748	1,208	800	912	-	-	-	-	-	-	-	-	-
Trading Account Assets	7,232	9,417	6,937	-	-	2,273	2,267	2,519	2,358	2,364	2,229	2,344	-	-	-	-	-	-	-	-	-
Other Interest Income	3,601	4,700	3,133	-	-	1,044	1,154	1,230	1,272	1,098	977	1,058	-	-	-	-	-	-	-	-	-
Total Interest Income	78,585	87,304	86,513	89,319	89,346	20,560	21,232	22,033	23,479	21,859	20,027	22,196	22,431	22,339	22,311	22,296	22,372	22,380	22,301	22,288	22,376
Deposits	14,480	18,093	11,954	-	-	4,034	4,261	4,545	5,253	4,588	3,520	3,846	-	-	-	-	-	-	-	-	-
Short-Term Borrowings	19,840	21,969	10,452	-	-	5,318	5,534	5,519	5,598	4,142	3,087	3,223	-	-	-	-	-	-	-	-	-
Trading Account Liabilities	2,640	3,444	2,250	-	-	892	821	906	825	840	749	661	-	-	-	-	-	-	-	-	-
Long-Term Debt	7,034	9,359	7,172	-	-	2,048	2,227	2,446	2,638	2,298	2,050	2,824	-	-	-	-	-	-	-	-	-
Total Interest Expense	43,994	52,865	42,640	43,323	44,168	12,292	12,843	13,416	14,314	11,868	9,406	10,554	10,812	10,822	10,813	10,833	10,856	10,954	11,050	11,071	11,094
Net Interest Income	34,591	34,439	43,872	45,996	45,178	8,268	8,389	8,617	9,165	9,991	10,621	11,642	11,618	11,517	11,499	11,464	11,516	11,427	11,252	11,217	11,282
Card Income	14,290	14,077	13,436	12,891	13,149	3,333	3,558	3,595	3,591	3,639	3,451	3,122	3,224	3,163	3,222	3,219	3,288	3,226	3,286	3,283	3,354
Total Service Charges	8,224	8,908	10,414	10,837	11,270	2,072	2,200	2,221	2,415	2,397	2,638	2,722	2,657	2,696	2,703	2,715	2,724	2,804	2,811	2,823	2,832
Investment and Brokerage Services	4,456	5,147	5,079	4,738	4,832	1,149	1,193	1,378	1,427	1,340	1,322	1,238	1,179	1,176	1,184	1,187	1,190	1,200	1,208	1,211	1,214
Investment Banking Income	2,317	2,345	2,053	1,784	1,784	638	774	389	544	476	695	474	408	381	521	474	408	381	521	474	408
Equity Investment Gain/Losses	3,078	4,064	1,430	800	1,200	1,014	1,829	904	317	1,054	592	(316)	100	100	100	300	300	300	300	300	300
Trading Account Profits	3,180	(4,947)	(2,210)	0	0	872	949	(1,388)	(5,380)	(1,783)	357	(384)	(400)	0	0	0	0	0	0	0	0
Mortgage Banking Income	541	902	3,399	5,906	6,833	213	148	155	386	451	439	1,674	835	1,476	1,491	1,462	1,476	1,704	1,721	1,704	1,704
Other Income	2,346	1,566	(1,112)	500	1,025	534	583	219	230	(719)	168	(561)	0	125	125	125	125	250	250	250	275
Noninterest Income	38,432	32,062	32,489	37,455	40,094	9,825	11,234	7,473	3,530	6,855	9,662	7,969	8,003	9,117	9,346	9,481	9,512	9,865	10,097	10,045	10,088
Net Revenues	73,023	66,501	76,361	83,451	85,272	18,093	19,623	16,090	12,695	16,846	20,283	19,611	19,621	20,634	20,845	20,945	21,028	21,291	21,349	21,262	21,369
Provision for Credit Losses	5,010	8,385	25,000	24,789	26,267	1,235	1,810	2,030	3,310	6,010	5,830	6,450	6,710	5,632	6,011	6,349	6,797	6,267	6,497	6,662	6,841
Gains on Sales of Securities	(443)	180	375	50	50	62	2	7	109	225	127	10	13	13	13	13	13	13	13	13	13
Personnel	18,211	18,753	19,544	20,028	19,613	5,025	4,737	4,169	4,822	4,726	4,420	5,198	5,200	4,952	5,003	5,027	5,047	4,897	4,910	4,890	4,915
Occupancy	2,826	3,038	2,623	-	-	713	744	754	827	849	848	926	-	-	-	-	-	-	-	-	-
Equipment	1,329	1,391	1,208	-	-	350	332	336	373	396	372	440	-	-	-	-	-	-	-	-	-
Marketing	2,336	2,356	1,813	-	-	555	537	552	712	637	571	605	-	-	-	-	-	-	-	-	-
Professional Fees	1,078	1,174	1,071	-	-	229	283	258	404	285	362	424	-	-	-	-	-	-	-	-	-
Amortization of Intangibles	1,755	1,676	1,357	-	-	389	391	429	467	446	447	464	-	-	-	-	-	-	-	-	-
Data Processing	1,732	1,962	1,905	-	-	437	472	463	590	563	587	755	-	-	-	-	-	-	-	-	-
Telecommunications	945	1,013	814	-	-	251	244	255	263	260	266	288	-	-	-	-	-	-	-	-	-
Other General Operating	4,580	5,599	11,097	23,366	23,450	1,037	1,340	1,411	1,811	931	1,574	2,313	6,279	5,778	5,836	5,864	5,888	5,749	5,764	5,953	5,983
Merger and Restructuring Charges	805	410	839	-	-	111	75	84	140	170	212	247	210	-	-	-	-	-	-	-	-
Total Noninterest Expense	35,597	37,372	42,270	43,395	43,062	9,097	9,155	8,711	10,409	9,263	9,659	11,660	11,688	10,730	10,839	10,891	10,935	10,646	10,674	10,844	10,898
Income Before Income Taxes	31,973	20,924	9,465	15,318	15,993	7,823	8,660	5,356	(915)	1,798	4,921	1,511	1,235	4,285	4,007	3,717	3,309	4,391	4,190	3,769	3,642
Income Tax Expense	10,840	5,942	2,767	4,136	4,318	2,568	2,899	1,658	(1,183)	588	1,511	334	334	1,157	1,082	1,003	893	1,186	1,131	1,018	983
Dilution/Preferred Dividends	22	182	1,396	2,538	2,538	46	40	43	53	190	186	473	547	660	610	660	610	660	610	660	610
Net Income to Common	**21,111**	**14,800**	**5,303**	**8,644**	**9,137**	**5,209**	**5,721**	**3,655**	**215**	**1,020**	**3,224**	**704**	**355**	**2,469**	**2,316**	**2,054**	**1,806**	**2,546**	**2,449**	**2,092**	**2,049**
Adjustment (Due To Derivatives Accounting)	-	-	-	-	-																
Reported Net Income	21,133	14,982	6,699	11,182	11,675	5,255	5,761	3,698	268	1,210	3,410	1,177	902	3,128	2,925	2,713	2,416	3,206	3,059	2,751	2,659
One Time Items	533	125	0	0	0	75	50							0	0	0	0	0	0	0	0
Operating Earnings	**21,644**	**14,925**	**5,303**	**8,644**	**9,137**	**5,284**	**5,771**	**3,655**	**215**	**1,020**	**3,224**	**704**	**355**	**2,469**	**2,316**	**2,054**	**1,806**	**2,546**	**2,449**	**2,092**	**2,049**
	49%	56%	55%	52%	50%																
Dividend	$2.12	$2.40	$2.24	$1.28	$1.28	$0.56	$0.56	$0.64	$0.64	$0.64	$0.64	$0.64	$0.32	$0.32	$0.32	$0.32	$0.32	$0.32	$0.32	$0.32	$0.32
Common Shares Outstanding	4,527	4,424	4,584	4,930	4,930	4,433	4,419	4,421	4,422	4,428	4,436	4,544	4,930	4,930	4,930	4,930	4,930	4,930	4,930	4,930	4,930
Diluted Shares Outstanding	4,596	4,480	4,608	4,950	4,950	4,497	4,477	4,476	4,470	4,461	4,457	4,564	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950	4,950
Book Value	$27.91	$32.09	$31.00	$31.47	$32.03	$29.74	$29.95	$30.45	$32.09	$31.22	$31.11	$30.01	$37.34	$37.51	$37.66	$37.76	$37.80	$38.00	$38.17	$38.27	$38.37
Tangible Book Value	$15.15	$15.46	$23.29	$22.15	$22.71	$14.94	$15.11	$15.25	$14.62	$13.73	$13.65	$12.08	$16.78	$16.96	$17.11	$17.21	$17.25	$17.44	$17.62	$17.72	$17.82
Payout Ratio	45.0%	72.0%	194.7%	73.3%	69.3%	47.7%	43.4%	78.4%	1330.6%	279.9%	88.5%	414.9%	446.5%	64.2%	68.4%	77.1%	87.7%	62.2%	64.7%	75.7%	77.3%
ROE	16.3%	10.2%	2.9%	4.6%	4.8%	16.2%	17.6%	11.0%	0.6%	2.9%	7.9%	1.7%	0.8%	5.3%	5.0%	4.4%	3.9%	5.4%	5.2%	4.4%	4.3%
ROA	1.4%	0.9%	0.3%	0.5%	0.5%	1.4%	1.5%	0.9%	0.1%	0.3%	0.8%	0.2%	0.1%	0.6%	0.5%	0.5%	0.4%	0.6%	0.5%	0.5%	0.5%
Efficiency Ratio	47.9%	56.2%	55.4%	52.0%	50.5%	50.3%	46.7%	54.1%	82.0%	55.0%	47.6%	59.5%	59.6%	52.0%	52.0%	52.0%	52.0%	50.0%	50.0%	51.0%	51.0%

Company reports and Oppenheimer Co. Inc.

Oppenheimer & Co. Inc.
BANK OF AMERICA
Income Statement & Balance Sheet

(In Millions, Except Per Share Data)	2006A	2007A	2008E	2009E	2010E	2007 1QA	2007 2QA	2007 3QA	2007 4QA
GAAP Earnings Per Share	$4.59	$3.30	$1.15	$1.75	$1.85	$1.16	$1.28	$0.82	$0.05
GAAP EPS Growth	14%	-28%	-65%	52%	6%	9%	7%	-31%	-96%
Operating Earnings Per Share	$4.71	$3.33	$1.15	$1.75	$1.85	$1.17	$1.29	$0.82	$0.05
Operating EPS Growth	15%	-29%	-65%	52%	6%	9%	6%	-33%	-96%
BALANCE SHEET									
Assets:									
Cash and Cash Equivalents	36,429	42,531	42,500	42,500	42,500	31,549	35,499	34,956	42,531
Time Deposits and Other Short-Term Investments	13,952	11,773	8,500	8,500	8,500	12,037	13,151	8,829	11,773
Fed. Funds Sold and Sec. Purchased for Resell	135,478	129,552	110,000	110,000	110,000	138,646	131,658	135,150	129,552
Trading Account Assets	153,052	162,064	165,000	175,000	175,000	174,218	182,404	179,365	162,064
Derivative Assets	23,439	34,662	42,000	42,000	42,000	25,279	29,810	30,843	34,662
Available For Sale Securities	192,806	213,330	250,000	250,000	250,000	180,961	172,332	176,778	213,330
Held to Maturity Securities	40	726	-	-	-	925	995	518	726
Total Securities	192,846	214,056	250,000	250,000	250,000	181,886	173,327	177,296	214,056
Loans and Leases:	706,490	876,344	937,214	935,111	936,304	723,633	758,635	793,537	876,344
Allowance for loan and lease losses	(9,016)	(11,588)	(22,346)	(23,796)	(23,796)	(8,732)	(9,060)	(9,535)	(11,588)
Total Loans and Leases	697,474	864,756	914,868	911,315	912,508	714,901	749,575	784,002	864,756
Premises and Equipment, Net	9,255	11,240	11,240	11,240	11,240	9,271	9,482	9,762	11,240
Mortgage Servicing Rights	3,045	3,347	4,600	4,600	4,600	3,141	3,508	3,417	3,347
Goodwill	65,662	77,530	77,500	77,500	77,500	65,696	65,845	67,433	77,530
Core Deposit Intangibles and Other Intangibles	9,422	10,296	10,200	10,200	10,200	9,217	8,720	9,635	10,296
Other Assets	119,683	153,939	155,000	155,000	155,000	136,316	131,380	138,075	153,939
Total Assets	1,459,737	1,715,746	1,791,408	1,797,855	1,799,048	1,502,157	1,534,359	1,578,763	1,715,746
		-							
Liabilities:									
Domestic Noninterest Bearing Deposits	180,231	188,466	221,852	221,852	230,886	174,082	172,573	165,343	188,466
Domestic Interest Bearing	418,100	501,882	574,843	569,843	596,236	425,197	422,201	434,728	501,882
Foreign Noninterest Bearning	4,577	3,761	4,000	4,000	4,000	3,346	3,006	3,950	3,761
Foreign Interest Bearing	90,589	111,068	85,000	90,000	90,000	90,176	101,629	95,201	111,068
Total Deposits	**693,497**	**805,177**	**885,695**	**885,695**	**921,122**	**692,801**	**699,409**	**699,222**	**805,177**
Fed. Funds Sold and Sec. Sold for Repurchase	217,527	221,435	220,000	220,000	220,000	234,413	221,064	199,293	221,435
Trading Account Liabilities	67,670	77,342	76,000	76,000	76,000	77,289	75,070	87,155	77,342
Derivative Liabilities	16,339	22,423	30,000	30,000	30,000	17,946	25,141	19,012	22,423
Commercial Paper & Other Short-Term Borrowings	141,300	191,089	191,000	195,000	195,000	156,844	159,542	201,155	191,089
Accrued Expenses and Other Liabilities	42,132	53,969	904	1,042	(35,993)	35,446	49,065	48,932	53,969
Long-Term Debt	146,000	197,508	203,000	203,000	203,000	152,562	169,317	185,484	197,508
Trust Preferred Securities	-	-	-	-	-	-	-	-	-
Total Liabilities	1,324,465	1,568,943	1,606,598	1,610,737	1,609,130	1,367,301	1,398,608	1,440,253	1,568,943
Total Shareholders' Equity	135,272	146,803	184,810	187,118	189,919	134,856	135,751	138,510	146,803

(In Millions, Except Per Share Data)	2008 1QA	2008 2QA	2008 3QA	2008 4QE	2009 1QE	2009 2QE	2009 3QE	2009 4QE	2010 1QE	2010 2QE	2010 3QE	2010 4QE
GAAP Earnings Per Share	$0.23	$0.72	$0.15	$0.07	$0.50	$0.47	$0.41	$0.36	$0.51	$0.49	$0.42	$0.41
GAAP EPS Growth	-80%	-43%	-81%	49%	118%	-35%	169%	409%	3%	6%	2%	13%
Operating Earnings Per Share	$0.23	$0.72	$0.15	$0.07	$0.50	$0.47	$0.41	$0.36	$0.51	$0.49	$0.42	$0.41
Operating EPS Growth	-81%	-44%	-81%	49%	118%	-35%	169%	409%	3%	6%	2%	13%
BALANCE SHEET												
Assets:												
Cash and Cash Equivalents	40,512	39,127	39,341	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500	42,500
Time Deposits and Other Short-Term Investments	8,807	7,649	11,709	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Fed. Funds Sold and Sec. Purchased for Resell	120,289	107,070	87,038	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Trading Account Assets	165,693	167,837	174,859	165,000	165,000	165,000	165,000	175,000	165,000	165,000	165,000	175,000
Derivative Assets	50,925	42,039	45,792	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Available For Sale Securities	223,000	249,859	258,677	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Held to Maturity Securities	-											
Total Securities	223,000	249,859	258,677	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Loans and Leases:	873,870	870,464	942,676	937,214	935,491	934,414	934,130	935,111	935,544	934,569	933,761	936,304
Allowance for loan and lease losses	(14,891)	(17,130)	(20,346)	(22,346)	(22,846)	(23,196)	(23,496)	(23,796)	(23,796)	(23,796)	(23,796)	(23,796)
Total Loans and Leases	858,979	853,334	922,330	914,868	912,645	911,218	910,634	911,315	911,748	910,773	909,965	912,508
Premises and Equipment, Net	11,297	11,627	13,000	11,240	11,240	11,240	11,240	11,240	11,240	11,240	11,240	11,240
Mortgage Servicing Rights	3,470	4,577	21,131	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
Goodwill	77,872	77,760	81,756	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500	77,500
Core Deposit Intangibles and Other Intangibles	9,821	9,603	9,167	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200
Other Assets	165,837	146,393	166,377	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000	155,000
Total Assets	1,736,502	1,716,875	1,831,177	1,791,408	1,789,185	1,787,758	1,787,174	1,797,855	1,788,288	1,787,313	1,786,505	1,799,048
Liabilities:												
Domestic Noninterest Bearing Deposits	193,789	199,587	201,025	221,852	219,578	220,129	221,112	221,852	228,521	229,094	230,116	230,886
Domestic Interest Bearing	506,062	497,631	577,503	574,843	563,198	564,807	567,680	569,843	589,326	590,999	593,987	596,236
Foreign Noninterest Bearning	3,333	3,432	3,524	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Foreign Interest Bearing	93,885	84,114	91,999	85,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total Deposits	**797,069**	**784,764**	**874,051**	**885,695**	**876,776**	**878,936**	**882,792**	**885,695**	**911,847**	**914,093**	**918,103**	**921,122**
Fed. Funds Sold and Sec. Sold for Repurchase	219,738	238,123	225,729	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Trading Account Liabilities	76,032	70,806	68,229	76,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000	76,000
Derivative Liabilities	29,170	21,095	26,466	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Commercial Paper & Other Short-Term Borrowings	190,856	177,753	145,812	191,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000	195,000
Accrued Expenses and Other Liabilities	64,528	55,038	72,141	904	2,715	(1,604)	(6,513)	1,042	(35,638)	(39,726)	(45,051)	(35,993)
Long-Term Debt	202,800	206,605	257,710	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000	203,000
Trust Preferred Securities	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	1,580,193	1,554,184	1,670,138	1,606,598	1,603,491	1,601,331	1,600,278	1,610,737	1,600,209	1,598,368	1,597,052	1,609,130
Total Shareholders' Equity	156,309	162,691	161,039	184,810	185,694	186,426	186,896	187,118	188,080	188,945	189,453	189,919

Company reports and Oppenheimer Co. Inc.

Oppenheimer & Co.
CITIGROUP
Financial Statements

($ millions, except per share data)	2006A	2007A	2008E	2009E	2010E	2007 Q1A	2007 Q2A	2007 Q3A	2007 Q4A	2008 Q1A	2008 Q2A	2008 Q3A	2008 Q4E	2009 Q1E	2009 Q2E	2009 Q3E	2009 Q4E	2010 Q1E	2010 Q2E	2010 Q3E	2010 Q4E
Operating Earnings Per Share	$4.20	$0.60	($3.02)	($3.25)	($1.45)	$0.98	$1.21	$0.42	($2.03)	($1.04)	($0.51)	($0.71)	($0.75)	($0.76)	($0.81)	($0.79)	($0.88)	($0.39)	($0.40)	($0.35)	($0.30)
Operating EPS Growth	*12%*	*-86%*	*-601%*	*7%*	*-55%*	*-10%*	*16%*	*-60%*	*-299%*	*-206%*	*-142%*	*-270%*	*-63%*	*-27%*	*58%*	*11%*	*17%*	*-49%*	*-50%*	*-55%*	*-66%*
GAAP Earnings Per Share	$4.31	$0.73	($2.92)	($3.25)	($1.45)	$1.01	$1.25	$0.44	($1.99)	($1.02)	($0.54)	($0.60)	($0.75)	($0.76)	($0.81)	($0.79)	($0.88)	($0.39)	($0.40)	($0.35)	($0.30)
GAAP EPS Growth	*-9%*	*-83%*	*-499%*	*11%*	*-55%*	*-10%*	*19%*	*-60%*	*-296%*	*-201%*	*-144%*	*-236%*	*-62%*	*-26%*	*49%*	*32%*	*17%*	*-49%*	*-50%*	*-55%*	*-66%*
SEGMENT CORE NET INCOME														($3.25)							
Global Cards																					
Global Cards	5,003	4,674	91	(3,507)	1,291	1,250	1,048	1,442	934	1,226	452	(902)	(685)	(787)	(861)	(893)	(966)	190	272	312	517
Consumer Banking																					
Consumer Banking	6,619	2,157	(2,721)	(3,718)	(2,002)	1,179	1,400	156	(578)	52	(828)	(1,099)	(846)	(888)	(874)	(958)	(999)	(622)	(515)	(470)	(395)
INSTITUTIONAL CLIENTS GROUP																					
Securities & Banking	7,180	(6,377)	(14,984)	(8,291)	(4,732)	2,469	2,868	(324)	(11,390)	(7,089)	(2,745)	(2,834)	(2,316)	(2,031)	(2,007)	(2,060)	(2,193)	(1,204)	(1,227)	(1,286)	(1,015)
Transaction Services	1,431	2,222	2,902	2,605	2,697	448	516	591	667	732	701	817	652	670	649	642	644	673	675	674	675
Total Institutional Clients Group	**8,611**	**(4,155)**	**(12,082)**	**(5,685)**	**(2,035)**	**2,917**	**3,384**	**267**	**(10,723)**	**(6,357)**	**(2,044)**	**(2,017)**	**(1,664)**	**(1,361)**	**(1,357)**	**(1,417)**	**(1,550)**	**(531)**	**(553)**	**(611)**	**(340)**
GLOBAL WEALTH MANAGEMENT																					
Total Global Wealth Mgmt	**1,443**	**1,974**	**1,432**	**1,498**	**1,514**	**448**	**512**	**490**	**524**	**294**	**405**	**363**	**370**	**371**	**378**	**374**	**374**	**378**	**381**	**378**	**378**
Total Income Before Corporate	21,676	4,650	(13,280)	(11,413)	(1,232)	5,794	6,344	2,355	(9,843)	(4,785)	(2,015)	(3,655)	(2,825)	(2,665)	(2,714)	(2,894)	(3,140)	(586)	(414)	(392)	159
Corporate/Other	(654)	(1,608)	(900)	(1,250)	(1,400)	(912)	(283)	(246)	(167)	(437)	(345)	232	(350)	(325)	(325)	(300)	(300)	(350)	(350)	(350)	(350)
CORE NET INCOME	**21,022**	**3,042**	**(14,180)**	**(12,663)**	**(2,632)**	**4,882**	**6,061**	**2,109**	**(10,010)**	**(5,222)**	**(2,360)**	**(3,423)**	**(3,175)**	**(2,990)**	**(3,039)**	**(3,194)**	**(3,440)**	**(936)**	**(764)**	**(742)**	**(191)**
Preferred	65	36	1,866	5,478	5,478	16	14	6	-	83	361	389	1,033	1,242	1,498	1,242	1,498	1,242	1,498	1,242	1,498
NET INCOME AVAIL. FOR COMMON	**20,957**	**3,006**	**(16,046)**	**(18,141)**	**(8,110)**	**4,866**	**6,047**	**2,103**	**(10,010)**	**(5,305)**	**(2,721)**	**(3,812)**	**(4,208)**	**(4,231)**	**(4,537)**	**(4,436)**	**(4,937)**	**(2,177)**	**(2,261)**	**(1,984)**	**(1,688)**
Excluding Gain on Samba	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cumulative Effect on Accounting Change	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discontd Operations/Restructure	516	628	-	-	-	141	186	103	198	115	(156)	608	-	-	-	-	-	-	-	-	-
GAAP EARNINGS	**21,473**	**3,634**	**(16,046)**	**(18,141)**	**(8,110)**	**5,007**	**6,233**	**2,206**	**(9,812)**	**(5,190)**	**(2,877)**	**(3,204)**	**(4,208)**	**(4,231)**	**(4,537)**	**(4,436)**	**(4,937)**	**(2,177)**	**(2,261)**	**(1,984)**	**(1,688)**
Diluted Shares (Basic Shares for loss)	4,986	4,976	5,326	5,589	5,589	4,968	4,993	5,011	4,932	5,086	5,287	5,342	5,589	5,589	5,589	5,589	5,589	5,589	5,589	5,589	5,589
Ending Shares	4,912	4,974	5,781	5,867	5,867	4,946	4,975	4,981	4,995	5,591	5,800	5,867	5,867	5,867	5,867	5,867	5,867	5,867	5,867	5,867	5,867
Dividend	$1.96	$2.16	$0.97	$0.04	$0.04	$0.54	$0.54	$0.54	$0.54	$0.32	$0.32	$0.32	$0.01	$0.01	$0.01	$0.01	$0.01	$0.01	$0.01	$0.01	$0.01
Payout Ratio	46%	296%	-33%	-1%	-3%	54%	43%	123%	-27%	-31%	-59%	-53%	-1%	-1%	-1%	-1%	-1%	-3%	-2%	-3%	-3%
CONSOLIDATED INCOME STATEMENT																					
Total Revenues, net of interest expense	89,615					25,459	26,630	22,393	7,216	13,219											
Total Operating Expenses	52,021					15,571	14,855	14,561	16,501	16,216											
Revenue Growth	*7%*	*-100%*	*#DIV/0!*			*15%*	*20%*	*5%*	*-70%*	*-48%*	*-100%*	*-100%*	*-100%*	*-100%*							
Expense Growth	*15%*	*-100%*	*#DIV/0!*			*17%*	*16%*	*22%*	*18%*	*4%*	*-100%*	*-100%*	*-100%*	*-100%*							
Operating Leverage	*-8%*	*0%*	*#DIV/0!*			*-2%*	*4%*	*-17%*	*-88%*	*-52%*	*0%*	*0%*	*0%*	*0%*							
Average Invested Capital	114,218	140,464	103,985			117,123	124,040	133,421	118,032	118,287	140,001	110,384	149,929	171,651	167,208	162,663	157,918	154,302	152,024	149,843	147,948
Return on Invested Capital	19%	3%	-15%			17%	20%	7%	-33%	-18%	-8%	-12%	-11%	-10%	-11%	-11%	-13%	-6%	-6%	-5%	-5%
BALANCE SHEET RATIOS																					
Total Equity	133,494	113,598	173,795	155,420	147,075	122,083	127,754	127,429	113,598	128,200	136,600	126,062	173,795	169,506	164,910	160,416	155,420	153,184	150,864	148,822	147,075
Average Equity	123,016	123,546	143,697	164,608	151,248	120,933	124,919	127,592	120,514	120,899	132,400	131,331	149,929	171,651	167,208	162,663	157,918	154,302	152,024	149,843	147,948
Common Equity	118,783	113,598	94,371	75,996	119,651	121,083	127,154	127,229	113,598	128,219	136,600	126,062	173,795	169,506	164,910	160,416	155,420	153,184	150,864	148,822	147,075
Average Common Equity	115,098	116,191	103,985	85,184	97,824	119,933	124,119	127,192	120,414	120,909	132,410	131,331	149,929	171,651	167,208	162,663	157,918	154,302	152,024	149,843	147,948
Intangible Equity	49,316	63,891	62,000	62,000	62,000	53,710	62,206	63,600	63,891	67,567	67,079	63,126	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000
Average IntangibleEquity	48,598	56,604	62,946	62,000	62,000	51,513	57,958	62,903	63,746	65,729	67,323	65,103	62,563	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000
Tangible Equity	70,467	49,707	111,795	93,420	85,075	68,373	65,548	63,829	49,707	60,652	69,521	67,784	64,644	60,354	55,759	51,264	46,269	44,033	41,713	39,670	37,924
Average Tangible Equity	67,563	60,087	80,751	102,608	89,248	69,420	66,961	64,689	56,768	55,180	65,087	68,653	66,214	62,499	58,057	53,512	48,767	45,151	42,873	40,692	38,797
											3.42%										
Tangible Assets	1,835,002	2,123,740	2,060,288	2,073,242	2,093,897	1,967,256	2,158,660	2,294,666	2,123,740	2,132,281	2,033,457	1,987,343	2,060,288	2,070,786	2,067,784	2,074,157	2,073,242	2,086,008	2,084,606	2,092,849	2,093,897
Average Tangible Assets	1,640,580	1,979,371	2,092,014	2,066,765	2,083,569	1,901,129	2,062,958	2,226,663	2,209,203	2,128,011	2,082,869	2,010,400	2,023,815	2,065,537	2,069,285	2,070,971	2,073,700	2,079,625	2,085,307	2,088,728	2,093,373
Total Assets	1,884,318	2,187,631	2,122,288	2,135,242	2,155,897	2,020,966	2,220,866	2,358,266	2,187,631	2,199,848	2,100,536	2,050,469	2,122,288	2,132,786	2,129,784	2,136,157	2,135,242	2,148,008	2,146,606	2,154,849	2,155,897
Average Assets	1,689,178	2,035,975	2,154,959	2,128,765	2,145,569	1,952,642	2,120,916	2,289,566	2,272,949	2,193,740	2,150,192	2,075,503	2,086,378	2,127,537	2,131,285	2,132,971	2,135,700	2,141,625	2,147,307	2,150,728	2,155,373
Total Assets per share						407	445	471	444	433	397	384	380								
growth in assets per share										6%	-11%	-18%									
Equity to Assets	7.08%	5.19%	8.19%	7.28%	6.82%	6.04%	5.75%	5.40%	5.19%	5.83%	6.50%	6.15%	8.19%	7.95%	7.74%	7.51%	7.28%	7.13%	7.03%	6.91%	6.82%
Common Equity to Assets	6.30%	5.19%	4.45%	3.56%	5.55%	5.99%	5.73%	5.40%	5.19%	4.95%	5.20%	4.81%	4.45%	4.22%	4.01%	3.79%	3.56%	3.43%	5.75%	5.63%	5.55%
Tangible Common to Assets	3.69%	2.27%	1.53%	0.66%	2.67%	3.33%	2.92%	2.70%	2.27%	2.76%	3.31%	3.07%	5.27%	5.04%	4.83%	4.61%	4.38%	4.25%	4.14%	4.03%	3.95%
Tangible Equity to Tangible Assets	3.84%	2.34%	5.43%	4.51%	4.06%	3.48%	3.04%	2.78%	2.34%	2.84%	3.42%	3.41%	3.14%	2.91%	2.70%	2.47%	2.23%	2.11%	2.00%	1.90%	1.81%
Book Value Per Share	$26.57	$25.14	$21.26	$17.97	$16.48	$24.48	$25.56	$25.54	$22.74	$20.73	$20.04	$18.10	$17.34	$16.57	$15.75	$14.94	$14.05	$13.65	$13.24	$12.87	$12.56
Tangible Book Per Share	$14.14	$12.30	$10.53	$7.40	$5.91	$13.76	$13.13	$12.74	$10.08	$11.93	$13.15	$12.69	$11.57	$10.80	$9.98	$9.17	$8.28	$7.88	$7.46	$7.10	$6.79
growth in book value per share										-15%	-22%										
Return on Average Assets	1.24%	0.15%	-0.74%	-0.85%	-0.38%	1.00%	1.14%	0.37%	-1.76%	-0.97%	-0.51%	-0.73%	-0.81%	-0.80%	-0.85%	-0.83%	-0.92%	-0.41%	-0.42%	-0.37%	-0.31%
Core Return on Average Assets	1.24%	0.15%	-0.74%	-0.85%	-0.38%	1.00%	1.14%	0.37%	-1.76%	-0.97%	-0.51%	-0.73%	-0.81%	-0.80%	-0.85%	-0.83%	-0.92%	-0.41%	-0.42%	-0.37%	-0.31%
Return on Shareholder Equity	17.0%	2.4%	-11.2%	-11.0%	-5.4%	16.1%	19.4%	6.6%	-33.2%	-17.6%	-8.2%	-11.6%	-11.2%	-9.9%	-10.9%	-10.9%	-12.5%	-5.6%	-5.9%	-5.3%	-4.6%
Return on Common Equity	18.8%	2.6%	-15.4%	-21.3%	-8.3%	17.1%	20.1%	6.6%	-33.3%	-17.6%	-8.2%	-11.6%	-11.2%	-9.9%	-10.9%	-10.9%	-12.5%	-5.6%	-5.9%	-5.3%	-4.6%
Core Return on Shareholder Equity	17.0%	2.4%	-11.2%	-11.0%	-5.4%	16.1%	19.4%	6.6%	-33.2%	-17.6%	-8.2%	-11.6%	-11.2%	-9.9%	-10.9%	-10.9%	-12.5%	-5.6%	-5.9%	-5.3%	-4.6%
BALANCE SHEET																					
Cash & Due From Banks	26,514	38,206	62,000	62,000	62,000	24,421	30,635	38,226	38,206	30,837	44,824	62,951	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000	62,000
Deposits with Banks	42,522	69,366	69,000	69,000	69,000	44,906	70,897	58,713	69,366	73,318	67,945	78,670	69,000	69,000	69,000	69,000	69,000	69,000	69,000	69,000	69,000
Fed Funds Sold/Securities	282,817	274,066	250,000	250,000	250,000	303,925	348,129	383,217	274,066	239,006	220,169	225,409	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Brokerage Receivables	44,445	57,359	60,000	60,000	60,000	51,976	61,144	69,062	57,359	65,653	62,492	80,532	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Trading Account Assets	393,925	538,984	540,000	540,000	540,000	460,065	538,316	581,220	538,984	578,437	505,439	457,193	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
Investments	273,591	215,008	204,000	204,000	204,000	286,567	257,880	240,828	215,008	204,155	232,528	205,731	204,000	204,000	204,000	204,000	204,000	204,000	204,000	204,000	204,000

Company reports and Oppenheimer Co. Inc.

Oppenheimer & Co.
CITIGROUP
Financial Statements

($ millions, except per share data)	2006A	2007A	2008E	2009E	2010E	2007 Q1A	2007 Q2A	2007 Q3A	2007 Q4A
Operating Earnings Per Share	$4.20	$0.60	($3.02)	($3.25)	($1.45)	$0.98	$1.21	$0.42	($2.03)
Operating EPS Growth	*12%*	*-86%*	*-601%*	*7%*	*-55%*	*-10%*	*16%*	*-60%*	*-299%*
GAAP Earnings Per Share	$4.31	$0.73	($2.92)	($3.25)	($1.45)	$1.01	$1.25	$0.44	($1.99)
GAAP EPS Growth	*-9%*	*-83%*	*-499%*	*11%*	*-55%*	*-10%*	*19%*	*-60%*	*-296%*
Consumer Loans	512,921	592,307	550,846	572,879	595,795	519,105	551,223	570,891	592,307
Corporate Loans	166,271	185,686	167,117	167,117	167,117	174,239	191,701	203,078	185,686
Allowance for losses	8,940	16,117	26,675	35,755	38,015	9,510	10,381	12,728	16,117
Total Net Loans	670,252	761,876	691,288	704,242	724,897	683,834	732,543	761,241	761,876
Goodwill	33,415	41,204	39,000	39,000	39,000	34,380	39,231	39,949	41,204
Intangible Assets	15,901	22,687	23,000	23,000	23,000	19,330	22,975	23,651	22,687
Reinsurance Recoverables	-	-	-	-	-	-	-	-	-
Separate and Variable	-	-	-	-	-	-	-	-	-
Other Assets	100,936	168,875	184,000	184,000	184,000	111,562	119,116	162,159	168,875
Total Assets	1,884,318	2,187,631	2,122,288	2,135,242	2,155,897	2,020,966	2,220,866	2,358,266	2,187,631
		-							
Noninterest Bearing Deposits in US	38,615	40,859	-	-	-	39,296	41,740	38,842	40,859
Interest-Bearing Deposits in US	195,002	225,198	-	-	-	198,840	196,481	211,147	225,198
Noninterest Bearing Deposits Outside US	35,149	43,335	-	-	-	36,328	39,132	43,052	43,335
Interest-Bearing Deposits Outside US	443,275	516,838	-	-	-	464,057	494,408	519,809	516,838
Total Deposits	712,041	826,230	801,443	817,472	833,821	738,521	771,761	812,850	826,230
Fed Funds Purchased	349,235	304,243	250,000	250,000	250,000	393,670	394,143	440,369	304,243
Brokerage Payable	85,119	84,951	95,000	95,000	95,000	88,722	96,528	94,830	84,951
Trading Account	145,887	182,082	170,000	170,000	170,000	173,902	217,992	215,577	182,082
ST Borrowings	100,833	146,488	115,000	115,000	115,000	111,179	167,139	194,304	146,488
Long-Term Debt	288,494	427,112	430,000	430,000	430,000	310,768	340,077	364,526	427,112
Other Liabilities	81,164	102,927	87,049	102,350	115,000	81,928	105,472	104,855	102,927
Total Liabilities	1,762,773	2,074,033	1,948,492	1,979,822	2,008,822	1,898,690	2,093,112	2,227,311	2,074,033
Preferred Stock	1,000	-	79,424	79,424	27,424	1,000	600	200	-
Common Stock	55	55	57	57	57	55	55	55	55
Additional Paid In Capital	18,253	18,007	16,884	16,884	16,884	17,341	17,725	18,296	18,007
Retained Earnings	129,267	121,920	101,073	82,698	76,589	131,395	134,932	134,611	121,920
Treasury Stock	(25,092)	(21,724)	(9,642)	(9,642)	(9,642)	(23,833)	(22,588)	(22,329)	(21,724)
Accumulated Other	(3,700)	(4,660)	(14,001)	(14,001)	(14,001)	(3,875)	(2,970)	(3,404)	(4,660)
Unearned Compensation	-	-	-	-	-	-	-	-	-
Total Stockholders' Equity	119,783	113,598	173,795	155,420	147,075	122,083	127,754	127,429	113,598

($ millions, except per share data)	2008 Q1A	2008 Q2A	2008 Q3A	2008 Q4E	2009 Q1E	2009 Q2E	2009 Q3E	2009 Q4E	2010 Q1E	2010 Q2E	2010 Q3E	2010 Q4E
Operating Earnings Per Share	($1.04)	($0.51)	($0.71)	($0.75)	($0.76)	($0.81)	($0.79)	($0.88)	($0.39)	($0.40)	($0.35)	($0.30)
Operating EPS Growth	*-206%*	*-142%*	*-270%*	*-63%*	*-27%*	*58%*	*11%*	*17%*	*-49%*	*-50%*	*-55%*	*-66%*
GAAP Earnings Per Share	($1.02)	($0.54)	($0.60)	($0.75)	($0.76)	($0.81)	($0.79)	($0.88)	($0.39)	($0.40)	($0.35)	($0.30)
GAAP EPS Growth	*-201%*	*-144%*	*-236%*	*-62%*	*-26%*	*49%*	*32%*	*17%*	*-49%*	*-50%*	*-55%*	*-66%*
Consumer Loans	596,987	571,238	543,436	550,846	561,168	559,813	565,173	572,879	583,614	582,206	587,780	595,795
Corporate Loans	192,856	175,552	173,519	167,117	169,713	170,285	173,519	167,117	169,713	170,285	173,519	167,117
Allowance for losses	18,257	20,777	24,005	26,675	29,095	31,315	33,535	35,755	36,320	36,885	37,450	38,015
Total Net Loans	771,586	726,013	692,950	691,288	701,786	698,784	705,157	704,242	717,008	715,606	723,849	724,897
Goodwill	43,622	42,537	39,662	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000
Intangible Assets	23,945	24,542	23,464	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Reinsurance Recoverables	-		-	-	-	-	-	-	-	-	-	-
Separate and Variable	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	169,289	174,047	183,907	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000	184,000
Total Assets	2,199,848	2,100,536	2,050,469	2,122,288	2,132,786	2,129,784	2,136,157	2,135,242	2,148,008	2,146,606	2,154,849	2,155,897
Noninterest Bearing Deposits in US	43,779	49,636	61,694	-	-	-	-	-	-	-	-	-
Interest-Bearing Deposits in US	226,285	210,981	215,423	-	-	-	-	-	-	-	-	-
Noninterest Bearing Deposits Outside US	45,230	46,765	46,348	-	-	-	-	-	-	-	-	-
Interest-Bearing Deposits Outside US	515,914	496,260	456,878	-	-	-	-	-	-	-	-	-
Total Deposits	831,208	803,642	780,343	801,443	806,272	811,678	811,557	817,472	822,397	836,029	835,903	833,821
Fed Funds Purchased	279,561	246,107	250,419	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Brokerage Payable	95,597	96,432	117,536	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000
Trading Account	201,986	189,468	169,283	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000	170,000
ST Borrowings	135,799	114,445	101,855	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000
Long-Term Debt	424,959	417,928	396,097	430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000	430,000
Other Liabilities	102,519	95,958	108,874	87,049	97,009	93,195	104,185	102,350	112,426	99,713	110,124	115,000
Total Liabilities	2,071,629	1,963,980	1,924,407	1,948,492	1,963,280	1,964,873	1,975,741	1,979,822	1,994,823	1,995,742	2,006,028	2,008,822
Preferred Stock	19,384	27,424	27,424	79,424	79,424	79,424	79,424	79,424	79,424	27,424	27,424	27,424
Common Stock	55	57	57	57	57	57	57	57	57	57	57	57
Additional Paid In Capital	11,131	16,594	16,884	16,884	16,884	16,884	16,884	16,884	16,884	16,884	16,884	16,884
Retained Earnings	115,050	110,441	105,340	101,073	96,784	92,188	87,694	82,698	82,698	80,378	78,336	76,589
Treasury Stock	(10,020)	(9,911)	(9,642)	(9,642)	(9,642)	(9,642)	(9,642)	(9,642)	(9,642)	(9,642)	(9,642)	(9,642)
Accumulated Other	(7,381)	(8,049)	(14,001)	(14,001)	(14,001)	(14,001)	(14,001)	(14,001)	(14,001)	(14,001)	(14,001)	(14,001)
Unearned Compensation	-	-	-	-	-	-	-	-	-	-	-	-
Total Stockholders' Equity	128,219	136,556	126,062	173,795	169,506	164,910	160,416	155,420	153,184	150,864	148,822	147,075

Company reports and Oppenheimer Co. Inc.

Oppenheimer & Co. Inc.
JP MORGAN CHASE
Income Statement and Balance Sheet

$ millions	2006A	2007A	2008E	2009E	2010E	2007 1QA	2007 2QA	2007 3QA	2007 4QA	2008 1QA	2008 2QA	2008 3QA	2008 4QE	2009 1QE	2009 2QE	2009 3QE	2009 4QE	2010 1QE	2010 2QE	2010 3QE	2010 4QE
GAAP Earnings Per Share	$4.04	$4.38	$1.28	$1.55	$1.55	$1.34	$1.20	$0.97	$0.86	$0.68	$0.54	$0.11	($0.05)	$0.50	$0.42	$0.35	$0.27	$0.34	$0.34	$0.38	$0.49
GAAP EPS Growth	69%	8%	-71%	21%	0%	56%	21%	5%	-32%	-50%	-55%	-89%	-106%	-26%	-22%	232%	-643%	-32%	-20%	7%	83%
Operating Earnings Per Share	$3.82	$4.38	$1.11	$1.55	$1.55	$1.34	$1.20	$0.97	$0.86	$0.68	$0.54	($0.06)	($0.05)	$0.50	$0.42	$0.35	$0.27	$0.34	$0.34	$0.38	$0.49
Operating EPS Growth	65%	15%	-75%	40%	0%	59%	23%	7%	-22%	-50%	-55%	-106%	-106%	-26%	-22%	-665%	-643%	-32%	-20%	7%	83%
KEY DRIVERS																					
Interest Income/Loans	12.30%	13.99%	9.32%	9.51%	9.32%	15.02%	15.17%	15.73%	14.60%	13.35%	12.60%	9.34%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
Interest Expense/Deposits	5.83%	6.07%	3.59%	3.45%	3.40%	6.68%	6.86%	7.02%	6.15%	5.19%	4.56%	3.44%	3.45%	3.45%	3.45%	3.45%	3.45%	3.40%	3.40%	3.40%	3.40%
Net Interest Spread	6.46%	7.92%	5.73%	6.06%	5.93%	8.35%	8.30%	8.71%	8.45%	8.16%	8.04%	5.90%	6.05%	6.05%	6.05%	6.05%	6.05%	6.10%	6.10%	6.10%	6.10%
Lending & Deposit-Related Fees/Total Deposits	0.54%	0.53%	0.46%	0.48%	0.50%	0.57%	0.58%	0.61%	0.58%	0.55%	0.61%	0.48%	0.48%	0.48%	0.48%	0.48%	0.48%	0.50%	0.50%	0.50%	0.50%
Asset Mgmt Fees/AUS	0.88%	0.91%	0.91%	0.89%	0.89%	0.91%	0.98%	0.95%	0.99%	0.92%	0.90%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%	0.89%
Mortgage Fees/Mtge & HE Loans	0.48%	1.97%	1.97%	1.71%	1.71%	2.00%	2.13%	0.87%	3.34%	1.90%	2.51%	1.69%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%
Card Fees/Managed Card Portfolio	4.5%	4.4%	4.4%	4.3%	4.3%	4.3%	4.6%	4.8%	4.7%	4.8%	4.6%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
Compensation Expense/Net Revenues	34.2%	31.8%	35.3%	30.6%	31.0%	32.9%	33.4%	29.0%	31.5%	29.3%	37.6%	39.8%	35.0%	30.0%	30.0%	31.0%	31.5%	31.0%	31.0%	31.0%	31.0%
Non-Compensation/Net Revenues	28.5%	26.6%	27.9%	22.8%	22.2%	23.2%	25.0%	28.9%	30.2%	23.6%	28.6%	35.8%	40.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	33.0%	32.5%
Tax Rate	31.4%	32.6%	-2.8%	30.0%	30.0%	34.7%	33.3%	32.5%	27.9%	32.9%	27.6%	97.5%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Operating Margin	32.1%	32.0%	6.7%	13.6%	13.3%	38.7%	33.6%	31.0%	23.7%	20.9%	15.0%	-14.8%	1.8%	16.7%	14.4%	12.6%	10.6%	12.3%	12.1%	13.0%	15.8%
Profit Margin	23.3%	21.5%	6.8%	7.0%	6.9%	25.2%	22.4%	20.9%	17.1%	14.0%	10.4%	2.5%	-1.1%	9.2%	7.6%	6.4%	4.9%	6.1%	6.0%	6.7%	8.6%
Efficiency Ratio	66.1%	64.6%	90.5%	79.7%	80.0%	59.2%	63.5%	65.1%	72.2%	71.6%	81.5%	124.4%	97.1%	76.4%	78.6%	80.9%	83.4%	81.2%	81.4%	80.2%	77.3%
INCOME STATEMENT																					
Investment Banking Fees	5,520	6,635	5,304	5,067	5,067	1,739	1,898	1,336	1,662	1,216	1,612	1,316	1,160	1,085	1,388	1,434	1,160	1,085	1,388	1,434	1,160
Principal Transactions	10,778	9,015	(4,614)	5,600	5,700	4,487	3,713	650	165	(803)	752	(2,763)	(1,800)	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,500
Lending & Deposit-Related Fees	3,468	3,938	4,476	4,676	4,920	895	951	1,026	1,066	1,039	1,105	1,168	1,164	1,165	1,171	1,170	1,170	1,226	1,232	1,230	1,231
Asset Mgt., Admin., and Commissions	11,855	14,356	14,172	13,846	13,846	3,186	3,611	3,663	3,896	3,596	3,628	3,485	3,463	3,465	3,459	3,460	3,463	3,465	3,459	3,460	3,463
Securities Gains/Private Equity Gains	(543)	164	1,524	1,400	1,400	2	(223)	237	148	33	647	424	420	350	350	350	350	350	350	350	350
Mortgage Fees and Related Income	591	2,118	2,140	1,860	1,877	476	523	221	898	525	696	457	462	469	468	460	462	473	473	465	467
Credit Card Income	6,913	6,911	7,149	6,863	6,863	1,563	1,714	1,777	1,857	1,796	1,803	1,771	1,779	1,710	1,709	1,700	1,744	1,710	1,709	1,700	1,744
Other Income	2,175	1,829	1,826	1,000	1,200	518	553	289	469	1,829	(138)	(115)	250	250	250	250	250	300	300	300	300
Total Noninterest Revenue	40,757	44,966	31,977	40,313	40,874	12,866	12,740	9,199	10,161	9,231	10,105	5,743	6,898	9,895	10,196	10,223	9,999	10,009	10,311	10,339	10,215
Interest Income	58,511	71,387	68,969	69,461	70,207	16,620	17,342	18,806	18,619	17,532	16,529	17,326	17,582	17,434	17,402	17,270	17,355	17,437	17,400	17,488	17,882
Interest Expense	37,269	44,981	34,809	33,610	33,454	10,518	11,174	11,893	11,396	9,873	8,235	8,332	8,369	8,376	8,417	8,406	8,411	8,337	8,378	8,367	8,372
Net Interest Revenue	21,242	26,406	34,160	35,851	36,753	6,102	6,168	6,913	7,223	7,659	8,294	8,994	9,213	9,059	8,984	8,864	8,944	9,100	9,022	9,121	9,510
Total Net Revenue	61,999	71,372	66,137	76,164	77,627	18,968	18,908	16,112	17,384	16,890	18,399	14,737	16,111	18,953	19,180	19,087	18,943	19,110	19,333	19,460	19,725
Provision for Credit Losses	3,270	6,864	19,906	25,176	26,005	1,008	1,529	1,785	2,542	4,424	3,455	5,787	6,240	5,552	6,288	6,467	6,869	6,567	6,701	6,675	6,063
Total Net Revenue (after Provision)	58,729	64,508	46,231	50,988	51,622	17,960	17,379	14,327	14,842	12,466	14,944	8,950	9,871	13,401	12,893	12,620	12,073	12,543	12,632	12,785	13,662
Compensation Expense	21,191	22,689	23,361	23,324	24,064	6,234	6,309	4,677	5,469	4,951	6,913	5,858	5,639	5,686	5,754	5,917	5,967	5,924	5,993	6,033	6,115
Occupancy Expense	2,335	2,608	2,083	-	-	640	652	657	659	648	669	766									
Technology	3,653	3,779	3,108	-	-	922	921	950	986	968	1,028	1,112.00									
Professional and Outside Services	4,450	5,140	4,234	-	-	1,200	1,259	1,260	1,421	1,333	1,450	1,451									
Marketing	2,209	2,070	1,412	-	-	482	457	561	570	546	413	453									
Other Expenses	3,272	3,814	6,446	17,336	17,219	735	1,013	812	1,254	169	1,233	1,096	3,948	4,556	4,384	4,291	4,105	4,264	4,295	4,219	4,440
Amortization of Intangibles	1,428	1,394	937	-	-	353	353	349	339	316	316	305									
Merger Costs	305	209	251	-	-	62	64	61	22		155	96									
Noninterest Expense	38,843	41,703	41,832	40,660	41,283	10,628	11,028	9,327	10,720	8,931	12,177	11,137	9,587	10,242	10,138	10,208	10,072	10,188	10,288	10,252	10,555
Income Before Taxes	19,886	22,805	4,399	10,328	10,339	7,332	6,351	5,000	4,122	3,535	2,767	(2,187)	284	3,159	2,755	2,412	2,001	2,354	2,344	2,533	3,107
Income Taxes	6,237	7,440	(122)	3,098	3,102	2,545	2,117	1,627	1,151	1,162	764	(2,133)	85	948	827	724	600	706	703	760	932
Preferred Dividends	-	-	620	1,894							90	161	369	474	474	474	474	474	474	474	474
Net Income from Continuing Operations	13,649	15,365	3,900	5,335	5,343	4,787	4,234	3,373	2,971	2,373	1,913	(215)	(171)	1,738	1,455	1,215	928	1,174	1,167	1,300	1,701
Discontinued Operations	(795)	-	(581)	-	-							(581)									
Net Income	14,444	15,365	4,481	5,335	5,343	4,787	4,234	3,373	2,971	2,373	1,913	366	(171)	1,738	1,455	1,215	928	1,174	1,167	1,300	1,701
Diluted Shares Outstanding	3,574	3,508	3,479	3,445	3,445	3,560	3,522	3,478	3,472	3,495	3,531	3,445	3,445	3,445	3,445	3,445	3,445	3,445	3,445	3,445	3,445
Ending Shares Outstanding	3,468	3,468	3,596	3,727	3,727	3,416	3,399	3,359	3,367	3,495	3,436	3,727	3,727	3,727	3,727	3,727	3,727	3,727	3,727	3,727	3,727
Dividends	$1.36	$1.48	$1.52	$1.52	$1.52	$0.34	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38	$0.38
Payout Ratio	33.6%	33.8%	119.0%	98.1%	98.0%	25.3%	31.6%	39.2%	44.4%	56.0%	70.1%	357.6%	-766.4%	75.3%	90.0%	107.7%	141.1%	111.5%	112.1%	100.7%	76.9%
BALANCE SHEET RATIOS																					
CAPITAL																					
Total Equity	115,790	123,221	169,363	169,463	169,570	117,704	119,211	119,978	121,630	125,627	133,176	145,843	169,363	169,792	169,938	169,844	169,463	169,328	169,187	169,178	169,570
Average Equity	111,501	119,506	146,292	169,413	169,517	116,747	118,458	119,595	120,804	123,628	129,402	139,510	157,603	169,578	169,865	169,891	169,654	169,396	169,257	169,182	169,374
Tangible Equity	70,604	77,951	123,242	123,342	123,449	72,641	73,957	74,643	76,360	79,932	87,183	99,722	123,242	123,671	123,817	123,723	123,342	123,207	123,066	123,057	123,449
Average Tangible	67,097	74,278	100,597	123,292	123,396	64,197	73,299	74,300	75,501	78,146	83,558	93,453	111,482	123,457	123,744	123,770	123,533	123,275	123,136	123,061	123,253
Total Assets	1,351,520	1,562,147	2,273,962	2,267,113	2,276,973	1,408,918	1,458,042	1,479,575	1,562,147	1,642,862	1,775,670	2,251,469	2,273,962	2,279,110	2,268,305	2,266,921	2,267,113	2,272,557	2,277,313	2,276,001	2,276,973
Average Assets	1,275,231	1,456,834	1,918,054	2,270,538	2,272,043	1,380,219	1,433,480	1,468,809	1,520,861	1,602,505	1,709,266	2,013,570	2,262,715	2,276,536	2,273,708	2,267,613	2,267,017	2,269,835	2,274,935	2,276,657	2,276,487
Total Managed Assets	1,420,259	1,633,319	2,273,962	2,267,113	2,310,056	1,476,595	1,525,997	1,548,150	1,633,319	1,716,744	1,852,761	2,337,861	2,366,025	2,362,827	2,350,194	2,345,986	2,344,642	2,344,894	2,343,876	2,337,260	2,331,293
Average Managed Assets	1,344,931	1,526,789	1,953,640	2,270,538	2,288,584	1,447,106	1,501,296	1,537,073	1,590,734	1,675,031	1,784,752	2,095,311	2,351,943	2,364,426	2,356,511	2,348,090	2,345,314	2,344,768	2,344,385	2,340,568	2,334,277
Risk Adjusted Assets	740,714	732,829	1,066,753	1,063,540	1,068,166	769,467	796,296	808,056	853,152	897,233	969,765	1,229,618	1,241,903	1,244,714	1,238,813	1,238,057	1,238,162	1,241,135	1,243,732	1,243,016	1,243,547
Equity to Assets	8.6%	7.9%	7.4%	7.5%	7.4%	8.4%	8.2%	8.1%	7.8%	7.6%	7.5%	6.5%	7.4%	7.4%	7.5%	7.5%	7.5%	7.5%	7.4%	7.4%	7.4%
Common Equity to Assets	8.6%	7.9%	7.4%	7.5%	7.4%	8.4%	8.2%	8.1%	7.9%	7.6%	7.5%	6.5%	7.4%	7.4%	7.5%	7.5%	7.5%	7.5%	7.4%	7.4%	7.4%
Tangible Common to Assets	5.2%	5.0%	5.4%	5.4%	5.4%	5.2%	5.1%	5.0%	4.9%	4.9%	4.9%	4.4%	5.4%	5.4%	5.5%	5.5%	5.4%	5.4%	5.4%	5.4%	5.4%
Tier 1						8.5%	8.4%	8.4%	8.4%	8.3%	9.2%	8.9%									
Total Capital						11.8%	12.0%	12.5%													
Book Value	$33.45	$37.83	$39.11	$40.66	$42.21	$34.45	$35.08	$35.72	$36.59	$36.94	$37.02	$36.95	$36.52	$36.64	$36.69	$36.66	$36.55	$36.51	$36.47	$36.47	$36.58
Tangible Book Value	$16.11	$20.49	$21.76	$23.31	$24.86	$21.26	$21.76	$22.22	$22.68	$22.87	$23.63	$24.57	$30.88	$31.00	$31.04	$31.01	$30.91	$30.87	$30.83	$30.83	$30.94
RETURNS																					
ROE	13.0%	12.9%	3.1%	3.1%	3.2%	17.0%	14.3%	11.3%	9.8%	7.7%	5.9%	1.0%	-0.4%	4.1%	3.4%	2.9%	2.2%	2.8%	2.8%	3.1%	4.0%

Source: Company reports and Oppenheimer Co. Inc.

Oppenheimer & Co. Inc.
JP MORGAN CHASE
Income Statement and Balance Sheet

						2007			
$ millions	**2006A**	**2007A**	**2008E**	**2009E**	**2010E**	**1QA**	**2QA**	**3QA**	**4QA**
GAAP Earnings Per Share	**$4.04**	**$4.38**	**$1.28**	**$1.55**	**$1.55**	**$1.34**	**$1.20**	**$0.97**	**$0.86**
GAAP EPS Growth	***69%***	***8%***	***-71%***	***21%***	***0%***	***56%***	***21%***	***5%***	***-32%***
Operating Earnings Per Share	**$3.82**	**$4.38**	**$1.11**	**$1.55**	**$1.55**	**$1.34**	**$1.20**	**$0.97**	**$0.86**
Operating EPS Growth	***65%***	***15%***	***-75%***	***40%***	***0%***	***59%***	***23%***	***7%***	***-22%***
Return on Average Assets	1.13%	1.05%	0.23%	0.23%	0.24%	1.41%	1.18%	0.92%	0.78%
Return on Average Managed Assets	1.07%	1.01%	0.23%	0.23%	0.23%	1.32%	1.13%	0.88%	0.75%
Headcount	174,360	180,667	230,165	237,148	244,343	176,314	179,664	179,847	180,667
Growth Rate	3.3%	3.6%	27.4%	3.0%	3.0%	1.1%	1.9%	0.1%	0.5%
BALANCE SHEET									
Cash and Due from Banks	40,412	40,144	54,000	54,000	54,000	31,836	35,449	32,766	40,144
Deposits with Banks	13,547	11,466	34,000	34,000	34,000	30,973	41,736	26,714	11,466
Fed Funds Sold	140,524	170,897	234,000	234,000	204,000	144,306	125,930	135,589	170,897
Securities Borrowed	73,688	84,184	153,000	153,000	153,000	84,800	88,360	84,697	84,184
Debt and Equity	310,137	414,273	400,000	400,000	400,000	373,684	391,508	389,119	414,273
Derivative Receivables	55,601	77,136	120,000	120,000	120,000	46,647	59,038	64,592	77,136
Securities	91,975	85,450	151,000	151,000	151,000	97,029	95,984	97,706	85,450
Loan Net of Allowance for Loan Losses	475,848	510,140	740,311	730,732	752,930	442,465	457,404	478,207	510,140
Goodwill	45,186	45,270	46,121	46,121	46,121	45,063	45,254	45,335	45,270
Intangibles	14,852	14,731	22,528	22,528	22,528	14,900	16,193	15,500	14,731
Other	89,750	108,456	319,002	321,732	339,394	97,215	101,186	109,350	108,456
Total Assets	**1,351,520**	**1,562,147**	**2,273,962**	**2,267,113**	**2,276,973**	**1,408,918**	**1,458,042**	**1,479,575**	**1,562,147**
Total Deposits	638,788	740,728	970,354	975,205	984,958	630,184	651,370	678,091	740,728
Fed Funds Purchased	162,173	154,398	220,000	220,000	220,000	218,917	205,961	178,767	154,398
Commercial Paper	18,849	49,596	54,000	54,000	54,000	25,354	25,116	33,978	49,596
Other Borrowed	18,053	28,835	134,445	134,445	134,445	17,215	29,263	31,154	28,835
Debt and Equity	90,488	89,162	76,000	80,000	80,000	96,606	93,969	80,748	89,162
Derivatives	57,469	68,705	85,800	70,000	70,000	50,316	61,396	68,426	68,705
Accounts Payable and Other Accrued	88,096	94,476	260,000	260,000	260,000	87,603	84,785	86,524	94,476
Long-Term Debt	133,421	183,862	272,000	272,000	272,000	139,877	159,493	173,696	183,862
Junior Subordinated Debentures	12,209	15,148	18,000	18,000	18,000	12,033	12,670	14,930	15,148
Other	16,184	14,016	14,000	14,000	14,000	13,109	14,808	13,283	14,016
Total Liabilities	**1,235,730**	**1,438,926**	**2,104,599**	**2,097,650**	**2,107,403**	**1,291,214**	**1,338,831**	**1,359,597**	**1,438,926**
Preferred	-	-	8,152	8,152	8,152	-	-	-	-
Common	3,658	3,658	-	-	-	3,658	3,658	3,658	3,658
Surplus	77,807	78,597	-	-	-	77,760	78,020	78,295	78,597
Retained Earnings	43,600	54,715	-	-	-	48,105	51,011	53,064	54,715
Accumulated Comprehensive	(1,557)	(917)	-	-	-	(1,482)	(2,080)	(1,830)	(917)
Treasury Stock	(7,718)	(12,832)	-	-	-	(10,337)	(11,398)	(13,209)	(12,832)
Equity	**115,790**	**123,221**	**169,363**	**169,463**	**169,570**	**117,704**	**119,211**	**119,978**	**123,221**
Liabilities and Equity	**1,351,520**	**1,562,147**	**2,273,962**	**2,267,113**	**2,276,973**	**1,408,918**	**1,458,042**	**1,479,575**	**1,562,147**

	2008				2009				2010			
$ millions	**1QA**	**2QA**	**3QA**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**
GAAP Earnings Per Share	**$0.68**	**$0.54**	**$0.11**	**($0.05)**	**$0.50**	**$0.42**	**$0.35**	**$0.27**	**$0.34**	**$0.34**	**$0.38**	**$0.49**
GAAP EPS Growth	***-50%***	***-55%***	***-89%***	***-106%***	***-26%***	***-22%***	***232%***	***-643%***	***-32%***	***-20%***	***7%***	***83%***
Operating Earnings Per Share	**$0.68**	**$0.54**	**($0.06)**	**($0.05)**	**$0.50**	**$0.42**	**$0.35**	**$0.27**	**$0.34**	**$0.34**	**$0.38**	**$0.49**
Operating EPS Growth	***-50%***	***-55%***	***-106%***	***-106%***	***-26%***	***-22%***	***-665%***	***-643%***	***-32%***	***-20%***	***7%***	***83%***
Return on Average Assets	0.59%	0.45%	0.07%	-0.03%	0.31%	0.26%	0.21%	0.16%	0.21%	0.21%	0.23%	0.30%
Return on Average Managed Assets	0.57%	0.43%	0.07%	-0.03%	0.29%	0.25%	0.21%	0.16%	0.20%	0.20%	0.22%	0.29%
Headcount	182,166	195,594	228,452	230,165	231,892	233,631	235,383	237,148	238,927	240,719	242,524	244,343
Growth Rate	0.8%	7.4%	16.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
BALANCE SHEET												
Cash and Due from Banks	46,888	32,255	54,350	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Deposits with Banks	12,414	17,150	34,372	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
Fed Funds Sold	203,176	176,287	233,668	234,000	234,000	234,000	234,000	234,000	204,000	204,000	204,000	204,000
Securities Borrowed	81,014	142,854	152,050	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000	153,000
Debt and Equity	386,170	409,608	401,609	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Derivative Receivables	99,110	122,389	118,648	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Securities	101,647	119,173	150,779	151,000	151,000	151,000	151,000	151,000	151,000	151,000	151,000	151,000
Loan Net of Allowance for Loan Losses	525,310	524,783	742,329	740,311	734,066	732,706	727,172	730,732	734,180	732,635	736,355	752,930
Goodwill	45,695	45,993	46,121	46,121	46,121	46,121	46,121	46,121	46,121	46,121	46,121	46,121
Intangibles	14,374	17,276	22,528	22,528	22,528	22,528	22,528	22,528	22,528	22,528	22,528	22,528
Other	127,064	167,902	295,015	319,002	330,395	320,950	325,100	321,732	353,728	360,028	354,997	339,394
Total Assets	**1,642,862**	**1,775,670**	**2,251,469**	**2,273,962**	**2,279,110**	**2,268,305**	**2,266,921**	**2,267,113**	**2,272,557**	**2,277,313**	**2,276,001**	**2,276,973**
Total Deposits	761,626	722,905	969,783	970,354	971,073	975,922	974,632	975,205	980,784	985,681	984,378	984,958
Fed Funds Purchased	192,633	194,724	224,075	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000	220,000
Commercial Paper	50,602	50,151	54,480	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Other Borrowed	28,430	22,594	134,445	134,445	134,445	134,445	134,445	134,445	134,445	134,445	134,445	134,445
Debt and Equity	78,982	87,841	76,213	76,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000
Derivatives	78,983	95,749	85,816	85,800	85,800	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Accounts Payable and Other Accrued	106,088	171,004	260,563	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Long-Term Debt	189,995	260,192	271,416	272,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000	272,000
Junior Subordinated Debentures	15,372	17,263	17,398	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Other	14,524	20,071	11,437	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Total Liabilities	**1,517,235**	**1,642,494**	**2,105,626**	**2,104,599**	**2,109,318**	**2,098,367**	**2,097,077**	**2,097,650**	**2,103,229**	**2,108,126**	**2,106,823**	**2,107,403**
Preferred	-	6,000	8,152	8,152	8,152	8,152	8,152	8,152	8,152	8,152	8,152	8,152
Common	3,658	3,658	3,942									
Surplus	78,072	78,870	90,535									
Retained Earnings	55,762	56,313	55,217									
Accumulated Comprehensive	(512)	(1,566)	(2,227)									
Treasury Stock	(11,353)	(10,099)	(9,776)									
Equity	**125,627**	**133,176**	**145,843**	**169,363**	**169,792**	**169,938**	**169,844**	**169,463**	**169,328**	**169,187**	**169,178**	**169,570**
Liabilities and Equity	**1,642,862**	**1,775,670**	**2,251,469**	**2,273,962**	**2,279,110**	**2,268,305**	**2,266,921**	**2,267,113**	**2,272,557**	**2,277,313**	**2,276,001**	**2,276,973**

Source: Company reports and Oppenheimer Co. Inc.

Oppenheimer & Co. Inc.
WELLS FARGO
Income Statement and Balance Sheet

						2007				2008				2009				2010			
(In Millions, except per share data)	2006A	2007A	2008E	2009E	2010E	1QA	2QA	3QA	4QA	1QA	2QA	3QA	4QE	1QE	2QE	3QE	4QE	1QE	2QE	3QE	4QE
GAAP Earnings Per Share	$2.46	$2.38	$1.09	$1.06	$1.27	$0.66	$0.67	$0.64	$0.41	$0.60	$0.53	$0.49	($0.43)	$0.33	$0.31	$0.28	$0.14	$0.30	$0.28	$0.36	$0.33
GAAP EPS Growth	#REF!	-3%	-54%	-3%	20%	9%	15%	0%	-36%	-8%	-21%	-24%	-206%	-46%	-40%	-44%	-132%	-8%	-10%	29%	138%
Operating Earnings Per Share	$2.46	$2.38	$1.73	$1.50	$1.50	$0.66	$0.67	$0.64	$0.41	$0.60	$0.53	$0.49	$0.10	$0.47	$0.43	$0.37	$0.23	$0.37	$0.35	$0.41	$0.37
Growth in Operating EPS	9%	-3%	-27%	-13%	-1%	9%	15%	0%	-36%	-8%	-21%	-24%	-76%	-22%	-18%	-25%	137%	-22%	-19%	11%	60%
OPERATING RATIOS																					
Interest Income/Avg Earning Assets	6.69%	6.65%	5.83%	7.86%	5.69%	6.73%	6.69%	6.78%	6.58%	6.05%	5.68%	5.70%	5.68%	5.68%	5.68%	5.70%	5.70%	5.70%	5.70%	5.70%	5.70%
Interest Expense/Avg Bearing Liabilitie	2.82%	2.69%	1.84%	1.98%	1.91%	2.85%	2.74%	3.15%	2.84%	2.26%	1.62%	1.66%	1.65%	2.05%	2.00%	1.90%	1.90%	1.90%	1.90%	1.90%	1.90%
Net Interest Spread	3.87%	3.96%	3.99%	5.88%	3.79%	3.88%	3.94%	3.63%	3.73%	3.79%	4.06%	4.04%	4.03%	3.63%	3.68%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Service Fees/Avg Deposits	0.86%	0.93%	0.92%	1.07%	0.78%	0.88%	0.91%	1.00%	0.92%	0.84%	0.94%	0.95%	0.94%	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%	0.78%
Compensation/Net Revenues	19.63%	19.71%	18.85%	24.50%	21.37%	19.78%	19.28%	19.62%	20.14%	18.78%	17.72%	20.02%	19.00%	26.00%	25.00%	24.00%	23.00%	22.00%	21.50%	21.00%	21.00%
Non-Compensation/Net Revenues	38.75%	38.24%	33.13%	33.00%	31.00%	38.76%	38.62%	37.94%	37.68%	32.93%	33.42%	33.13%	33.00%	33.00%	33.00%	33.00%	33.00%	31.00%	31.00%	31.00%	31.00%
Cost Income Ratio	58.38%	57.94%	51.98%	57.50%	52.37%	58.53%	57.90%	57.56%	57.81%	51.71%	51.14%	53.16%	52.00%	59.00%	58.00%	57.00%	56.00%	53.00%	52.50%	52.00%	52.00%
Efficiency Ratio	58.4%	57.9%	52.0%	57.5%	52.4%	58.5%	57.9%	57.6%	57.8%	51.7%	51.1%	53.2%	52.0%	59.0%	58.0%	57.0%	56.0%	53.0%	52.5%	52.0%	52.0%
Tax Rate	33.7%	30.7%	33.1%	34.0%	34.0%	29.9%	33.8%	34.0%	19.6%	34.9%	32.2%	30.8%	34.9%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
INCOME STATEMENT																					
Interest Income																					
Securities Available for Sale	3,278	3,451	3,753	-	-	686	752	1,032	981	1,132	1,224	1,397	-	-	-	-	-	-	-	-	-
Mortgages Held for Sale	2,746	2,150	1,211	-	-	530	578	586	456	394	423	394	-	-	-	-	-	-	-	-	-
Loans Held for Sale	47	70	34	-	-	15	17	19	19	12	10	12	-	-	-	-	-	-	-	-	-
Loans	25,611	29,040	20,906	-	-	6,764	7,100	7,477	7,699	7,212	6,806	6,888	-	-	-	-	-	-	-	-	-
Other Interest Income	557	466	266	-	-	144	126	109	87	99	84	83	-	-	-	-	-	-	-	-	-
Total Interest Income	32,239	35,177	35,028	74,493	72,218	8,139	8,573	9,223	9,242	8,849	8,547	8,774	8,858	18,949	18,778	18,529	18,237	18,069	18,047	18,047	18,055
Interest Expense			-	-	-																
Deposits	7,174	8,152	3,676	-	-	1,857	1,941	2,218	2,136	1,594	1,063	1,019	-	-	-	-	-	-	-	-	-
Short-Term Borrowings	992	1,245	1,274	-	-	136	265	464	380	425	357	492	-	-	-	-	-	-	-	-	-
Long Term Debt	4,122	4,806	2,801	-	-	1,136	1,171	1,261	1,238	1,070	849	882	-	-	-	-	-	-	-	-	-
Guaranteed Preferred Beneficial Interes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Interest Expense	12,288	14,203	9,985	23,816	22,814	3,129	3,377	3,943	3,754	3,089	2,269	2,393	2,234	6,290	6,068	5,741	5,716	5,740	5,692	5,698	5,684
Net Interest Income	19,951	20,974	25,043	50,677	49,404	5,010	5,196	5,280	5,488	5,760	6,278	6,381	6,624	12,659	12,709	12,788	12,521	12,329	12,355	12,349	12,371
Provision for Credit Losses	2,204	4,939	11,953	23,287	27,162	715	720	892	2,612	2,028	3,012	2,495	4,418	4,923	5,419	6,004	6,940	6,643	6,927	6,640	6,952
Total Net Interest Revenue	17,747	16,035	13,090	27,390	22,243	4,295	4,476	4,388	2,876	3,732	3,266	3,886	2,206	7,736	7,290	6,784	5,581	5,686	5,429	5,709	5,419
Noninterest Income:																					
Service Charges	2,690	3,050	3,221	5,891	5,817	685	740	837	788	748	800	839	834	1,498	1,468	1,468	1,457	1,453	1,454	1,454	1,457
Trust and Investment fees	2,737	3,149	3,033	11,113	11,454	731	839	777	802	763	762	738	770	2,697	2,820	2,729	2,867	2,782	2,905	2,812	2,955
Credit Card Fee	1,747	2,136	2,366	2,389	2,419	470	517	561	588	558	588	601	619	588	594	600	606	594	600	606	618
Other Fees	2,057	2,292	2,101	4,329	4,342	511	638	566	577	499	511	552	539	1,080	1,081	1,084	1,084	1,084	1,084	1,086	1,087
Mortgage Banking	2,311	3,133	3,366	2,454	2,551	790	689	823	831	631	1,197	892	646	606	612	615	622	631	636	639	646
Operating Leases	783	703	492	2,087	2,129	192	187	171	153	143	120	102	127	518	520	523	526	528	531	534	536
Insurance	1,340	1,530	1,993	2,200	2,200	399	432	329	370	504	550	439	500	550	550	550	550	550	550	550	550
Net Gains on Debt Available for Sale	(19)	209	366	200	200	31	(42)	160	60	323	(91)	84	50	50	50	50	50	50	50	50	50
Net Gains from Equity Investments	738	734	(98)	200	200	97	242	173	222	313	46	(507)	50	50	50	50	50	50	50	50	50
Other Revenue	1,356	1,480	1,577	800	800	525	453	176	326	321	698	258	300	200	200	200	200	200	200	200	200
Noninterest Income	15,740	18,416	18,416	31,662	32,111	4,431	4,695	4,573	4,717	4,803	5,181	3,998	4,434	7,836	7,946	7,869	8,011	7,921	8,060	7,980	8,150
Total Revenues	35,691	39,390	43,459	82,339	81,515	9,441	9,891	9,853	10,205	10,563	11,459	10,379	11,058	20,495	20,655	20,657	20,532	20,250	20,415	20,328	20,521
Expenses																					
Salaries and Employee Benefits	7,007	7,762	8,193	20,173	17,423	1,867	1,907	1,933	2,055	1,984	2,030	2,078	2,101	5,329	5,164	4,958	4,722	4,455	4,389	4,269	4,309
Incentive Compensation	2,885	3,284	2,005	-	-	742	900	802	840	644	806	555	-	-	-	-	-	-	-	-	-
Employee Benefit	2,035	2,322	1,666	-	-	665	581	518	558	587	593	486	-	-	-	-	-	-	-	-	-
Equipment	1,252	1,294	955	-	-	337	292	295	370	348	305	302	-	-	-	-	-	-	-	-	-
Net Occupancy	1,405	1,545	1,201	-	-	365	369	398	413	399	400	402	-	-	-	-	-	-	-	-	-
Operating Lease	630	561	308	-	-	153	148	136	124	116	102	90	-	-	-	-	-	-	-	-	-
Net Losses (Gains) on Dispositions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	5,623	6,056	8,261	27,172	25,270	1,397	1,530	1,589	1,540	1,384	1,624	1,604	3,649	6,763	6,816	6,817	6,776	6,278	6,329	6,302	6,361
Total Expenses	20,837	22,824	22,589	47,344	42,692	5,526	5,727	5,671	5,900	5,462	5,860	5,517	5,750	12,092	11,980	11,775	11,498	10,733	10,718	10,571	10,671
Other Revenue	-	-	-	-	-																
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Before Taxes	12,650	11,627	8,917	11,708	11,661	3,200	3,444	3,290	1,693	3,073	2,587	2,367	890	3,480	3,256	2,878	2,094	2,874	2,770	3,118	2,898
Income Taxes	4,263	3,570	2,949	3,981	3,965	956	1,165	1,117	332	1,074	834	730	311	1,183	1,107	979	712	977	942	1,060	985
Net Income	8,387	8,057	5,969	7,727	7,696	2,244	2,279	2,173	1,361	1,999	1,753	1,637	580	2,297	2,149	1,900	1,382	1,897	1,828	2,058	1,913
Preferred Dividends				2,014	2,014								208	504	504	504	504	504	504	504	504
Operating Earnings	8,387	8,057	5,760	5,713	5,682	2,244	2,279	2,173	1,361	1,999	1,753	1,637	371	1,793	1,646	1,396	878	1,394	1,325	1,554	1,409
Merger Related Expenses			2,000	1,700	850					-	-	-	2,000	550	450	350	350	250	250	200	150
GAAP Earnings			3,760	4,013	4,832					1,999	1,753	1,637	(1,629)	1,243	1,196	1,046	528	1,144	1,075	1,354	1,259
Diluted Shares Outstanding	3,410	3,383	3,442	3,800	3,800	3,416	3,389	3,374	3,352	3,318	3,321	3,331	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800	3,800
Avg. Shares Outstanding	3,368	3,363	3,428	3,785	3,785	3,376	3,351	3,396	3,328	3,302	3,310	3,316	3,785	3,785	3,785	3,785	3,785	3,785	3,785	3,785	3,785
Dividend Declared	$1.08	$1.18	$1.30	$1.36	$1.36	$0.28	$0.28	$0.31	$0.31	$0.31	$0.31	$0.34	$0.34	$0.34	$0.34	$0.34	$0.34	$0.34	$0.34	$0.34	$0.34
Payout Ratio	44%	50%	75%	90%	91%	43%	42%	48%	76%	51%	59%	69%	348%	72%	79%	93%	147%	93%	97%	83%	92%
BALANCE SHEET RATIOS																					
Capital:																					
Total Equity	45,876	47,628	83,578	110,341	112,870	46,135	47,301	47,738	47,628	48,159	47,964	46,957	83,578	108,786	109,643	110,251	110,341	110,946	111,483	112,249	112,870
Average Equity	43,268	46,752	65,603	96,959	111,605	46,006	46,718	47,520	47,683	48,159	48,062	47,461	65,267	108,786	109,214	109,947	110,296	110,946	111,214	111,866	112,559

Source: Company reports and Oppenheimer Co. Inc.

Oppenheimer & Co. Inc.
WELLS FARGO
Income Statement and Balance Sheet

						2007				2008				2009				2010			
(In Millions, except per share data)	**2006A**	**2007A**	**2008E**	**2009E**	**2010E**	**1QA**	**2QA**	**3QA**	**4QA**	**1QA**	**2QA**	**3QA**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**	**1QE**	**2QE**	**3QE**	**4QE**
GAAP Earnings Per Share	**$2.46**	**$2.38**	**$1.09**	**$1.06**	**$1.27**	**$0.66**	**$0.67**	**$0.64**	**$0.41**	**$0.60**	**$0.53**	**$0.49**	**($0.43)**	**$0.33**	**$0.31**	**$0.28**	**$0.14**	**$0.30**	**$0.28**	**$0.36**	**$0.33**
GAAP EPS Growth	***#REF!***	***-3%***	***-54%***	***-3%***	***20%***	***9%***	***15%***	***0%***	***-36%***	***-8%***	***-21%***	***-24%***	***-206%***	***-46%***	***-40%***	***-44%***	***-132%***	***-8%***	***-10%***	***29%***	***138%***
Operating Earnings Per Share	**$2.46**	**$2.38**	**$1.73**	**$1.50**	**$1.50**	**$0.66**	**$0.67**	**$0.64**	**$0.41**	**$0.60**	**$0.53**	**$0.49**	**$0.10**	**$0.47**	**$0.43**	**$0.37**	**$0.23**	**$0.37**	**$0.35**	**$0.41**	**$0.37**
Growth in Operating EPS	***9%***	***-3%***	***-27%***	***-13%***	***-1%***	***9%***	***15%***	***0%***	***-36%***	***-8%***	***-21%***	***-24%***	***-76%***	***-22%***	***-18%***	***-25%***	***137%***	***-22%***	***-19%***	***11%***	***60%***
Intangible Equity	11,275	13,106	13,100	28,028	28,028	11,275	11,983	12,018	13,106	13,148	13,191	13,520	13,100	28,028	28,028	28,028	28,028	28,028	28,028	28,028	28,028
Average Intangible	11,031	12,191	13,103	20,564	28,028	11,275	11,629	12,001	12,562	13,148	13,170	13,356	13,310	28,028	28,028	28,028	28,028	28,028	28,028	28,028	28,028
Leverage	10.5	12.1	7.5	11.5	11.2	10.5	11.4	11.5	12.1	12.4	12.7	13.3	7.5	12.3	12.0	11.7	11.5	11.4	11.4	11.3	11.2
Total Assets	481,996	575,442	625,285	######	######	485,901	539,865	548,727	575,442	595,221	609,074	622,361	625,285	1,334,452	1,310,293	1,290,334	1,269,234	1,266,818	1,266,125	1,266,755	1,267,278
Average Assets	481,869	528,719	600,363	947,260	######	483,949	512,883	544,296	562,085	585,332	602,148	615,718	623,823	1,334,452	1,322,373	1,300,313	1,279,784	1,268,026	1,266,471	1,266,440	1,267,017
Risk Adjusted Capital	21,225	23,289	26,444	41,724	55,863	25,437	26,958	28,609	29,544	30,766	31,649	32,363	32,789	70,140	69,505	68,346	67,267	66,649	66,567	66,565	66,596
Equity to Assets	9.52%	8.28%	13.37%	8.69%	8.91%	9.49%	8.76%	8.70%	8.28%	8.09%	7.87%	7.54%	13.37%	8.15%	8.37%	8.54%	8.69%	8.76%	8.81%	8.86%	8.91%
Tier 1 Capital	8.95%	7.59%				8.68%	8.57%	8.21%	7.59%	7.92%	8.24%	8.58%									
Debt to Total Capital	15%	15%	14%	18%	18%	16%	15%	15%	15%	15%	15%	15%	14%	17%	17%	18%	18%	18%	18%	18%	18%
Returns:																					
Return on Average Assets	1.74%	1.52%	0.99%	0.82%	0.61%	1.85%	1.82%	1.60%	0.97%	1.37%	1.16%	1.06%	0.37%	0.69%	0.65%	0.58%	0.43%	0.60%	0.58%	0.65%	0.60%
Return on Average Equity	19.38%	17.23%	8.78%	5.89%	5.09%	19.51%	19.60%	18.29%	11.42%	16.60%	14.59%	13.80%	2.28%	6.59%	6.03%	5.08%	3.19%	5.02%	4.77%	5.56%	5.01%
BALANCE SHEET																					
Assets:																					
Cash and Due From Banks	15,028	14,757	13,750	35,000	35,000	12,485	12,714	12,200	14,757	13,146	13,610	12,861	13,750	35,094	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Fed Funds Sold	6,078	2,754	4,500	20,000	20,000	4,668	5,163	4,546	2,754	4,171	4,088	8,093	4,500	20,280	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Trading Assets	5,607	7,727	9,500	30,000	30,000	6,525	7,289	7,298	7,727	8,893	9,681	9,097	9,500	60,000	50,000	40,000	30,000	30,000	30,000	30,000	30,000
Securities Available for Sale	42,629	72,951	91,000	160,000	160,000	45,443	72,179	57,440	72,951	81,787	91,331	86,882	91,000	194,281	180,000	170,000	160,000	160,000	160,000	160,000	160,000
Mortgages Held for Sale	33,097	26,815	25,000	21,000	21,000	32,286	34,580	29,699	26,815	29,708	25,234	18,739	25,000	21,230	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Loans Held for Sale	721	948	1,000	7,300	7,300	829	887	1,011	948	813	680	635	1,000	7,391	7,300	7,300	7,300	7,300	7,300	7,300	7,300
Loans	319,116	382,195	418,161	833,698	837,041	325,487	342,800	362,922	382,195	386,333	399,237	411,049	418,161	830,582	833,074	833,953	833,698	833,966	834,443	835,915	837,041
Allowance for Losses	3,764	5,307	9,977	19,206	24,106	3,772	3,820	3,829	5,307	5,803	7,375	7,865	9,977	15,956	16,956	17,956	19,206	20,656	22,106	23,106	24,106
Net Loans	315,352	376,888	408,184	814,492	812,935	321,715	338,980	359,093	376,888	380,530	391,862	403,184	408,184	814,626	816,118	815,997	814,492	813,310	812,337	812,809	812,935
Mortgage Servicing Rights	17,591	17,229	19,251	20,791	20,393	18,179	19,151	18,683	17,229	15,411	19,775	19,617	19,251	19,848	20,224	20,386	20,791	19,557	19,836	19,995	20,393
Premises and Equipment	4,698	5,122	5,000	12,623	12,623	4,864	4,973	5,002	5,122	5,056	5,033	5,054	5,000	12,623	12,623	12,623	12,623	12,623	12,623	12,623	12,623
Core Deposit Intangible	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	11,275	13,106	13,100	28,028	28,028	11,275	11,983	12,018	13,106	13,148	13,191	13,520	13,100	28,028	28,028	28,028	28,028	28,028	28,028	28,028	28,028
Other Assets	29,920	37,145	35,000	120,000	120,000	27,632	31,966	41,737	37,145	42,558	34,589	44,679	35,000	121,052	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Interest Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	481,996	575,442	625,285	######	######	485,901	539,865	548,727	575,442	595,221	609,074	622,361	625,285	1,334,452	1,310,293	1,290,334	1,269,234	1,266,818	1,266,125	1,266,755	1,267,278
Liabilities:																					
Noninterest Bearing Deposits	89,119	84,348	89,000	145,198	145,198	89,067	89,809	82,365	84,348	90,793	85,062	89,446	89,000	145,198	145,198	145,198	145,198	145,198	145,198	145,198	145,198
Interest Bearing Deposits	221,124	260,112	265,794	601,821	601,821	222,090	234,934	252,591	260,112	267,351	254,062	264,128	265,794	622,811	607,753	607,771	601,821	599,770	600,223	600,241	601,821
Total Deposits	310,243	344,460	354,794	747,019	747,019	311,157	324,743	334,956	344,460	358,144	339,124	353,574	354,794	768,009	752,951	752,969	747,019	744,968	745,421	745,439	747,019
Short-Term	12,829	53,255	55,000	106,305	94,590	13,181	40,838	41,729	53,255	53,983	86,139	85,187	55,000	109,405	110,746	105,745	106,305	108,477	97,840	99,178	94,590
Accrued Expenses	25,903	30,706	32,000	70,000	70,000	25,101	33,153	28,712	30,706	31,760	31,919	29,293	32,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Long-Term Debt	87,145	99,393	99,900	280,000	285,000	90,327	93,830	95,592	99,393	103,175	103,928	107,350	99,900	280,000	280,000	280,000	280,000	285,000	285,000	285,000	285,000
Total Liabilities	436,120	527,814	541,694	######	######	439,766	492,564	500,989	527,814	547,062	561,110	575,404	541,694	1,227,414	1,213,697	1,208,714	1,203,324	1,208,445	1,198,261	1,199,617	1,196,609
Total Stockholders' Equity	45,876	47,628	83,578	110,341	112,870	46,135	47,301	47,738	47,628	48,159	47,964	46,957	83,578	108,786	109,643	110,251	110,341	110,946	111,483	112,249	112,870
Employees	158,000	159,800	-	-	-	159,600	158,700	158,800	159,800	160,900	160,500	159,000									

Source: Company reports and Oppenheimer Co. Inc.

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Stock Prices as of November 30, 2008

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Bank of America (BAC - NYSE, 16.25, PERFORM)
Citigroup Inc. (C - NYSE, 8.29, UNDERPERFORM)
Capital One Financial Corporation (COF - NYSE, 34.41, PERFORM)
Goldman Sachs Group, Inc. (GS - NYSE, 78.99, PERFORM)
JP Morgan Chase & Company (JPM - NYSE, 31.66, PERFORM)
Merrill Lynch & Co. (MER - NYSE, 13.22, NOT RATED)
Morgan Stanley (MS - NYSE, 14.75, PERFORM)
Charles Schwab (SCHW - Nasdaq, 18.33, PERFORM)
UBS AG (UBS - NYSE, 12.74, UNDERPERFORM)
Wachovia (WB - NYSE, 5.62, NOT RATED)
Wells Fargo & Company (WFC - NYSE, 28.89, UNDERPERFORM)

All price targets displayed in the chart above are for a 12- to- 18-month period. Prior to March 30, 2004, Oppenheimer & Co. Inc. used 6-, 12-, 12- to 18-, and 12- to 24-month price targets and ranges. For more information about target price histories, please write to Oppenheimer & Co. Inc., 300 Madison Avenue, New York, NY 10017, Attention: Equity Research Department, Business Manager.

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Distribution of Ratings/IB Services Firmwide

			IB Serv/Past 12 Mos.	
Rating	Count	Percent	Count	Percent
OUTPERFORM [O]	348	47.93	130	37.36
PERFORM [P]	347	47.80	117	33.72
UNDERPERFORM [U]	31	4.27	7	22.58

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