

Message from Jamie Dimon

Dear colleagues,

I hope you all enjoyed your summer and were able to spend some quality time with your friends and family. Unfortunately, we are all well aware of the news around the legal and regulatory issues facing our company, and in the coming weeks and months we need to be braced for more to come. In this note, I will discuss in detail how we are aggressively tackling these challenges. But before I do, I want us all to remember why we are here—to serve our clients and communities. On that score, we have accomplished a great deal and have a lot to be proud of.

Focusing on our clients and communities to better serve their needs

During the recent financial crisis and throughout our 200-year history, JPMorgan Chase has always been there for our constituents around the world—not only in good times, but more critically in the toughest of times when strong banks are needed the most. However terrifying events became, we never wavered in supporting our clients and communities. In fact, we did many bold and unprecedented things including acquiring Bear Stearns and WaMu, as well as raising capital and providing credit for not-for-profits, states, municipalities, hospitals and universities during times of trouble. While we made mistakes along the way, we never lost sight of why we are here.

Our business continues to be strong. In Investment Banking, we help our clients grow their businesses. So far this month, our unparalleled capital and advisory capabilities were used by several clients in ground-breaking transactions. In consumer banking and credit card, our customer satisfaction scores continue to rise and our customer attrition is at an all-time low. In Asset Management, we see new investment in-flows as more clients trust us to manage, keep safe and grow their money. And in Commercial Banking, we continue to gain market share as we help great American companies expand—both here and around the world. But even with many aspects of our business performing well, we're always looking at what we can do better and fixing what we haven't done so well.

Adapting to a new global financial architecture

JPMorgan Chase must continue to adapt to the new complex global financial architecture—one that will affect every client, every product, every system and everything we do. Adjusting to the new regulatory environment will require an enormous amount of time, effort and resources. We fully intend to follow the letter and spirit of every rule and requirement. A lot has changed for the better since the financial crisis. As a result of the new regulations and changes in the marketplace, the global banking system today is much safer, more transparent and more accountable—which is good for everybody.

You have all seen these changes—both large and small—and many of you have had to work longer hours, and late nights and weekends. We cannot thank you enough for your tremendous effort. This company has successfully tackled other immense challenges and prevailed—and we will again. This huge investment is worth it because we are making permanent, positive changes to make our company better, stronger and healthier for the long-run.

Facing our issues and rolling up our sleeves to fix them

If you don't acknowledge mistakes, you can't fix them and learn from them. So now, as in the past, we are recognizing our problems, rolling up our sleeves and fixing them. As I said in my [annual letter to shareholders](#) earlier this year, our control agenda is priority #1.

We have re-prioritized our major projects and initiatives, deployed massive new resources and refocused critical managerial time on this effort. We are ensuring that our systems, practices, controls, technology and, above all, culture meet the highest standards. We have made changes in our organizational structure to ensure we get this done properly and as soon as possible. Eventually, most of these new processes will be embedded permanently in how we conduct our business.

Here are just some of the critical steps that we have already taken.

1. Simplifying our business

- One key initiative across our enterprise has been to simplify our business and to refocus our priorities. On the business side, we have been asking our senior people to eliminate products and services that are not essential to serving our customers and are not core to our business. We recently announced that we will be exiting the student lending origination business and most of the physical commodities sales and trading business. Additionally, we no longer sell identity theft protection and credit insurance to customers.
- We are conducting an in-depth review of our foreign correspondent banking business. While we will continue to focus on serving our clients properly around the world, we will strengthen our controls—particularly around "Know Your Customer" and transaction monitoring—to better protect our company and our country.
- We have also taken tangible steps to improve our oversight of outside vendors. If a vendor or partner engages with our customers, we need to be as vigilant about their practices as we are about our own, particularly if they interact directly with customers. We are also proactively trying to decrease the number of vendors we have, which reduces complexity in our business and creates more jobs internally.

2. Adding resources and training

- We will have increased the number of employees dedicated to our control efforts (Risk, Compliance, Legal, Finance, Technology, Oversight & Control and Audit) across the entire firm by 4,000 employees since the beginning of 2012 (including adding 3,000 in 2013 alone).

- We have increased our total spend on controls by about \$1 billion this year.
- For example, we have dedicated more than \$750 million to address several of our consent orders and assigned close to 5,000 people to ensure we meet or exceed all that is expected of us.
- We have 500 dedicated professionals and several thousand others contributing significantly to the resubmission of the Federal Reserve's capital stress test or Comprehensive Capital Analysis and Review (CCAR). These individuals working together developed and reviewed more than 100 new models and sub-models, conducted more than 130 independent assessments, and established new permanent functions and processes to enhance the firm's overall capital planning process.
- We have provided approximately 750,000 hours of Regulatory and Control-related training to employees across our franchise, on topics ranging from how to understand new regulations such as Dodd-Frank, to Anti-Money Laundering (AML) training for Operations employees.
- We are also deploying unprecedented resources, dedicating senior managerial time and prioritizing efforts to build and maintain an industry-leading AML program. We've made progress in strengthening our ability to measure AML risk, are improving how we onboard clients and perform customer due diligence, and are enhancing how we monitor client transactions to detect potentially suspicious activity. The AML teams must be empowered to make decisions swiftly as we review and adjust our company's risk appetite for certain types of clients to meet our enhanced standards.

3. Utilizing technology in this effort

- We have increased spending on technology in the Regulatory and Control space by 27% since 2011.
- We have built a state-of-the art control room in our corporate headquarters to provide streamlined data analysis and reporting capabilities of control and operational risk data across the firm.

Working with our regulators

In addition to these major initiatives, we are building a more open and transparent relationship with our regulators. Each Operating Committee member and many of their direct reports meet regularly with regulators to share information and to hear directly from them about any concerns they may have.

In May and June, I held town halls for the Office of the Comptroller of the Currency (OCC), Federal Reserve Board (FRB) and Federal Deposit Insurance Corporation (FDIC) Examiners in Charge and their teams. I personally meet with our banking examiners on a regular basis. I also hosted a town hall in June for several hundred senior leaders of the firm who regularly interact with regulators. We discussed our culture of transparency, stressing the necessity of fully and accurately reporting material issues to our regulators in a timely manner and

responding promptly to their requests. These efforts come on top of our regular bi-weekly meetings with the FRB, OCC, FDIC and others—in the U.S. and around the world—to review progress and address open issues.

In closing

All the steps outlined above represent an unprecedented effort for our firm. Never before have we focused so much time, effort, brainpower, technological power and money on a single, enterprise-wide objective. Make no mistake—we are going to get this right. In the weeks and months ahead, members of the Operating Committee and I will provide periodic updates to you about our progress towards creating a best-in-class operating system.

This is what it takes to be the industry leader. Thank you for all you have done and for doing so without losing focus on our clients, customers and communities.

A handwritten signature in black ink, consisting of a stylized 'J' followed by the name 'Jamie' in a cursive script.

Message sent to all employees.