

To: Jes Staley [REDACTED]
From: Jeffrey Epstein
Sent: Sun 12/20/2009 9:24:32 PM
Subject: Re:

i like it

On Sun, Dec 20, 2009 at 2:48 PM, Jes Staley [REDACTED] wrote:

In response to your questions on Friday, here are some thoughts on this year's compensation.

I will start with a couple of facts, as I see them:

- We were one of the most profitable investment banks in the industry, and our profitability was driven by the extraordinary results of the fixed income businesses.
- In 2009, there was a significant appreciation of the value of financial assets following the collective action of world central banks in 2008 to avert a systemic failure in the global financial system.
- The banking industry has lost the support and trust of society. There is a general belief that we are gaining unfairly, a financial reward at society's expense.
- 27 of the 34 JP Morgan people currently listed to earn over \$10,000,000.00 for 2009 are in the markets businesses. We have stated for some time that our philosophy is to pay for performance. And I would add to this the belief that we need to pay competitively if we are to keep the talent we need to deliver the returns that our shareholders should expect. Now we are faced with the reality of a society that is asking whether what we make is fair. Forget whether our bottom line merits the personal returns we expect, but rather, does the financial community deserve such riches when the majority of our society, whether they be doctors or teachers, live the financial hardship of an economy in a struggle.

I think Jamie is struggling with this philosophical debate. And I think he is asking for room.

If you were in his shoes what would you do? If you were out of the financial world, what would you argue?

I wrestle with giving ground on the commitment to be competitive and to pay for performance.

I also wrestle with explaining the pain of taking a trader down from \$15,000,000.00 to \$12,000,000.00, and calling such a move, an unwarranted sacrifice given today's reality.

And the reality is that you and I are now beyond the internal. game of playing for one side.

We are now asked to shoulder the presence of the bank within the broader community.

Leadership expands our responsibility beyond our team. What I do know is that we need to regain society's trust in the financial sector in general, and JP Morgan in particular. If not, we

may be regulated out of our current construct. We need to demonstrate that what we earn is justified and that what we do benefits the broader community. If Jamie is trying to buy us time by showing restraint, perhaps we should rely on his judgment.

Unfortunately, the weight of that decision will rest with your area. That is the where the battle will rage for that is where the money is.

I will be in the office shortly.

Jestt

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