

To: Jeffrey
From: Harry
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The following is a summary regarding "JP Morgan Secondary Private Equity Investors" (Fund):

Timing:

In order to invest in the Fund, we must provide subscription documents on or before June 30, 2009.

Strategy :

The strategy of the Fund is to acquire "seasoned" limited partnership interests in existing private equity funds. These private equity funds will be purchased in the secondary market from stressed or distressed sellers such as university endowment and other institutional investors. The portfolio of the private equity funds will consist of private equity and venture capital of small to mid-sized companies. The funds expect to be able to purchase these assets at deep discount prices. Approximately 1/3 of the fund's investments will be seasoned venture capital funds and 2/3's will be in leverage buyout funds.

Many of the underlying fund's that the Fund expects to acquire have capital commitments that were raised in 2000-2005 and have relatively mature portfolios of underlying company investments that have been in the portfolio for several years.

Operation:

The Fund will be managed by Larry Unrein, who is currently the head of the Private Equity Fund of Funds group at JPM. This group has approximately 40 investment professionals. The Fund will have a 3 year investment period to purchase limited partnership interests in the equity funds. The Fund anticipates that the commitment of capital will be completed within 18 months of the initial closing. The investor will be required to make contributions (up to the commitment amount) as the "Fund" invests in new private equity funds or as the existing equity funds desire to purchase new assets. The fund must liquidate operation within 10 years (i.e., by June 2019), with up to two one-year extensions.

An investor cannot redeem its interest in the Fund. The investor will receive distributions only upon the sale of assets by the private equity funds.

Investors will pay a 1% management fee on committed capital for years 1-3 (and then fees will be reduced by 10% each year afterwards) and a 10% performance fee on profits as they are distributed to investors. The performance fee is subject to a claw back at the end of the Fund's life, if for any reason the manager has received more than 10% of realized net profits.

JP Morgan:

JPM will commit \$100,000,000 of its own capital into the Fund. JPM currently owns some of the existing private equity funds in various pre-existing fund-of-funds vehicles and in some cases JPM sits on the Advisory Boards. This gives JPM the ability to evaluate the current asset portfolio of some of the underlying funds.

Outlook:

Based on conservative assumptions, JPM typically is looking for a 25% "IRR" assuming the markets stay in its current trading ranges. This assumption is based on the low purchase price of the underlying assets, on what JPM believes are conservative assumptions about future performance of the underlying companies, and the ability to sell assets in the future, either via an IPO or to strategic buyers. (If stock indexes (DOW, NASDAQ, S&P) rise to its previous levels, the fund will potentially have much higher returns).